IndusInd Bank

July 27, 2018

The Asst. Vice President
Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, G Block
Bandra–Kurla Complex
Bandra (East),
Mumbai – 400 051

NSE Symbol: INDUSINDBK

The Deputy General Manager
Corporate Relationship Dept.
BSE Ltd.
1st Floor, New Trading Ring
Rotunda Building, P. J. Towers
Dalal Street, Fort
Mumbai – 400 001

BSE Scrip Code: 532187

Madam / Dear Sir,

Submission of Annual Report for Financial Year 2017-18

Madam / Dear Sir,

The Members of the Bank in their Twenty-fourth Annual General Meeting held on Thursday, July 26, 2018 at Hotel Sheraton Grand, approved and adopted the Annual Report for Financial Year 2017-18.

In compliance with Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a soft copy of the Annual Report for FY 2017-18 is annexed for your information.

We request to take the same on record for dissemination to the public.

For IndusInd Bank Limited

Haresh K. Gajwani
Company Secretary

IndusInd Bank Limited, 701-801 Solitaire Corporate Park, 167, Guru Hargovindji Marg, Andheri (E),
Mumbai - 400 093. Maharashtra, India Tel: (022) 66412200 Fax: (022) 66412224

Registered Office: 2401 Gen. Thimmayya Road, Pune 411 001, India
Tel.: (020) 2634 3201 Fax: (020) 2634 3241 Visit us at www.indusind.com
CIN: L65191PN1994PLC076333

IndusInd Bank

BRINGING INDIA TO BHARAT

LEVERAGING TECHNOLOGY.
ENABLING INCLUSION.
CREATING LIVELIHOODS.



Annual Report 2017-18

Board of Directors (as at March 31, 2018)

Mr. R. Seshasayee, Chairman

Mrs. Kanchan Chitale

Mr. T. Anantha Narayanan

Mr. Ranbir Singh Butola

Mr. Yashodhan M. Kale

Mr. Shanker Annaswamy

Dr. T. T. Ram Mohan

Mr. Romesh Sobti, Managing Director & CEO

Company Secretary

Mr. Haresh K. Gajwani

Auditors

Price Waterhouse Chartered Accountants LLP
252, Veer Savarkar Marg
Shivaji Park, Dadar (West)
Mumbai - 400 028

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
C 101, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai – 400 083.
Tel: (022) 4918 6280, 4918 6000
Fax: (022) 4918 6060

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Company CIN: L65191PN1994PLC076333

Registered Office
2401, Gen. Thimmayya Road,
(Cantonment),
Pune - 411001
Tel. No. : (020) 2623 4000 / 10

Corporate Office
8th Floor, Tower 1, One Indiabulls Centre
841, Senapati Bapat Marg,
Elphinstone Road (W), Mumbai – 400 013
Tel. No. : (022) 3049 3999

Secretarial & Investor Services cell
731, Solitaire Corporate Park,
167, Guru Hargovindji Marg,
Andheri (E), Mumbai - 400 093
Tel. No. : (022) 6641 2487 / 2359

Message from Managing Director



Dear Shareholders,

The year 2017-18 has been a crucial year of change and challenges for the banking sector. Major reforms initiated by the Government have encouraged a digital environment which, in turn, has given the much-needed thrust to the vision of a cashless economy. Against this backdrop, your Bank has executed new propositions to enhance customer convenience basis responsive innovation. The year 2017-18 was also marked by your Bank's desire of 'Bringing India to Bharat' by extending the benefits and features of digitisation (India) to Bharat (rural India) as they are an integral part of a progressive economy.

To elucidate further, the urban parts of our country are sufficiently exposed to Banking and Fintech - making many tenured customers familiar with digital banking and mobile apps. In contrast, there are many individuals in semi-urban and rural India who are yet to experience the benefits of a structured financial system. At IndusInd Bank, we are committed to change this scenario for the better. Towards this, we have begun introducing the combination / benefits of Finance and Technology to the poor and hitherto the unbanked masses – leading to financial inclusion and sustainable livelihood creation.

In fact, the decision to merge Bharat Financial Inclusion Ltd. (BFIL) into IndusInd Bank, announced in October 2017, was prompted by the same endeavour: Bring India to Bharat and create a stronger and more sustainable platform for Financial Inclusion. The merger is a good fit to your Bank's rural banking and microfinance theme, and has provided the Bank with access to best-in-class micro-lending capabilities and domain expertise in microfinance. BFIL has 1,408 branches across 347 districts which complement IndusInd Bank's 1,400-strong branch network (including ~250 rural branches) and 999 vehicle finance outlets. Post the merger, the Bank will have 3,600-plus banking points (excluding ATMs) serving more than 16.8 million customers.

Another notable initiative of your Bank has been the journey towards Customer Experience (CEX) transformation, and the 'Customer First' philosophy that has made good progress in integrating the business and behavioural mindsets of employees towards customers. We have tried to redefine the Customer Journeys across the Bank, and have focussed on embedding the principles of convenience - Seamless, Easy, Fast, Transparent, into the core of our organisation.

The year 2017-18 has also been a year of major partnerships and collaborations with well established brands to offer a personalised Customer Convenience. In its endeavour to stitch up the fragmented but fast growing payment ecosystem, your Bank entered into partnerships with Fintech and Government entities, viz., MobiKwik and Delhi Metro, to offer co-branded mobile wallets and cards in order to provide seamless payment experience between the customers' bank accounts and their wallet / transit cards.

That's not all. Your Bank collaborated with a leading app aggregator, to launch the 'All-in-One Store' that allows users to access multiple m-commerce services via native API integrations. With this, the customers are now experiencing seamless and highly personalised services of ordering food, booking movie tickets or getting a cab. And all this using the IndusMobile app.

At IndusInd Bank, we remain focused on running our business in a way which generates value for our customers, employees and other stakeholders. We realise that we need to extend our sphere of activities beyond business. One such initiative is harnessing the power of Sport for Change, through our 'IndusInd For Sports' initiative. This year, we launched our third marquee programme under the Sports Vertical - The Girl Power Programme - an initiative in partnership with Inspire Institute of Sport, the sporting arm of JSW Steel.

Our Net Profit rose 26 per cent in the year to ₹3,606 crores. Net Interest Income was up 24 per cent at ₹7,497 crores. Non-Interest Income rose 14 per cent, to ₹4,750 crores. The Return-on-Assets stood at 1.90 per cent. Total Advances and Deposits grew by 28 per cent and 20 per cent respectively.

It is gratifying to see that our hard work throughout the year was acknowledged and rewarded by numerous accolades. We were honoured by 'The Forrester Indian Mobile Banking Benchmark Report 2017' as the 3rd Best Bank amongst the participating banks for IndusMobile App. We were mentioned amongst the winning category for the Best IT Risks and Cyber Security Initiatives, Best Payment Initiatives. We bagged the runner-up category for the Best Financial Inclusions initiatives and for the Best Technology Bank.

I would like to thank the regulatory authorities and agencies for their constant support. Finally, my sincere appreciation to my colleagues and members of the Board for guiding and supporting the management team in its endeavours.

Yours Sincerely,



Romesh Sobti
Managing Director & CEO

Key Business Highlights

Net Profit
up by **26%** to
₹3,606 Cr

Net Interest Margin
stable at **3.99%**

Net Interest Income
up by **24%** to
₹7,497 Cr

Operating Profit
up by **22%** to
₹6,656 Cr

Loan Book Growth
up by **28%** to
₹1,44,954 Cr

Capital Adequacy Ratio (CAR) at
15.03%

Return on Risk Weighted Assets
at **2.28%** as against
2.21% the previous year

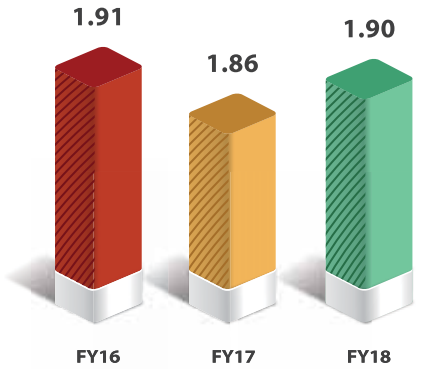
Book Value per share
₹391.18

Increased Network
1,400 Branches
2,203 ATMs
713 Geographic Locations

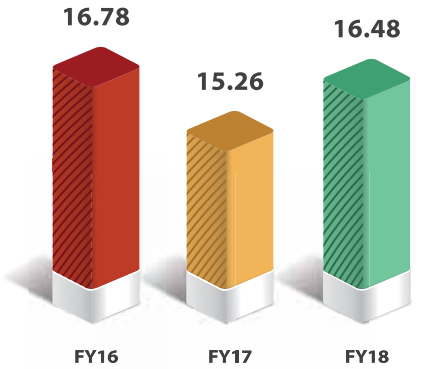
Ratings

- **CRISIL AA+** for Infra Bonds program
- **CRISIL AA** for Additional Tier I Bonds program
- **CRISIL A1+** for certificate of deposit program
- **IND AA+** for Senior Bonds program by India Ratings and Research
- **IND AA** for Additional Tier I Bonds program by India Ratings and Research
- **IND A1+** for Short-Term Debt Instruments by India Ratings and Research

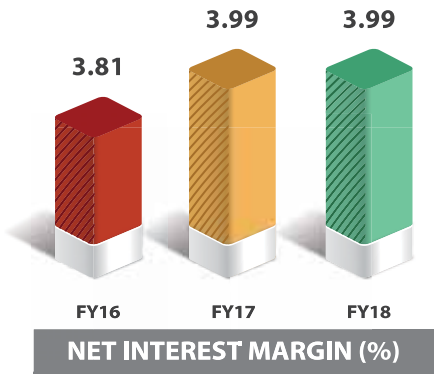
Consistent delivery over the past 3 years



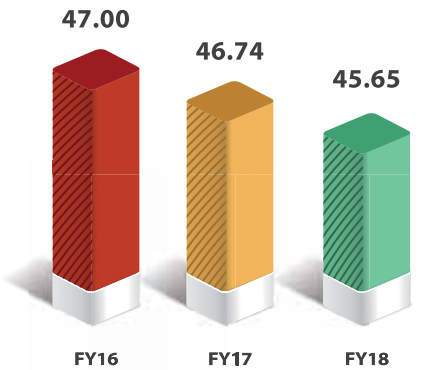
RETURN ON ASSETS (%)



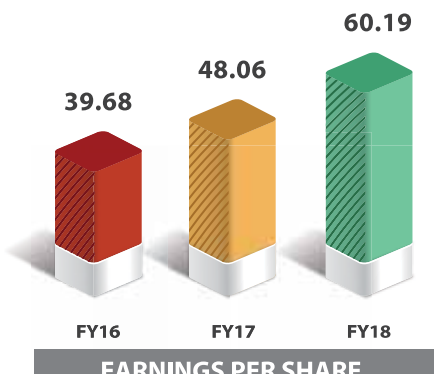
RETURN ON EQUITY (%)



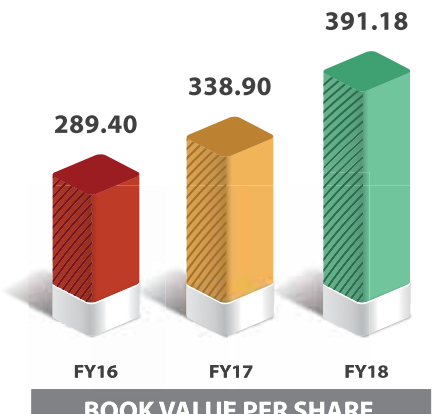
NET INTEREST MARGIN (%)



COST/ INCOME (%)



EARNINGS PER SHARE
(₹ PER SHARE)



BOOK VALUE PER SHARE
(₹ PER SHARE)

Board of Directors 2018



Mr. R. Seshasayee
Chairman



Mrs. Kanchan Chitale
Non-Executive
Independent Director



Mr. T. Anantha Narayanan
Non-Executive
Independent Director



Mr. Ranbir Singh Butola
Non-Executive
Independent Director



Mr. Shanker Annaswamy
Non-Executive
Independent Director



Dr. T. T. Ram Mohan
Non-Executive
Independent Director



Mr. Yashodhan Kale
Non-Executive
Non-Independent Director



Mr. Romesh Sobti
Managing Director & CEO

The Core Executive Team



Mr. Romesh Sobti
Managing Director & CEO



Mr. Paul Abraham
Chief Operating Officer



Mr. Suhail Chander
Head - Corporate & Commercial Banking



Mr. Sumant Kathpalia
Head - Consumer Banking



Mr. K. S. Sridhar
President



Mr. Arun Khurana
Head - Global Markets Group



Mr. S. V. Parthasarathy
Head - Consumer Finance



Mr. Ramesh Ganesan
Head - Transaction Banking



Mr. S. V. Zaregaonkar
Chief Financial Officer



Mr. Sanjeev Anand
Country Head - Commercial Banking & Deputy Head - Corporate & Commercial Banking



Mr. Zubin Mody
Head - Human Resources



Mr. Sanjay Mallik
Head - Investor Relations & Strategy



Mr. Ramaswamy Meyyappan
Chief Risk Officer



Mrs. Roopa Satish
Country Head - Corporate, Institutions & Investment Banking



Mr. Bijayananda Pattanyak
Head - Gems and Jewellery

Leveraging Technology towards Inclusion and Sustainable Livelihood

There is a digital revolution reshaping the way brands connect, engage and communicate with their consumers. Empowering rural India, and bringing the large unbanked population within the ambit of mainstream banking, continues to be a key focus area for your Bank. Riding the digital revolution wave, your Bank has worked towards ensuring that benefits and privileges of digitisation also manifest itself in rural markets. With the advent of technology and the nationwide adoption of Aadhaar and biometrics as a key identifier, the Bank has made strong moves for taking banking to the unbanked.

On one hand, we have 'India' that is bustling with technology and on par or ahead of the curve in e-commerce and digital banking with the rest of the world. On the other hand, there is the 'Bharat' or rural India which for so long had remained outside the paradigm of formal banking and which is slowly but surely discovering the convenience of the digital world.

IndusInd Bank is working towards bridging this gap. In doing so, the Bank remains convinced that the adoption of low cost, and yet technologically sophisticated, digital platforms will not only bring banking to the unbanked but will drive a societal change by creating an environment which facilitates sustainable livelihoods for customers.

Enabling Inclusion & Creating Livelihoods



The strategic decision to merge Bharat Financial Inclusion Ltd. (BFIL) with IndusInd Bank, announced in October 2017, was driven by the same goal: to take India to Bharat and create a stronger and more sustainable platform for Financial Inclusion. The merger reflects a strong fitment with your Bank's rural banking and microfinance theme and has provided the Bank with access to best-in-class micro-lending capabilities and domain expertise in microfinance. BFIL has 1,408 branches across 347 districts and 1,00,000 villages, which complement IndusInd Bank's 1,400-strong branch network (including ~250 rural branches) and 999 vehicle finance outlets. Post the merger, the Bank will have 3,600-plus banking points (excluding ATMs) serving more than 16.8 million customers.

Moreover, to propel growth, the Inclusive Banking Group within Commercial Banking (through its domain expertise in Financial Inclusion) has focused on developing various client-centric products to propagate financial inclusion and livelihood development.

While we continue our banking activities, our commitment and support to our communities, where we live and work, continue to be of great importance. One of the principal areas of our support has been in the area of inclusive sports and taking this theme forward, your Bank, in partnership with Inspire Institute of Sport, the sporting arm of JSW, has supported 60 female athletes under the Girl Power Programme.



Through this initiative, we have tried to progress our mandate in supporting athletes, who require the best of facilities in training, equipment and coaching etc., but who are not able to access these, with best-in-class support, so that they can excel and achieve to the best of their abilities. Your Bank launched 'WinLikeAGirl', an aggressive and focused social-media campaign, to gain support for the female athletes who brought glory to the country, in the recently concluded Commonwealth Games 2018.

Leveraging Technology

The focus on digitisation in both customer-facing applications, as well as internal processes, saw strong adoption and implementation. Your Bank has made significant strides towards the Digital India agenda, driving digital payment acceptance at merchant establishments, including the adoption of Bharat QR, UPI and AadhaarPay. In its endeavour to stitch up the fragmented but fast-growing payment ecosystem, the Bank entered into partnerships with Fintech and Government entities to provide seamless payment experience for clients.



IndusForex.com

The platform www.indusforex.com, our portal to sell foreign exchange, send money abroad and buy Forex Cards online, gained further traction with customers as the portal was further simplified from a customer experience perspective, and the client journey further improved, leading to better customer experience and adoption.

INDUS forex COM



IndusMobile

IndusMobile CROSSES ONE MILLION REGISTERED USERS

It was a year of action for the IndusMobile App, the Bank's mobile banking platform. The App not only hit the 1 million registered user milestone but also saw the integration of the 'All-in-One Store' that allows users to access multiple e-commerce services via native API integrations. With this, customers are now experiencing seamless and highly personalised services for day- to- day activities, such as ordering and home-delivery of food, booking of movie tickets or hailing a cab, all on the banking App, IndusMobile. The App was rated as the best banking App by customers, in the industry survey done by UBS. Mobile payments and Debit Card usage growth were amongst the highest in the industry, driven by round-the-year analytics-led client campaigns and offers.



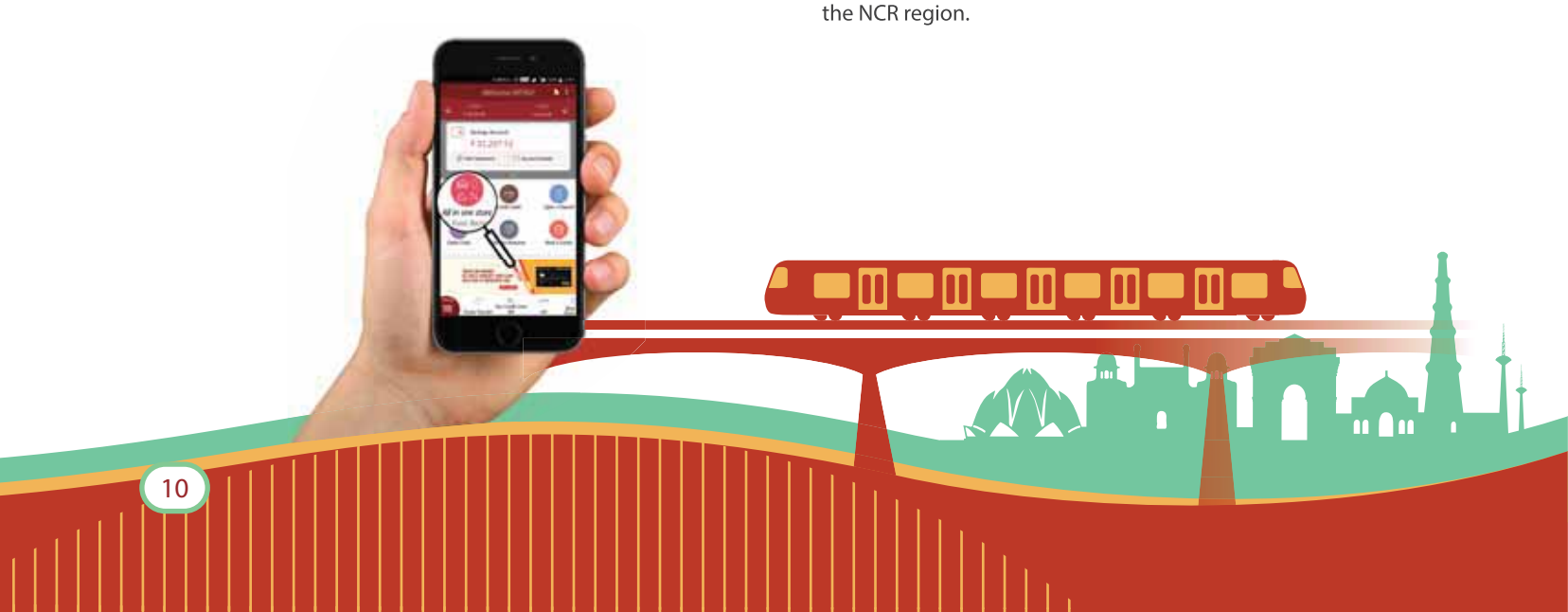
Alliances & Tie-ups

Through strategic alliances and tie-ups, your Bank brings specialised offers and benefits, which are value-accretive to customers and create a high level of engagement with them. This year, the Bank entered into various tactical and strategic alliances which have significantly added value to its Debit and Credit Card portfolios.

The Bank has partnered with leading players in the travel industry, including airlines and travel portals, to bring attractive travel offers for its customers. Similarly, our alliances with players in dining, jewellery, spa, retail etc. have ensured that our Debit and Credit Card customers have had the best reasons to use our products.



Your Bank also launched a new co-branded card 'Metro Plus Debit Card' in association with the Delhi Metro Rail Corporation (DMRC) for the benefit of Delhi Metro commuters. This product has been very well received in the NCR region.



Another crucial tie-up that further paved the way for digitisation was the introduction of WhatsApp Banking as part of the 'On the Go' service available on Twitter and FB Messenger.



Keeping Customers First

The Bank has progressed in its journey towards Customer experience (CEX) transformation. The objective of the initiative lies in integrating customer experience as the critical outcome in our business processes while embedding the core mandate of customer-centricity with employees. FY 2018 outlined the redefining of 21 Customer Journeys across the Bank, alongside generating focus on embedding the principles of convenience – Seamless, Easy, Fast, and Transparent into the core of our organisation.

These journeys have been sequenced to be transformed over the coming years. The Bank has prioritised key organisation enablers that will facilitate customer experience mindsets and behaviours, and augment the Bank's efforts to put the customer at the centre of all activities.

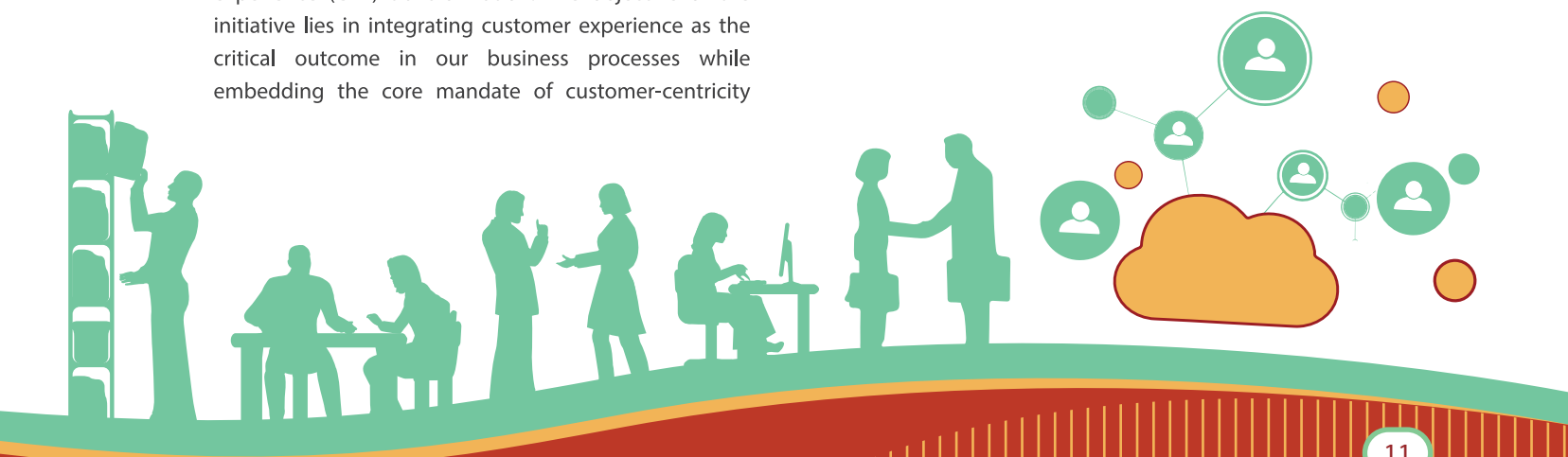
The Bank aspires to differentiate itself through such customer-centric initiatives and garner significant and demonstrable competitive advantage in the commoditised banking space.

Seamless
Customer needs are served without any intervention

Easy
Customer needs to put very little effort

Fast
Things happen quickly; customer's time is not wasted

Transparent
Customer has visibility of everything they need to know



Building Tomorrow with Sustainable Banking

The Bank strives to achieve growth and prosperity in business without compromising on sustainable value creation for all its stakeholders. This year, your Bank undertook greater and more impactful action towards creating livelihoods, environmental conservation and social development.

The Bank sought to sharpen the focus on the issues of socio-economic development, and in line with the Bank's theme of Digitisation, supported the Government's endeavour to use digital literacy as a tool to build sustainable livelihoods under the Pradhan Mantri Gramin Digital Saksharta Abhiyaan (PMGDISHA). Your Bank supported the Digital Literacy programme in training 2 Lakh candidates across 11 states in India.

Through the Sports Vertical, the Bank continued its partnership with the Cricket Association for the Blind in India (CABI) to support the Indian Blind Cricket Team. The 'OtherMenInBlue' continued to make the nation and the Bank proud in FY 2017-18, proving their mettle and winning the ODI Blind Cricket World Cup against Pakistan at Sharjah in January 2018. During the year, your Bank also launched the 'Girl Power Athletes Programme' in association with the Inspire Institute of Sport as the 3rd marquee sports programme.

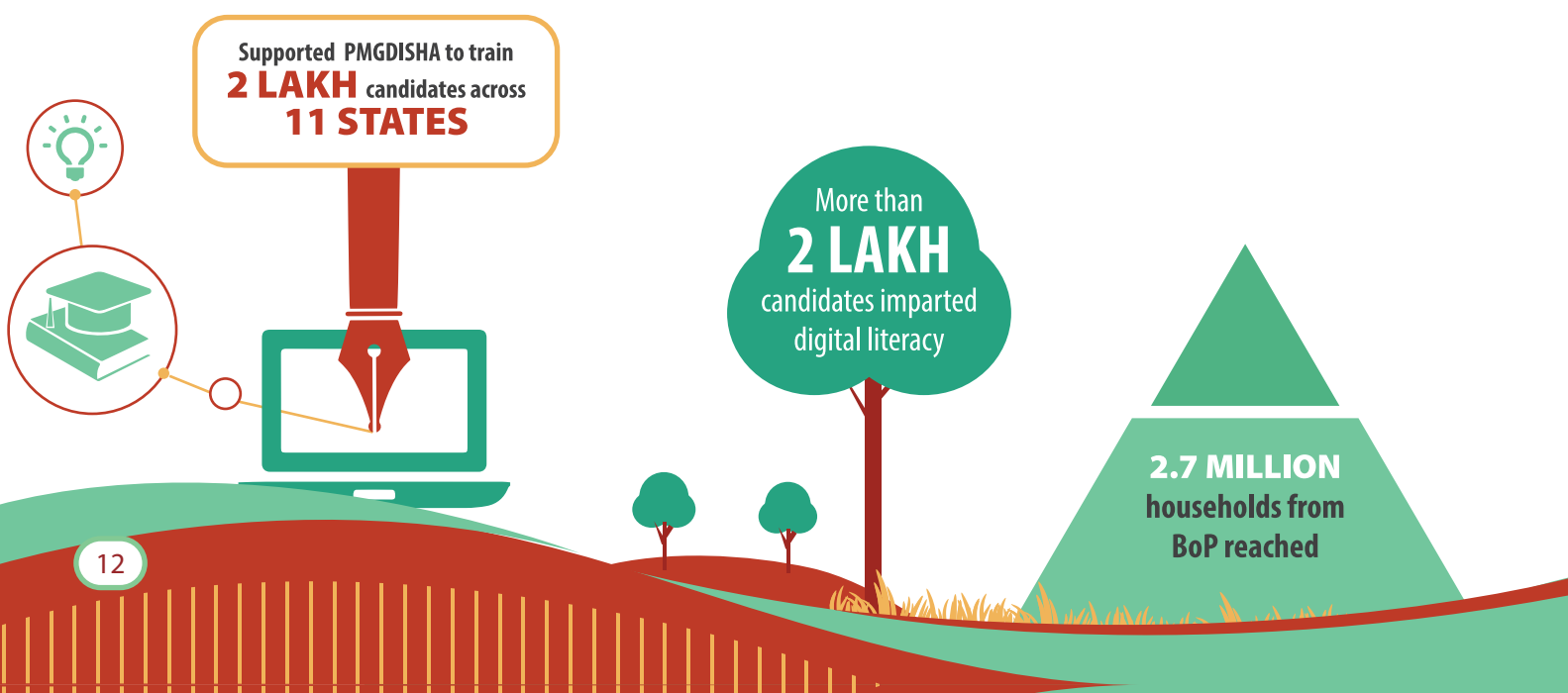
Community Outreach

The relevance and growth of the Bank is inextricably linked to the relationship with its external stakeholders and local communities who play a crucial role in perpetuating the economic and social space the Bank operates in. During FY 2017-18, the Bank reached out to more than 2.7 million households from the BoP segment through direct financial and CSR-linked community development channels.

Transforming Livelihoods: A Digital Revolution

For a fast growing economy like India, with a blend of rich traditional heritage and one of the largest population, there exists tremendous opportunity to transform the society and associated livelihoods with digital technology.

Digital literacy is, therefore, the foundation of the Government's endeavour to digitally empower every household. The PMGDISHA is the national scheme that aims to capacitate 60 million households in rural areas with digital literacy skills by FY 2020.



The Bank believes that digitisation is truly a democratising force in an economy. In support of PMGDISHA, your Bank started collaborating with the Ministry of Electronics & Information Technology through their SPV, CSC Academy, in FY 2017-18. This partnership supports one of the key stakeholders of the scheme, Village Level Entrepreneurs (VLEs), in 11 states including Maharashtra, Rajasthan, Madhya Pradesh, Gujarat, Uttar Pradesh, West Bengal, Haryana, Punjab, Jharkhand, Chhattisgarh and Odisha. More than 2 Lakh candidates have been imparted digital literacy skills in the first year of this partnership.



Enhanced Education Programme

The Bank partnered with its Business Correspondent, Cashpor, in FY 2017-18 to implement an enhanced Education Programme. Under this initiative, educational and tuition support classes are conducted for children belonging to underprivileged communities in areas where enrolment rates are low and school drop-out rates are high. Without external help, these children are unable to graduate secondary school.

Currently, this programme is being implemented in 6 districts of Uttar Pradesh and Jharkhand. To date, more than 5,000 children across 100 education centres have benefited from this programme.



Rehabilitating Human Trafficking Survivors



Victims of human trafficking have been denied some of the most basic human rights, suffering through physical and psychological abuse. These individuals are often extremely traumatised and unable to create livelihoods for themselves. Survivors of human trafficking are in need of intensive social, economic, and psychological support so that they may rebuild their lives and re-join society.

In a new project initiated in FY 2017-18, your Bank partnered with Justice and Care, to support rehabilitation and skill development of women rescued from trafficking across Gaya, Nalanda and Nawada districts of Bihar.

5,000 underprivileged children received tuition support

Rehabilitated human trafficking survivors

Solid Waste Management – 'Jagmagata Uttarakhand'

As part of the national Swachh Bharat Mission and in partnership with the Panchayat Raj of Dehradun, your Bank has initiated a Solid Waste Management Programme called Jagmagata Uttarakhand across 8 villages at Doiwala Cluster in Uttarakhand. This project will support local authorities and stakeholders in establishing a platform for developing effective strategies for integrated solid waste management at the local level. The waste management schemes will be designed in a manner that is environment-friendly, cost-effective and with the objective of bringing about socio-economic development in the region.



Afforestation for Climate Change Mitigation

The Bank believes that by promoting afforestation, the quality of the environment is enhanced and by extension that of natural resources like clean water and air, that are necessary for maintaining the quality of life in the communities, both in urban and rural areas. Afforestation is also the most effective way to sequester greenhouse gas emissions and reduce the negative impacts of localised climate change.

To implement the vision of a greener planet, your Bank has partnered with Centre for Environmental Research & Education (CERE) to promote ecological development through afforestation programmes. In FY 2017-18, your Bank supported the plantation of 10,000 native tree saplings at 21 urban and peri-urban locations including marginalised farmers in Bhiwandi, Indian Navy in Uran, Air India Housing Colony, Sanjay Gandhi National Park in Borivali and educational campuses in the Mumbai metropolitan region. 51 native tree species were planted to conserve and promote regional biodiversity.



Green Champions: The Leaders of Tomorrow

Green Champions is the lead employee engagement programme under the Bank's 'Hum aur Hariyali' initiative, developed to increase awareness and promote active action on social and environmental issues among employees. The primary objective of the programme is to build leadership skills and capabilities in employees to empower them to be change-makers and affect positive change locally and on a larger scale in society. As a next step of the programme, the national microsite of CSR has been launched for tracking the Green Champions' activities across the Bank.

Initiated **JAGMAGATA UTTARAKHAND** - A Solid Waste Management Programme

Supported plantation of 10,000 native tree saplings

The national microsite of CSR launched for tracking **GREEN CHAMPIONS'** activities



In FY 2017-18, the Green Champions (GC) and Green Commandos (GComm) engaged their peers by taking on the '12 Acts of Leadership' campaign with each month corresponding to a national or international day selected for its social or environmental importance. A total of 733 activities were conducted as part of the campaign including nature walks, health camps, creating butterfly gardens, literacy workshops and donation drives for the underprivileged. The GCs and GCOMMs volunteered more than 1,758 man-hours for the campaign, collaborating with 33 NGOs.

Supply Chain Sustainability and Ethical Procurement



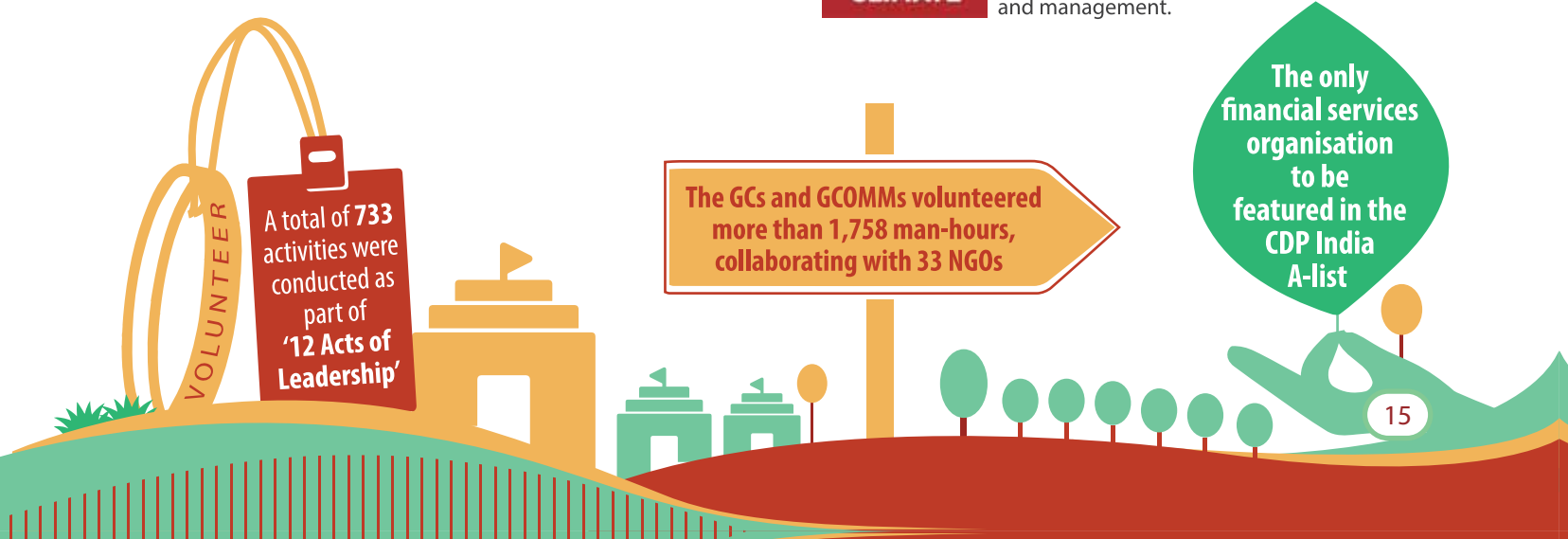
Your Bank seeks to associate with supply chain entities willing to abide by standard and progressive labour practices while upholding basic human rights. To ensure this, your Bank gives preference to suppliers who have a formal Supplier Code of Conduct. Additionally, given the Bank's stance on 'Green Procurement', the various attributes assessed under our procurement process include indirect carbon emissions accruing from the sourcing of products and services, materials conservation, transportation, waste management, water discharge and environmental management.

Additionally, your Bank has conducted a comprehensive sustainability assessment of high-volume suppliers who make up a significant portion of its IT and equipment spends. A majority of the respondents reported that they measure their organisation's carbon footprint, assess the amount of waste they generate, and take steps to reduce their environmental impact.

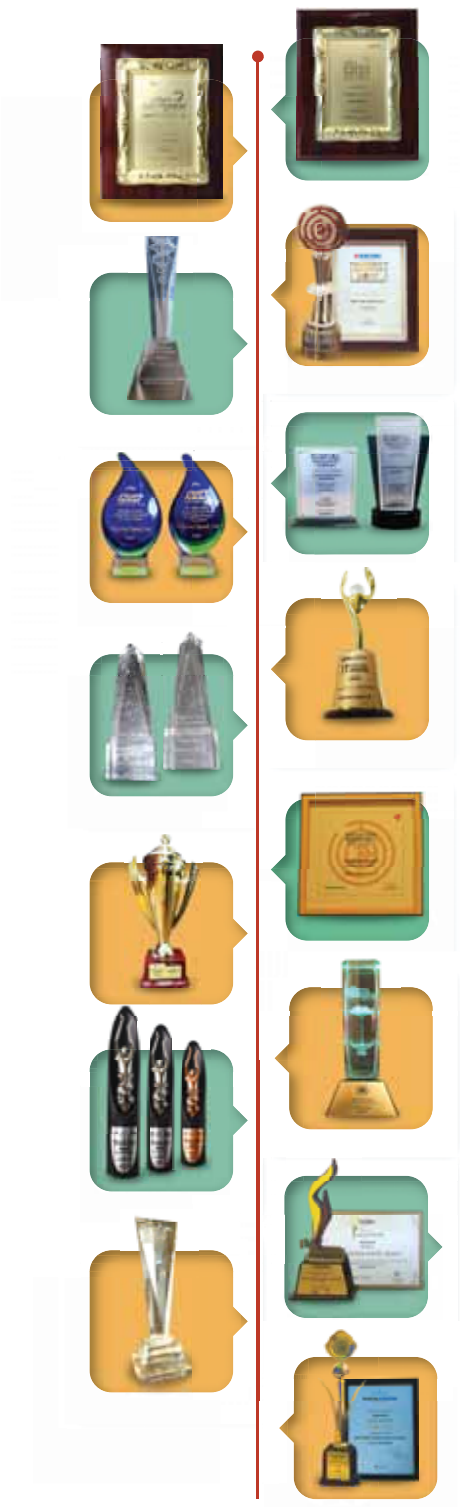
Environment Sustainability: Leader in Climate Change & Mitigation



In FY 2017, the Bank was featured in the CDP India A-list and was the only financial services organisation to be recognised. This is the fourth consecutive year in which the Bank has been a national leader in CDP and a frontrunner in the financial services sector in carbon emissions mitigation and management.



Awards & Accolades



Express Computers - Intelligent Enterprise Awards 2017 in the 'Storage' Category

Express Computers - BFSI Digital Innovation Awards 2017 in the 'Analytics' Category

The Forrester Indian Mobile Banking Benchmark Report 2017 - Ranked 3rd Best Bank amongst the participating banks for IndusMobile App

BW Businessworld Magna Awards 2017 - Best Mid-Sized Bank; The Best Banker to Mr. Romesh Sobti, Managing Director and CEO

Dun & Bradstreet Banking Awards 2017 - Best Private Sector Bank - Government Scheme Participation (PMJDY)

Digital Industry Awards 2017 by KamiKaze - Best Integrated Digital Campaign Award for IndusInd For Sports #JeetKaHalla Campaign

IDRBT Banking Technology Excellence Awards 2016-17 - Best Bank among Mid-Sized Banks for High Performance IT Ecosystem; Best Bank among Mid-Sized Banks for Cyber Defense

IT Excellence Awards 2017, by VMWare - Innovative Company

Infosys Finacle Client Innovation Awards 2017 - API Based Innovation; Development of Innovative Custom Component

The CSR Journal Excellence Award 2017 - 'Sports' category for the Para Champions Programme, in association with GoSports Foundation

CMO ASIA Retail Excellence Awards 2017, Singapore - Retailer of the Year (BFSI) for IndusForex.com

Business Today's Best CEO Award - Mr. Romesh Sobti, Managing Director and CEO

TransUnion CIBIL Data Quality Award 2018 - Best Data Quality Commercial Bureau Amongst Private Banks

Abby Awards 2017 for #TheOtherMenInBlue Campaign - Silver - Cause Marketing; Silver - Digital and Mobile Games Online; Bronze - Integrated Marketing

The iNFHRA's FM Excellence Conference & Award 2017-18 - Outstanding demonstration in Safety & Security

IBA Banking Technology Awards 2018 - Winner Category - Best IT Risk and Cyber Security Initiatives; Winner Category - Best Payment Initiatives; Runner-up Category - Best Financial Inclusions Initiatives; Runner-up Category - Best Technology Bank

DIRECTORS' REPORT

The Board of Directors of the Bank have pleasure in presenting the Twenty-fourth Annual Report covering business and operations of the Bank, together with the Audited Financial Statements for the year ended March 31, 2018.

The financial performance for the year ended March 31, 2018 is summarized as under:

(₹ in crores)

Particulars	As on March 31, 2018	As on March 31, 2017
Deposits	151,639.17	126,572.22
Advances	144,953.66	113,080.51
Operating Profit (before Depreciation and Provisions and Contingencies)	6,867.75	5,641.71
Net Profit	3,605.99	2,867.89

During the year under review, despite the disruption in growth rate in the Indian economy and a persistently challenging macroeconomic environment, the Bank improved its business, with Deposits growing by 19.80% and Advances by 28.19% over the previous year.

The Bank continued to focus on increasing earnings from its core banking business, strengthening the fee income streams, and maintaining control on operating costs.

Operating Profit (before Depreciation and Provisions and Contingencies) rose by 21.73% to ₹ 6,867.75 crores, as compared to ₹ 5,641.71 crores in the previous year.

The Net Profit of the Bank, after considering all expenses and necessary Provisions and Contingencies, was higher by 25.74% at ₹ 3,605.99 crores, as against ₹ 2,867.89 crores in the previous year.

Appropriations

The Directors recommend appropriation of Profit as under:

(₹ in crores)

Operating Profit before Depreciation and Provisions and Contingencies	6,867.75
Less: Depreciation on Fixed Assets	211.64
Less: Provisions and Contingencies inclusive of Income Tax	3,050.12
Net Profit	3,605.99
Profit Brought Forward	7,118.38
Amount available for Appropriation	10,724.37
Transfer to Statutory Reserve	901.50
Transfer to Capital Reserve	7.62
Dividend (including Tax on Dividend) (23rd Annual General Meeting of members held on July 26, 2017 approved the payment of Dividend for the year 2016-17 for the Equity Shares outstanding as on that date.)	432.24
Deduction during the year	71.52
Total Appropriations	1,412.88
Balance carried over to Balance Sheet	9,311.49

Dividend

The Earning Per Share (EPS) of the Bank rose to ₹ 60.19 during the year 2017-18, from ₹ 48.06 in the previous year.

In view of the overall improvement in performance as well as the need to conserve Capital for continued growth, the Directors recommend Dividend of ₹ 7.50 per Equity Share of ₹ 10 each for the year ended March 31, 2018. (Dividend for the year 2016-17 was ₹ 6.00 per Equity Share of ₹ 10 each).

Considering the Equity Shares outstanding as at March 31, 2018, the total amount of dividend payable including Taxes to be borne by the Bank amounts to ₹ 542.70 crores. In accordance with the revised AS 4 – 'Contingencies and events occurring after the Balance Sheet Date', this amount is not accounted as liabilities as at March 31, 2018.

Financial Performance and State of Affairs of the Bank

The year under review was the first year of the new Triennial Planning Cycle of the Bank, (Planning Cycle 4, for Financial Years 2017-20) with the theme of "Digitize to Differentiate, Diversify and Create Domain Leadership (4D)" with a strategy to gain 'Market Share with Profitability'.

Backed by improved volumes, the Total Income of the Bank for the year under review grew by 18.59% to ₹ 22,030.85 crores from ₹ 18,577.16 crores.

The healthy rise in profitability was the result of growth in Net Interest Income (NII) as well as Non-Interest Income. Net Interest Income improved by 23.67% to ₹ 7,497.45 crores from ₹ 6,062.60 crores while Non-Interest Income rose to ₹ 4,750.10 crores from ₹ 4,171.49 crores, registering growth of 13.87%.

Core Fee Income such as commission, exchange, loan processing and account management fees, fees on Investment Banking and distribution of third-party products, and earnings from foreign exchange business grew by 19.73% to ₹ 4,176.75 crores from ₹ 3,488.59 crores earned during the previous year.

Yield on Advances dropped to 11.21% during the year, as against 11.71% in the previous year, while the Cost of Deposits fell to 5.98% from 6.41% in the previous year. The Bank was able to maintain its Net Interest Margin at the same level as of previous year at 3.99%.

The Bank expanded its branch network steadily to reach 1,400 branches, as against 1,200 branches at the beginning of the year. Revenue per employee during the year improved significantly to ₹ 48 lakhs.

The Net Non-Performing Assets ratio of the Bank stands at 0.51% in current year. The Provisioning Coverage Ratio (PCR) stands at 56.26% as compared to 58.39% in the previous year.

The year under review witnessed a number of significant events, some of which are listed below:

- On April 18, 2017, the Bank issued Basel III-compliant Additional Tier 1 Bonds (AT1/ PDI) for ₹ 1,000 crores, in addition to ₹ 1,000 crores mobilized during March 2017.
- On October 14, 2017, the Board of Directors of the Bank and the Board of Directors of Bharat Financial Inclusion Limited (BFIL) (formerly known as SKS Microfinance Limited) approved Amalgamation of BFIL with the Bank through a Composite Scheme of Arrangement. The Competition Commission of India has granted approval to the proposed Scheme, and the RBI has accorded their "No Objection" for the Amalgamation.

In this regard, as on date of this report:

- The Scheme has 'no adverse remarks' in the Observation Letters from the Securities and Exchange Board of India (SEBI) / National Stock Exchange of India Limited vide letter dated June 1, 2018 and BSE Limited vide letter dated June 4, 2018.
- RBI vide letter dated June 8, 2018 conveyed their approval for incorporating of the Wholly-Owned-Subsidiary to act as Business Correspondent of the Bank as part of Bank's Amalgamation with BFIL.
- The Scheme is awaiting, approval from the respective Shareholders and Creditors of the Bank and BFIL, the National Company Law Tribunal (NCLT), and is subject to compliance with the conditions specified by RBI.
- Equity Shares of the Bank have been included in the bellwether 30 Member BSE Sensex Index. They have been part of Nifty 50, the bellwether index of NSE since April 2013.
- RBI have granted approval on April 3, 2018 for the proposed acquisition of IL&FS Securities Services Limited, the securities services arm of IL&FS, as a Wholly-Owned Subsidiary of the Bank. This transaction is conditional on definitive agreements and other regulatory approvals.

Performance of Subsidiary and Associate Company

The Bank does not have a subsidiary.

IndusInd Marketing and Financial Services Private Limited (IMFS) is an Associate Company of the Bank and is engaged in the business of providing manpower services. Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014, the Bank has drawn up a Consolidated Financial Statement including the Financial Statement of its Associate Company, which also forms a part of this Annual Report.

During FY 2017-18, IMFS earned Revenue of ₹ 243.09 crores as against Revenue of ₹ 217.21 crores in the previous year. IMFS earned Profit of ₹ 0.44 crores in FY 2017-18.

Statement containing the salient features of the financial position of the Associate Company in Form AOC-1 is enclosed as 'Annexure' to the Financial Statements.

Share Capital

The Paid-Up Equity Capital of the Bank as at March 31, 2018 consisted of 60, 02,23,187 Equity Shares of ₹ 10/- each.

During the year under review, the Bank allotted 20,74,482 Equity Shares of ₹ 10/- each pursuant to Exercise of Options under its Employees Stock Option Scheme, 2007.

The Bank has not issued any Equity Shares with Differential Voting Rights.

Debentures

On April 18, 2017, the Bank allotted, on Private Placement basis, 10,000 Rated, Listed, Non-Convertible, Perpetual, Subordinated & Unsecured Basel III-compliant Additional Tier I Bonds ("AT1") in the nature of Debentures of Face Value of ₹ 10,00,000 (Rupees Ten lakhs each) for cash at par amounting to ₹ 1,000 crores.

In compliance with Regulation 53 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the names of the Debenture Trustees with their contact details are given below:

Trustee I:

Name of Debenture Trustees	:	Catalyst Trusteeship Limited (formerly GDA Trusteeship Ltd.)
Address	:	GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Pune – 411 038, Maharashtra, India.
Website	:	www.catalysttrustee.com
E-mail	:	dt@ctltrustee.com

Trustee II:

Name of Debenture Trustees	:	Beacon Trusteeship Limited
Address	:	Prabhat Kunj, Prabhat Colony 3, Santracruz (East), Mumbai – 400 055
Website	:	www.beacontrustee.co.in
E-mail	:	info@beacontrustee.co.in

Tier II Capital

The Bank did not issue any Tier II Capital instruments during the year. As on March 31, 2018, the value of outstanding Tier II Capital instruments is Nil.

Deposits

The Bank is a banking company governed by the Banking Regulation Act, 1949, and as such, the provisions in the Companies Act relating to acceptance of Public Deposits are not applicable.

Capital Adequacy

The Bank continues to be adequately capitalized. The Capital Adequacy Ratio of the Bank, calculated under the Basel III Capital Regulations mandated by RBI, is set out below:

Particulars		March 31, 2018	March 31, 2017
i)	Capital Adequacy Ratio (CRAR)	15.03%	15.31%
ii)	CRAR- Common Equity Tier 1 Capital	13.42%	14.02%
iii)	CRAR- Tier 1 Capital	14.58%	14.72%
iv)	CRAR- Tier 2 Capital	0.45%	0.59%

Credit Ratings

Instruments	Rating	Rating Agency
Infra Bond program	AA+	CRISIL
Additional Tier I Bond program	AA	CRISIL
Certificates of Deposit	A1+	CRISIL
Senior Bonds program	AA+	India Ratings and Research
Additional Tier I Bond program	AA	India Ratings and Research
Short Term Debt instruments	A1+	India Ratings and Research

Directors

The Bank's Board comprised eight Directors as on March 31, 2018, viz., Mr. R. Seshasayee, Non-Executive Part-time Chairman, five Independent Directors, Mr. Yashodhan M. Kale, Non-Executive Non-Independent Director, and Mr. Romesh Sobti, Managing Director & CEO.

(a) Non-Executive Independent Directors

All Independent Directors have given Declarations that they meet the criteria of independence as laid down under sub-section (6) of Section 149 of the Companies Act, 2013. In compliance with Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Declarations were placed before the Board of Directors in their meeting held on April 19, 2018, and based on the Declarations, the following Non-Executive Directors continue to be identified as Independent Directors as on March 31, 2018:

(i) Mrs. Kanchan Chitale

(ii) Mr. T. Anantha Narayanan

(iii) Mr. Ranbir Singh Butola

(iv) Mr. Shanker Annaswamy

(v) Dr. T. T. Ram Mohan

(b) Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013, read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, specified companies are required to have at least one Woman Director in their Board.

Mrs. Kanchan Chitale (DIN: 00007267), who joined the Board on October 18, 2011, is an Independent Woman Director in the Board, and Chairs some important Committees.

(c) Chairman of the Board

Mr. R. Seshasayee, (DIN: 00047985) has been Non-Executive Part-time Chairman of the Bank since July 24, 2007.

Shareholders of the Bank had, in the 23rd AGM held on July 26, 2017, approved the re-appointment of Mr. R. Seshasayee as Non-Executive Part-time Chairman for a period of 2 years.

RBI have conveyed approval for the re-appointment of Mr. R. Seshasayee as a Non-Executive Part-time Chairman for a period of 2 years, i.e., up to July 24, 2019.

(d) Managing Director & CEO

Mr. Romesh Sobti, (DIN: 00031034) has been Managing Director & CEO of the Bank since February 1, 2008.

Shareholders of the Bank had, in the 21st AGM held on August 17, 2015, approved the re-appointment of Mr. Romesh Sobti as the Managing Director & CEO for a period of three years with effect from February 1, 2015.

Reserve Bank of India have conveyed their approval for re-appointment of Mr. Romesh Sobti up to March 23, 2020.

(e) Details of Directors seeking Appointment / Re-appointment / Directors retiring by rotation at the forthcoming AGM

Appointment

Mr. Yashodhan M. Kale (DIN: 00013782), completed his tenure in the Board on November 3, 2017. Reserve Bank of India have, vide their letter dated December 20, 2017, conveyed approval for continuance of Mr. Yashodhan M. Kale in the Board upto April 15, 2019.

The Board of Directors had, in their meeting held on January 11, 2018, accordingly approved the appointment of Mr. Yashodhan M. Kale as 'Additional Director' in the category of 'Non-Executive Non-Independent Director' in the Board.

Approval of the shareholders is being requested for the appointment of Mr. Yashodhan M. Kale as Director in the Board of the Bank.

Re-appointment

Mr. Romesh Sobti (DIN: 00031034) has been the Managing Director & CEO of the Bank since February 1, 2008.

Shareholders of the Bank had, in the 21st AGM held on August 17, 2015, approved the re-appointment of Mr. Romesh Sobti as the Managing Director & CEO for a period of three years with effect from February 1, 2015.

The Nomination & Remuneration Committee of the Board had recommended to the Board of Directors the re-appointment of Mr. Romesh Sobti as Managing Director & CEO with effect from February 1, 2018.

Reserve Bank of India have, vide their letter dated January 16, 2018, conveyed their approval for the re-appointment of Mr. Romesh Sobti as 'Managing Director & CEO' from February 1, 2018 until March 23, 2020.

Approval of the shareholders is being requested for re-appointment of Mr. Romesh Sobti as Managing Director & CEO of the Bank upto March 23, 2020.

Retirement by Rotation

Section 152 (6) of the Companies Act, 2013 provides that not less than two-thirds of the total number of directors of a public company shall be liable to retire by rotation, and that one-third of such directors as are liable to retire by rotation shall retire from office at every Annual General Meeting (AGM) of the company.

In accordance with the provisions of the Companies Act, 2013, out of the Non-Independent Directors, **Mr. R. Seshasayee (DIN: 00047985), Non-Executive Part-time Chairman** of the Bank, being longest in Office, retires by rotation, and being eligible, offers himself for re-appointment at the AGM.

Approval of the shareholders is being requested for re-appointment of Mr. R. Seshasayee as Non-Executive Part-time Chairman of the Bank.

As required under Regulation 36(3) of the Listing Regulations, particulars of the Directors seeking appointment, re-appointment, and retirement by rotation are given in the Explanatory Statement and attached to the Notice of the forthcoming AGM.

None of the Directors have been disqualified from being appointed as 'Director', pursuant to Section 164 of the Companies Act, 2013.

(f) Cessation of Director

Mr. Vijay Vaid, (DIN: 00219709), who had been a member of the Board as 'Non-Executive Independent Director' since October 18, 2011, ceased to hold office with effect from February 3, 2018.

The Directors wish to place on record their appreciation for the valuable contributions made by Mr. Vijay Vaid towards the deliberations in the Board Meetings during his tenure as Director of the Bank.

Board and Committee Meetings

During the year, ten meetings of the Board and ten meetings of the Audit Committee were held, the details of which are given in the Corporate Governance Report, which forms an integral part of this Report.

The Board has constituted the Audit Committee with Mr. T. Anantha Narayanan as Chairman and Mrs. Kanchan Chitale, Mr. Ranbir Singh Butola, Mr. Shanker Annaswamy and Mr. Yashodhan M. Kale as Members. There have not been any instances during the year when recommendations of the Audit Committee were not accepted by the Board.

Details of the composition of the Board and all its Committees and of the Meetings held and attendance of the Directors at such Meetings are provided in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the Listing Regulations.

Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Nomination & Remuneration Committee of the Board had laid down the criteria for Performance Evaluation of the Board as a whole, Committees of the Board, Directors individually, and of the Chairman, as well as the process of evaluation.

The Bank has aligned its Board Evaluation Framework in line with the Guidance Note on Board Evaluation issued by SEBI, under their Circular dated January 5, 2017.

The Board of Directors have carried out the annual evaluation of the performance of the Board as a whole, Individual Directors including Independent Directors, Non-Independent Directors, the Managing Director & CEO and the Chairman and the Committees of the Board.

The performance of the Board as a whole, Committees of the Board, Directors individually, and of the Chairman has been evaluated / reviewed by the Nomination & Remuneration Committee, Committee of Independent Directors and by the Board of Directors in their meetings held on May 8, 2018.

The Statement indicating the manner in which the evaluation exercise was conducted is included in the Report on Corporate Governance, which forms an integral part of this Annual Report.

System for Internal Financial Controls and its Adequacy

The Bank operates in a fully computerised environment, with a Core Banking Solution, supported by diverse application platforms for handling special businesses, such as, Treasury, Trade Finance, Credit Cards, Retail Loans, etc. The process of recording of transactions in each of the application platforms is subject to various forms of controls such as in-built system checks, Maker – Checker authorisations, independent post-transaction reviews, etc. The Financial Statements are prepared based on computer system outputs. The responsibility of preparation of Financial Statements is entrusted to a dedicated unit which is completely independent of business, risk, audit or other functions. This unit does not originate accounting entries except for limited matters such as Share Capital, Taxes and Transfers to Reserves. The Bank has implemented adequate procedures and internal controls which provide reasonable assurance regarding reliability of financial reporting and preparation of Financial Statements, and that such internal financial controls were adequate and were operating effectively during the year.

Conservation of energy and technology absorption and foreign exchange earnings and outgo

Conservation of Energy:

Considering the nature of its activities as an entity in the Financial Services sector, the Bank has voluntarily taken steps towards conservation of energy and details of which are furnished in Principle 6 of Section E of the Business Responsibility Report.

Technology Absorption:

The Bank has made optimum use of Information Technology in its operations. Details pertaining to Technology Absorption have been explained in the Management and Discussion Analysis Report, which forms an integral part of the Annual Report.

Foreign Exchange Earnings and Outgo:

The provisions relating to 134(3)(m) of the Companies Act, 2013, on particulars relating to Foreign Exchange Earnings and Outgo are not applicable to a Banking company, and as such no Disclosure is being made in this regard.

Risk Management

The Bank has an Enterprise-wide Risk Management (ERM) framework in place. The Risk Management Department covers Credit Risk, Market Risk, Assets-Liabilities Management (ALM), Operational Risk and Information Security Risk across all verticals, independent of business functions.

Risk Management functions in the Bank have been aligned with best industry practices, supported by advanced risk measurement and analytical systems which enable proactive risk management and monitoring. Risk Management is continually enhanced in line with changes in operating environment and regulations.

The Bank has a comprehensive framework of Risk Management Policies which specify the risk appetite, risk measurement methodologies, and monitoring and control measures for the respective business segments. The policies have been designed keeping risk appetite as the central objective, and business strategies have been aligned to risk policies.

The Bank has set up a Board-level Committee, viz., 'Risk Management Committee' to examine risk policies and procedures developed by the Bank and monitor adherence to risk parameters and prudential limits set for different portfolios / products / segments.

Details of Risk Management Models and Frameworks implemented by the Bank are mentioned under 'Management Discussion and Analysis'.

Vigil Mechanism / Whistle Blower Policy

The Bank has in place the "Whistle Blower Policy" since 2009.

The said Policy is in compliance with RBI Guidelines, provisions of the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Vigil Mechanism at the Bank requires submission of Quarterly Reviews before the Audit Committee of the Board, and placing of Annual Reviews before the Audit Committee and the Board of Directors.

The Policy also incorporates suggestions of the Protected Disclosure Scheme for Private Sector and Foreign Banks, instituted by Reserve Bank of India.

The Board of Directors of the Bank have constituted a Board-level Committee, viz., the Vigilance Committee, which conducts overview of cases of vigilance nature arising out of actions of the employees of the Bank. The Committee meets at least twice a year.

The Bank has been awarded the 'Certificate of Commitment' by Central Vigilance Commission.

The Bank's Whistle Blower Policy is in synchrony with all statutory and regulatory guidelines on Vigil Mechanism.

Further details about the Vigil Mechanism are furnished in the Report on Corporate Governance, and the current Whistle Blower Policy of the Bank is available on the Bank's website at the under-mentioned link:

http://www.indusind.com/important-links/other-useful-information.html

Statutory Auditors

M/s Price Waterhouse Chartered Accountants LLP, (PW), Mumbai (Firm Registration No. 012754N / N500016), Statutory Auditors of the Bank have Audited the accounts of the Bank for the Financial Year 2017-18 and will retire at the conclusion of this Annual General Meeting.

M/s Price Waterhouse Chartered Accountants LLP have been associated with the Bank as Statutory Auditors for the past three years.

Independent Auditors' Report

M/s Price Waterhouse Chartered Accountants LLP, Statutory Auditors of the Bank, have audited the accounts of the Bank for the year 2017-18 and their Report is annexed. Pursuant to Section 143(3)(i) of the Companies Act, 2013, the Statutory Auditors have also reported on the adequacy and operating effectiveness of internal financial controls system over financial reporting, which has been enclosed as 'Annexure A' to the Independent Auditors' Report.

Significant Audit observations, if any, and corrective actions taken by the Management are presented to the Audit Committee of the Board from time to time.

There are no qualifications, reservations or adverse remarks or disclaimers made in the Auditors' Report.

Secretarial Audit

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank has appointed M/s Bhandari & Associates, Company Secretaries in Practice, to undertake Secretarial Audit of the Bank for the FY 2017-18. The Secretarial Audit Report submitted by M/s Bhandari & Associates is furnished at **Annexure I**, and forms an integral part of this Report.

The Secretarial Audit Report submitted by Bhandari & Associates for FY 2017-18 does not contain any qualification, reservation or adverse remark.

Statutory Disclosures

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014, is given in the Management Discussion and Analysis Report. Also, the other Statutory Information / Disclosures required to be given under the Banking Regulation Act, 1949 and the Companies Act, 2013, as applicable to the Bank, have been laid out in the Schedules / Notes attached and form part of the Balance Sheet and the Profit and Loss Account.

Details pursuant to remuneration of Directors and Employees in terms of Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, are given at **Annexure II** and form an integral part of this Report.

The information relating to employees required to be furnished under the Companies Act, 2013 and the Rules made thereunder is given under the head 'Particulars of Employees' later in this Report.

Employees Stock Option Scheme

The Bank had instituted the Employee Stock Option Scheme (ESOS-2007) to enable its employees, including Whole-time Directors, to participate in the future growth of the Bank. Under the Scheme, Options can be granted, which upon exercise from time to time could give rise to the issuance of a number of shares up to 7% of the issued Equity Capital of the Bank. The eligibility and number of Options to be granted to an employee is determined on the basis of criteria laid down in the Scheme and is approved by the Compensation Committee of the Board of Directors.

An aggregate of 4,16,33,300 Options, comprising 6.94% of the Bank's Equity Capital, have been granted under the Scheme. Statutory disclosures as required by SEBI (Share Based Employee Benefits) Regulations, 2014 are given at **Annexure III**, and form an integral part of this Report.

The Annual Certificate on compliance with SEBI (Share Based Employee Benefits) Regulations, 2014, issued by Statutory Auditors of the Bank is being placed before Members in the ensuing AGM.

The Employees Stock Option Plan is administered by the Compensation Committee of the Board.

Disclosure on compliance with Secretarial Standards

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, the Directors make the following statement in terms of Section 134(3)(c) and 134(5) of the Companies Act, 2013:

(a) that in the preparation of the Annual Accounts for the Financial Year ended March 31, 2018, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;

(b) that such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied consistently and that judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at March 31, 2018 and of the profit of the Bank for the year ended on that date;

(c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities;

(d) that the Annual Financial Statements have been prepared on a 'going concern' basis;

(e) that proper internal financial controls were in place and that the financial controls were adequate and operating effectively; and

(f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, are included in this Report as **Annexure IV** and form an integral part of the Annual Report.

Particulars of Employees

The Bank had 25,284 employees on its rolls as on March 31, 2018.

59 employees who had been employed throughout the year were in receipt of remuneration of ₹ 1.02 crores per annum or more, and only 1 employee employed for part of the year was in receipt of remuneration of ₹ 8.50 lakhs per month or more.

The information containing particulars of employees pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. However, the above Annexure is not being sent along with this Annual Report to the Members of the Bank in line with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining the particulars may please write to the Company Secretary at the Secretarial and Investor Services Office of the Bank. The aforesaid Annexure is also available for inspection by Members at the Registered Office of the Bank up to the date of this Annual General Meeting during business hours on working days.

None of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the Equity Shares of the Bank.

Policy on Remuneration to Non-Executive Directors

Until the Financial Year 2015-16, all Non-Executive Directors, including the Non-Executive Part-time Chairman, received remuneration only by way of Sitting Fees for attending the meetings of the Board and of various Board Committees.

In line with the guidelines contained in RBI Circular dated June 1, 2015 on compensation of Non-Executive Directors of Private Sector Banks, the Board of Directors, on the basis of the recommendations of the Human Resource & Remuneration Committee (since re-named as 'Nomination & Remuneration Committee'), in their meeting held on May 12, 2016, approved the payment of remuneration of ₹ 25 lakhs per annum with effect from April 1, 2016 to Mr. R. Seshasayee, Non-Executive Part-time Chairman (subject to approval of Reserve Bank of India, which has since been received) and to the Non-Executive Directors (other than the Non-Executive Part-time Chairman) in the form of Profit-related Commission of ₹ 10 lakhs per annum for each Director, in such manner as may be decided by the Board of Directors.

Shareholders had, in the 22nd Annual General Meeting of the Bank held on July 1, 2016, accorded their approval for payment of the above-mentioned remuneration in the form of Profit-related Commission to the Non-Executive Directors, including to the Non-Executive Part-time Chairman, for FY 2016-17. The Non-Executive Directors, including the Non-Executive Part-time Chairman, accordingly received remuneration in the form of Profit-related Commission, in addition to Sitting Fees for attending meetings of the Board and of various Board Committees.

No Stock Options were granted to the Non-Executive Directors.

During FY 2016-17, the Board of Directors have, on the recommendations of the HR & Remuneration Committee (since re-named as 'Nomination and Remuneration Committee') formulated the 'Policy on Remuneration to Non-Executive Directors', including the Non-Executive Part-time Chairman.

During the Financial Year 2017-18, the Board reviewed the 'Policy on Remuneration to Non-Executive Directors'. The Policy is hosted on the Bank's website at the link given below:

http://www.indusind.com/important-links/other-useful-information.html

The Board of Directors have also formulated a Policy in relation to Key Management Personnel and Senior Management personnel of the Bank. The said Policy is given under 'Disclosure on Remuneration' at Note No. 12.6 of the Notes in Schedule 18 to the Financial Statements, which forms an integral part of this Annual Report.

Details on compensation to Whole-time Directors are given under the Report on Corporate Governance, that forms an integral part of this Report.

Particulars of Loans, Guarantees or Investments outstanding

Section 186(11) of the Companies Act, 2013 mandates that the provisions of Section 186 of the Companies Act, 2013, except sub-section (1), do not apply to a loan made, guarantee given or security provided by a banking company in the ordinary course of business. The particulars of loans made, guarantees given and investments made by the Bank are disclosed in the Financial Statements as per the applicable provisions of the Banking Regulation Act, 1949.

Particulars of Contracts or Arrangements with Related Parties

All transactions entered with 'Related Parties' during the year under review were on 'arm's length basis' and in the 'ordinary course of business' and therefore do not attract the provisions of Section 188 of the Companies Act, 2013.

Further, there are no materially significant Related Party Transactions during the year with any of the Related Parties, viz., Promoters, Directors and Key Management Personnel and other related entities including IMFS, an Associate Company, which may have potential conflict with the interest of the Bank at large.

In view of the above, the disclosure under Form AOC-2 is not applicable to the Bank.

The Policy on Related Party Transactions as approved by the Board of Directors is hosted on the Bank's website at the below given link:

http://www.indusind.com/content/home/important-links/other-useful-information.html

Consolidated Financial Statements

In accordance with Section 129(3) of the Act, Consolidated Financial Statement of IndusInd Bank Limited ('the Bank') and IndusInd Marketing and Financial Services Private Limited ("the Associate") has been prepared and is included in the Annual Report.

In terms of AS 23, the Bank has prepared the Consolidated Financial Statements for the year ended March 31, 2018, wherein the Standalone Financial Statements of the Bank as of that date are consolidated with that of IMFS, an associate in which the Bank has a 30% stake, by adopting 'Equity Method'.

Indian Accounting Standards (Ind AS)

The Reserve Bank of India (RBI) issued Circular No. DBR.BP.BC.No.76/21.07.001/2015-16 on February 11, 2016, requiring scheduled commercial banks to comply with the Indian Accounting Standards (Ind AS) for accounting periods beginning from April 1, 2018 onwards, with comparatives for periods ending on or after March 31, 2018.

RBI, on April 5, 2018, through announcement in its first Monetary Policy Statement for FY 2018-19, deferred Ind AS implementation for the scheduled commercial banks (excluding RRBs) by one year such that the implementation of Ind AS would begin from April 1, 2019 onwards, with comparatives for the year beginning April 1, 2018.

Pursuant to the RBI Circular dated February 11, 2016, the Bank formed a Steering Committee, comprising members from cross-functional areas, for the purpose of reviewing and monitoring the progress of implementation. The Bank set up a Working Group under the guidance of the Steering Committee to conduct Gap Assessment to identify the differences between the current accounting framework and Ind AS, including the identification of the accounting policy options provided under Ind AS 101, First Time Adoption. Besides augmenting skilled resources within the Financial Reporting team, the Bank also engaged the services of leading professionals with international experience to assist in the project. Training programs were organized for the team members in the Business, Credit and Finance Teams. The Bank is in the process of identifying the changes required to be made to its systems and processes and is evaluating technology solutions.

The Audit Committee of the Bank's Board of Directors oversees the progress of the Ind AS implementation process.

Some of the areas of significant accounting impact pursuant to the application of Ind AS are summarized below:

(a) Accounting impact on account of application of Ind AS at the date of transition, i.e. April 1, 2018 will be recognized in equity or other components of equity.

(b) The classification and measurement of financial assets will be driven by the Bank's business model for managing those assets and the characteristics of the contractual cash flows of the assets. All financial assets will be classified as subsequently measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVTPL).

(c) Financial Instruments would be derecognised on transfer of significant risks and rewards, and not based on the legal form of the arrangement.

(d) Interest will be recognised in the Income Statement using the effective interest method and any directly attributable fees and costs would be considered to be an adjustment to the effective interest rate.

(e) All Derivatives would be required to be fair-valued and recognised on the Bank's Balance Sheet.

(f) Expense for Stock Options will be recognised in the Statement of Profit and Loss based on the Fair Value of the Options.

(g) Impairment requirements for financial assets carried at amortised cost or at fair value through other comprehensive income, including certain off Balance Sheet items are based on an Expected Credit Loss (ECL) model. The Bank will be required to recognise either a 12-months' or lifetime ECL, depending on whether there has been a significant increase in Credit Risk since initial recognition. This will be significantly different from the current methodology for calculating the provision for Standard Assets and Non-Performing Assets (NPAs). The Bank has developed models for computation of ECL and is testing the same.

In addition to the above, as per Reserve Bank of India directions, the Bank submitted Standalone proforma Ind AS financial statements along with other computations to the RBI for the half-year ended September 30, 2016 in FY 2016-17 and for the quarter ended June 30, 2017 in FY 2017-18, as required.

Corporate Social Responsibility

In line with its CSR focus areas, the Bank has committed to various long term community development projects that have a large positive impact. Consistent with the requirements of Section 135 of the Companies Act, 2013 and CSR Rules 2014, the Bank has set up a Board-level CSR Committee to review the CSR initiatives. The Committee is headed by Mrs. Kanchan Chitale as the Chairperson, Mr. Yashodhan M. Kale (inducted in the Committee on March 26, 2018) and Mr. Romesh Sobti as Members. Mr. Vijay Vaid ceased to be a Member, on his retirement from the Board on February 3, 2018.

The composition of the CSR Committee is in accordance with Section 135 of the Companies Act, 2013.

The Bank's CSR Policy and strategy direct and govern the Bank's activities in focus areas, namely, Environmental Sustainability, Rural Development and Inclusiveness, Preventive Healthcare and other areas of special interest that include Education, Sports and Heritage.

In FY 2017-18, in line with the agenda on digitization, the Bank pledged support to the PM's initiative of digitizing Rural India by reaching out to 2 lakh candidates across 275 districts in 11 Indian states of Haryana, Punjab, Rajasthan, Madhya Pradesh, Maharashtra, Gujarat, Jharkhand, Chhattisgarh, West Bengal, Odisha and Uttar Pradesh. The Bank has also initiated a flagship solid waste segregation and management programme in partnership with the Government of Uttarakhand. Adding on to the two on-going flagship sports projects namely the Para-Champions and the Blind Cricket Programme, the Bank introduced the IndusInd Girl Power Programme in FY 2017-18 that supports woman athletes across Judo, Boxing and Wrestling to represent India in reputed sports tournaments.

During the year under review, the Bank has also introduced a unique project involving the rehabilitation and skill development of women rescued from trafficking in Bihar.

The CSR Initiatives / Projects undertaken by the Bank are in accordance with Schedule VII of the Companies Act, 2013.

Companies, on the basis of criteria prescribed under Section 135 of the Act, are required to spend at least Two per cent of their Average Net Profits made during the three immediately preceding financial years, in pursuance of their Corporate Social Responsibility Policy. Accordingly, the Bank spent ₹ 20.47 crores towards various CSR activities specified in Schedule VII of the Companies Act, 2013. The programmes are of large scale and hence the absorption of funds is milestone-linked for larger impact.

The Bank also recognises and addresses environmental issues like climate change and global warming and measures its carbon footprint. The Bank currently features in the 'A' list of the CDP, a platform that is widely referred by global Investors. The Bank is also a front-runner, investing in on-site solar energy solutions and LEED-Certified green buildings. While these investments have not been considered as part of our reported spend this year, it has had substantial impact on the environment, in line with global targets of the UN Sustainable Development Goals.

The Report on CSR activities undertaken by the Bank is set out at **Annexure V** and forms an integral part of this Report.

Details of the CSR Policy and initiatives adopted by the Bank on CSR are available on Bank's website at the link given below:

http://www.indusind.com/content/csr-home/our-approach/csr-policy.html

Business Responsibility Report (BRR)

The Securities & Exchange Board of India have, vide their Circular dated December 22, 2015, mandated Top 500 Listed entities to include the 'Business Responsibility Report' (BRR) as part of the Annual Report, describing the initiatives taken by the listed entity from an environmental, social and governance perspective, in the format as specified by SEBI.

In view of the above and in compliance with Regulation 34(2) of the Listing Regulations, BRR of the Bank has been furnished at **Annexure VI** and forms an integral part of this Report.

Corporate Governance

Corporate Governance is essentially a set of standards, systems, and procedures aimed at effective, honest, transparent, and responsible management of a company within the applicable statutory and regulatory structures.

The Bank has adopted the industry best practices of Corporate Governance and aims to continue banking on the highest principles of governance and ethics. At IndusInd, Corporate Governance is more than just adherence to the statutory and regulatory requirements. It is equally about focusing on voluntary practices that underlie the highest levels of transparency.

The Governance framework is driven by the objective of enhancing long-term stakeholder value, without compromising on Ethical Standards and Corporate Social Responsibilities.

The Bank's guiding principles are also articulated through its Code of Business Conduct and various initiatives taken to maintain transparency by communicating with the Shareholders on developments in the Bank. The Bank has also set up various sub-Committees of the Board to bring in more efficacy and transparency in its working.

The Bank continues to focus on better, complete and timely disclosures to the Stock Exchanges for dissemination to the Stakeholders.

Further complete disclosures regarding Corporate Governance are provided in the Corporate Governance Report, which forms an integral part of this Annual Report.

Certificate from M/s Bhandari & Associates, Practising Company Secretaries confirming compliance with the conditions of Corporate Governance stipulated under Schedule V of the Listing Regulations is attached as **Annexure VII** and forms part of this Annual Report.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report, as prescribed under Regulation 34(2) of the Listing Regulations, forms part of the Annual Report.

Significant and Material Orders passed by the Regulators or Courts

There are no significant and material Orders passed by the Regulators / Courts that would impact the 'going concern' status of the Bank and its futures operations.

Awards and Accolades

During the year under review, the Bank has received many awards and accolades for excellence in managing IT Risk, Marketing and Communications, CSR Initiatives, Safety and Security, Best Data Quality and Information Technology and for Innovations, etc.

Mr. Romesh Sobti, Managing Director & CEO, was awarded as the 'Best Banker' at the BW Businessworld Magna Awards 2017. He was also bestowed with the prestigious Business Today's 'Best CEO Award'.

Brief details of various awards are covered in the initial pages and in the Management Discussion and Analysis Report which forms an integral part of this Annual Report.

Cautionary Statement

Certain statements in the 'Directors' Report' and in the 'Management Discussion and Analysis' describing the Bank's objectives, estimates and expectations may be 'forward-looking statements' within the meaning of applicable Securities Laws and Regulations. Actual results could differ substantially from those expressed or implied. Important factors that could make a difference include economic conditions in the domestic and overseas markets, changes in Laws / Regulations, and other incidental factors.

Material events that have happened after the Balance Sheet date

No material changes and commitments affecting the financial position of the Bank have occurred between the end of the financial year of the company to which the Financial Statements relate and the date of this Report.

Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace

The Bank has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder.

The Policy aims to provide protection to women employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment.

The Bank has also constituted Internal Complaints Committees, to enquire into the complaints of sexual harassment and recommend appropriate action.

The Bank has received 7 complaints alleging sexual harassment at workplace during the financial year 2017-18. The status of the same is as under.

No. of cases received during the year	No. of cases closed during the year	No. of cases pending for investigation at the end of the year
7	7	NIL

Acknowledgements

The Directors are grateful to the shareholders for the trust and confidence reposed by them in the Bank.

The Directors are also grateful to the Reserve Bank of India, the Ministry of Corporate Affairs, Securities and Exchange Board of India, Insurance Regulatory and Development Authority, and the Stock Exchanges for the guidance and support extended by them to the Bank.

The Board expresses its deep sense of appreciation to all employees for their excellent performance, strong work ethic, and untiring commitment, which qualities have contributed to the Bank's continued progress in a challenging environment.

The Board thanks its valued customers for their patronage, and looks forward to the growing of this mutually supportive relationship in future.

For and on behalf of the Board of Directors

Place: Mumbai
Date : June 22, 2018

R. Seshasayee
Chairman
(DIN: 00047985)

ANNEXURE I TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
INDUSIND BANK LIMITED
CIN: L65191PN1994PLC076333

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IndusInd Bank Limited** (hereinafter called "the Bank"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Bank has, during the audit period covering the Financial Year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the Financial Year ended on March 31, 2018 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings. The Bank does not have any Overseas Direct Investment during the Financial Year.

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#; and

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998# ;

The Regulations or Guidelines, as the case may be were not applicable for the period under review.

The list of Acts, Laws and Regulations specifically applicable to the Bank are given below:

vi. The Banking Regulation Act, 1949.

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

During the period under review, the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable.

We further report that -

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other then those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period, the Bank has undertaken following events / actions –

1. Member's approval has been obtained at the 23rd Annual General Meeting held on July 26, 2017, inter alia for:
   a) Approval for borrowing of monies pursuant to Section 180 (1) (c) of the Companies Act, 2013, the total amount of such borrowings outstanding at any time not exceeding ₹ 50,000 crores.
   b) Approval for Borrowings / raising of Funds by the Bank pursuant to the provisions of Section 42, 71 of the Companies Act, 2013 in the Indian / Foreign currency, by way of issue of Securities in the nature of Bonds / Non-Convertible Debentures (NCDs) i.e. Long-Term Bonds including Infrastructure Bonds / Subordinated Non-Convertible Debentures or Bonds eligible to be included in the Additional Tier I and Tier II Capital of the Bank aggregating upto an amount not exceeding ₹ 10,000 crores on Private Placement basis.
2. The Bank has issued and allotted 10,000 Rated, Listed, Non-Convertible, Perpetual, Subordinated & Unsecured BASEL III-compliant Additional Tier I Bonds (AT-1 Bonds) in the nature of Debentures of Face Value of ₹ 10,00,000/- each at par on April 18, 2017 for an issue size of ₹ 1,000 crores on Private Placement basis.
3. Board of Directors of the Bank at its meeting held on October 14, 2017, subject to requisite approval of the members and regulatory authorities has approved the Composite Scheme of Arrangement involving -
   a) The Amalgamation of Bharat Financial Inclusion Limited (formerly known as SKS Microfinance Limited) (Amalgamating Company) with the Bank.
   b) The transfer, pursuant to the Amalgamation, of the undertaking of the Business Correspondent business, as a going concern from the Bank to the Wholly Owned Subsidiary to be incorporated by the Bank by way of Slump Exchange.
   c) The Preferential allotment of Warrants to the Promoters of the Bank pursuant to the Scheme.

For Bhandari & Associates
Company Secretaries

S. N. Bhandari
Partner

FCS No: 761; C P No. : 366

Place : Mumbai
Date : May 5, 2018

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT

To,
The Members,
INDUSIND BANK LIMITED
CIN: L65191PN1994PLC076333

Our Secretarial Audit Report for the Financial Year ended on March 31, 2018 of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Bank our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.

4. Whereever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For Bhandari & Associates
Company Secretaries

S. N. Bhandari
Partner

FCS No: 761; C P No. : 366

Place : Mumbai
Date : May 5, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

The details pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- The ratio of the remuneration of each Director to the median remuneration of the employees of the Bank for the Financial Year is given below:

Name	Ratio
Mr. Romesh Sobti, Managing Director & CEO	127x
Mr. R. Seshasayee, Non-Executive Part-time Chairman	6.58x

 # The ratio of remuneration paid to Mr. R. Seshasayee is based on payment of Profit-related Commission of ₹25 lakhs per annum, and does not include the Sitting Fees paid.

Details about Remuneration paid to the Managing Director & CEO are given in the Report on Corporate Governance, under the heading 'Compensation to Whole-time Directors', which forms an integral part of the Annual Report.

From April 2016, in addition to the Sitting Fees paid for attending the meetings of the Board and of various Committees of the Board, all Non-Executive Directors (other than the Chairman) received remuneration in the form of Profit-related Commission of ₹10 lakhs per annum, in line with RBI Guidelines and on the basis of Members' approval in the 22nd AGM held on July 1, 2016.

Mr. R. Seshasayee, Non-Executive Part-time Chairman received remuneration of ₹25 lakhs in FY 2017-18 in the form of Profit-related Commission as approved by the Reserve Bank of India, and by Members in the 22nd AGM of the Bank.

The ratio of remuneration to Non-Executive Directors to the median remuneration of the employees of the Bank for the Financial Year is 2.63x.

- Percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and the Company Secretary in the Financial Year :

Name	Percentage
Mr. Romesh Sobti, Managing Director & CEO	7%
Mr. S. V. Zaregaonkar, Chief Financial Officer	27%
Mr. Haresh Gajwani, Company Secretary	13%

- The percentage increase in the median remuneration of employees in the Financial Year:

  The median of fixed remuneration of the employees in the Financial Year increased by about 7.47%.

  The calculation of % increase in median of fixed remuneration of employees covers only those employees who received increments in the Financial Year.

- The number of permanent employees on the rolls of the Bank:

  There were 25,284 employees on the rolls of the Bank as on March 31, 2018.

- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

  - All employees in the Bank are under Managerial Cadre, categorized into Grade Bands of Top Management, Senior Management, Middle Management and Junior Management. Hence, this section is not applicable to the Bank.

- We affirm that the remuneration paid to the Directors, Key Managerial Personnel (KMP) and Employees is as per the Remuneration Policy of the Bank.

Note:

Remuneration of KMPs is as per Form 16 (on an annualised basis), excluding Stock Options exercised, since Options do not form part of total cost to the Bank.

Statutory Disclosures Regarding ESOPs (Forming part of the Directors' Report for the year ended March 31, 2018)

Sl. No.	Particulars	ESOP 2007 (Upto March 31, 2018)	Options Granted on April 19, 2017	Options Granted on May 9, 2017	Options Granted on June 19, 2017	Options Granted on July 11, 2017	Options Granted on October 12, 2017	Options Granted on January 11, 2018	Options Granted on March 27, 2018
1	No. of options granted	4,16,33,300	16,000	69,000	38,500	35,000	69,000	43,000	15,23,000
2	No. of options surrendered (cancelled)	20,87,399	0	0	0	0	0	0	6,000
3	Pricing Formula	Options granted at market price, except some options granted on July 18, 2008, January 28, 2010, February 7, 2011, January 29, 2014 and January 12, 2016 are at discount to market price.							
4	No. of options Vested	3,53,37,792	0	0	0	0	0	0	0
5	No. of options Exercised	2,82,26,047	0	0	0	0	0	0	0
6	No. of shares arising as a result of exercise of options	2,82,26,047	0	0	0	0	0	0	0
7	Options Lapsed	2,980	-	-	-	-	-	-	-
8	Variation in terms of ESOP	N.A.	-	-	-	-	-	0	-
9	Money realised from exercise of options (₹ In Lakhs)	46,802.29	-	-	-	-	-	-	-
10	Total No. of Options in force	1,13,16,874	16,000	69,000	38,500	35,000	69,000	43,000	15,17,000
11	Employee-wise details of options granted to:								
	(a) Key Managerial Personnel, i.e., Managing Director & CEO, Chief Financial Officer and Company Secretary	54,43,000	-	-	-	-	-	-	-
	(b) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year. (Refer Table A)	44,60,000	-					-	-
	(c) Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant.	Nil	-	-	-	-	-	-	-
12	Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of option, calculated as per Accounting Standard (AS) 20- "Earning Per Share"	The Diluted EPS of the Bank calculated after considering the effect of potential equity shares arising on account of exercise of Options is ₹ 59.57.							

Sl. No.	Particulars	ESOP 2007 (Upto March 31, 2018)	Options Granted on April 19, 2017	Options Granted on May 9, 2017	Options Granted on June 19, 2017	Options Granted on July 11, 2017	Options Granted on October 12, 2017	Options Granted on January 11, 2018	Options Granted on March 27, 2018
13	Where the company has calculated 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 recognized if it had used the fair value of options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	The Bank has charged ₹ 1.21 crores to the Profit and Loss account being the intrinsic value of stock options granted for the year ended March 31, 2018. Had the Bank adopted the Black Scholes model based fair valuation, compensation cost for the year ended March 31, 2018, would have increased by ₹ 68.81 crores and the proforma profit after tax would have been lower by ₹ 44.99 crores. On a proforma basis, the basic and diluted earnings per share would have been ₹ 59.44 and ₹ 58.82, respectively.							
14	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	The weighted average market price of options exercised during the year is ₹ 1,626.08 Grants whose Exercise Price equals market price: The weighted average exercise price of options granted during the year is ₹ 1,732.20 The weighted average fair value of options granted during the year is ₹ 593.37 Grants whose Exercise price is less than market price: N.A.							
15	A description of the method and significant assumptions used during the year to estimate the fair value of Options, including the following weighted-average information:	The fair value has been calculated using the Black Scholes Option Pricing model.							
	Risk Free Interest Rate		6.78%	6.88%	6.54%	6.55%	6.66%	7.16%	7.23%
	Expected Life		4.52	4.52	4.52	4.52	4.52	4.52	4.52
	Expected Volatility		28.94%	28.81%	28.36%	28.18%	27.42%	26.77%	25.60%
	Dividend Yield		0.31%	0.32%	0.30%	0.38%	0.35%	0.35%	0.34%
	Price of the underlying share in the market at the time of option grant (₹).		1,431.75	1,424.85	1,498.90	1,559.80	1,717.25	1,734.10	1,759.75
	Table "A" Any other employee who receives a grant in any one year of Options amounting to 5% or more of the Options granted during the year	NIL							
	Name	**Number of Options granted:**							
	Note to "Table A"	NIL							

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details:

CIN	L65191PN1994PLC076333
Registration Date	January 31, 1994
Name of the Company	IndusInd Bank Limited
Category / Sub-Category of the Company	Company Limited by Shares Indian non Government Company
Address of the Registered Office and Contact details	2401 General Thimmayya Road, Cantonment, Pune – 411001 Tel. No.: 020 – 2623 4000/10 Email: investor@indusind.com Website: www.indusind.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	LINK INTIME INDIA PRIVATE LIMITED C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083 Tel No.: 022 – 49186280, 49186000 Fax : 022 49186060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. Principal Business Activities of the company

All the Business Activities contributing 10 % or more of the total turnover of the company are:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Banking Services	64191	100%

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	**IndusInd Marketing and Financial Services Private Limited** Address: No.115 & 116 G N Chetty Road, T Nagar, Chennai – 600017, Tamil Nadu	U67190TN2002PTC048590	Associate	30	2(6)

IV Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2017)				No. of Shares held at the end of the year (March 31, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (1):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	8,95,97,767	0	8,95,97,767	14.98	8,98,27,767	0	8,98,27,767	14.97	(0.01)
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	**8,95,97767**	**0**	**8,95,97,767**	**14.98**	**8,98,27,767**	**0**	**8,98,27,767**	**14.97**	**(0.01)**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**8,95,97767**	**0**	**8,95,97,767**	**14.98**	**8,98,27,767**	**0**	**8,98,27,767**	**14.97**	**(0.01)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds / UTI	7,09,13,804	3,150	7,09,16,954	11.86	5,60,86,525	800	5,60,87,325	9.34	(2.52)
b) Banks / FI	11,27,868	337	11,28,205	0.19	9,38,634	337	9,38,971	0.16	(0.03)
c) Central Government	50	0	50	0	50	0	50	0	0
d) State Government	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	15,72,600	0	15,72,600	0.26	18,36,600	0	18,36,600	0.31	0.05
g) FIIs / FPIs	25,92,49,511	0	25,92,49,511	43.34	27,88,10,014	0	27,88,10,014	46.45	3.11
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Alternate Investment Fund	0	0	0	0	9,43,345	0	9,43,345	0.16	0.16
j) Others (specify) Foreign Banks	42	0	42	0	42	0	42	0	0.00
Sub-total (B)(1):-	**33,28,63,875**	**3,487**	**33,28,67,362**	**55.65**	**33,86,15,210**	**1,137**	**33,86,16,347**	**56.42**	**0.77**

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2017)				No. of Shares held at the end of the year (March 31, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	6,13,22,937	1,88,295	6,15,11,232	10.28	5,46,30,309	1,51,531	5,47,81,840	9.13	(1.15)
ii) Overseas	3,76,000	5,49,000	9,25,000	0.15	3,76,000	5,49,000	9,25,000	0.15	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,20,50,989	59,35,574	2,79,86,563	4.69	2,27,82,253	46,79,930	2,74,62,183	4.56	(0.13)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,06,32,947	1,21,247	1,07,54,194	1.80	1,01,76,204	26,247	1,02,02,451	1.70	(0.10)
c) Others (specify)									
i) Clearing Member	9,80,307	0	9,80,307	0.16	22,34,987	0	22,34987	0.37	0.21
ii) Hindu Undivided Family	7,00,040	0	7,00,040	0.13	6,35,145	0	6,35,145	0.11	(0.02)
iii) Non-Resident Indians (REPAT)	16,10,124	8,09,800	24,19,924	0.40	17,11,885	7,46,100	24,57,985	0.41	0.01
iv) Non-Resident Indians(NON REPAT)	16,49,546	21,600	16,71,146	0.28	19,57,808	18,800	19,76,608	0.33	0.05
v) Foreign Nationals	335	0	335	0.00	415	0	415	0.00	0.00
vi) Foreign Portfolio Investor (Individual)	350	0	350	0.00	0	0	0	0.00	(0.00)
vii) Directors / Relatives	2,05,880	0	2,05880	0.03	4,08,528	0	4,08,528	0.07	0.04
viii) Trusts	38,47,041	0	38,47,041	0.64	49,62,826	0	49,62,826	0.83	0.19
ix) IEPF	0	0	0	0	10,49,591	0	10,49,591	0.17	0.17
Sub-Total (B) (2) :-	**10,33,76,496**	**76,25,516**	**11,10,02,012**	**18.56**	**10,09,25,951**	**61,71,608**	**10,70,97,559**	**17.83**	**(0.73)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**43,62,40,371**	**76,29,003**	**44,38,69,374**	**74.21**	**43,95,41,161**	**61,72,745**	**44,57,13,906**	**74.25**	**0.04**
C. Shares held by Custodian for GDR's & ADR's	**6,46,81,564**	**0**	**6,46,81,564**	**10.81**	**6,46,81,514**	**0**	**6,46,81,514**	**10.78**	**(0.03)**
Grand Total (A+B+C)	**59,05,19,702**	**76,29,003**	**59,81,48,705**	**100.00**	**59,40,50,442**	**61,72,745**	**60,02,23,187**	**100.00**	

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year: (April 1, 2017)			Shareholding at the end of the year: (March 31, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total share	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	IndusInd International Holdings Limited	6,57,97,767	11.00	0	6,60,27,767	11.00	0	0.00#
2	IndusInd Limited	2,38,00,000	3.98	100	2,38,00,000	3.97	100	(0.0.1)*
	Total	**8,95,97,767**	**14.98**	**100**	**8,98,27,767**	**14.97**	**100**	**(0.01)**

During the year under review, there was a change in shareholding of the Promoters due to purchase of shares from the market.

* The shareholding of Promoter has not changed in absolute numbers. The variation in terms of percentage is due to increase in Paid-Up Capital of the Bank on account of allotment of shares pursuant to exercise of options under the ESOS scheme 2007 during the year ended March 31, 2018.

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Promoter	Remarks	Date ***	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	INDUSIND INTERNATIONAL HOLDINGS LIMITED	At the beginning of the Year	01.04.2017	6,57,97,767	11.00	6,57,97,767	11.00
		Increase	17.11.2017	1,22,171	0.02	6,59,19,938	11.00
		Increase	24.11.2017	1,07,829	0.02	6,60,27,767	11.02
	At the end of the year		31.03.2018	N.A.	N.A.	**6,60,27,767**	**11.00**
2	INDUSIND LIMITED	At the beginning of the Year	01.04.2017	2,38,00,000	3.98	2,38,00,000	3.98
	Date-wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.):	There is no change in the absolute shareholding of the Promoter during the year.					
	At the end of the year		31.03.2018	N.A.	N.A.	**2,38,00,000**	**3.97***

*** (1) Date of purchase / sale of shares has been considered as the date on which the beneficiary position was provided by the Depositories.

* The shareholding of Promoter has not changed in absolute numbers. The variation in terms of percentage is due to increase in Paid-Up Capital of the Bank on account of allotment of shares pursuant to exercise of options under the ESOS 2007 during the year ended March 31, 2018.

Increase = Purchase of Bank's Shares Decrease = Sale of Bank's Shares

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
1	BRIDGE INDIA FUND	At the beginning of the year	01.04.2017	2,10,13,458	3.51	2,10,13,458	3.51
		At the end of the year	31.03.2018	N.A.	N.A.	**2,10,13,458**	**3.50**
2	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	At the beginning of the year	01.04.2017	74,85,353	1.25	74,85,353	1.25
		Increase	07.04.2017	11,878	0.00	74,73,475	1.25
		Decrease	14.04.2017	(8,971)	(0.00)	74,64,504	1.25
		Decrease	21.04.2017	(1,48,050)	(0.02)	73,16,454	1.22
		Increase	28.04.2017	67,601	0.01	73,84,055	1.23
		Increase	05.05.2017	42,434	0.01	74,26,489	1.24
		Decrease	12.05.2017	(1,194)	(0.00)	74,25,295	1.24
		Decrease	19.05.2017	(9,891)	(0.00)	74,15,404	1.24
		Decrease	26.05.2017	(85,233)	(0.01)	73,30,171	1.23
		Increase	02.06.2017	64,883	0.01	73,95,054	1.24
		Increase	09.06.2017	11,536	0.00	74,06,590	1.24
		Increase	16.06.2017	11,405	0.00	74,17,995	1.24
		Increase	23.06.2017	12,062	0.00	74,30,057	1.24
		Decrease	30.06.2017	(1,49,168)	(0.02)	72,80,889	1.22
		Decrease	07.07.2017	(16,311)	(0.00)	72,64,578	1.21
		Increase	14.07.2017	3,18,085	0.05	75,82,663	1.27
		Decrease	21.07.2017	(2,433)	(0.00)	75,80,230	1.27
		Increase	28.07.2017	89,435	0.01	76,69,665	1.28
		Increase	04.08.2017	1,24,405	0.02	77,94,070	1.30
		Decrease	11.08.2017	(40,788)	(0.01)	77,53,282	1.30
		Increase	18.08.2017	80,726	0.01	78,34,008	1.31
		Increase	25.08.2017	31,827	0.01	78,65,835	1.31
		Decrease	01.09.2017	(78,421)	(0.01)	77,87,414	1.30
		Increase	08.09.2017	1,24,794	0.02	79,12,208	1.32
		Increase	15.09.2017	42,730	0.01	79,54,938	1.33
		Increase	22.09.2017	5,617	0.00	79,60,555	1.33
		Decrease	29.09.2017	(29,661)	(0.00)	79,30,894	1.32
		Increase	06.10.2017	2,77,929	0.05	82,08,823	1.37
		Decrease	13.10.2017	(4,053)	(0.00)	82,04,770	1.37
		Increase	20.10.2017	2,31,258	0.04	84,36,028	1.41
		Increase	27.10.2017	61,977	0.01	84,98,005	1.42

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Increase	03.11.2017	3,65,764	0.06	88,63,769	1.48
		Decrease	10.11.2017	(50,074)	(0.01)	88,13,695	1.47
		Increase	17.11.2017	1,73,192	0.03	89,86,887	1.50
		Decrease	24.11.2017	(8,538)	(0.00)	89,78,349	1.50
		Decrease	01.12.2017	(95,724)	(0.02)	88,82,625	1.48
		Increase	08.12.2017	2,03,060	0.03	90,85,685	1.52
		Decrease	15.12.2017	(1,137)	(0.00)	90,84,548	1.52
		Decrease	22.12.2017	(14,360)	(0.00)	90,70,188	1.51
		Decrease	29.12.2017	(1,23,692)	(0.02)	89,46,496	1.49
		Increase	05.01.2018	66,867	0.01	90,13,363	1.50
		Decrease	12.01.2018	(1,57,816)	(0.03)	88,55,547	1.48
		Decrease	19.01.2018	(12,361)	(0.00)	88,43,186	1.47
		Increase	26.01.2018	38,890	0.01	88,82,076	1.48
		Increase	02.02.2018	3,18,338	0.05	92,00,414	1.53
		Increase	09.02.2018	2,00,889	0.03	94,01,303	1.57
		Increase	16.02.2018	1,13,905	0.02	95,15,208	1.59
		Decrease	23.02.2018	(1,25,671)	(0.02)	93,89,537	1.56
		Increase	02.03.2018	2,79,587	0.05	96,69,124	1.61
		Decrease	09.03.2018	(90,668)	(0.02)	95,78,456	1.60
		Decrease	16.03.2018	(97,262)	(0.02)	94,81,194	1.58
		Increase	23.03.2018	2,737	0.00	94,83,931	1.58
		Decrease	31.03.2018	(45,899)	(0.01)	94,38,032	1.57
		At the end of the year	31.03.2018	N.A.	N.A.	**94,38,032**	**1.57**
3	AFRIN DIA	At the beginning of the year	01.04.2017	90,96,463	1.52	90,96,463	1.52
		At the end of the year	31.03.2018	N.A.	N.A.	**90,96,463**	**1.52**
4	GOVERNMENT OF SINGAPORE	At the beginning of the year	01.04.2017	47,34,339	0.79	47,34,339	0.79
		Decrease	02.06.2017	(21,001)	(0.00)	47,13,338	0.79
		Increase	30.06.2017	1,13,297	0.02	48,26,635	0.81
		Increase	07.07.2017	2,00,634	0.03	50,27,269	0.84
		Increase	21.07.2017	6,274	0.00	50,33,543	0.84
		Decrease	18.08.2017	(2,67,057)	(0.04)	47,66,486	0.80
		Decrease	25.08.2017	(1,35,753)	(0.02)	46,30,733	0.77
		Decrease	01.09.2017	(6,723)	(0.00)	46,24,010	0.77
		Increase	08.09.2017	1,22,068	0.02	47,46,078	0.79

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Increase	15.09.2017	2,22,734	0.04	49,68,812	0.83
		Increase	22.09.2017	91,537	0.02	50,60,349	0.84
		Increase	29.09.2017	3,67,339	0.06	54,27,688	0.91
		Increase	06.10.2017	1,97,439	0.03	56,25,127	0.94
		Increase	13.10.2017	2,53,205	0.04	58,78,332	0.98
		Increase	20.10.2017	78,003	0.01	59,56,335	0.99
		Increase	27.10.2017	20,648	0.00	59,76,983	1.00
		Increase	03.11.2017	98,896	0.02	60,75,879	1.01
		Increase	01.12.2017	21,149	0.00	60,97,028	1.02
		Increase	12.01.2018	50,831	0.01	61,47,859	1.03
		Increase	19.01.2018	14,158	0.00	61,62,017	1.03
		Increase	02.02.2018	6,12,486	0.10	67,74,503	1.13
		Increase	09.02.2018	13,46,425	0.22	81,20,928	1.35
		Increase	16.02.2018	1,96,066	0.03	83,16,994	1.39
		Increase	02.03.2018	1,19,757	0.02	84,36,751	1.41
		Increase	09.03.2018	36,152	0.01	84,72,903	1.41
		Increase	16.03.2018	81,527	0.01	85,54,430	1.43
		Increase	23.03.2018	4,719	0.00	85,59,149	1.43
		At the end of the year	31.03.2018	N.A.	N.A.	**85,59,149**	**1.43**
5	UTI - EQUITY FUND	At the beginning of the year	01.04.2017	91,92,322	1.54	91,92,322	1.54
		Decrease	07.04.2017	(5,722)	(0.00)	91,86,600	1.54
		Increase	14.04.2017	10,074	0.00	91,96,674	1.54
		Decrease	21.04.2017	(16,029)	(0.00)	91,80,645	1.53
		Decrease	28.04.2017	(13,138)	(0.00)	91,67,507	1.53
		Decrease	05.05.2017	(10,870)	(0.00)	91,56,637	1.53
		Decrease	12.05.2017	(10,169)	(0.00)	91,46,468	1.53
		Decrease	19.05.2017	(8,087)	(0.00)	91,38,381	1.53
		Decrease	26.05.2017	(1,26,914)	(0.02)	90,11,467	1.51
		Decrease	02.06.2017	(73,932)	(0.01)	89,37,535	1.49
		Decrease	09.06.2017	(14,601)	(0.00)	89,22,934	1.49
		Decrease	16.06.2017	(46,505)	(0.01)	88,76,429	1.48
		Decrease	23.06.2017	(11,393)	(0.00)	88,65,036	1.48
		Decrease	30.06.2017	(22,382)	(0.00)	88,42,654	1.48
		Decrease	07.07.2017	(8,960)	(0.00)	88,33,694	1.48
		Decrease	14.07.2017	(1,16,608)	(0.02)	87,17,086	1.46
		Decrease	21.07.2017	(8,817)	(0.00)	87,08,269	1.45

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Decrease	28.07.2017	(23,088)	(0.00)	86,85,181	1.45
		Decrease	04.08.2017	(292)	(0.00)	86,84,889	1.45
		Increase	11.08.2017	12,852	0.00	86,97,741	1.45
		Increase	18.08.2017	7,653	0.00	87,05,394	1.45
		Decrease	25.08.2017	(23,646)	(0.00)	86,81,748	1.45
		Decrease	01.09.2017	(7,667)	(0.00)	86,89,415	1.45
		Decrease	08.09.2017	(11,617)	(0.00)	86,77,798	1.45
		Increase	15.09.2017	78,148	0.01	87,55,946	1.46
		Increase	22.09.2017	14,574	0.00	87,70,520	1.46
		Increase	29.09.2017	50,913	0.01	88,21,433	1.47
		Increase	06.10.2017	33,771	0.01	88,55,204	1.48
		Increase	13.10.2017	15,198	0.00	88,70,402	1.48
		Increase	20.10.2017	14,384	0.00	88,84,786	1.48
		Increase	27.10.2017	75,718	0.01	89,60,504	1.50
		Decrease	03.11.2017	(1,11,444)	(0.02)	88,49,060	1.48
		Increase	10.11.2017	22,162	0.00	88,71,222	1.48
		Increase	17.11.2017	61,125	0.01	89,32,347	1.49
		Decrease	24.11.2017	(3,37,551)	(0.06)	85,94,796	1.43
		Increase	01.12.2017	40,087	0.01	86,34,883	1.44
		Increase	08.12.2017	21,376	0.00	86,56,259	1.44
		Decrease	15.12.2017	(97,298)	(0.02)	85,58,961	1.43
		Increase	22.12.2017	1,16,734	0.02	86,75,695	1.45
		Decrease	29.12.2017	(1,50,303)	(0.03)	85,25,392	1.42
		Increase	05.01.2018	21,403	0.00	85,46,795	1.43
		Increase	12.01.2018	93,303	0.02	86,40,098	1.44
		Increase	19.01.2018	40,250	0.01	86,80,348	1.45
		Increase	26.01.2018	11,035	0.00	86,91,383	1.45
		Decrease	02.02.2018	(2,06,067)	(0.03)	84,85,316	1.41
		Decrease	09.02.2018	(992)	(0.00)	84,84,324	1.41
		Increase	16.02.2018	12,090	0.00	84,96,414	1.42
		Increase	23.02.2018	6,302	0.00	85,02,716	1.42
		Decrease	02.03.2018	(4,132)	(0.00)	84,98,584	1.42
		Increase	09.03.2018	1,181	0.00	84,99,765	1.42
		Decrease	16.03.2018	(41,039)	(0.01)	84,58,726	1.41
		Increase	23.03.2018	17,343	0.00	84,76,069	1.41
		Decrease	31.03.2018	(54,498)	(0.01)	84,21,571	1.40
		At the end of the year	31.03.2018	N.A.	N.A.	**84,21,571**	**1.40**

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
6	SBI-ETF NIFTY 50	At the beginning of the year	01.04.2017	59,42,780	0.99	59,42,780	0.99
		Increase	07.04.2017	1,58,770	0.03	61,01,550	1.02
		Decrease	14.07.2017	(92,218)	(0.02)	60,09,332	1.00
		Increase	21.07.2017	93,386	0.02	61,02,718	1.02
		Increase	28.04.2017	2,07,341	0.03	63,10,059	1.05
		Increase	05.05.2017	20,978	0.00	63,31,037	1.06
		Increase	12.05.2017	52,843	0.01	63,83,880	1.07
		Increase	19.05.2017	46,434	0.01	64,30,314	1.07
		Increase	26.05.2017	5,069	0.00	64,35,383	1.08
		Increase	02.06.2017	2,599	0.00	64,37,982	1.08
		Increase	09.06.2017	21,469	0.00	64,59,451	1.08
		Decrease	16.06.2017	(49,501)	(0.01)	64,09,950	1.07
		Increase	23.06.2017	1,63,913	0.03	65,73,863	1.10
		Increase	30.06.2017	25,261	0.00	65,99,124	1.10
		Increase	07.07.2017	25,057	0.00	66,24,181	1.11
		Increase	14.07.2017	16,203	0.00	66,40,384	1.11
		Increase	21.07.2017	12,022	0.00	66,52,406	1.11
		Increase	28.07.2017	52,767	0.01	67,05,173	1.12
		Increase	04.08.2017	59,960	0.01	67,65,133	1.13
		Increase	11.08.2017	70,329	0.01	68,35,462	1.14
		Decrease	18.08.2017	(2,157)	(0.00)	68,33,305	1.14
		Increase	25.08.2017	45,567	0.01	68,78,872	1.15
		Increase	01.09.2017	11,499	0.00	68,90,371	1.15
		Increase	08.09.2017	15,177	0.00	69,05,548	1.15
		Increase	15.09.2017	60,556	0.01	69,66,104	1.16
		Increase	22.09.2017	48,225	0.01	70,14,329	1.17
		Increase	29.09.2017	44,594	0.01	70,58,923	1.18
		Increase	06.10.2017	80,203	0.01	71,39,126	1.19
		Decrease	13.10.2017	(68,128)	(0.01)	70,70,998	1.18
		Increase	20.10.2017	37,129	0.01	71,08,127	1.19
		Increase	27.10.2017	29,987	0.01	71,38,114	1.19
		Increase	03.11.2017	17,687	0.00	71,55,801	1.19
		Decrease	10.11.2017	(1,69,076)	(0.03)	69,86,725	1.17
		Decrease	17.11.2017	(1,02,886)	(0.02)	68,83,839	1.15
		Increase	24.11.2017	43,851	0.01	69,27,690	1.16
		Decrease	01.12.2017	(81,163)	(0.01)	68,46,527	1.14
		Increase	08.12.2017	2,53,090	0.04	70,99,617	1.18

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Increase	15.12.2017	44,146	0.01	71,43,763	1.19
		Increase	22.12.2017	12,59,460	0.21	84,03,223	1.40
		Decrease	29.12.2017	(53,271)	(0.01)	83,49,952	1.39
		Increase	05.01.2018	96,590	0.02	84,46,542	1.41
		Decrease	12.01.2018	(2,44,541)	(0.04)	82,02,001	1.37
		Decrease	19.01.2018	(3,42,084)	(0.06)	78,59,917	1.31
		Decrease	26.01.2018	(5,84,831)	(0.10)	72,75,086	1.21
		Decrease	02.02.2018	(21,205)	(0.00)	72,53,881	1.21
		Decrease	09.02.2018	(1,20,050)	(0.02)	71,33,831	1.19
		Increase	16.02.2018	2,764	0.00	71,36,595	1.19
		Decrease	23.02.2018	(4,25,471)	(0.07)	67,11,124	1.12
		Increase	02.03.2018	11,82,367	0.20	78,93,491	1.32
		Decrease	09.03.2018	(1,00,547)	(0.02)	77,92,944	1.30
		Decrease	16.03.2018	(58,767)	(0.01)	77,34,177	1.29
		Increase	23.03.2018	15,403	0.00	77,49,580	1.29
		Decrease	31.03.2018	(93,976)	(0.02)	76,55,604	1.28
		At the end of the year	31.03.2018	N.A.	N.A.	**76,55,604**	**1.28**
7	HINDUJA VENTURES LIMITED	At the beginning of the year	01.04.2017	86,68,196	1.45	86,68,196	1.45
		Decrease	23.06.2017	(3,60,000)	(0.06)	83,08,196	1.39
		Decrease	08.09.2017	(2,80,000)	(0.05)	80,28,196	1.34
		Decrease	15.12.2017	(4,20,000)	(0.07)	76,08,196	1.27
		Decrease	16.03.2018	(4,07,000)	(0.07)	72,01,196	1.20
		Decrease	23.03.2018	(33,000)	(0.01)	71,68,196	1.20
		At the end of the year	31.03.2018	N.A.	N.A.	**71,68,196**	**1.20**
8	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE FRONTLINE EQUITY FUND	At the beginning of the year	01.04.2017	82,74,358	1.38	82,74,358	1.38
		Increase	07.04.2017	1,06,200	0.02	83,80,558	1.40
		Increase	21.04.2017	36,600	0.01	84,17,158	1.41
		Decrease	28.04.2017	(61,591)	(0.01)	83,55,567	1.40
		Increase	05.05.2017	99,600	0.02	84,55,167	1.41
		Decrease	19.05.2017	(17,074)	(0.00)	84,38,093	1.41
		Decrease	26.05.2017	(2,411)	(0.00)	84,35,682	1.41
		Increase	02.06.2017	90,413	0.02	85,26,095	1.43
		Increase	09.06.2017	16,800	0.00	85,42,895	1.43
		Decrease	16.06.2017	(31,500)	(0.01)	85,11,395	1.42

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Increase	23.06.2017	5,400	0.00	85,16,795	1.42
		Increase	30.06.2017	30,000	0.01	85,46,795	1.43
		Decrease	07.07.2017	(2,500)	(0.00)	85,44,295	1.43
		Decrease	14.07.2017	(1,200)	(0.00)	85,43,095	1.43
		Increase	28.07.2017	1,03,400	0.02	86,46,495	1.44
		Decrease	04.08.2017	(1,31,920)	(0.02)	85,14,575	1.42
		Decrease	11.08.2017	(4,416)	(0.00)	85,10,159	1.42
		Increase	18.08.2017	2,25,913	0.04	87,36,072	1.46
		Increase	25.08.2017	14,536	0.00	87,50,608	1.46
		Increase	01.09.2017	4,895	0.00	87,55,503	1.46
		Decrease	08.09.2017	(20,665)	(0.00)	87,34,838	1.46
		Increase	22.09.2017	2,15,000	0.04	89,49,838	1.49
		Increase	29.09.2017	17,095	0.00	89,66,933	1.50
		Increase	06.10.2017	3,53,400	0.06	93,20,333	1.56
		Increase	13.10.2017	13,800	0.00	93,34,133	1.56
		Decrease	20.10.2017	(2,400)	(0.00)	93,31,733	1.56
		Increase	27.10.2017	71,100	0.01	94,02,833	1.57
		Decrease	03.11.2017	(1,99,300)	(0.03)	92,03,533	1.54
		Decrease	10.11.2017	(5,85,700)	(0.10)	86,17,833	1.44
		Decrease	17.11.2017	(2,24,744)	(0.04)	83,93,089	1.40
		Increase	24.11.2017	2,400	0.00	83,95,489	1.40
		Decrease	01.12.2017	(26)	(0.00)	83,95,463	1.40
		Decrease	08.12.2017	(15324)	(0.00)	83,80,139	1.40
		Decrease	15.12.2017	(25,000)	(0.00)	83,55,139	1.39
		Increase	22.12.2017	11,816	0.00	83,66,955	1.40
		Decrease	29.12.2017	(5,200)	(0.00)	83,61,755	1.40
		Decrease	12.01.2018	(221)	(0.00)	83,61,534	1.40
		Decrease	19.01.2018	(14,752)	(0.00)	83,46,782	1.39
		Decrease	02.02.2018	(5,28,500)	(0.09)	78,18,282	1.30
		Decrease	09.02.2018	(8,775)	(0.00)	78,09,507	1.30
		Increase	16.02.2018	173	0.00	78,09,680	1.30
		Decrease	23.02.2018	(67,500)	(0.01)	77,42,180	1.29
		Decrease	02.03.2018	(1,190)	(0.00)	77,40,990	1.29
		Decrease	09.03.2018	(99,835)	(0.02)	76,41,155	1.27
		Increase	16.03.2018	4,749	0.00	76,45,904	1.27
		Decrease	23.03.2018	(54,204)	(0.01)	75,91,700	1.27
		Decrease	31.03.2018	(4,28,156)	(0.07)	71,63,544	1.19
		At the end of the year	31.03.2017	N.A.	N.A.	**71,63,544**	**1.19**

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
9	KOTAK SELECT FOCUS FUND	At the beginning of the year	01.04.2017	58,44,936	0.97	58,44,936	0.97
		Increase	07.04.2017	1,06,847	0.02	59,51,783	1.00
		Increase	14.04.2017	60,196	0.01	60,11,979	1.01
		Increase	21.04.2017	39,852	0.01	60,51,831	1.01
		Decrease	28.04.2017	(1,43,285)	(0.02)	59,08,546	0.99
		Increase	05.05.2017	25,934	0.00	59,34,480	0.99
		Increase	12.05.2017	2,92,982	0.05	62,27,462	1.04
		Decrease	19.05.2017	(1,53,510)	(0.03)	60,73,952	1.02
		Decrease	26.05.2017	(90,937)	(0.02)	59,83,015	1.00
		Decrease	02.06.2017	(13,938)	(0.00)	59,69,077	1.00
		Decrease	09.06.2017	(7,927)	(0.00)	59,61,150	1.00
		Increase	16.06.2017	29,544	0.00	59,90,694	1.00
		Increase	23.06.2017	27,150	0.00	60,17,844	1.01
		Increase	30.06.2017	1,54,716	0.03	61,72,560	1.03
		Increase	07.07.2017	1,27,071	0.02	62,99,631	1.05
		Decrease	14.07.2017	(23,061)	(0.00)	62,76,570	1.05
		Increase	21.07.2017	26,760	0.00	63,03,330	1.05
		Increase	28.07.2017	1,34,885	0.02	64,38,215	1.08
		Decrease	04.08.2017	(18,942)	(0.00)	64,19,273	1.07
		Increase	11.08.2017	30,138	0.01	64,49,411	1.08
		Increase	18.08.2017	1,21,948	0.02	65,71,359	1.10
		Increase	25.08.2017	1,16,837	0.02	66,88,196	1.12
		Increase	01.09.2017	27,968	0.00	67,16,164	1.12
		Decrease	08.09.2017	(74,309)	(0.01)	66,41,855	1.11
		Increase	15.09.2017	52,314	0.01	66,94,169	1.12
		Increase	22.09.2017	1,18,321	0.02	68,12,490	1.14
		Decrease	29.09.2017	(47,282)	(0.01)	67,65,208	1.13
		Increase	06.10.2017	87,026	0.01	68,52,234	1.14
		Decrease	13.10.2017	(1,09,210)	(0.02)	67,43,024	1.13
		Decrease	20.10.2017	(55,980)	(0.01)	66,87,044	1.12
		Increase	27.10.2017	3,72,039	0.06	70,59,083	1.18
		Decrease	03.11.2017	(1,37,476)	(0.02)	69,21,607	1.16
		Decrease	10.11.2017	(85,844)	(0.01)	68,35,763	1.14
		Decrease	17.11.2017	(8,979)	(0.00)	68,26,784	1.14
		Decrease	24.11.2017	(4,158)	(0.00)	68,22,626	1.14
		Increase	01.12.2017	11,766	0.00	68,34,392	1.14
		Increase	08.12.2017	1,566	0.00	68,35,958	1.14

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Increase	15.12.2017	36,658	0.01	68,72,616	1.15
		Decrease	22.12.2017	(64,651)	(0.01)	68,07,965	1.14
		Decrease	29.12.2017	(11,912)	(0.00)	67,96,053	1.13
		Increase	05.01.2018	1,05,645	0.02	69,01,698	1.15
		Decrease	12.01.2018	(1,76,570)	(0.03)	67,25,128	1.12
		Decrease	19.01.2018	(2,03,114)	(0.03)	65,22,014	1.09
		Decrease	26.01.2018	(6,335)	(0.00)	65,15,679	1.09
		Decrease	02.02.2018	(8,70,172)	(0.15)	56,45,507	0.94
		Increase	09.02.2018	1,61,494	0.03	58,07,001	0.97
		Increase	16.02.2018	3,68,635	0.06	61,75,636	1.03
		Increase	23.02.2018	2,37,498	0.04	64,13,134	1.07
		Increase	02.03.2018	43,318	0.01	64,56,452	1.08
		Increase	09.03.2018	26,292	0.00	64,82,744	1.08
		Increase	16.03.2018	58,401	0.01	65,41,145	1.09
		Increase	23.03.2018	2,09,947	0.03	67,51,092	1.12
		Increase	31.03.2018	1,06,487	0.02	68,57,579	1.14
		At the end of the year	31.03.2018	N.A.	N.A.	**68,57,579**	**1.14**
10	TYBOURNE EQUITY MASTER FUND LTD	At the beginning of the year	01.04.2017	72,45,546	1.21	72,45,546	1.21
		Decrease	22.09.2017	(1,98,044)	(0.03)	70,47,502	1.18
		Decrease	29.09.2017	(5,58,574)	(0.09)	64,88,928	1.08
		Increase	27.10.2017	2,18,545	0.04	67,07,473	1.12
		Increase	03.11.2017	21,402	0.00	67,28,875	1.12
		Increase	17.11.2017	47,253	0.01	67,76,128	1.13
		At the end of the year	31.03.2018	N.A.	N.A.	**67,76,128**	**1.13**

Note:

*(1) Date of purchase / sale of shares has been considered as the date on which the beneficiary position was provided by the Depositories.

(2) Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.

(3) Increase = Purchase of Bank's Shares Decrease = Sale of Bank's Shares

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. T. Anantha Narayanan, Director		580	0.00	580	0.00
	At the end of the year (31-03-2018)		N.A.	N.A.	**580**	**0.00**
2	Dr. T. T. Ram Mohan, Director		3,800	0.00	3,800	0.00
	At the end of the year (31-03-2018)		N.A.	N.A.	**3,800**	**0.00**
3	Mr. Vijay Vaid, Director*		1,500	0.00	1,500	0.00
	Add: 28.04.2017	Market Purchase	1,500	0.00	3,000	0.00
	Add : 27.10.2017	Market Purchase	1,500	0.00	4,500	0.00
	As on (03-02-2018)		N.A.	N.A.	**4,500**	**0.00**
4	Mrs. Kanchan Uday Chitale		NIL	N.A.	NIL	N.A.
	Add : 09.02.2018	Market Purchase	998	0.00	998	0.00
	At the end of the year (31-03-2018)		N.A.	N.A.	**998**	**0.00**
5	Mr. Romesh Sobti, Managing Director & CEO		2,00,000	0.03	2,00,000	0.03
	Add – 29.12.2017	ESOP Allotment	2,00,000	0.03	4,00000	0.07
	At the end of the year (31-03-2018)		N.A.	N.A.	**4,00,000**	**0.07**
6	Mr. S.V. Zaregaonkar, Chief Financial Officer		2,950	0.00	2,950	0.00
	Add – 22.02.2018	ESOP Allotment	9,750	0.00	12,700	0.00
	At the End of the (31-03-2018)		N.A.	N.A.	**12,700**	**0.00**
7	Mr. Haresh K. Gajwani, Company Secretary		NIL	N.A.	NIL	N.A.
	Add - 06.09.2017	ESOP Allotment	2,000	0.00	2,000	0.00
	Less - 06.09.2017	Market Sale	(1,050)	(0.00)	950	0.00
	Less - 07.09.2017	Market Sale	(950)	(0.00)	0	0.00
	Add - 26.10.2017	ESOP Allotment	300	0.00	300	0.00
	Add - 09.11.2017	ESOP Allotment	200	0.00	500	0.00
	Less - 11.12.2017	Market Sale	(100)	(0.00)	400	0.00
	Less - 13.12.2017	Market Sale	(50)	(0.00)	350	0.00
	Less - 15.12.2017	Market Sale	(200)	(0.00)	150	0.00
	Less - 18.12.2017	Market Sale	(150)	(0.00)	0	0.00
	Add - 27.12.2017	ESOP Allotment	100	0.00	100	0.00
	Add - 09.01.2018	ESOP Allotment	200	0.00	300	0.00
	Add - 17.01.2018	ESOP Allotment	100	0.00	400	0.00
	Less - 18.01.2018	Market Sale	(200)	(0.00)	200	0.00
	Less - 19.01.2018	Market Sale	(200)	(0.00)	0	0.00
	Add - 08.02.2018	ESOP Allotment	200	0.00	200	0.00
	Less - 08.02.2018	Market Sale	(100)	(0.00)	100	0.00
	Less - 09.02.2018	Market Sale	(100)	(0.00)	0	0.00
	Add - 16.02.2018	ESOP Allotment	200	0.00	200	0.00
	Less - 16.02.2018	Market Sale	(50)	(0.00)	150	0.00
	Less - 26.02.2018	Market Sale	(150)	(0.00)	0	0.00
	Add - 08.03.2018	ESOP Allotment	200	0.00	200	0.00
	Less - 12.03.2018	Market Sale	(150)	(0.00)	50	0.00
	Less - 14.03.2018	Market Sale	(50)	(0.00)	0	0.00
	Add - 15.03.2018	ESOP Allotment	200	0.00	200	0.00
	Less - 15.03.2018	Market Sale	(50)	(0.00)	150	0.00
	Less - 21.03.2018	Market Sale	(150)	(0.00)	0	0.00
	At the end of the year (31-03-2018)		N.A.	N.A.	**NIL**	**NIL**

* Ceased to be Director with effect from February 3, 2018 upon completion of tenure.

V. Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment

₹ in crores

Particulars	Secured loans excluding deposits	Unsecured loans *	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i. Principal Amount	-	1,49,026	-	1,49,026
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	948	-	948
Total (i+ii+iii)	**-**	**1,49,974**	**-**	**1,49,974**
Net Change in Indebtedness during the financial year:				
i. Addition	-	40,742	-	40,742
ii. Reduction	-	-	-	-
Indebtedness at the end of the financial year:				
i. Principal Amount	-	1,89,928	-	1,89,928
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	788	-	788
Total (i+ii+iii)	**-**	**1,90,716**	**-**	**1,90,716**

* A Bank is governed by the Banking Regulation Act, 1949 and duly licensed by Reserve Bank of India to operate as a Scheduled Commercial Bank in India, the entire amount of Client Deposits and other Borrowings are shown under 'Unsecured Loans'.

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and / or Manager: **(in ₹)**

Sr. No.	Particulars of Remuneration	Mr. Romesh Sobti, Managing Director & CEO
1	Gross Salary	
	a. Salary as per provisions contained in Section 17(1) of IT Act, 1961.	526,20,806
	b. Value of perquisites under Section 17(2) of IT Act, 1961.	97,17,951
	c. Profits in lieu of salary under Section 17(3) of IT Act, 1961.	-
2	Stock Option*	-
3	Sweat Equity	-
4	Commission	
	- As % of profit	
	- Others	-
5	Others, please specify (PF, Medical)	22,88,996
6	**Total #**	**646,27,753**
7	Ceiling as per the Companies Act, 2013 $	-

* Details of Stock Options have been disclosed in the 'Report on Corporate Governance' and Annexure III to the 'Directors' Report', which forms an integral part of the Annual Report.

\# Total Remuneration details do not include Stock Options.

$ In terms of the provisions of the Companies Act, 2013, the Remuneration payable to the Managing Director & CEO shall not exceed 5% of the Net Profit of the Bank. The Remuneration paid to the MD & CEO is well within the said limit.

B. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Fees for attending Board / Committee meetings (in ₹)	Commission	Others, (please specify)	Total
(A)	**Independent Directors:**				
(1)	Mrs. Kanchan Chitale	21,60,000	10,00,000	-	31,60,000
(2)	Mr. Vijay Vaid*	10,60,000	8,40,411	-	19,00,411
(3)	Mr. T. Anantha Narayanan	19,50,000	10,00,000	-	29,50,000
(4)	Mr. Ranbir S. Butola	15,30,000	10,00,000	-	25,30,000
(5)	Mr. Shanker Annaswamy	17,60,000	10,00,000	-	27,60,000
(6)	Dr. T.T. Ram Mohan	14,20,000	10,00,000	-	24,20,000
	Total (A)	**98,80,000**	**58,40,411**	**-**	**157,20,411**
(B)	**Other Non-Executive Directors:**				
(1)	Mr. R. Seshasayee	14,00,000	25,00,000	-	39,00,000
(2)	Mr. Yashodhan M. Kale**	15,20,000	10,00,000	-	25,20,000
	Total (B)	**29,20,000**	**35,00,000**	**-**	**64,20,000**
	Total Remuneration (A+B)	**128,00,000**	**93,40,411**	**-**	**221,40,411**

Notes:(i) No Stock Options were granted to the Non-Executive Directors.

* Mr. Vijay Vaid completed his tenure in the Board of the Bank on February 3, 2018.

** Mr. Kale's tenure in the Board concluded on November 3, 2017. Reserve Bank of India have, vide their letter dated December 20, 2017, conveyed approval for continuance of Mr. Yashodhan M. Kale in the Board upto April 15, 2019, i.e., for a period of four years from the date of his last appointment, and remuneration has been paid to him accordingly.

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole-time Director

Sr. no.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Haresh Gajwani, Company Secretary	Mr. S. V. Zaregaonkar, Chief Financial Officer	Total
1.	Gross salary			
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	74,57,823	369,33,591	443,91,414
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961.	1,65,455	74,60,019	76,25,474
	c. Profits in lieu of salary under u/s17(3) of the Income tax Act, 1961.			
2	Stock Options*	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission as % of profit			
	Others, please specify	-	-	-
5.	Others, please specify	2,91,000	10,95,000	13,86,000
	Total#	**79,14,278**	**454,88,610**	**534,02,888**

* Details of Stock Options have been disclosed in the 'Report on Corporate Governance' and Annexure III to the 'Directors' Report', which forms an integral part of the Annual Report.

\# Total Remuneration details do not include Stock Options.

VII. Penalties / Punishment / Compounding of offences

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other officers in default					
Penalty	None				
Punishment					
Compounding					

ANNEXURE V TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Sr. No.	Particulars
1	A Brief outline of the Bank's CSR Policy, including overview of Projects or Programs proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or Programs.
	Remarks
	The Bank's CSR Policy **CSR Mission Statement** At IndusInd Bank, we believe that 'Good Ecology is Good Economics'. We will continue to create value for all our Stakeholders and emerge as a 'Best-in-Class' Bank that is committed to sustainable economic growth. We will ensure that the Bank's business grows consistently and responsibly, benefitting those we directly serve while also promoting the well-being of our employees, our natural environment and the community at large. **Guiding Principles** We recognize our on-going commitment to engage with our Stakeholders to be a crucial and powerful tool for the way we conduct business. We will pursue a process of continuous improvement of our CSR Policy and practices and strengthen our governance framework with ethics, transparency and accountability. The Bank's CSR strategy identifies key focus areas and provides a clear methodology for Project Selection, Implementation, and Evaluation while taking into consideration the opinions of Stakeholders on the same. It also ensures that each project has significant socio-environmental impact and that the projects are considered vital by internal and external Stakeholders. In line with our CSR Policy, the Bank has implemented several large scale projects in Environment, Rural Development, Preventive Healthcare, Education and Sports. The Bank's CSR Projects, Constitution of the CSR Committee of the Board and other relevant details can be viewed at the web link- http://www.indusind.com/content/csr-home/our-approach/csr-policy.html Details of the Bank's CSR Projects and Sustainability Initiatives are given in the latest Integrated Report and can be viewed at the web link: https://www.indusind.com/content/csr-home.html

	CSR Projects as per Focus Areas  **Rural Development & Inclusiveness** • Digital Literacy Programme (PMGDISHA) • Financial Literacy • Economic Empowerment programme for women rescued from trafficking **Environmental Sustainability** • Afforestation & Nature Conservation Projects • Waste Segregation & Management • Water Stewardship **Preventive Healthcare** • Skill Development of drug rehabilitated street children • Support for treatment of cancer affected children **Education** • Legal Literacy Programme for women • Education through Arts • Young India Fellowship Programme • Enhanced Education Programme **Promoting Inclusiveness through Sports** *IndusInd Para-Champions Programme *IndusInd Blind Cricket Programme *IndusInd Girl Power Programme
2	The Composition of the CSR Committee. 1. Mrs. Kanchan Chitale (Chairperson) 2. Mr. Yashodhan M. Kale 3. Mr. Romesh Sobti (Managing Director & CEO)
3	Average Net Profit of the Company for last three Financial Years. ₹ 3,508.33 crores
4	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) ₹ 70.17 in crores
5	Details of CSR spent during the financial year: a) Total amount to be spent for the financial year – ₹ 70.17 in crores b) Amount unspent – ₹ 49.70 in crores c) Manner in which the amount spent during the financial year is detailed below:

1	2	3	4	5	6	7	8
Sr. No	**CSR Project or activities identified.**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (₹ In Lakhs)**	**Amount spent on the projects or programs Sub - heads: (1)Direct expenditure on projects or programs (1) Overheads (2) (3) (4) (5) (₹ In Lakhs)**	**Cumulative expenditure upto the reporting period (₹ In Lakhs)**	**Amount spent: Direct or through Implementing Agency**
1.	Environmental Sustainability	Nature Conservation & Water Stewardship	Pan-India	1,870	137	4,512	Both Direct and through Implementing Partners (Centre for Environmental Research & Education)
2.	Preventive Healthcare & Contributions to various social causes	Preventive Healthcare, Imparting of Vocational skills, promoting culture and education	Pan-India	192	153	500	Both Direct and through Implementing Partners (SUPPORT, Bhagwan Mahaveer Cancer Hospital & Research Centre)
3.	Rural Development	Rural Development & Inclusiveness	Pan-India	1,510	1,163	1,221	Both Direct and through Implementing Partners (CSC Academy, Justice & Care)
4.	Sports	Paralympic Sports, Sports for the Differently Abled	Pan-India	585	335	1,147	Through Implementing partners (Go-Sports Foundation, Samarthanam-CABI, JSW Foundation)
5.	Education	Education	Pan-India	235	182	386	Through Implementing partners (Samhita Development Network, Ashoka University, Nalandaway Foundation, Cashpor, Sahapedia)
6.	Awareness & Capacity Building	Awareness & Capacity Building	Pan-India	100	77	248	Direct
	Total			**4,492**	**2,047**	**8,014**	

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount in its Board report.

   In FY 2017-18, the Bank has spent ₹ 20.47 crores on various Social and Environmental Projects.

   The Bank has deepened its efforts on community engagement by partnering with Government communities and Non-Profits Organisations. Our programmes are of large scale and hence the absorption of funds is milestone linked for larger impact.

   The Bank has expanded its exposure to social projects in the CSR Spend portfolio by 40% while constantly investing in projects of scale. The Bank will be spending 20% of our spent towards projects in water stewardship including water revival, advocacy and security which will increase absorption of spend in the coming years.

   The Spend on Sports will also increase significantly with the advent of 2020 and 2024 Olympics / Paralympics, Commonwealth Games and Bilateral series in Blind Cricket.

   In line with the Bank's agenda on Digitization, the Bank has pledged support to the PM's initiative of digitizing Rural India reaching out to 2 lakh candidates across 275 districts in 11 Indian states of Haryana, Punjab, Rajasthan, Madhya Pradesh, Maharashtra, Gujarat, Jharkhand, Chhattisgarh, West Bengal, Odisha and Uttar Pradesh. For our water conservation and solid waste management projects, the Bank has partnered with the State Governments of Maharashtra and Uttarakhand.

   The Bank has been consciously investing in Energy conservation and Carbon reduction initiatives as a responsible corporate. While these investments have not been considered as part of the reported spend this year, it has had tremendous impact on the environment, in line with global targets of the UN Sustainable Development Goals.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the company.

   This note describes the CSR Policy, focus areas and Projects that the Bank has undertaken during the Financial Year 2017-2018. We hereby acknowledge that this is in compliance with the CSR Policy and its Objectives.

Romesh Sobti
Managing Director & CEO
(DIN: 00031034)

Kanchan Chitale
Chairperson – CSR Committee
(DIN: 00007267)

ANNEXURE VI TO THE DIRECTORS' REPORT

BUSINESS RESPONSIBILITY REPORT
(AS PER SEBI CIRCULAR CIR/CFD/CMD/10/2015 OF NOVEMBER 4, 2015)

	SECTION A: GENERAL INFORMATION ABOUT THE COMPANY	
1.	Corporate Identity Number (CIN) of the Company	L65191PN1994PLC076333
2.	Name of the Company	IndusInd Bank Limited
3.	Registered address	2401, Gen. Thimmayya Road, (Cantonment), Pune – 411001.
4.	Website	www.indusind.com
5.	E-mail id	csrsupport@indusind.com
6.	Financial Year reported	April 01, 2017 – March 31, 2018
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Division 64 – Code 64191 IndusInd Bank Limited is a Company governed by the Banking Regulation Act, 1949.
8.	List three key products / services that the Company manufactures/provides (as in balance sheet)	- All banking and para banking services including accepting of deposits such as Savings Accounts, Current Accounts, Fixed Deposits including banking solutions to large Indian and multinational corporates. - Granting of Loans to various segments including Industries, Business and Retail Loans. - Financing wide range of Vehicles / Equipment to individuals and Priority Sector Lending.
9.	Total number of locations where business activity is undertaken by the Company	1,400 branches across India, Corporate Office, Back Offices and Representative Offices.
	i. Number of International Locations (Provide details of major 5)	Representative Offices at Dubai, Abu Dhabi and London.
	ii. Number of National Locations	1,400 branches across India, 43 Corporate Office and Back Office locations.
10.	Markets served by the Company – Local / State / National / International	All
	SECTION B: FINANCIAL DETAILS OF THE COMPANY	
	1. Paid up Capital (INR)	- ₹ 600.22 Crores
	2. Total Turnover (INR)	- ₹ 22,030.85 Crores
	3. Total Profit After Taxes (INR)	- ₹ 3,605.99 Crores
	4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (%)	The Bank has spent ₹ 20.47 crores on various social and environmental activities, in the areas of Rural Development & Inclusiveness, Environmental Sustainability, Preventive Healthcare, Education and Sports during the year 2017-18 which is 0.57 % of Profit After Tax.

		Environmental Sustainability:
		• The broad areas of focus within Environmental Sustainability include Nature Conservation, Climate Change & GHG (Greenhouse Gas) Mitigation, Renewable Energy and Clean Technology. The Bank also supported an Afforestation Project in and around Mumbai and initiated a Waste Segregation project in Uttarakhand.
		Preventive Healthcare:
		• In FY 2017-18, in an ongoing project with SUPPORT, the Bank supported vocational skill development of drug rehabilitated street children in Mumbai capacitating them to take up employment. • The Bank continued to support treatment of children affected with cancer, in partnership with the Bhagwan Mahaveer Cancer Hospital and Research Centre (BMCHRC), Jaipur.
		Rural Development:
		• In FY 2017-18, the Bank collaborated with CSC Academy, an SPV of Ministry of Electronics & Information Technology (MEITY) to implement the PMGDISHA (Pradhan Mantri Gramin Digital Saksharta Abhiyan), a Digital literacy programme in 11 states namely Haryana, Punjab, Rajasthan, Madhya Pradesh, Maharashtra, Gujarat, Jharkhand, Chhattisgarh, West Bengal, Odisha and Uttar Pradesh. A total of 2 lakh candidates have been trained through the programme. • The Bank has also reached out to 2.7 million Women in the Base of Pyramid (BOP) segment, empowering them to be financially independent, improving their standard of living. • In a new project initiated in FY 2017-18, the Bank has partnered with Justice & Care, to carry out rehabilitation and skill development of women rescued from trafficking across Gaya Nalanda and Nawada districts of Bihar.
		Education:
		• The Bank's on-going programme on Legal Literacy for Women, in partnership with the Bank's Business Correspondent, is now carried out in 10 districts of Madhya Pradesh and has benefitted 45,000 women since the inception of the programme. Besides training, the programme has built a cadre of 'Community Catalysts', identified from the training programme who demonstrate interest and involvement in taking up legal issues and are willing to advocate resolution of problems faced by their communities.

		• In another on-going programme, the Bank continued to support deserving, meritorious students of Ashoka University through the Young India Fellowship Programme, renowned for introducing several young entrepreneurs in the social sector. Through this programme, the Bank has supported 60 scholars over the past 3 years. • The Enhanced Education Programme launched in FY 2017-18, is in association with Cashpor Micro Credit, the Bank's Business Correspondent and has been implemented in 6 districts of Uttar Pradesh and Jharkhand. The Group Tuition centres are a place where support classes or tuition classes are conducted for several children, under one roof. More than 5,000 children have benefitted through 100 of these Education centres. • The Bank continued to support the Education through Arts initiative at Coimbatore, in partnership with Nalandaway Foundation. • In a new initiative launched in FY 2017-18, the Bank supported the Heritage Fellowship Programme in partnership with Sahapedia, extending support to photographers to research and document some of India's less known, unique arts, traditions, cultural spaces and heritage.
		Sports • The Bank continues to support the 'Para Champions Programme' in association with Go-Sports Foundation. In FY 2017-18, the Bank provided comprehensive support to 32 Para-Champions to compete at several national and international levels. • In another flagship sporting initiative, the Bank continued to support the Indian Blind Cricket Team, in association with CABI (Samarthanam) helping them with coaching, training, nutrition and fitness trainings. • In addition to the existing programmes, the Bank launched a 3rd initiative in FY 2017-18, the 'IndusInd Bank Girl Power Programme', supporting over 60 Girl athletes across disciplines of Boxing, Judo and Wrestling, in partnership with the JSW Foundation.
	List of activities in which expenditure in 4 above has been incurred:- a. b. c.	Activities include: a. Environmental Sustainability b. Rural Development c. Preventive Healthcare and Social Causes d. Education e. Sports for the Differently-abled

SECTION C: OTHER DETAILS		
	1. Does the Company have any Subsidiary Company / Companies?	No.
	2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	Not Applicable.
	3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%].	Not Applicable.
SECTION D: BR INFORMATION		
1.	Details of Director / Directors responsible for BR	
	a) Details of the Director / Director responsible for implementation of the BR policy / policies	
	DIN	00031034
	Name	Mr. Romesh Sobti
	Designation	Managing Director & CEO
	b) Details of the BR head:	
	DIN Number (if applicable)	----
	Name	Mr. Adwait Hebbar
	Designation	Head - Corporate Services
	Telephone number	022-6106 9280
	e-mail id	adwait.hebbar@indusind.com

2. *Principle-wise (as per NVGs) BR Policy / Policies (Reply in Y/N)*

S. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of employees	Stakeholder engagement	Human Rights	Environment	Public Policy	Inclusive Growth and Equitable Development	Customer Relations
		P 1	P2	P 3	P4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy / policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Policies are in line with Reserve Bank of India, Ministry of Corporate Affairs (MCA) guidelines and other regulations / guidelines as applicable.								

S. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of employees	Stakeholder engagement	Human Rights	Environment	Public Policy	Inclusive Growth and Equitable Development	Customer Relations
		P 1	P2	P 3	P4	P 5	P 6	P 7	P 8	P 9
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Policies are on the intranet of the Bank. P7 & P9 related policy available on website. http://www.indusind.com/content/csr-home/our-approach/csr-policy.html http://www.indusind.com/content/home/footer/customer-care/grievance-redressal.html								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	-	Y	-	Y	-	-	-	Y
10	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	-	Y

2a. If answer to Sr. No. 1 against any principle, is 'No', please explain why: (Tick upto 2 options)

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company within 3 months, 3-6 months, Annually, More than 1 year.	Annually.
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes. Annually. The Integrated Report can be viewed at: https://www.indusind.com/content/csr-home.html

Section E: Principle-wise performance

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Policy relating to Ethics, Bribery and Corruption cover the Bank and the Suppliers / Contractors / Others, and is embedded in the Bank's Human Resources Policy, Code of Conduct and Discipline, Employee Service Rules as well as the Outsourcing Agreements with vendors and contractors. The Bank strictly ensures that none of its business processes or its vendors and suppliers, support child, forced or compulsory labour.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

12 complaints were received in the category of corruption and bribery, of which 9 complaints were not found to be true. 1 case is under disciplinary action and 2 complaints are currently under investigation.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

Investment in Renewable Energy

The dedicated Project Finance unit of the Bank has consistently grown adding specialisation and traction in its businesses. As against the Green Commitment to finance 2,000 MW by the end of 2019, provided as part of the Renewable Energy Global Investors Meet and Expo (RE-Invest), the Bank has financed projects totaling 2,660 MW till date.

Impact Investing

The Bank's Impact Investing Group identifies and funds enterprises that are focused on making a positive impact, by addressing some of society's critical issues like reducing gender inequality, education and enhancing social inclusion. In the spirit of nurturing these enterprises, and offering life-cycle solutions, the Impact Investing Group provides consulting services for financial management, to unlock access to equity and grants and to assist with other forms of fund-raising.

Microfinance

The Bank empowers the marginalized sections of the society by providing micro loans through the 'Business Correspondent Model' involving microfinance institutions that have a diversified geographic presence. These loans have helped individual borrowers, largely women, who use the funds for livelihood financing activities like running petty shops, livestock, education, high cost debt redemption, tailoring, ready-made garments and consumption. These activities have had a major positive social impact and has greatly empowered their lives.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

i. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

Not Applicable.

ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not Applicable.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

The Bank's Procurement Policy guides procurement of software and infrastructure-related hardware, whereby priority is given to suppliers that have local presence and ensures commitment to procuring raw material at a fair price from the suppliers. The Policy strives to strengthen processes to source from local suppliers, suppliers that adhere to human rights and workers' rights policies and applicable environmental laws.

i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

In FY 2017-18, the Bank conducted sustainability assessments for large volume suppliers that provide technology, equipment, IT Hardware, White goods, manpower, security and housekeeping services. These suppliers were assessed on their social and environment practices including Health & Safety, Employee Welfare, Water Management, Environment Health & Safety, GHG emissions management, etc.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Not Applicable.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%) Also, provide details thereof, in about 50 words or so.

The Bank recycles electronic and toxic waste through authorized e-waste vendors. In 2017-18, the Bank recycled more than 20,000 kgs. of e-waste. The Bank also manages its paper waste through a Waste Collection Arrangement as part of the 'Wealth-Out-of-Waste' (WOW) initiative. Through this initiative, the Bank has recycled more than 12,000 kgs. of paper. Besides, the Bank's Green Champions and Green Commandos conduct several e-waste and paper waste recycling campaigns throughout the year.

Principle 3

1. Please indicate the Total number of employees.

The Bank had 25,284 employees as at March 31, 2018.

2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.

Total number of employees hired on temporary / contractual / casual basis is 5,696.

3. Please indicate the Number of permanent women employees.

The Bank had 4,723 permanent women employees as at March 31, 2018.

4. Please indicate the Number of permanent employees with disabilities.

The Bank had 8 permanent employees with disabilities as at March 31, 2018.

Differently-abled employees form a part of the permanent workforce and are given special soft skills training on Growth Mind-set, Interpersonal Effectiveness, Stress Management and Business Communication skills. Infrastructure needs are also kept in mind to ensure their seamless integration into their system. Training in sign language is provided to fellow team colleagues and reporting managers of speech and hearing impaired employees. Special software converts text into voice for the visually-impaired employees to understand and respond.

5. Do you have an Employee Association that is recognized by management?

The Bank does not have any Association of Employees.

6. What percentage of your permanent employees is members of this recognized employee association?

Not Applicable.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	Nil	Nil
2	Sexual harassment	7	Nil
3	Discriminatory employment	Nil	Nil

The Bank has a well-defined and documented Board approved Policy on Prevention of Sexual Harassment at Workplace. Each and every complaint is carefully examined by the Internal Complaints Committees which is headed by senior women employees. The complainant, respondent employees along with their witnesses are carefully examined to bring the guilty to book.

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- Permanent Employees
- Permanent Women Employees
- Casual/Temporary/Contractual Employees
- Employees with Disabilities

Skill Up-gradation Training

During FY 2017-18, the Bank conducted 10,66,772 training man-hours for 388 participants through 1,400 programs, including 4,22,539 hours on skill-based training. Besides, new training initiatives on Business Communication skills, Leadership Development, Art of Collaboration and interpersonal effectiveness were also conducted in FY 2017-18.

Employee Health & Safety

The Bank has a 'Security Policy Statement & Manual' covering different aspects on threats, violence & risk control programmes. The security manual is published and is available to all employees for internal use. The Bank's Workplace Health & Safety Policy puts into effect safety measures, escalation mechanisms and ways to handle emergency situations to ensure a safe work environment. The Bank's E-learning module on 'Workplace Safety' creates awareness on various potential hazards and accidents at the workplace. About 14,450 employees have been sensitised about workplace safety through this module and classroom sessions.

Training on Fire Safety

The Bank ensures that its employees are prepared at all times in case of a fire emergency. Periodic fire evacuation drills and training programmes are conducted at various locations of the Bank. In FY 2017-18 the Bank conducted fire-safety training sessions for about 9,800 employees through 880 sessions.

Training on Women Safety

Training Sessions on Women Safety conducted for women employees, equipped them with several self-defense techniques in case of an emergency attack. They were also sensitized on common safety issues / incidents that could affect them. In FY 2017-18, 240 women employees were trained through 10 such sessions, achieving 720 man hours.

Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes, the Bank has mapped the internal and external stakeholders and has clear engagement processes with them to discuss sustainability issues that are material to the Bank.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Bank has a dedicated Inclusive Banking Group which supports the marginalized sections of the society by providing micro-loans. The Bank has provided loans to more than 2.7 million women across 17 states and 151 districts across the country. The loan size ranges from ₹ 1,000 to ₹ 55,000. The Bank's Micro-finance program has an embedded component of financial literacy which educates the members on various components of financial services being offered. Additionally, as part of CSR, the Bank reaches out to weaker sections, beneficiaries, children from marginalized socio-economic backgrounds and the differently abled, through long term CSR programmes. Thus, the Bank's community development initiatives through Inclusive Banking channels and CSR contribute to a well-rounded engagement at the Base of the Pyramid.

Internally, the Bank engages with the differently-abled employees to identify their needs and concerns and ensure their seamlesss integration into the system. The Bank has also been conducting women safety awareness training sessions for its women employees.

Principle 5

1. **Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   The Policy on Human Rights covers only the Bank.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   The Bank has not received any complaints pertaining to human rights during FY 2017-18.

Principle 6

1. **Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.**

   While the Policy related to Principle 6 is applied across the Bank, the Bank's endeavor is to empanel the vendors who follow best environment practices, including, Carbon Emissions, Water Management, Environment Health & Safety, GHG emissions management, Environment Management Systems, etc.

2. **Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   Yes, in line with the Bank's focus on Environmental Sustainability, the Bank endeavours to recognise and address global environmental issues like climate change and global warming that will impact businesses in the long term. The Bank prepares a GHG Inventory in conformance with the ISO 14064-1:2006 standard and seeks external verification for the same. The Bank has been measuring its carbon footprint for the past six years and discloses its emissions through the Carbon Disclosure Project (CDP). The Bank currently features in the 'A' list of the Carbon Disclosure Project (CDP), a platform that is widely referred to by Global Investors. The Bank is also a front-runner, investing in on-site solar energy solutions and LEED certified green buildings. The Bank is directed by an Environment Policy and environment disclosures are reported in our Sustainability Report.

   The Bank's Integrated report is available at the link:

   http://www.indusind.com/content/csr-home/sustainability-report.html

3. **Does the company identify and assess potential environmental risks? Y/N**

   The Bank identifies and assesses the Environmental and Social Risks associated with its business investments. The Bank's investment proposals are screened against a basic set of criteria, including the Bank's exclusion list and against a high-risk industry list, in line with its ESMS (Environment and Social Management System) Policy and Framework. The system has encouraged the Bank's borrowers to develop an understanding of E&S Risk in their own operations.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   Not Applicable.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Details of the Banks's initiatives on clean technology, energy efficiency, and renewable energy are available in the Integrated Report, available at:

   http://www.indusind.com/content/csr-home/sustainability-report.html

Paper Consumption and Recycling:

The core of the Bank's business operations is to document processes, promote products, communicate internally, store information, bill customers, etc., and hence the Bank recognizes the abundant use of paper in its operations. In an on-going initiative, the Bank aims to move away from using fresh paper for customer statements, letterheads, to recycled paper. This project has so far migrated nearly 30,40,000 sheets or 13.68 metric tonnes of fresh A4 paper to recycled paper.

In FY 2017-18, the Bank has channelized more than 12,000 kgs. of A4 paper for recycling through the Wealth-Out-of-Waste (WOW) programme.

E-waste:

Given the reliance on electronic equipment in the services industry, especially banking, e-waste is significant and unavoidable component of waste generated through the Bank's operations. The Bank has assumed responsibility for sustainable management and disposal of e-waste in accordance with government regulations. In FY 2017-18, the Bank has recycled more than 20,000 kgs. of e-waste through government authorized recyclers.

Energy Conservation and Efficiency:

Energy Reduction Initiative Reduction	Scale	Electricity Saved* (in MWh)	Emissions Reduced (in MT of CO2)
Virtual servers	Pan-India	2,208.09	1,811.07
Thin clients	Pan-India	40.30	33.05
Solar energy generated at Karapakkam facility	Regional office	38.56	31.63
Timers Installed at Signages	Pan-India	468.00	383.85

LEED Certified Premise

Adding to the pool of Green Buildings, the Bank is in the process of LEED-certifying its Corporate Regional Office at Karapakkam, Chennai. The project will comprise a total area of about 34,000 sq. ft. and will incorporate sustainable designs to supplement grid power with solar energy, using environmentally sustainable and regionally procured materials, encompass an efficient water management system with rain water harvesting and water efficient fixtures. The facility will also include energy efficient lighting and HVAC to reduce power consumption from the grid.

Carbon Disclosure Project

The Bank prepares an annual carbon inventory in accordance to ISO14064:2006 framework and obtains external assurance for the same. In FY 2016-17, the Bank was featured in the CDP India 'A' List.

6. **Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

   Not Applicable.

7. **Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year**

   Not Applicable.

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Bank is a member of various trade bodies and associations, viz.:

a. Bombay Chamber of Commerce & Industry (BCCI)

b. Indian Banks Association (IBA)

c. Indian Institute of Banking and Finance (IIBF)

d. Banking Codes and Standards Board of India (BCSBI)

e. Impact Investors Council

f. Microfinance Institutions Network

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

No.

Principle 8

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

In line with the focus areas as per the Bank's CSR Policy, the Bank has undertaken several projects that critically impact communities and the environment around us.

Environmental Sustainability:

- **Afforestation Projects** – To implement the vision of a greener planet, the Bank has partnered with Centre for Environmental Research & Education (CERE) to promote ecological development through afforestation programmes. In FY 2017-18, the Bank supported the plantation of about 10,000 trees at 21 urban and peri-urban locations including agro-forested areas partnering with farmers in Bhiwandi, the Indian navy in Uran, and schools in the Mumbai metropolitan region. Native trees of about 48 species, were planted to conserve and promote regional biodiversity.
- **Waste Segregation & Management** - In a new programme in FY 2017-18, the Bank initiated a Waste Segregation & Management Project across 8 villages benefitting more than 19,000 villagers in rural Uttarakhand. Apart from creating positive environmental impact, this will also create livelihoods and empower the village community to generate revenue out of the waste.
- In FY 2017-18, the Bank invested in its fleet of Solar ATMs and IT initiatives to reduce significant carbon emissions. These initiatives have had a tremendous positive impact on the environment and are in line with the global targets of the UN Sustainable Development Goals.
- **Green Champions Programme** - The Bank's flagship Outreach programme is an initiative developed to increase awareness and promote action on social and environmental issues amongst employees. In 2017-18, the Green Champions (GCs) involved their Green Commandos and peers by taking on the '12 Acts of Leadership' campaign with each month corresponding to a national or international theme selected for its social or environmental importance. The GCs partnered with several NGOs across the country for various activities including nature walks, health camps, creating butterfly gardens, literacy workshops, and donation drives for the underprivileged.

Preventive Healthcare:

- The Bank has been partnering with SUPPORT, for vocational skill development of drug-addicted youth, encouraging them to take up skills like carpentry, welding etc., thus creating employment and making them financially independent.
- In an on-going project with Bhagwan Mahaveer Cancer Hospital and Research Centre (BMCHRC) in Jaipur, the Bank supports the treatment of children under the age of 14 who have been afflicted with cancer. These children belong to remote towns and villages in Rajasthan have no access to medication or treatment.

Rural Development:

- In a flagship programme initiated in FY 2017-18, the Bank has partnered with CSC Academy (Special Purpose Vehicle of the PMGDISHA) to implement a digital literacy project across 11 states, including Maharashtra, Rajasthan, Madhya Pradesh, Gujarat, Uttar Pradesh, West Bengal, Haryana, Punjab, Jharkhand, Chhattisgarh and Odisha. The Bank has trained 2 lakh candidates in FY 2017-18.
- In a new initiative introduced in FY 2017-18, the Bank has partnered with Justice & Care, (NGO working in the space of rehabilitation of women rescued from trafficking) for the rehabilitation and skill development of women rescued from trafficking in Gaya, Nalanda and Nawada districts of Bihar. The Bank will focus on education, preferably skill-based and margin / seed funding, to these women in order to enhance their livelihood prospects which will increase their income and decrease the vulnerability of possible victims and their families.
- During FY 2017-18, the Bank reached out to around 2.7 million households from the Base-of- the-Pyramid (BoP) Segment both, through Direct and Indirect Channels. The Bank's initiatives have reached out to cover more than 25,000 villages across 151 Districts and 17 States. The borrowers, all of whom are women, are primarily from unbanked or under-banked geographical areas and a majority of them are from below-average or low-ranked districts, as ranked by the CRISIL Inclusiveness Index. The Bank's model has benefitted the BOP segment through financial and economic empowerment through establishment of micro-enterprises, enhancing quality of life and society, thereby enhancing education and healthcare status.

Education:

- The Bank's Legal Literacy Programme, in partnership with the Bank's Business Correspondent, Samhita, benefits women in 10 districts of Madhya Pradesh. The objective is to train and educate women on their legal rights, entitlements, and protective laws on the issues of domestic violence and gender discrimination. Besides training them on their rights and entitlements, the programme also grooms community counselors who help their peers to bring their issues to light. The programme has, so far, benefitted 45,000 women.
- In partnership with Ashoka University, the Bank supports deserving meritorious students through the Young India Fellowship (YIF) programme, renowned for introducing young entrepreneurs in the social development sector. The Bank has, so far, supported 60 scholars, who have moved on to represent grassroots-level organisations working for education and development of marginalized agricultural and rural communities, arts and culture, policy-making and several leading corporates. The programme has provided them an opportunity to pursue their goals of bringing about societal and economic development.
- Starting FY 2017-18, the Bank has partnered with Business Correspondent, Cashpor, to implement an enhanced education programme. Under this initiative, support classes are conducted for children from underprivileged communities to help them pass out of school and move on to salaried employment thereby breaking inter-generational poverty. The programme was implemented in Eastern Uttar Pradesh and Jharkhand and benefits around 5,000 children.
- In a new initiative launched during FY 2017-18, the Bank has supported the Heritage Fellowship Programme in partnership with Sahapedia, to support photographers to research and document some of India's less known, unique arts, traditions, cultural spaces and heritage.

Sports:

- The Bank continues to support the Para-Champions Programme in collaboration with 'Go Sports Foundation'. During FY 2017-18, 32 athletes were supported with Equipment, Nutrition, Training, Fitness, Mental conditioning and high performance trainings.
- In another on-going project with CABI (Samarthanam), the Bank supports coaching, training and nutrition and fitness trainings of the Indian Blind Cricket team. The team went on to win the ODI Blind Cricket World Cup held in January 2018 in Dubai. Potential players are identified from marginalized backgrounds at the grassroot levels, thus empowering them and elevating their economic status.
- As the Bank's 3rd marquee programme in sports, the Bank launched the IndusInd Girl Power Programme, in association with the JSW Foundation. Through this initiative, more than 60 female athletes are supported across Wrestling, Boxing and Judo. This programme is set to be a pioneering Woman Athlete Development Programme in India. The athletes nurtured through this initiative are expected to represent India in the upcoming Commonwealth and Asian Games and in the 2020 Olympic Games.
- The Bank encourages its employees to volunteer and contribute to the charitable cause of their choice. Share2Care, the Bank's Employee Payroll Giving Programme, allows employees to contribute to NGOs working on various social and environmental issues. In the past year, the employees raised funds for SUPPORT, Nalandaway Foundation, Samarthanam, Aaranyak, HelpAge India, and Prayas. Their donations have made a significant impact in the areas of education for children, women empowerment, biodiversity conservation and elderly care.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

The programmes / projects / initiatives are undertaken through an in-house team, NGOs, Implementation Agencies, environmental consultants and Business Correspondents.

3. Have you done any impact assessment of your initiative?

The Bank monitors and assesses the impact of its CSR programmes to ensure effective implementation and impact. A gist of the same is provided below:

- For the Bank's Digital Literacy programme, more than 25,000 beneficiaries were monitored and assessed to identify merits and impact from the programme; 74% of the beneficiaries responded that they were now confident of exploring and applying for jobs. 70% of them were inclined to start their own business and 83% felt confident about reaching out to contacts online.
- As a result of the legal rights training, 116 cases of violence were reported through legal channels in FY 2017-18. For many women, the training provided a common platform for the first time where social acceptance of violence was discussed and challenged.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

The Bank has spent ₹ 20.47 crores on various social and environmental activities during FY 2017-18. The details of the community development initiatives have been highlighted in Point 1 of Principle 8.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

We ensure the sustainability of the Bank' CSR Projects by engaging with the community as they are our Stakeholders in community interventions; the Bank ensures that the Projects undertaken have complete co-operation from the community, thus ensuring that they are viable and generate the necessary impact.

Principle 9

1. **What percentage of customer complaints / consumer cases are pending as on the end of financial year.**

   During the Financial Year ended 2017-18, 1.56% customer complaints were pending, which were subsequently resolved.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)**

   Not Applicable.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   No.

4. **Did your company carry out any consumer survey / consumer satisfaction trends?**

   The Bank conducts monthly transactional surveys called 'Voice of Customer' conducted through net-banking portals, ATMs, and e-mails to gauge customer engagement and experience with day-to-day transactions. Additionally, to understand and analyze trends in customer satisfaction over extended periods, the Bank conducts an Annual Loyalty Survey which offers a deeper understanding of customer satisfaction, as well, as a way to identify process and product improvement opportunities. The Bank also undertakes regular customer service monitoring and assessment at the branch-level through random branch audits.

ANNEXURE VII TO THE DIRECTORS' REPORT

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Members of IndusInd Bank Limited

We have examined the compliance of conditions of Corporate Governance by **IndusInd Bank Limited** ("the Bank") for the year ended on March 31, 2018, as stipulated in Chapter IV of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as specified in Chapter IV of the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

For Bhandari & Associates
Company Secretaries

S. N. Bhandari
Partner

FCS No: 761; C P No. : 366

Place : Mumbai
Date : May 5, 2018

Management Discussion & Analysis



Macro-economic and Banking Environment

The economic reforms process picked up pace during financial year 2017-18, helping to create an enabling environment for higher growth on a sustainable basis. The landmark Goods and Services Tax (GST) regime was implemented in July 2017 in order to rationalize the Indirect Tax structure, to widen the tax base and to create a national common market.

To address the constraints in the banking system, major stressed loans were referred under the new Insolvency and Bankruptcy Code for a time-bound resolution and a Recapitalization Package was implemented for public sector banks.

The Reserve Bank of India (RBI) also revamped the framework for recognising and resolving non-performing assets. Government's reform efforts of recent years got recognition from international agencies: India's rank on World Bank's 2018 'Ease of Doing Business Index' improved to 100 from 130, reflecting improvement in the overall business climate. Improving medium-term growth prospects, along with a stable Government Debt profile, prompted a Sovereign Ratings upgrade by Moody's, the first upgrade in 14 years.

During the year, however, growth slowed down following the disruption caused by implementation of GST. Challenges also emerged to overall macro-economic stability. Official estimates pegged real GDP growth at 6.7%, lower than 7.1% in FY 2016-17. Manufacturing sector was adversely impacted by the GST transition, on the back of de-stocking and onerous compliance requirements.

Economic performance in the second half of the year improved, as manufacturing sector activity recovered from the temporary disruption. Services sector activity also picked up in H2 FY 2017-18 and growth became more broadbased. Helped by the second successive year of normal monsoons, foodgrains production at 279.5 million tonnes exceeded the previous output record reached in FY 2016-17.

The most encouraging development from the growth perspective was the pick-up in investment activity in the second half. This was reflected in improving bank credit offtake, greater resource mobilisation through the primary market and improving capital goods production and imports. Public Sector capex remained the key driver of investments, with Government focus on infrastructure development, particularly the roads and highways network.

At the global level, growth was robust across all regions in 2017, with faster growth in the Euro Area, Japan, China and the United States. Global upswing was powered by growing trade and investment. The US Administration announced a sizeable fiscal expansion in December, which is seen buttressing global growth in 2018. Financial conditions also remained broadly supportive, despite the

Goods and Services Tax (GST) regime successfully implemented in July 2017

India's rank on World Bank's 2018 'Ease of Doing Business Index' improved to 100 from 130

Foodgrains' production at 279.5 MT exceeded the previous output record reached in FY 2016-17

US Federal Reserve raising rates by 0.75% during the year and resorting to quantitative tightening.

While the economy turned the corner in the second half, headwinds to macro-economic stability also emerged. On the fiscal front, both Centre and State finances registered slippage during FY 2017-18. Central Government exceeded its fiscal deficit target by 0.3% of GDP following a shortfall in non-tax revenues. 21 States registered a combined slippage of 0.4% of GSDP on account of increase in Pensions and Salaries relating to the 7th Pay Commission, Farm Loan waivers in some States, and rising interest burden. These events led to their combined net market borrowings touching ₹7.9 trillion in FY 2017-18, almost ₹1 trillion higher since FY 2015-16.

Fiscal slippage contributed to an upward movement in the Sovereign Bonds yields. Large Government borrowings, risk of CPI inflation staying well above the 4% target, and RBI withdrawing surplus liquidity from the banking system exerted upward pressure on Bonds yields. Most of this upward movement and volatility in yields was seen in the second half of the year. The benchmark 10-year GoI yield rose by 0.72% during FY 2017-18, an almost 0.5% increase in the second half. Bank lending and deposit rates however, eased marginally over the year, as the Monetary Policy remained broadly supportive with a 0.25% cut in the Repo Rate to 6% in August.

A positive development on Public Finances was also seen during the year: widening of the Tax base, post demonetisation and GST implementation. As per the 2018 Economic Survey of the Ministry of Finance, unique indirect taxpayers under GST saw a 50% increase compared with the pre-GST system and 1.8 million new individual tax filers have been added to the Direct Tax base since November 2016. Encouraged by this larger base, the Central Government has projected the Tax / GDP Ratio of 12.1% for FY 2018-19, the highest in 8 years.

Widening of the Current Account Deficit (CAD) on the back of higher Oil prices and broad-based pick-up in imports emerged as another challenge on the macro-economic front.

CAD widened to 1.9% of GDP in FY 2017-18, compared to 0.6% in FY 2016-17. This was due to a 42% jump in merchandise trade deficit to $160 billion over FY 2017-18, as imports growth at 19.5% outstripped exports growth of 10%. India's imported Crude Oil basket price increased to an average of $56.4 per barrel from $47.6 in FY 2016-17, leading to a 25% increase in oil imports. Exports too picked up over the year, helped by strong global trade growth.

Strong capital inflows, well in excess of the CAD, allowed for a stable Rupee against the USD during the year. A widening CAD otherwise exerts pressure on the Exchange Rate and increases external vulnerability. Excess capital inflows were absorbed by the RBI, leading to a $54.5 billion increase in the Foreign Exchange Reserves to $424.3 billion by end-March 2018. That further buttressed India's ability to deal with adverse global financial shocks.

With structural reforms-related transient adverse impact behind us, the economy is firmly on a recovery path. Encouragingly, investment activity is now improving.

Global growth and financial markets environment remain supportive too. The IMF expects global growth to remain robust in 2018 and 2019, which would aid exports. The pace of global monetary policy normalisation, led by the US Fed, remains in line with its guidance. However, headwinds to growth in the form of higher Oil prices, mounting global trade tensions led by the US, and possibility of heightened market volatility have intensified too. These risks can counter the growth momentum via higher inflation, fiscal stress, downward pressure on the Rupee, or weaker external demand.

The Benchmark 10-year GoI yield rose by 0.72% during FY 2017-18 as almost 0.5% increase in the second half

Exports picked up over the year, helped by strong global trade growth

Business Performance

The salient features of the Bank's operating performance during the year 2017-18 are summarised in the table below:

(₹ in crores)

Particulars	FY 17-18 (Actual)	FY 16-17 (Actual)	Y-o-Y (Growth)
Interest Earned	17,280.75	14,405.67	19.96%
Interest Expended	9,783.30	8,343.07	17.26%
Net Interest Income	**7,497.45**	**6,062.60**	**23.67%**
Non-Interest Income	4,750.10	4,171.49	13.87%
Revenue	**12,247.55**	**10,234.09**	**19.67%**
Payment to Employees	1,780.69	1,521.02	17.07%
Other Expenses	3,810.75	3,262.06	16.82%
Operating Expenses	**5,591.44**	**4,783.08**	**16.90%**
Operating Profit (before Depreciation and Provisions and Contingencies)	6,867.75	5,641.71	21.73%
Operating Profit	**6,656.11**	**5,451.01**	**22.11%**
Provisions and Contingencies	1,175.43	1,091.33	7.71%
Profit Before Tax	**5,480.68**	**4,359.68**	**25.71%**
Provision for Taxes	1,874.69	1,491.79	25.67%
Net Profit	**3,605.99**	**2,867.89**	**25.74%**

In spite of volatile market sentiments, the Bank's Net Profit, after considering all Expenses and Provisions and Contingencies rose by 25.74% to ₹3,605.99 crores, as against ₹2,867.89 crores in the previous year. The Operating Profit (before Depreciation and Provisions and Contingencies) rose by 21.73% to ₹ 6,867.75 crores, as compared to ₹5,641.71 crores in the previous year.

The Net Interest Income of the Bank improved by 23.67% to ₹7,497.45 crores from ₹6,062.60 crores. Yield on Advances dropped by 50 bps to 11.21%, while the Cost of Deposits showed a drop of 43 bps at 5.98%. The Bank was able to maintain its Net Interest Margin at around the same level as previous year at 3.99%.

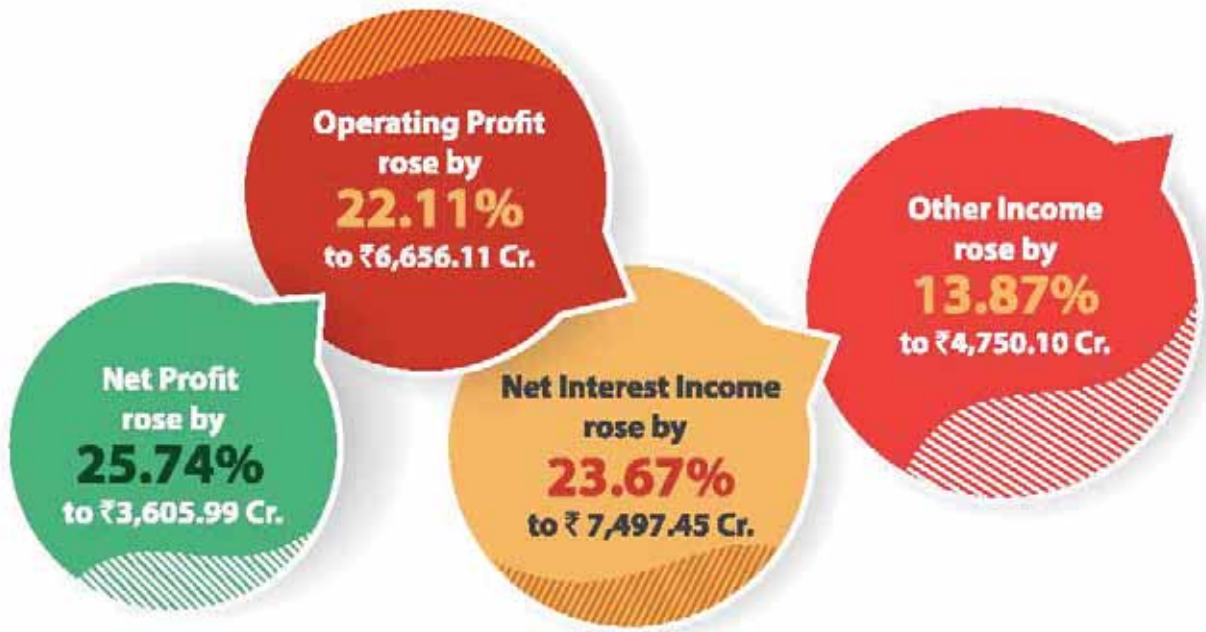
Fee and Miscellaneous Income at ₹4,750.10 crores as compared to ₹4,171.49 crores for the previous year, grew by 13.87% y-o-y. Core Fee Income from revenue streams like Commission, Exchange, Fees on distribution of third party products and earnings from foreign exchange business, etc. rose to ₹4,176.75 crores as against ₹3,488.59 crores registering a growth of 19.73%.

The Bank expanded its branch network steadily to reach 1,400 branches, as against 1,200 branches at the beginning of the year. Revenue per employee during the year improved to ₹48.44 lakhs from ₹40.43 lakhs last year.

The Net Non-Performing Assets ratio of the Bank stands at 0.51% in current year. Provision Coverage Ratio (PCR) stood at 56.26%. Return on Assets (RoA) for the year improved to 1.90% as compared with 1.86% of the previous year.

During the year under review, the Bank allotted 20,74,482 Equity shares, pursuant to the exercise of Options under its Employees Stock Option Scheme, 2007. An aggregate of 4,16,33,300 Options, comprising 6.94% of the Bank's equity capital, have been granted under the Scheme.

BUSINESS PERFORMANCE HIGHLIGHTS



Consumer Banking

Consumer Banking business exhibited a strong performance during the year, with sustained revenue growth across business segments. All business segments of the Consumer Bank contributed to the growth story, delivering differentiated and best-in-class products and services to Retail clients. The Savings Account Balance Sheet witnessed robust growth of 70%, backed by focus on deposit mobilisation across key client segments around branch catchments, NRIs, Trusts and Government entities. Funded assets showed 27% y-o-y growth.

Current Accounts grew by 33%, backed by a sharp focus on account mobilisation across key client segments of Small & Medium Enterprises, Government Banking Group, and LIC-Cooperatives. Growth was led by robust client acquisition, fuelled by the introduction of innovative and flexible products such as 'Indus Freedom' and 'Indus Green'.

Indus Freedom is a unique Current Account product in the industry, having no Average Minimum Balance requirements and linked only to a designated number of digital transactions in a particular month. The 'Indus Freedom' product is targeted to increase Bank's footprint around the Branch peripheries.

The 'Indus Green' product is targeted towards the agricultural economy of the country. The product provides flexibility to the customers to use / maintain their accounts as per the agricultural season and does not inconvenience the customer through minimum monthly balance requirements.

The focus on digitisation continued, and both customer-facing applications as well as internal processes saw strong adoption and implementation. Client adoption of digital platforms was a special focus area for the Bank, and the emphasis was on driving the adoption of digital platforms across payments, deposits, new customer on-boarding, customer service, and loan and credit facilitation. The Bank introduced the Tab Banking service across its branches to on-board customers in a paperless mode. The Bank clocked over 3 lakh digital sales last year across Retail Deposits, Assets, and Wealth sales with 40% Personal Loans, 30% Accounts and 20% Cards sourced via digital channels/ assistance.

The Bank's foreign exchange portal, IndusForex.com, was enhanced and simplified from a client journey perspective, leading to better customer experience and adoption. Customer adoption has been good and the business is experiencing approximately 15% conversions on site traffic. The changes that have been implemented are also resulting in a higher traffic on the Wire Transfer business on the platform.

The Bank made significant strides towards the Digital India agenda, driving digital payment acceptance at merchant establishments, including Bharat QR, UPI and AadhaarPay. In its endeavour to stitch up the fragmented but fast growing payment ecosystem, the Bank entered into partnerships with fintech and Government entities, viz., Mobikwik and Delhi Metro to offer co-branded mobile wallets and cards in order to provide seamless payment experience between the customers' bank accounts and their wallet / transit cards.

The IndusMobile Banking app got rated as the best app by its customers in the industry survey done by UBS. Mobile payments and Debit Card usage growth was amongst the highest in the industry, driven by round-the-year analytics-led client campaigns and offers. The Bank launched Contactless Cards and went live with Samsung Pay for its Credit Cards to promote ease of payment. Digital transactions crossed 73% of the aggregate number of transactions, in line with the Business Plan.

Business Banking Group had a measured year of growth, with the focus being on maintaining pricing in a competitive market. The business was able to gain traction with the strategy of adding new segments that had been implemented in earlier years.

The business witnessed 20% growth in receivables along with 39% growth in new customer acquisitions during the year. The business leveraged the Branch distribution network with share of Branch-led assets moving to 35%. The agenda for the business shall be to further focus on synergies between various asset classes, such as cross-sell on Consumer Finance Division (CFD) assets, Business Loans and Current Accounts, etc., while working on geographical expansion through a judicious entry into Tier 2 and Tier 3 cities through hub-and-spoke models, leveraging existing business locations as hubs.

'Loan Against Property (LAP)' business had a year of calibrated growth, displaying a rise of 18% in the Loan Book. The business shall continue to focus on increasing share of business through active cross-sell opportunities and branch network leverage. The Home Loans distribution tie-up with HDFC Limited remains one of the key Asset products distributed through the branch network.

Personal Loans business continued on its rapid growth path, while contributing strong yield to the Assets portfolio. The performance of the Book continued to be robust, growing by 100%, while exhibiting strong portfolio metrics. The product has a live portfolio of 96,142 customers, with 70,962 customers on-boarded in the year 2017-18. Cross-sell synergy with the Consumer Finance Team helped expand the footprint into new geographies.

Credit Cards business grew by 55% on customer receivables, and the asset quality on the retail unsecured book continues to be stable. With strong performances from the Credit Card and Personal Loans portfolios and incorporating the Business Loans book, the Bank's Unsecured Book has grown well, displaying good portfolio quality while maintaining strong yields.

The Business Loan Asset Book has risen to ₹ 860 crores, and has active clients spread across the Micro, Small and Medium Enterprise segments.

Retail Agriculture

The Retail Agriculture Business witnessed sturdy growth through expansion to rural and semi-urban locations in the States of Kerala, Chhattisgarh, Punjab, Haryana, Rajasthan, Maharashtra, Gujarat and Madhya Pradesh. Presently, Kisan Credit Cards are being offered in 99 districts in aforesaid States. More than 6,000 customers have been financed under KCC for traditional agricultural activities / Agri-allied activities, with nearly 60% growth in the Retail Agri Book over the previous year.

Since its launch, the Bank has built a highly diversified portfolio, ranging from funding of traditional agricultural activities to high-tech farming / Agri-allied activities and crossed the ₹1,100 crores mark as on March 2018.

Key focus remains on deepening the high-potential Agri markets. Loans have been extended to Small & Marginal Farmers, Weaker Sections, persons with disabilities, thus establishing the Bank's commitment to these segments.

Client Experience

The Bank has started its journey towards Customer experience (CEX) transformation, and the 'Customer First' philosophy has made good progress in integrating the business and behavioural mind-set of employees.





FY 2018 outlined the redefining of 21 Customer Journeys across the Bank, alongside generating focus on embedding the principles of convenience - Seamless, Easy, Fast, Transparent, into the core of our organisation.

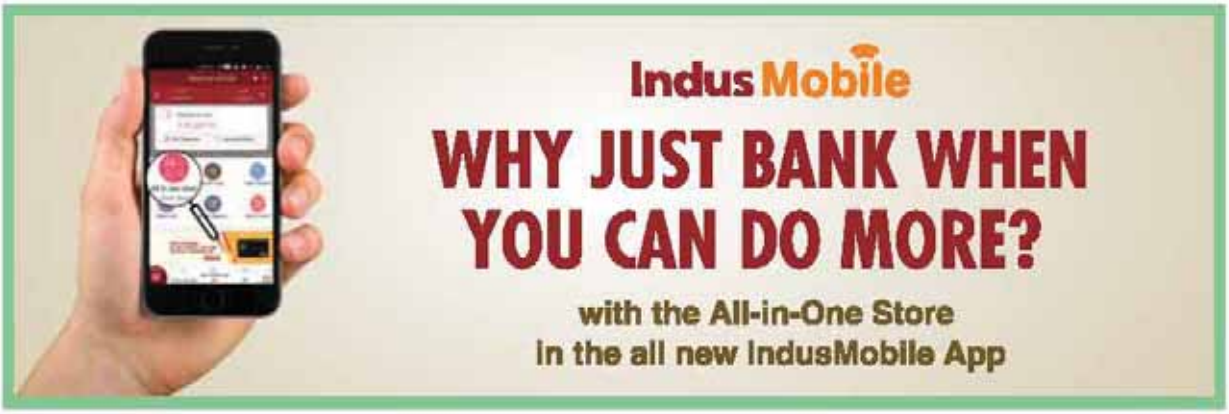
These journeys have been sequenced to be transformed over the next 4 to 6 quarters. The Bank has prioritised key organisation enablers that will facilitate customer experience mind-sets and behaviours and augment our efforts to put the customer at the centre of all activities of the Bank. Across customer journey and intervention programmes, the programme goals are to bring about a drastic improvement in the Net Promoter Score (NPS), share of wallet, products penetration, and an improved working ideology of being 'customer-centric', alongside significant reduction in customer dormancy and attrition.

The Bank aspires to differentiate itself through such customer-centric initiatives and garner significant and demonstrable competitive advantage in the commoditised banking space.

Innovation

Building on its 'Fingerprint Banking' service on its app, the Bank launched yet another market first in the form of its 'All-in-One Store' on its IndusMobile App, bringing the power and offers of multiple apps viz. Ola, Uber, Swiggy, etc. in one.

IndusInd Bank bagged another market first by being the first in India to introduce WhatsApp Banking for its customers, adding to its 'on the go' social banking service available on Twitter, FB Messenger, etc.



Distribution

Apart from opening 200 new branches and expanding the ATM network by setting up 167 new ATMs, the Bank has also partnered with White-Label ATM Operators to set up co-branded ATMs.



Credit Cards

The Bank's Credit Card business has grown robustly over the last year, fuelled by strong digitisation and data-driven interventions. The quality of customer receivables has continued to be robust, and receivables grew 55%.

The business has crossed the 7 lakh customers mark, while continuing to expand its distribution through the branch network and on the back of a strong cross-sell distribution strategy. Increased focus on acquisitions through online and digital channels has also contributed to the growth, delivering scale and efficiency.

The product suite has been strengthened with new and innovative product launches, offerings and tie-ups, keeping in mind lifestyle preferences across various customer segments. With continued focus towards bringing differentiated and value-accretive products to customers, a new and innovative online redemption program - Insta Voucher - was launched and all lifestyle and travel offers were consolidated under one umbrella at www.indusmoments.com. Adoption of convenient, secure and contactless payment services such as Visa PayWave and Samsung Pay have helped in creating and delivering a convenient payment and service experience to customers.

Consumer spends increased by 59% on the back of strong customer engagement programs supported by alliances with prominent brands in key spend categories. Designing of targeted and segment-specific propositions have driven usage preference amongst customers. Strategic campaigns and tactical promotions around the festive and travel seasons have helped drive customer usage and spends.

The Bank has product offerings across all three leading network partners, Master Card, Visa and Amex.

Commercial Cards has shown sustained growth in the financial year. The portfolio has seen 39% growth in spends due to increase in accounts driven by enhanced distribution reach and through leveraging existing Corporate Bank relationships. The Bank has deployed a diverse range of products suited and customised for diverse corporates and has enabled many such entities drive their own operational efficiency through these sophisticated solutions. The business has added significant value to corporate clients providing them with elegant payment solutions for their corporate spending needs. With integrated MIS solutions and a high level of digitisation, the business has significantly simplified traditional corporate payment and expense management paradigms.

The business has grown out of a highly engaged customer base and a widened footprint, which has been achieved through wider geographical spread, strong focus on cross-sell and through leveraging of digital channels.

Customer receivables grew 55%

The business has crossed the 7 lakh customers mark

Consumer spends have increased by 59%

Commercial Cards has shown 39% growth in spends

Consumer Finance

The Consumer Finance Division (CFD) extends funding for a wide range of Vehicles / Equipment, viz., Commercial Vehicles, Heavy, Light and Small Vehicles used both for goods and passenger applications, Passenger Cars, Utility Vehicles, Two-Wheelers, Tractors, and Construction Equipment such as Excavators, Loaders, Tippers, Cranes, etc.

Finance is extended for both new and used assets in all the above segments.

Aggregate disbursements made during the year rose to ₹27,973 crores in 2017-18 from ₹ 22,605 crores in 2016-17, up 24% over the previous year. New Loan accounts numbered 11.30 lakhs in 2017-18, as against 10.68 lakhs in 2016-17. Tractor Funding, a major initiative towards Priority Sector Lending and Financial Inclusion, recorded disbursement of ₹1,667 crores in 2017-18 as against ₹1,120 crores in 2016-17, recording 49% growth over the previous year.

Focus during the year was optimising the product mix to maximise yields, while ensuring portfolio quality.

During the year 2017-18, disbursement in the Used Vehicles segment was ₹4,760 crores, showing increase of 24% over the previous year.

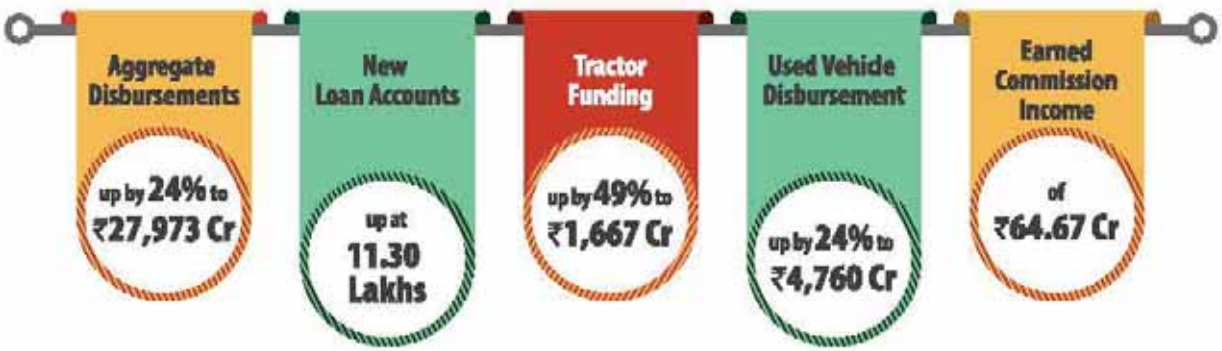
This Division also earned Commission Income of ₹64.67 crores through distribution of various third-party insurance products of Cholamandalam MS General Insurance, Bank's strategic partner for bancassurance in the General Insurance segment.

The operations of this Division are ably supported by the Document Storage and Retrieval Facility at the Bank's Karapakkam Unit (near Chennai), which handles processing of Loan Documents and maintenance of records. This Unit handled nearly 2 million Loan bookings and closure transactions and over 35 million customer service / accounting transactions during the year 2017-18.

The Bank's Processing and Vaulting facility at Karapakkam has state-of-the-art facilities in terms of data / equipment protection mechanisms, supported with access rights with sensors to facilitate monitoring of document movements within the Centre.

As part of Business Continuity Planning, the Bank has established a Data Centre within the Airtel Data Centre facility, with state-of-the-art security systems, with backup facility available at the Bank's G. N. Chetty Road (Chennai) premises.

Sourcing of applications for Two-Wheeler and Car Loans is completely through TAB, which has reduced the Turn-Around Time (TAT) in the Credit Delivery process. Hand-held Terminals have been deployed Pan-India to handle CFD's collection activity. These initiatives have led to improvement in process efficiencies and customer experience.

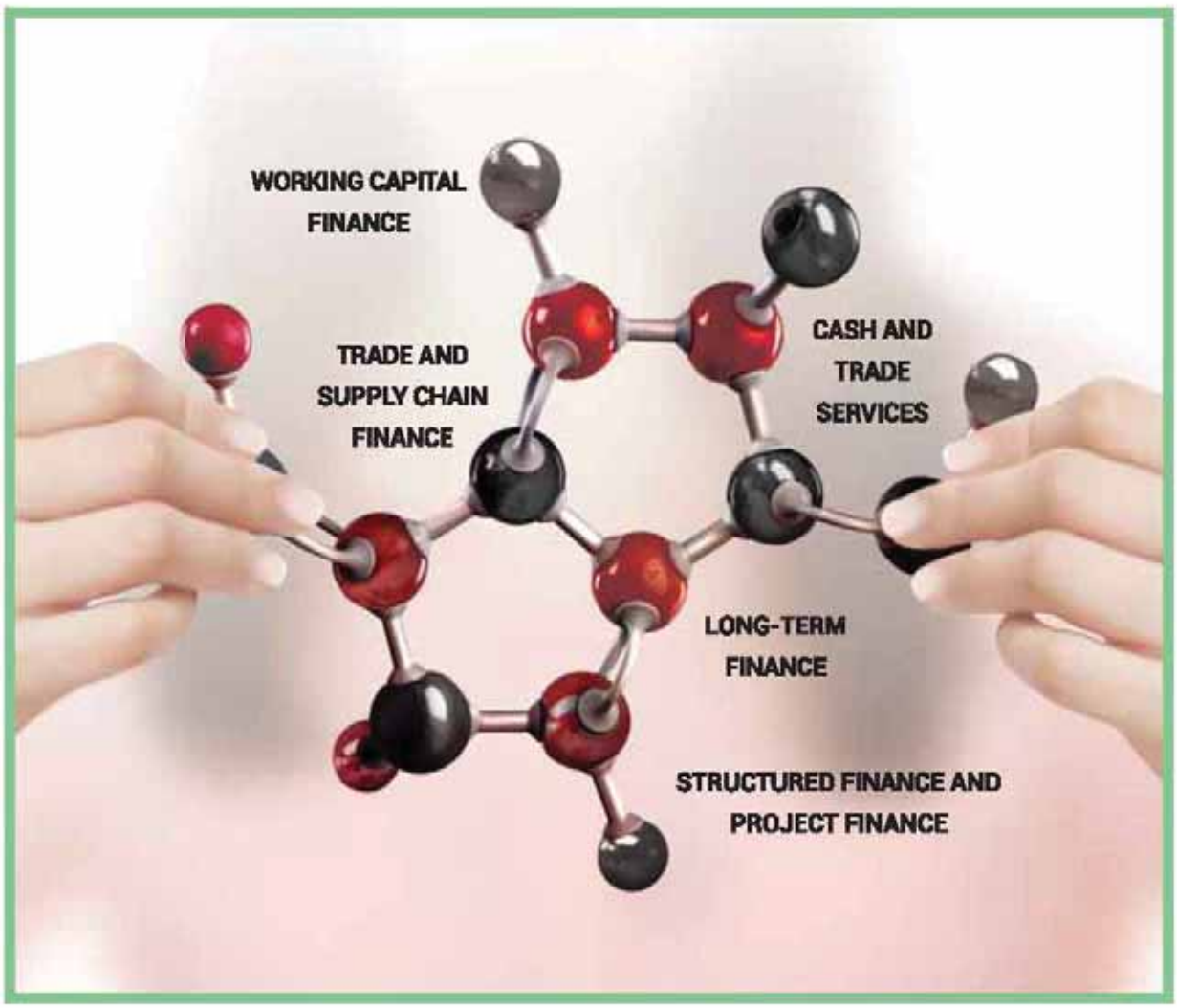


Corporate and Commercial Banking Group

Corporate Banking

The Corporate & Investment Banking Group provides Universal Banking Solutions to large Indian groups and multinational corporates. Over the years, with continued addition of new clients to the Bank, the Unit has become a banker to almost all large corporate houses and large market cap companies in India.

PRODUCTS OFFERED



- **The Group provides innovative solutions for complex funding requirements. Structured solutions for Trade Finance and Foreign Exchange hedging have been developed by the Group to suit distinct client needs.**
- **This innovation-based approach has enhanced penetration in top Corporate Groups through a variety of Funded and Non-Funded transactions, including Trade products, Foreign Exchange products and Investment Banking activities.**
- **Over the years, the Group has built a quality portfolio, by avoiding exposures to high risk industries.**
- **2018 saw a smart growth in Short-Term Loans for financing Working Capital needs. The Group's business grew well, both in Assets as well as in Liabilities. More than 200 new-to-Bank large corporate clients were added during the year.**

Investment Banking

- Debt Capital Markets (DCM), Advisory (M&A and Private Equity) and Structured & Project Finance are the three main businesses of the Investment Banking Unit. The Unit enables the Bank to partner with growth-oriented corporates at all stages of their lifecycles.

- During the year, the Bank has been recognised amongst the Top 5 Syndicators in the League Table Rankings for Calendar Year 2017, and emerged as the 4th largest Mandated Lead Arranger with syndication volumes of more than ₹14,500 crores, up by 160% over Calendar Year 2016.

- With strong domain expertise in Wind Energy, Solar Energy, Roads, Ports, Logistics, and Power Transmission sectors, the Project Finance Team was able to win Project Underwriting and Syndication mandates from several large Indian corporates.

- The Real Estate Group set up for financing construction of Real Estate projects (Residential and Commercial) by Developers grew modestly during the year. The Bank adopted a conservative approach in this segment.

Public Sector Group

- This Group handles relationships with majority of Maharatna, Navratna, and Mini Ratna Public Sector Undertakings, their Joint Venture companies, autonomous Authorities and State Government Undertakings.

- The Group offers structured Banking solutions, including Long-Term Asset Finance, Project Finance, Trade Finance, and Forex Solutions including Long-Term Hedging / Risk Management Advisory, Cash Management Solutions, new-age Digital Banking Solutions, etc.

Mid Markets Group (MMG)

Mid Markets Group focuses on Corporate Banking needs of Emerging and Mid-sized corporates.

The broad business theme of the Group is centred on the following:

- Offering a full bouquet of customised products to clients, for their Working Capital and other Term / Structured Finance requirements.

- Focused cross-sell through alignment of Relationship Managers and the Product Groups, to ensure all clients are multi-product buyers.

- Offering structured solutions through Transactional and Investment Banking products to meet a client's unique and specific need.

- Increasing the client-base with rapid addition of new-to-Bank clients to build a sustainable earnings stream.

THE HIGHLIGHTS OF THE YEAR ARE

The Group has been widening its client base for higher growth and greater diversification of risk. About 300 new clients were added by MCG in FY 2018.

A large number of structured solutions were successfully originated and concluded.

Supply Chain Finance (SCF)

SCF offers complete financing solutions across different industries via Channel / Vendor Finance as well as comprehensive Working Capital solutions to Dealers / Vendors.

Diversification of Risk has been done through granular business of small ticket size, and capturing the overall banking facilities and Cash Flows of the clients. Robust internal control mechanism and Portfolio monitoring tools have kept the portfolio healthy.

Agricultural Business Group (ABG)

The Group covers the complete Agri value chain from farmers to large Agri corporates.

ABG has diverse product offerings that help the Bank gain significant wallet share of Agri customers. With presence across 17 States, 60 locations and 40 commodities, ABG has strong presence in core Agri markets. ABG has widespread relationships with Collateral Managers, and facilitates handling of commodity-related and associated risks.

This Division has scaled up innovative products such as Agri Project Finance, Agri Trade Finance and Agri Infrastructure Finance. The vertical presently dominates the Commodity Funding space through Pledge Finance, and has established itself as a significant player in Agri Infrastructure and Dairy financing segments.

Financial Institutions Group

Financial Institutions Group (FIG) manages relationships with domestic and international banks as well as Global Financial Institutions. The Group has three sub-divisions handling the Coverage, Credit, and Support functions.

During the year under review, rapid progress was achieved in widening and deepening Correspondent Bank relations, especially with strategic geographies that has boosted Bank's cross-border business capabilities in areas like Treasury, Trade and Payments.

FIG is also actively involved in raising non-deposit resources for the Bank in the form of Syndicated Loans, bilateral borrowings, targeted lending by multilateral agencies, etc. During the year, FIG helped conclude borrowing deals in excess of USD 1 billion from global banks and financial institutions. Within a relatively short span of time, FIG has evolved into a strategic business unit of the Bank, managing such diverse roles from business origination and facilitation to policy-making and risk management in the inter-bank domain.

Financial Services Group

Financial Services Group was launched to handle the relationship of Financial Services players in India, i.e., NBFCs, Insurance Companies, Mutual Funds, etc. in Public / Private Sector.

The Group has achieved significant success by winning Escrow / Cash Management mandates from renowned names in the industry and established trade partnerships with several NBFCs and FIs.

Capital & Commodities Markets Division

The Capital and Commodity Markets Division services the Capital and Commodity Exchanges and their Members. The Bank currently has membership with all large Stock and Commodity Exchanges in the country, and is a Clearing-cum-Settlement Banker to both NSE and BSE in the Capital and Futures Market segments.

International Financial Service Centre Banking Unit (IBU)

GIFT (Gujarat International Finance Tec-City) is conceptualised as a global Financial and IT Services hub, designed to be at or above par with globally benchmarked financial centres.

IndusInd Bank had opened its IFSC Banking Unit (IBU) in GIFT City in June 2016.

International Financial Service Centre (IFSC) is a hub of financial services with regulations that are different from the rest of the country. IBU is at par with foreign branches of Indian banks. The move to set up a unified regulator for all entities in IFSC will contribute to better regulation and supervision of the financial entities within IFSC. IBU has a 10-year Tax Holiday and exemptions from GST, STT and Long-Term Capital Gains Tax.

Products:

- Funded: External Commercial Borrowings (ECB), Buyers' Credit, Foreign Currency Term Loans, Working Capital Loans.
- Non Funded: Letters of Credit / Bank Guarantees, Risk Participation.
- Global Markets: Forex Hedging, Derivatives.
- Liability: Term Deposits of tenor greater than one year tenor, Inter-bank Borrowings, Foreign Currency Bonds.

Approach:

- Completes the Bank's product suite from Financial Services perspectives.
- Ability to serve large corporates with overseas presence with end-to-end solutions.
- Ability to participate in international Syndicated Loan market.
- Increase share of wallet for Banking business.
- High RoE business with less cost, tax incentives
- Strengthen IBL brand globally.

Since inception, IBU has seen significant growth in business, and its Balance Sheet size as on March 31, 2018 was USD 879.1 million.

Environment & Social Management System Policy

With a view to promoting sustainable development through the Bank's investment activities, while conforming to international and national standards, the 'Environmental and Social Management System' (ESMS) was instituted across the Corporate and Commercial Banking Group during the year.

The Policy is governed at the macro-level by key stakeholders across the Bank's Management apparatus, including Board Members, the CEO, and Business Heads. At the micro-level, a grass-root implementation mechanism enables Relationship Managers and Business Teams to perform in-depth evaluation and understand each client's impact on the key parameters as outlined in the Policy.

ESMS is administered via an online portal, which in addition to screening proposals for risks, also captures data on the volume of projects having a positive impact on environment and society. ESMS has helped the department foster new partnerships with several development financial institutions such as ADB and OPIC, and international development agencies like USAID, among others.

Commercial Banking

Mid-Corporates Group (MCG)

Set up with a view to target the 'sweet spot' of the Indian corporate space, the Mid-Corporates Group focuses on companies in the fast growing Mid-Corporate segment.

The broad business theme of the Group is centred on the following:

- Offering a full bouquet of customised products to clients, for their Working Capital and Term / Structured Finance requirements.
- Increasing the client-base to create a sustainable earnings stream for the Bank.
- Increased cross-sell through alignment of Relationship Managers and the Product Groups, i.e., the Transaction Banking, Global Markets, and Investment Banking.
- Offering structured solutions through Transactional and Investment Banking products to meet clients' unique and specific needs.

Inclusive Banking Group

The Inclusive Banking Group within Commercial Banking, through its domain expertise in Financial Inclusion, has focused on developing various client-centric products to propagate financial inclusion and livelihood development. In the process, a network has been built across 17 States, 151 Districts, 687 Microfinance Branches, and reached out to nearly 2.5 million households through Credit and Savings products in FY 2017-18, with disbursals amounting to ₹5,156 crores.

A 'Customer First' customer-centric digital model has been evolved through various digital initiatives combined with human interactions to drive efficiency gains and improve customer service levels.

As a part of this, the 'Indus Aadhaar' Mobile Application, which works on the AEPS platform, is made available on Merchant Smartphones linked with Biometric dongles facilitating banking transactions of customers at Merchant stores. Besides helping reduce costs to the Bank, the above arrangement helped increase convenience and flexibility in the product offering.

The Bank's FI initiatives have also helped progress on the UN's Sustainable Development Goals.

The Financial Inclusion model also received funding from ADB and OPIC for USD 425 million, which is a confirmation of the merit of the model.

On October 14, 2017, the Board of Directors of the Bank and the Board of Directors of Bharat Financial Inclusion Limited (BFIL) approved amalgamation of BFIL with the Bank through a Composite Scheme of Arrangement. The Competition Commission of India has approved the proposed Scheme and the RBI has accorded their "No Objection" for the amalgamation. The incorporation of the Wholly-Owned Subsidiary of the Bank is subject to the approval of the RBI, which is awaited. The Scheme is awaiting approval from the Securities and Exchange Board of India (SEBI) / Stock Exchanges, the respective shareholders and creditors of the Bank and BFIL, the National Company Law Tribunal (NCLT), and is subject to compliance with the conditions specified by RBI.

Agricultural Business Group (ABG)

The Group offers products such as Pledge Finance and Agricultural Infrastructure Finance. Its presence is spread over 14 States and 59 locations. Engaged in the funding of pledged commodities, the Group has widespread relationships with Collateral Managers to handle commodity-related and associated risks.

ABG also provides specialised services in the Agriculture segment. It has a committed team of specialised Agriculture Finance professionals to cover all segments of the value chain. This Division has scaled up innovative products such as Agri Project Finance, Agri Trade Finance and Agri Infrastructure Finance. In its two years of operations, the vertical has been able to establish itself as a significant player in the Dairy and Agri Infrastructure segments.

Supply Channel Finance (SCF)

The vision of the Group is to be the preferred Working Capital Banker to the Dealer and Vendor Community by providing not just Channel Finance and Vendor Finance limits, but also Working Capital limits. The Group plans to expand briskly through collaborations with existing and new Corporate clients.

In line with the Digitisation focus across the organisation, the Group will participate on the TReDS platform and will launch the SCF online platform to enable straight-through funding and processing of transactions in the supply chain.

Global Markets Group

The Global Markets Group (GMG) comprises three main functions:

- Asset Liability Management (ALM);
- Trading (Rates, Foreign Exchange and Derivatives); and
- Client Sales, comprising the Financial Markets Sales and Solutions Team (which essentially provides hedging strategies to clients for their exposures across foreign exchange and interest rates) and the Credit Sales Team (which provides clients' access to Debt Capital Markets).

The Asset Liability Management Unit manages various regulatory requirements, including Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), Liquidity Coverage Ratio (LCR), Intra-day Liquidity (IDL), High Quality Liquid Assets (HQLA), etc., as prescribed by RBI and other governing bodies.

The Desk also manages the day-to-day liquidity requirements of the Bank through appropriate funding avenues along with Transfer Pricing, involving both INR and Foreign Currency. The liquidity and resource mobilisation strategy proactively addressed the Structural Liquidity Risk conditions and achieved significant efficiency in the Bank's sourcing of funds with an optimal mix of Term Deposits, Market Borrowings and Refinance.

The Trading Desk trades in Rates, Foreign Exchange and Credit. It is instrumental in taking proprietary positions in Government Bonds, Corporate Debt, Interest Rates (INR and Foreign Currency), Interest Rate Futures, and Currencies. The Trading desk also trades in Derivatives, and has executed Long-Term Currency and Interest Rate Swaps with established market counterparties. The Desk has also become a Market-Maker in Overnight Index Swaps.

The Financial Markets Sales and Solutions Team provides hedging solutions to clients across Corporates, Financial Institutions and Retail clients on their Foreign Exchange, and Interest Rate exposures. The Bank enters into these transactions based on strict suitability and credit criteria. Besides the above OTC products, the Bank is also Trading-cum-Clearing Member in NSE and BSE, which enables the Bank to offer a web-based platform across client segments for hedging of currency exposures by them in the Currency Derivatives market.

During the year, the Group increased its operations in the IFSC Banking Unit established in GIFT City, Gandhinagar as well as offering hedging solutions to clients and cover operations with international counterparties.

The Bank is a well laid-out Operational Policy Guidelines, Risk Management Policies, including Client Suitability Policy, and appropriate systems support to monitor transactions and risk on real-time basis. Given the dependency on System and Trading Platforms, the Bank has been conducting Business Continuity Plan drills at regular intervals. The Bank has an Integrated Treasury Application interfaced with the Risk Monitoring System that covers all Client and Trading Products of the Global Markets business and provides seamless straight-through flow of transactions.

Transaction Banking Group

The Transaction Banking Group (TBG) offers products and services to customers across all Business Units in the areas of Cash Management, Trade Services, Supply Chain Financing, Global Remittances and Digital Banking.

The Bank continued to be one of the leading players in the Rupee Drawing Arrangements, acting as a preferred Bank for several partners worldwide. More partners were added to real-time cross-border payments using the NPCI-promoted IMPS facility (instant payments).

IndusInd Bank is among the top banks for cross-border flows under IMPS. The Bank has also witnessed good growth in Outward Remittances and has a significant market share in the overall outbound remittance flows.

Under the umbrella of Cash Management Services (CMS), the Bank offers customised and differentiated products to its Corporate and Consumer Banking customers, to improve their Payables and Receivables Management. Another area of focus has been the garnering of Escrow Services.

The Bank continued to play a significant role in working with various Government Departments across India to provide e-Tendering, e-Procurement and e-Auction services, thereby also partnering in the Government's agenda of increasing Digital payments and transparency.

The Bank is focused on following industry trends and innovations to provide value-added solutions to our clients. Emerging technologies like Blockchain are critical for the Bank, for leveraging for the benefit of clients.

On the Blockchain front, IndusInd Bank is part of the following consortiums and is looking to leverage on Blockchain technology for Trade, Payments and Remittances.

- India TradeNext Consortium that leverages on EdgeVerve's blockchain platform.
- Member of BankChain consortium operated by PrimeChain technologies.
- Partnered with Ripple for cross-border payments into and out of India.

As a leading Trade Services Bank, the Bank continues to broad-base product offerings to clients for adding value to their functioning. In the current year, the Bank commenced providing Factoring solutions which will assist customers in managing liquidity and credit risks of their receivables. The Bank is also an active player in supporting Supply Chain (MSME suppliers) of large buyers under the RBI-approved Trade Receivables Electronic Discounting Systems (TReDS) platform. In line with the digitisation initiative, the Bank has begun offering various trade solutions through online portal so as to provide expeditious and superior services.

The Bank received multiple Awards from 'The Asset', an independent leading Asian business journal under the following categories:

Best
Cash Management Solution

Best
Trade Finance Solution

Best
Structured Trade Finance Solution

Gems and Jewellery Group

This Group caters to the important manufacturing export sector engaged in diamond manufacturing, jewellery manufacturing and exports. India is a world leader in Diamond manufacturing and exports. The industry segment provides employment to more than a million artisans, and another million are engaged in allied activities.

Through expertise in this business, the Bank has been recognised by the Trade Council as a Centre of Excellence, and the same has been acknowledged through continuous awards and recognitions, the latest being the Gems and Jewellery Export Promotion Council (GJEPC), sponsored by the Commerce Ministry of the Government of India, awarding the Bank as the 'Best Bank' financing the Industry in the category of 'Highest Limits Sanctioned'. The sector provides large cross-sell opportunities and contributes to the Bank's targets in Priority Sector Lending.

Priority Sector Lending



The Bank has achieved the RBI-prescribed target for Priority Sector Advances, which aggregated ₹48,352.82 crores at the end of March 2018, representing 43.90% of the Adjusted Net Bank Credit (ANBC) of the previous year, as against the prescribed target of 40%.

Advances to Agriculture

During the year, the Bank financed over 13,60,353 agriculturists, and Aggregate Agricultural Advances stood at ₹15,180.21 crores, representing 13.78% of ANBC at the end of March 2018. The target set by RBI is 18% of ANBC.

Advances to Other Segments of Priority Sector

The Bank's finance to 'Weaker Sections' increased by ₹605.83 crores and stood at ₹10,248.70 crores, representing 9.30% of ANBC as at the end of March 2018.

Effective FY 2016-17, RBI has stipulated furnishing of Priority Sector Lending data on a quarterly average basis for monitoring of compliance with targets. For this purpose, the achievement will be arrived at the end of financial year based on average of Priority Sector target / sub-target achievement as at the end of each quarter and the excess / shortfall in lending would be monitored.

Accordingly, the average of all quarters for FY 2017-18 is represented in the table below:

(₹ in crores)

As of March 31, 2018	Target	Achieved	% Achieved	Excess / (Shortfall)
PSL (40%)	**40,259.42**	**40,359.45**	**40.10%**	**100.03**
Agriculture	18,116.74	12,866.10	12.78%	(5,250.63)
Small & Marginal Farmers	8,051.88	4,997.77	4.97%	(3,054.11)
Micro Enterprises	7,548.64	8,291.84	8.24%	743.40
Weaker Section	10,064.85	8,342.65	8.29%	(1,722.20)

Approach to Priority Sector Lending

The Bank continues to pursue Priority Sector advances, including those relating to Agriculture / Micro and Small Enterprises / Weaker Sections.

Various Business Units in Corporate, Commercial and Consumer Banking Groups have built specialised teams to significantly enhance the Bank's footprint in the PSL segments.

Specific plans and strategies for achieving targets and sub-targets under Priority Sector Lending have been formulated, some of which are indicated below:

- Financing farmers / Joint Liability Groups against hypothecation of agricultural produce.
- Financing farmers for transport of their agriculture produce.
- Financing farmers for supply of various Agri and Allied commodities, viz., Sugarcane, Oilseeds, Milk, Rubber, etc.
- Financing Agri and Allied Projects, viz., Horticulture, Dairy Farming, Poultry Farming, Bee-keeping, Aquaculture, Floriculture, etc.
- Financing Agri Infrastructure, viz., Warehouses, Cold Storages, Godowns, Market Yards, Silos, etc.
- Financing farmers / entities engaged in Coffee / Tea / Rubber industry and plantation for Paper Pulp.
- Investments in Rated Asset Pools meeting the eligibility criteria for Priority Sector.
- Direct Lending through Service Providers under the Partnership Model for meeting the needs of Agri, Micro, Small and Medium Enterprises and Weaker Sections.
- Loans to Microfinance companies for on-lending to farmers for agricultural and allied activities eligible for classification under Priority Sector.
- Loans to farmers under the Kisan Credit Card Scheme.
- Loans to Service Enterprises – Micro, Small and Medium Enterprises.
- Loans to Manufacturing Enterprises – Micro, Small and Medium Enterprises.
- Weaker Section Advances - Priority Sector Loans to Small / Marginal Farmers, persons from Scheduled Castes and Scheduled Tribes, Loans up to ₹1 lakh to Women Borrowers and Loans to Minority Communities as notified by the Government from time to time.

Submission of Financial Information to Information Utilities

In accordance with the regulations under the Insolvency and Bankruptcy Code (IBC), 2016, and of the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017, which has come into force with effect from April 1, 2017, financial creditors are required to submit information to Information Utilities (IU). The Insolvency and Bankruptcy Board of India (IBBI) has registered National E-Governance Services Limited (NeSL) as the first IU under the IBBI (IUs) Regulations, 2017 on September 25, 2017.

As per the directives of Reserve Bank of India, all financial creditors regulated by RBI were advised to adhere to the relevant provisions and immediately put in place appropriate systems and procedures to ensure compliance to the provisions of the Code and Regulations.

In accordance with the same, the Bank has executed Agreement with NeSL and tested the digital requirements for data-sharing as per the design envisaged by them. The Bank is confident of continuing to provide the required data as per the regulatory guidelines.



Risk Management



Management of risks arising out of banking business in an effective and pro-active manner is critical to sustainable growth. Banking is exposed to a wide spectrum of risks and it is imperative that such risks are measured precisely, monitored on an on-going basis, and are managed effectively. A robust Enterprise-wide Risk Management (ERM) framework enables effective and proactive management of various risks, while supporting business growth. ERM helps reduce volatility in earnings and enhances shareholder value.

The Bank has an Integrated Risk Management Department, independent of business functions, covering Credit Risk, Market Risk, Assets-Liabilities Management (ALM) and Operations Risk, including Information Security risk functions. Risk management practices in the Bank have been aligned with the best industry practices and are adaptable to a dynamic operating environment and market conditions.

Credit Risk Management

Credit Risk is managed both at transaction-level as well as at portfolio-level.

The key objective of Credit Risk Management is to maintain Credit Quality within the defined risk appetite, while achieving appropriate return in relation to risks assumed.

Various measures adopted for management of Credit Risk are as under:

- Credit Risk policies are aligned with business strategies and the defined risk appetite. The policies are maintained in line with changes in RBI guidelines and economic environment;
- Credit Risk at the time of credit assessment is gauged by means of risk-rating models implemented for different business segments;
- Credit Portfolio Management Analysis monitors Credit Quality, composition of portfolios, Concentration Risk, Yield v/s Risk, and business growth;
- Measurement and monitoring of credit quality regularly by means of Weighted Average Credit Rating (WACR) of the Credit portfolio;
- Prudential internal limits prescribed for assuming exposures on counterparties, industries, sectors, etc.;
- Measurement of credit quality by means of Behaviour Models;
- Management of exposures to counterparty banks and the countries by setting exposure limits basis their risk profiles and monitoring such exposures regularly;
- Stress Testing of credit portfolios is carried out periodically to measure shock-absorbing capacity under multiple stressed scenarios and assessment of impact of potential Credit Losses on profitability and Capital Adequacy.

Despite the challenging environment, the Bank has been able to maintain its Credit growth and the quality of its portfolio. The Bank's restructured assets are among the lowest in the industry, with the Corporate as well as the Retail Loan Books having remained resilient. During the year, the Bank has on-boarded customers with better Credit Quality, which has resulted in improvement in its WACR.

The Bank has been introducing a wider range of Retail products, so as to have larger share of the wallet and to meet customers' needs. Such products are governed by Structured Product Programmes specific to the business, which details out the criteria on customer selection and underwriting standards.

Market Risk Management

Market Risk is the possibility of loss to the Bank caused by changes in market variables such as interest rates, exchange rates, equity prices and risk-related factors such as market volatilities.

The Bank manages Market Risk in trading portfolios through a robust framework laid down in its Market Risk Management Policy.

The Bank has implemented state-of-the-art Market Risk Management System, which supports monitoring of risk sensitivities and computation of capital charge through Standardised Approach as well as adoption of Internal Model Approach.

A robust Market Risk Management System is in place supporting advanced risk measurement functionalities for pro-active management of risks. The system supports monitoring of Value-at-Risk (VaR) limits, PV01 limits for Forex, Investments, Equity and Derivatives portfolios, besides Stop-Loss limits, Exposure limits, Deal-size limits, etc. Valuation of all portfolios and the risk sensitivities are monitored on daily basis.

Asset-Liability Management (ALM)

The Bank's Asset-Liability Management System supports effective management of Liquidity Risk and Interest Rate Risk, covering all Assets and Liabilities.

- **Liquidity Risk** is managed through Liquidity Coverage Ratio (LCR), Structural Liquidity Gaps, Liquidity Simulation, Dynamic Liquidity monitoring, Liquidity Ratios Analysis, Behavioural Analysis of Liabilities and Assets, and prudential limits for negative gaps in various time buckets.

- **Interest Rate Sensitivity** is monitored through prudential limits for Rate-Sensitive Gaps, Earning at Risk, Modified Duration of Equity and other risk parameters.

- **Interest Rate Risk** on Trading portfolios is monitored through PV01, VaR and Modified Duration on a daily basis. Optimum risk is assumed through the market risk measurement parameters, to balance between risk containment and profit generation from market movements.

Detailed analysis of liquidity position, interest rate risks, product mix, business growth versus budgets, interest rate outlook, etc. is presented to Asset-Liability Management Committee (ALCO) which meets frequently and deliberates on liquidity position and Interest Rate Risk and reviews the business strategies.

ALCO provides directional guidance to Business Units towards effective management of liquidity position, while achieving Business goals. The Bank assesses its structural liquidity position on a daily basis for managing liquidity in a cost-effective manner.

Stress Testing - Liquidity Risk

The Bank carries out Stress Tests on liquidity position periodically to assess the impact of stressed liquidity scenarios on funding and liquidity position. Stress tests help the Bank to be better equipped to meet stressed situations and have contingency funding plans in place.

Contingency Funding Plan (CFP)

Contingency Funding Plans have been developed to respond swiftly to any anticipated or actual stressed market conditions. The Bank regularly reviews its contingency plans, considering the evolving market conditions.

Contingency Funding Plan covers monitoring of internal as well as external contingency triggers, categorised into Yellow, Amber, and Red. The CFP mentions the available sources of funds to supplement cash flow gaps in the event of stressed scenarios. CFP prescribes the conditions based on contingency triggers for assessment of liquidity position and invocation of contingency, if warranted. Roles and responsibilities of Contingency Management Group constituted under the CFP have been defined to facilitate effective execution of contingency plans in the event of invocation of contingency plan.

Interest Rate Risk on Banking Book (IRRBB)

Interest Rate Risk on Banking Book largely arises on account of: (i) Re-pricing of Risk; (ii) Optionality; (iii) Basis Risk; and (iv) Yield Curve Risk.

From an Economic Value perspective, the Bank minimises sensitivity to changes in interest rates on assets and liabilities.

Interest Rate Risk is measured based on the re-pricing behaviour of each of the items under Asset, Liability and Off-Balance Sheet products. The Bank's Assets and Liabilities Management Policy has laid down tolerance limits based on the risk appetite and the impact on NII and Economic Value of Equity (EVE) for a given change in Interest Rate.

The Bank has put in place necessary framework to measure and monitor Interest Rate Risk on Banking Book using the Duration Gap Approach as well as the Traditional Gap Approach.

Operational Risk Management

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or external events. The Operational Risk Management Policy documents the Bank's approach towards management of Operational Risk and defines roles and responsibilities of various stakeholders within the Bank. Based on this Policy, the Bank has initiated several measures for management of Operational Risk. The Bank has put in place a structure to effectively manage Operational Risk through the formation of several internal Committees, viz., Operational Risk Management Committee, Sub-ORMC, Fraud Risk Management Committee, and BCP Steering Committee.

The Bank has implemented various Operational Risk Management tools such as Risk and Control Self-Assessment (RCSA), KRIs monitoring and Loss Data analysis (Basel 8X7 matrix) including Near-Miss Events. The Bank weighs new Products and Process enhancements under Operational Risk Assessment Process (ORAP) framework. An advanced ORAP system has been implemented to enhance the framework.

The Bank has adopted Business Continuity Policy (BCP) wherein critical activities and system applications have been identified and appropriate recovery plans have been put in place for such critical activities and applications to ensure timely recovery of Bank's crucial operations and services in the event of any crisis. Regular mock tests are carried out to ascertain BCP preparedness.

As per RBI guidelines, the Bank has been following Basic Indicator Approach for computation of Capital Charge for Operational Risk.

Systems Risk

The Bank's Information Security Policy provides the security framework upon which all subsequent security efforts are based, and to guide the development and maintenance of a comprehensive information security program. It deals with security of information in various forms like spoken, written, printed and electronic or any other medium and handling of information in terms of creation, viewing, transportation, storage or destruction. It contains the principles that direct managerial decision-making and facilitates secure business operations. It is designed to enable management of the Bank to ensure the security of information assets and maintain accountability. It also defines the appropriate and authorised behaviour for personnel approved to use the Bank's information assets. The policies and procedures are built around the following principles:

- Treat Information Security Risk in line with Business, Regulatory and Legal requirements;
- Ensure Availability, Integrity, Confidentiality of Information, establish Accountability and provide Assurance;
- Focus on People, Process and Technology for implementation;
- Apply least privilege, need to know / use principles;
- Promote Information Security Awareness to create security-aware culture within employees, contractors, third parties and customers;
- Deal with exceptions and violations appropriately;
- Focus on Information Security Governance, Assurance and Evolution to ensure suitability, adequacy and effectiveness;
- Participation of Security Team during initial stages of system acquisition and development;
- Structured approach towards Information Security Awareness.

The Bank is utilising structure data on its system for Anti-Money Laundering and Enterprise-wide Fraud Management System, Risk Analytics, etc. The Bank has also started aggregating unstructured data like customer IPs, devices IDs, and various social / media in its repository to enhance risk management capabilities.

Financial Restructuring and Reconstruction Group

All activities relating to recovery of non-performing loans and restructuring of stressed assets are handled by the Financial Restructuring and Reconstruction Group (FRRG). The Insolvency and Bankruptcy Code 2016 implementation and NCLT activities have picked up especially with RBI notifying mandatory filing in certain large value cases in a time-bound manner. A dedicated desk to handle and monitor IBC-related activities has been created.

The Bank has also actively utilised the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 for recovering its dues. During the year, the Bank recovered an amount of ₹44.96 crores in written-off accounts. The Net NPAs of the Bank stand at 0.51% of the Total Advances, while the ratio of Gross NPA as percentage of Total Advances amount is 1.17%.

Net NPAs of the Bank stand at **0.51%** of the Total Advances

Gross NPA of the Bank stand at **1.17%** of the Total Advances

General Banking Operations

The Bank has strengthened the policy framework on "Know Your Customer" (KYC) norms and "Anti Money Laundering" (AML) measures from time to time, in line with regulations. The Bank has implemented a simplified procedure of "Know Your Customer", for the benefit of Lower Income Group persons to open accounts with minimal documentation.

The Bank has implemented a state-of-the-art Workflow and Imaging System for Account Opening, booking Term Deposits, processing Trade Finance transactions, sale of Third-Party products and Branch Expenses processing.

The System enables faster turnaround time and movement of work from branch locations across the country to the Central Operations Unit in real-time mode, thus cutting out the time that physical forms would take to arrive through courier. This has helped in freeing up manpower at the branches to tend to customer service.

With the emphasis on digitalisation and e-KYC, the Bank has implemented Digital Account Opening through TAB wherein account opening process is straight through and validation of KYC is online. This cuts short the turnaround time for account opening process and provides greater convenience to customers with stronger controls and compliance.

The Bank is a member of the Banking Codes and Standards Board of India (BCSBI), which was set up to ensure that banks in India adhere to a voluntary Code, which sets minimum standards for fair treatment to customers availing of banking services.

The Bank has taken steps to implement the provisions of the Code of Commitment to Customers (Individuals). The Code is displayed at all the branches, and is also hosted on the Bank's website in fourteen languages. The Code had been revised in January 2018, and has been adopted by the Bank.

The Bank has also adopted the "Code of Commitment to Micro and Small Enterprises" (MSE Code) issued in June 2008 for customers belonging to the Micro and Small Enterprises segment. This Code was revised in 2015 by BCSBI, and was adopted by the Bank. It sets the minimum standards of banking practices.

The Bank has also formulated the Policy on 'Financing to the Micro, Small and Medium Enterprises', and the same is hosted on the Bank's website.

The Bank is participating in Clearing through Cheque Truncation System (CTS). As on March 31, 2018, the Bank had 226 locations covered under the Grid Clearing, through its three CTS Centres at Mumbai, Chennai and Delhi.

The Bank is also participating in NACH (National Automated Clearing House) transactions both for Debit and Credit (ECS) at Mumbai, as also Aadhaar-Based Payment System (ABPS) transactions through NPCI.

The Bank has adopted a "Comprehensive Policy", on settlement of claims in respect of deceased depositors. The Policy covers all types of deposits, and has simplified the procedure for settlement. The forms are also provided on the Bank's website.

The Bank has put in place a "Deposit Policy" and a "Fair Practice Code". The former outlines the guiding principles in respect of various products of the Bank and the terms and conditions governing the operations of the accounts and the rights of depositors. The Fair Practice Code is a voluntary Code, establishing standards to be followed by all branches in their dealings with customers.

The Bank has framed the "Citizen's Charter" to promote fair banking practices and to give information in respect of various activities relating to customer service.

The Bank has put in place "Customer Compensation Policy" as part of the commitment to customers for any direct and actual loss by way of internal loss / payment of charges by customers, due to deficiency in service to the extent mention in the policy. The Policy is based on principles of transparency and fairness in dealings with customers.

The Bank has framed the "Unclaimed Deposit Policy" based on RBI guidelines with the objective of classification of unclaimed deposits and setting up the Grievance Redressal Mechanism for quick resolution of complaints and record-keeping. Further, in line with RBI directives, balances in unclaimed deposits and other accounts have been transferred to "Deposit Education and Awareness Fund" (DEAF) w.e.f. June 2014. Details relating to accounts unclaimed have been duly uploaded on the Bank's website.

The Bank has also formulated the "Customer Rights Policy", and the same is hosted on the Bank's website.

The Bank has framed "Customer Protection Policy" based on RBI guidelines with the aim to provide safe, rational, superior and transparent service experience to the customers. The policy aims to address customer complaints related to all unauthorised transactions done through electronic mode. It also lays down the criteria for determining customer liability in different circumstances and increases awareness among the customers.



Corporate and Global Markets Operations (CGMO)

Corporate & Global Market Operations (CGMO) manages the operations related to Trade Services, Cross-Border Remittances, Supply Chain Finance, Global Markets, Foreign Exchange and Derivatives, Cash Management Services, Depository and Capital Markets, Payments, and Bullion Operations. CGMO services all clients in the Corporate and Retail segments for these products.

The primary focus of a majority of initiatives during the year was on improving Client Experience, improving Operational Efficiency and proactively managing Risk.

Centralisation of transaction processing with superior client service at branches has been a strategy in CGMO.

Processing of LC Advising (Trade Operations) and submission of regulatory reports were centralised during the year. The number of centers involved in processing of Trade transactions was further reduced to 4 centers. This has enabled greater economies of scale, standardised delivery and also improved processing controls.

In addition to the focus on centralisation of processing, the number of branches providing direct support for CGMO-related products was increased from 60 to 120 branches during the year. Clients at all other branches are supported through these specialised branches or centrally as per existing operating models.

Client Experience is an important focus area for the Bank and as part of this initiative, key processes, i.e., Corporate Current Account opening and Complaint Management for Corporates were re-engineered. Further, a structured review of all transaction-related correspondence sent to client was completed. Service Quality Audits were also strengthened during the year.

A corporate client servicing journey as a part of the Client Experience Initiative is also currently underway. This along with the twin initiatives of increased centralised transaction processing and increased footprint to provide client servicing at branches is expected to improve turnaround times further and provide the clients with a world-class banking experience keeping in mind the principles of Seamless, Easy, Fast and Transparent delivery.

The resilience of the operating model was tested through over 40 planned Business Continuity (BCP) Tests conducted during the year to ensure stability and Business Continuity during any unforeseen challenges.

A state-of-the-art processing system for Currency Derivatives transactions, an online channel for Trade Transactions (including for Supply Chain Finance), an online channel for SME financing (TReDS) and a new Risk Exposure Management System (REMS) were implemented during the year. These implementations have helped improve operational efficiency and provide clients with a better experience (including facilitating digitisation initiatives). With similar objectives in mind, the Bank also upgraded important systems like the Ledger Reconciliation System (Intellimatch), the system used for processing Bankers to the issue offers (eASBA), and the Treasury Processing System (Calypso). These upgradation measures will also enable handling of increased volumes, support enhanced risk management and help deliver world-class products and services to clients.

The Trade Processing System implemented during April 2017 has already delivered significant benefits in terms of standardised processing, increased transactions per employee and improved capability of digital delivery to clients.

Implementation of Robotic Process Automation (RPA) has been initiated in a few Customer Service processes. RPA is expected to provide better efficiency compared to traditional automation and will be rolled out in other areas.

Proactive Operational Risk Management has been one of the major focus areas for CGMO. The Analytics, Information and Monitoring Team, within the CGMO Operational Risk Team, continues to deliver critical information and metrics used for identifying potential risk events. With a specific focus on reducing risk at branches and processing teams, over 100 Risk Reviews were completed in 2017-18 towards improving risk profile by identification and mitigation of operational risks.

A specific review on the risks related to the SWIFT system was conducted to ensure that the Bank operates in a well-controlled and monitored environment in relation to SWIFT, and is also in compliance with all recommendations made by regulators.

CGMO continued in its journey towards 'Continuous Improvement' with the objective of delivering client satisfaction and year-on-year efficiency benefits. This programme focuses on increasing 'Client Delight, 'Empowerment of staff' and 'Rewards & Recognition'. As part of this initiative, over 950 process improvement initiatives were implemented by the staff resulting in efficiency improvement, risk reduction on improved client experience, about 15% increase over the previous year.

In the focus on 'People Development', over 21,000 man-hours of training were delivered during the year, aimed at creating a strong knowledge force within the Unit. Trainings delivered covered product features, risk awareness, regulatory requirements, and soft skills like communication, team effectiveness and leadership skills.

Internal Control Systems and their adequacy

Operational Controls

The Bank has laid down the Policy Framework related to "Know Your Customer" (KYC) norms, "Anti Money Laundering Measures" (AML) and Combating of Financing Terrorism (CFT). The policy has been framed on the basis of recommendations of the Financial Action Task Force and the Paper issued on 'Customer Due Diligence for Banks' by the Basel Committee on Banking Supervision.

The Bank has sharpened internal controls and compliance through the following:

- Separate and independent Compliance function has been set up for Bank-wide compliance;
- Separate and independent Vigilance function;
- Expenses Management Software has been deployed at all branches for facilitating cost control;
- Standard Operating Procedures have been defined for processes at branches to ensure consistency of delivery with the expanding branch network;
- Branch Monitoring Unit is entrusted with regular monitoring of branch operations;
- The Process Adherence and Quality function has been operationalised for attaining uniformity in processes followed by branches, to minimise operational risk.

Customer Service

In accordance with RBI's recommendations, a Standing Committee on Customer Service (SCCS) comprising senior Functional Heads of the Bank and a few customers has been constituted.

The Customer Service Committee of the Board reviews the performance of the SCCS.

The Bank has constituted Branch-level Customer Service Committees (CSC) at all branches, comprising employees and customers. CSC meetings are convened every month to examine complaints / suggestions, cases of delay, difficulties faced / reported by customers / members of the Committee. Feedback and suggestions are submitted to SCCS.

SCCS examines and provides regular feedback to the Customer Service Committee of the Board for necessary policy / procedural actions.

The Bank implemented "Talisma", a 'Customer Complaints and Requests Management System'. The key objective of this solution is to have a single system to track requests, complaints and queries at customer level so that the service standards as set out by the Bank are managed and enhanced. The System has been implemented across all branches and the Bank's Contact Centres in Mumbai and Chennai.

Grievance Redressal Mechanism

The Bank follows the Board-approved "Grievance Redressal Policy", which lays down a defined escalation process for all customer complaints received at branches and at Corporate Office, within the overall framework of RBI guidelines.

A Quarterly Report related to complaints received and redressed is placed before the Board of Directors. Based on the recurrence of complaints in specific areas, causative factors are identified and remedial measures are initiated.

A link has been created on the Bank's website for a 'Feedback Form', which gives opportunity to all customers to air their grievances in a simplified way and get their complaints redressed without delay. Further, customers can contact their respective Branch Manager or call the Bank's Contact Center on the toll-free number or send an email to the dedicated email IDs to lodge their grievances.

Details of the Nodal Officer / Regional Managers have been furnished. These details are also displayed at the Bank's branches. Details of the Banking Scheme, 2006, are also displayed at Branches and hosted on the Bank's website.

The Bank maintains a dedicated page for lodging of complaints, and the complaint redressal mechanism on its website www.indusind.com contains information on the escalation process.

Internal Audit

The Bank has a strong Internal Audit function, performing independent and objective evaluation of the adequacy and effectiveness of internal controls on an on-going basis to ensure that units invariably adhere to compliance requirements and internal guidelines.

In congruence with the RBI's Guidelines on Risk-Based Internal Audit (RBIA), the Bank has adopted an Internal Audit Policy, and the Internal Audit function undertakes comprehensive Risk-based Audit of operating units. An Audit Plan is drawn up on the basis of risk-profiling of auditee units, and audit of operating units is undertaken at a frequency synchronised to the risk profile of each unit in line with the guidelines relating to Risk-Based Internal Audit.

The Audit Policy defines the strategy in terms of focus on strategic and emerging business risks. The scope of risk-based Internal audit, besides assessing the adequacy and effectiveness of internal control systems and external compliance, includes evaluation of the risk residing at the auditee units. In order to strengthen the Internal Audit Function and to achieve real-time supervision and control, critical units of the Bank are subjected to Independent Concurrent Audit conducted by reputed external Audit firms.

The Head - Internal Audit reports functionally to the Audit Committee of the Board, ensuring its independence. For administrative purposes, he reports to the Managing Director & CEO.

The Audit Committee of the Board reviews the performance of Internal Audit Department, the effectiveness of controls laid down by the Bank, and compliance with regulatory guidelines so as to be in alignment with the best global practices in corporate governance.

Compliance

The Board and the Management of the Bank are committed to high standards in maintaining a corporate culture of observing what is legally binding, and of embracing the highest standards of integrity and ethical conduct.

The responsibility of ensuring compliance with the laws of land is on all staff members of the Bank. The Board directs and regularly monitors the functioning of the Bank through various Committees.

The Management ensures that the activities undertaken by the Bank are transparent, non-discriminatory and compliant to the applicable rules and regulations by laying down policies and guidelines of the Bank. Implementation of policies is ensured by functionaries who design the products which are compliant with regulations. Further, for streamlining / standardising the day-to-day functioning of the Bank, standard procedures are laid down, in line with regulatory guidelines. Adherence to the laid down policies, guidelines, and procedures is monitored by different units as Compliance, Risk and Audit, which help the Committees of the Board in monitoring the compliance culture and best-in-class customer service.

Vigilance Function

The Vigilance Department has been functional in the Bank since October 2008, and its objective is to enhance the level of managerial and operational efficiency and effectiveness. The aim is to prevent, detect and analyse corruption / wrongdoing / misdemeanours on the part of the employees and follow it up by deterrent / preventive action to ensure highest standards of integrity, governance and ethical practices.

Whistle Blower Policy was adopted by the Bank in 2009 so as to provide a channel to various stakeholders, viz., employees, customers, suppliers, shareholders, etc., to bring to the notice of the Bank any issue involving compromise / violation of ethical norms, legal or regulatory provisions, etc., without any fear of reprisal, retaliation, discrimination or harassment of any kind.

The Bank's Vigilance Manual / Whistle Blower Policy and practices are in synchrony with all statutory and regulatory guidelines on Vigil Mechanism to ensure a compliant, fraud-free and ethical work environment.

IndusInd Bank has been awarded the 'Certificate of Commitment' by the Central Vigilance Commission.

Human Resources

The Bank's HR objectives are derived from the Bank's Planning Cycle 4 (PC4) business objectives. HR agenda continues to be a strategic business partner and a business value enhancer by focusing on talent acquisition, talent development, talent management, retention, employee life cycle operational processes and compliance.

The core focus of HR is to attract and retain quality talent, build desirable functional and behavioural competencies, sustain a culture of high growth, reward and recognise talent, design aspirational career plans and be compliant with regulatory and statutory guidelines.

Improved employee productivity, continual decline in attrition across job levels, stable leadership, and influx of quality talent from market-place indicate that Bank is now a preferred career destination.



Key Highlights

- Employee headcount of the Bank stood at 25,284 employees in FY 2018. There was a marginal reduction from FY 2017, primarily due to increased digitisation and improved business processes. The overall focus was to improve productivity and efficiency. The Bank used diversified hiring channels such as Employee Referral Schemes, Job Portals, Consultants, Campus Hiring, Social Media, Hire-Train-Deploy model, etc. for quality hiring. Social Media (LinkedIn, Facebook) was leveraged for niche and leadership hiring. The Bank's selection process comprised qualitative and quantitative assessments, multi-layered interviews, background verification and reference checks to recruit the right candidates.

- The Bank lays extensive focus on building cutting-edge knowledge, skills and attitude of its employees.

  Learning interventions are based on a structured learning assessment across the business units and support functions of the Bank. During FY 2018, the Bank conducted 10,66,000 learning man-hours for over 3,88,000 participants with an emphasis on Leadership Development, Selling and Negotiation Skills, Innovation & Creativity, Banking Products, Banking Operational Processes, Credit, Risk, Treasury, Compliance and Induction programmes.

  The learning delivery was through a blended learning mode comprising classroom and online learning interventions. The learning effectiveness was ensured through well designed content, delivery by qualified internal and external subject matter experts, refresher courses, online assessments and a feedback mechanism to improve learning efficacy.

- The Bank's performance objectives are derived from its business objectives. The Bank has robust Performance Management Processes comprising Goal-Setting and Annual Performance Review, which helps to assign individual performance objectives through "SMARTs", to assess individual performance based on tangible achievement of performance objectives, and provide performance counseling and developmental feedback.

- The Annual Performance Appraisal for FY 2017 was executed seamlessly with a focus on linking rewards to performance and identifying future leaders for enhancing the Bank's business growth.

  As a critical exercise, the Bank progressed high potential and key talent identification across various Business Units. Talent assessment on desired competencies was undertaken with a view to create a resource pool of potential successors for key supervisory and tactical roles.

- The Bank's strategic intent has been to Attract, Reward and Retain quality talent. The Bank's core Compensation philosophy is to "Pay for Performance" and Role criticality, offer market-aligned performance-based compensation, build long-term employee ownership through ESOPs and be compliant with the compensation guidelines of RBI.

- The Bank has built an enabling work culture, wherein employees are continuously motivated and groomed to actualise their potential. Apart from having deep focus on performance, the Bank also connects and bonds with employees through various employee engagement initiatives. Quarterly Webcasts by the MD & CEO and Virtual Town-halls have helped to communicate the Bank's vision, business direction and performance, and emphasised on core values of compliance, integrity and desirable conduct.

  Annual Reward and Recognition Programmes, Regular Employee-connect by HR and Line Managers are underway across the Bank. Employee recreation programmes such as business off-sites, team get-togethers, outdoor training workshops, marathons, sporting competitions, celebration of festivals are helping to energise and motivate the employees.

- Technology continues to be the driver in improving the operational Employee Lifecycle processes. Some of the key highlights were migration of on-boarding processes to Internet-based system, implementation of bio-metric attendance system, automated exit processes, updating of Aadhaar details by all employees, etc. All the Employee Lifecycle HR processes relating to Attendance, Leave, Payroll, Confirmations, Loans, Mediclaim, Gratuity, Exits, Full and Final Settlement were managed accurately and within the stipulated TATs.

- The Bank focuses on "Discipline and Compliance" as its core values. Every employee has to adhere to the Bank's Code of Conduct and follow the Bank's business processes. Compliance is included in the SMARTs of employees and the Bank also continuously creates awareness on compliance aspects to the employees. The Bank also ensures adherence to all the HR-related regulatory and statutory laws.

Employees Stock Option Scheme

The Bank had instituted the Employee Stock Option Scheme (ESOS - 2007) to enable its employees, including Whole-time Directors, to participate in the future growth of the Bank. Under the Scheme, Options can be granted, which upon exercise could give rise to the issuance of shares, up to 7% of the issued Equity Capital of the Bank from time to time. The eligibility and number of Options to be granted to an employee is determined on the basis of criteria laid down in the Scheme and is approved by the Compensation Committee of the Board of Directors.

An aggregate of 4,16,33,300 Options, comprising 6.94% of the Bank's Equity Capital, have been granted under the Scheme. Statutory disclosures as required by SEBI (Share Based Employee Benefits) Regulations, 2014 are given at Annexure III, and form an integral part of this Report.

The Annual Certificate on compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 issued by Statutory Auditors of the Bank shall be placed before Members in the ensuing AGM.

The Employees Stock Option Plan is administered by the Compensation Committee of the Board.

Shareholders' Satisfaction



Contact details of shareholders such as e-mail IDs, cell phone numbers and telephone numbers are obtained, so as to communicate to them about developments in the Bank. This direct communication is in addition to the regular dissemination of information through usual channels such as the Stock Exchanges, Press, Bank's website, RTA's website, etc.

Shareholders of the erstwhile IndusInd Enterprises & Finance Limited (IEFL) who did not respond to earlier communications were contacted individually through Bank's branches, with requests to exchange Share Certificates of IEFL for Certificates of the Bank.

Shareholders shall continue to receive best-in-class shareholder services and be promptly informed of the developments in the Bank.

The Bank has been at the forefront in "Green Initiatives", and through this process aspires to graduate to paperless compliances. Shareholders have been requested to furnish their e-mail IDs at Investor@indusind.com or inform telephonically on 022-66412487 to help accelerate the Bank's migration to paperless communication.

With the implementation of the Companies Act, 2013, companies can send Annual Reports and other communications through electronic mode to those shareholders who have registered their email addresses with the Company or made available by the Depository.

The full text of the Report shall also be made available in an easily navigable format on the Bank's website www.indusind.com under the link 'Investors Reports and Presentation / Annual Reports'.

Shareholders are also informed about the easy process for claiming the dividend amounts lying unclaimed with the Bank.

As regards transmission of securities, in case of securities held in physical mode (in single name, without Nomination), SEBI have prescribed a threshold limit of ₹2,00,000 (Rupees Two lakhs only), i.e., market value of securities per folio, as on date of the application for transmission, for following simplified documentation. SEBI have, however, empowered Issuer Companies to enhance the value of such securities, at their discretion.

Considering the difficulties faced by the legal heirs in obtaining of Succession Certificate / Probate / Letters of Administration, the Board of Directors of the Bank have, for operational convenience, delegated the authority to the Share Transfer Committee for approving the transmission of securities held in physical mode, in case of market value of securities of up to ₹10,00,000 (Rupees Ten lakhs only) subject to simplified documentation procedure prescribed by SEBI.

Members are requested to note that pursuant to provisions of Section 124 of the Companies Act, 2013, the amounts of Dividend remaining Unpaid or Unclaimed for a period of Seven years from the date of their transfer to the Bank's Unpaid Dividend Accounts are required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Further, the Ministry of Corporate Affairs has made effective the provisions of Section 124(6) of the Companies Act, 2013 which requires all shares in respect of which Dividend has not been paid or claimed for seven consecutive years or more to be transferred to IEPF Authority.

The Bank has sent Intimation Letters to Members on December 5, 2016 and on November 8, 2017 in respect of the shares on which Dividend for FY 2009-10 had remained Unpaid or Unclaimed for seven consecutive years or more, requesting them to claim such dividend so as to avoid the corresponding shares from being transferred to the IEPF Authority.

Advertisements to this effect were also published in leading English and vernacular newspapers on December 6, 2016 and on November 9, 2017, respectively.

Shares in respect of which Dividends had remained unclaimed since FY 2009-10 for seven consecutive years were transferred to IEPF Authority on November 30, 2017.

Similarly, Intimation Letters have been sent on April 17, 2018 to shareholders who have not claimed their dividends since FY 2010-11 for seven consecutive years or more. An Advertisement was also published in Financial Express (all editions) and Loksatta (Pune region) on April 18, 2018 requesting the shareholders to claim the dividends from the Bank by August 18, 2018, failing which, their shares would be transferred to the IEPF Authority within 30 days from the 'Due Date', i.e., August 19, 2018.

The detailed procedure for claiming the Shares / Dividend amount which have been transferred to IEPF Authority is available on the website of the Bank at: www.indusind.com and can also be accessed at http://www.iepf.gov.in /IEPFA/refund.html.

Members are requested to contact Link Intime India Private Limited (Contact Details and Office Address given elsewhere in this Notice) / Bank's Secretarial and Investor Services Team for claiming Unclaimed Dividends standing in their name.

The information pertaining to Unpaid or Unclaimed Dividends, and the details of such Members and the Shares due for transfer to the IEPF Authority are also available on the Bank's website at www.indusind.com.



Information Technology

Technology Trends – Banking Industry

The Bank pursues an integrated Digital Strategy to extract significant value through:

- Agility & Innovation as Service Differentiator
- Evolution to Online and Digital Channels
- Partnering with Digital Ecosystems
- Improved Decision Making & Analytics
- Transformation to Digital Offerings

Some key transformations are:

Digital Applications and Portals – The Bank launched multiple customer acquisition and transaction fulfilment online applications and portals and enhanced the existing ones. These include - Easy Credit Portal to offer pre-approved Personal Loans and Credit Cards, Indus Forex, Tab Banking, co-branded Wallets, etc.

Artificial Intelligence (AI) and Machine Language (ML) – The Bank is also evaluating AI and ML for its applicability in getting insights from the vast data residing in several systems.

Application Program Interface (API) Management – The Bank has set up API Management for quickly on-boarding partners and easily integrating with Bank's Systems without compromising on security.

Cloud Adoption – The Bank has started aggressively using the Cloud infrastructure. Applications are being migrated from on-premise to Cloud, after doing cost-benefit analysis and adhering to security controls and measures.

Blockchain – The Bank is looking at leveraging Blockchain technologies to provide enhanced experience to clients starting with payments to deliver value to remitters, recipients, and institutional partners around the world.

Customer Oriented – New Initiatives

Easy Credit Portal

The Bank launched pre-approved Personal Loan and pre-approved Credit Cards via https://easycredit.indusind.com/ for customers with Nil documentation, and delivery in 2 days. This is a digital offering with no manual intervention.

Easy Loan with Bundles Insurance

Addition of Bundles Insurance facility in the Easy Loan Portal enables the customer to book a combo Insurance Plan – Personal Accident and Loan protection along with his Pre-Approved Personal Loan in a single click. The facility will be available in self-service as well as in assisted mode.

Indus Forex

This Forex Online Portal is an online one-stop shop selling forex products such as Forex Card, Currency and funds transfer abroad with round-the-clock availability. Customers are also offered the facility of booking a forex rate online subject to terms and conditions. Some of the key features are:

- Aadhaar-based / PAN-based verification
- Complete online process with no paper work
- Facility of multi payment options viz. Debit Card, Credit Card, Net Banking
- Communication through mails and SMS at every stage
- Offers multiple delivery modes - doorstep, branch, courier, etc.
- OTP-based verification details.

Tab 2.0

Tab Banking platform is a loaded solution with co-origination and cross-sell as a core. It includes:

- One-stop shop - for sourcing of products like CASA, PL, CC through Tab
- Bundled Offering – FD / RD / Lockers / Other offers

- Next-Best Offer - Increases stickiness by pitching next-best product (recommendation made through Unica)
- LMS - Capture and sync leads with LMS for Health Insurance / Life Insurance / General Insurance / Gold Loan, etc.
- Online document capture
- EKYC (using Aadhaar - biometric and OTP)
- E-Signing
- CIBIL verification (for Personal Loans / Credit Cards)
- Online PAN check with NSDL
- STP account opening and Insta Card and Personal Loan

API Economy

API Economy has matured and there is significant uptake of the platform. The top APIs leveraged by our partners are:

- Remittances
- Domestic Payments
- BC Partners
- Lead Generation
- Co-branded Wallet
- FD Sourcing

Ripple Platform for remittances

Ripple platform can be used to make international remittances (Both outward and inward).

Ripple would use Blockchain to transfer money but requires banks to become partners. Ripple has a suite of software components built around the Inter-Ledger Protocol (ILP), an open, neutral protocol that enables the interoperation of different ledgers and payment networks and brings together the three aspects of modern payment solutions.

In keeping with requirements of clients involved in the implementation of complex pan-India projects, the IT team has established sophisticated Online Dashboards which have enabled the clients to effectively manage finances pertaining to the projects. The Dashboard effectively provides all required information on an online, real-time basis at a central level, while allowing relevant information access at respective lower levels on the project hierarchy. This Dashboard has been extremely well received, implemented successfully and is being used extensively as it provides a Single Window for viewing the consolidated status of the project accounts.

Customer Oriented - Enhancements

Indus Mobile – Beyond Banking (Wallet of Wallets)

The Bank has gone live with a new version of Indus Mobile, thus embarking on a journey to take Indus Mobile 'Beyond Banking'.

Indus Mobile now has following brands live on the Bank's platform: Ola, Uber, Swiggy, Freshmenu, and Nearbuy, Little, etc., through a new section called 'All-in-One Store'. This provides a one-stop solution for all the recurring lifestyle needs of customers, to provide 'customer delight through convenience'.

Being a new feature, the initiative warrants significant user communication and education to promote adoption. In order to make the communication stronger, the Bank has taken consent from all partners for use of their logos in the Bank's communications and has also structured offers that reward customers with cashbacks of more than ₹200 for first-time use of various sections on offer.

The unique value that the customers will derive from the initiative is an option of direct debit to their Bank Accounts / Credit Card / Preferred Wallets in the transaction journey itself, thus creating high customer convenience and security.

Security, Risk & Internal Efficiency Initiatives

Advanced Threat Protection

Projects are underway to strengthen security controls with next-generation solutions to defend against advanced malwares, zero-day attacks and persistent threats like ransom-ware.

iMegh – IndusInd On-Premise Private Cloud

The Bank implemented VMWare's Software-defined Data Center Suite of applications with the aim to empower the IT applications Team and Business Units with a self-service mechanism to provision infrastructure from compute, storage, Networks, ELB and Security, which otherwise was a time-consuming manual process.

Server infrastructure is already 85% Virtualised. Storage Virtualisation is being done using SAN Volume Controller, where multiple OEM storages have been virtualised. The Data Center LAN has been virtualised using the VMware Vrealise Automation Cloud Suite and NSX, separating the East-West Traffic on the

Software-defined Networks and North-South Traffic moving towards Internet and Branch WAN.

The above technologies will help meet business demand, with more agility. Some of the salient features are:

- VM provisioning has been reduced to 1 day from 5 days.
- Standardisation has been achieved across various environments like OS, DB, Application Naming, Security, etc.
- Micro-Segmentation and compliance with respect to PCI DSS Standard.
- Adherence to Change Management processes.
- TATs are achieved with minimum errors.
- Optimal use of compute and storage resources for hardware savings.

Currency Chest Module in Finacle

Currency Chest Module was developed in-house in Finacle. The pilot has been made live for Chennai Currency Chest. It automates functionalities like Currency Maintenance and Movement, Branch Deposits, Vault Withdrawal, RBI Deposit and Withdrawal, Sorting, and Reports.

Trade Pro Phase II

Trade Pro Phase - II went live on April 10, 2017. Outstanding data from all the modules of CTFS have been migrated to the Trade Pro System, which has interface with Bank's major systems like Finacle, SWIFT, SFMS, RTGS / NEFT, Calypso, etc.

Trade Pro Phase II has following modules:

- Inward / Outward Remittances
- Exports and Imports Bills and Finance
- Import / Export LCs
- Internal Conversions
- Pre-Shipment Credits
- RBI and Outstanding Reports

CDS Back-Office

The Bank has implemented Currency Derivatives System (Back Office), replacing the CDS Back Office Application NEST – Idealx. The Bank has opted for Currency Segment of NSE and BSE. It has a Back Office module to maintain and process post-trade information of all clients, a Central Client Master Module to maintain KYC details of all clients, and the facility of digital signing of Reports.

Migration of Corporate website on Cloud

The Bank's Corporate Website has been migrated on to the Amazon Cloud. This will help manage higher concurrency via auto-scaling of the Servers.

AWARDS



IDRBT Banking Technology Excellence Awards 2017

Best Bank Award for High Performance IT Ecosystem

IndusInd Bank was awarded in recognition of achievements in the area of virtualisation, private and public Cloud, based on demand architecture.

Best Bank Award for Cyber Defense

IndusInd Bank was awarded in recognition of the performance in mitigating cyber threats and for the Cyber Defense Architecture.

BFSI Digital Innovation Awards by Express Computer



Winner under Category - Analytics

IndusInd Bank was awarded winner in the Category 'Analytics', for innovating and leveraging the Fraud Management platform for improving effectiveness of marketing campaigns. The detection capabilities that are used for preventing fraud such as location and client behaviour are leveraged for identifying cross-selling opportunities.

IBA Banking Technology Awards 2018

Winner under Category – Best IT Risk and Cyber Security Initiatives

IndusInd Bank was awarded Winner in the Category 'Best IT Risk and Cyber Security Initiatives', for proactively identifying and adequately addressing these risks by leveraging cyber security solutions.

Winner under Category – Best Payment Initiatives

IndusInd Bank was awarded winner in the Category 'Best Payment Initiatives', for being at the forefront and following an innovation-led strategy both for Consumer and for Corporate payments.

Runner-up under Category – Best Financial Inclusions Initiatives

IndusInd Bank was awarded Runner-Up in the Category 'Best Financial Inclusions Initiatives', for developing and pioneering a collaborative approach to reach out to the financially excluded segment of population.

Runner-up under Category – Best Technology Bank

IndusInd Bank was awarded Runner-Up in the Category 'Best Technology Bank', the Bank was recognised for executing an array of innovative technology initiatives focused on customer experience and accessibility.





IT Excellence Awards by VMWare

Award - Innovative Company

The IT Excellence Awards 2017 is a unique Award hosted and presented by VMware. It recognises excellence in IT innovation, based on the business value that IT Departments bring to the organisation.

The Award felicitated the Bank for innovation, thought leadership and excellence in adoption of IT to achieve strategic goals and objectives. This award is based on the Bank's implementation of Software-Defined Data Center Solution from VMware, thereby providing agility, elasticity and reduced turnaround time for compute and storage provisioning.

Infosys Finacle Client Innovation Awards 2017



Award for API-based Innovation

The Bank's Tab Banking Solution was conferred the Award in this category for the innovation in opening accounts digitally in real-time, completing customers' KYC electronically using Aadhaar authentication, and funding the account instantly through various modes including UPI.

Award for Development of Innovative Custom Component

Customised service was developed in-house for NEFT Bulk Processing for significantly enhancing the processing of Transactions Per Second (TPS).

Forrester Indian Mobile Banking Benchmark for the year 2017

Forrester, one of the most influential Research and Advisory Firms in the world, has published a Report on 'Indian Mobile Banking Benchmark'2017. All major Private and Public Sector banks had participated in the research, and Forrester used their Mobile Banking Benchmarking Methodology for relative grading of the Banks.

IndusInd Bank has been ranked 3rd Best amongst the participating banks in the Forrester Research Report. The Bank's App was rated better than several veteran Mobile Banking Apps.

IndusInd Bank was recognised for providing Log-In Access via Biometric Authentication for its money management and money movement features on the Mobile App. The other features that were appreciated were standardisation of Names and Icons used across channels, showing Account Balance from Pre-Login section, Educational videos, Card-less Cash Withdrawal, etc.

Some of the areas of improvement suggested were usability and creating of acquisition engine on the Mobile App. Work has commenced on building the acquisition engine.

Express Computer - Intelligent Enterprise Awards 2017

IndusInd Bank was awarded under the Storage Category for the implementation of Software-Defined Networks along with Private Cloud and Automation. This implementation empowers the IT Applications Team with self-service mechanism to provision the infrastructure from compute, storage, Networks, ELB and Security, which was a time-consuming manual process.

Legal

The Important legislative / regulatory change during the year relating to the banking industry was the Banking Regulation (Amendment) Act 2017, which came into force with effect from May 4, 2017.

The Amendment has empowered the Central Government to authorise Reserve Bank of India to issue directives to Banking Companies for initiating Insolvency Resolution process in respect of any defaulter, in line with provisions of the Insolvency and Bankruptcy Code, 2016.

Information on important legal proceedings faced by the Bank

There are certain legal proceedings during the course of banking business carried on by the Bank which are not unusual for a bank of comparable size. The Bank is otherwise not involved in any legal proceedings and is not aware of any threatened legal proceedings, which if determined adversely, could result in a material adverse effect on the business.



Corporate Social Responsibility

In line with its CSR focus areas, the Bank has committed to various long-term community development projects that have a large positive impact.

In compliance with Section 135 of the Companies Act, 2013 and CSR Rules 2014, the Bank has set up a Board-level CSR Committee to look after the CSR initiatives of the Bank.

The Bank's CSR Policy and strategy direct and govern the Bank's activities in focus areas, namely, Environmental Sustainability, Rural Development and Inclusiveness, Preventive Healthcare, and other areas of special interest that include Education, Sports and Heritage.

In FY 2017-18, in line with the agenda on digitisation, the Bank pledged support to the PM's initiative of digitising Rural India by reaching out to 2 lakh candidates across 275 districts in 11 Indian states of Haryana, Punjab, Rajasthan, Madhya Pradesh, Maharashtra, Gujarat Jharkhand, Chhattisgarh, West Bengal, Odisha and Uttar Pradesh.

The Bank has also initiated a flagship solid waste segregation and management programme in partnership with the Government of Uttarakhand. Adding on to the two on-going flagship sports projects namely the Para-Champions and the Blind Cricket Programme, the Bank introduced the IndusInd Girl Power Programme in FY 2017-18, that supports woman athletes across Judo, Boxing and Wrestling to represent India in reputed sports tournaments. During the year under review, the Bank has also introduced a unique project involving the rehabilitation and skill development of women rescued from trafficking in Bihar.

The Bank also recognises and addresses global environmental issues like climate change and global warming and measures its carbon footprint. The Bank currently features in the 'A' List of the CDP, a platform that is widely referred by global investors. The Bank is also a frontrunner, investing in on-site solar energy solutions and LEED-certified Green buildings.

Integrated Report

The Bank recognises the need of an investor to seek both financial as well as non-financial information to take a well-informed investment decision. The Integrated Report aims to concisely communicate about how the Bank's Strategy, Governance, Performance and Prospects create value over time.

All organisations depend on various forms of capital for their success. The Bank believes that it is important that all such forms of Capital be disclosed to stakeholders to enable informed investment decision-making.

The forms of Capital are categorised as follows: Financial Capital, Manufactured Capital, Intellectual Capital, Human Capital, Social and Relationship Capital, and Natural Capital.

Integrated Report has been prepared on voluntary basis in adherence to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/10 dated February 6, 2017.

As a green initiative, the Bank has hosted the 'Integrated Report' on its website at
http://www.indusind.com/content/csr-home.html



Marketing & Communications

There is a digital revolution reshaping the way brands connect, engage and communicate with their consumers. Customers expect brands to be available when and where they are, hence, understanding their needs and striking a conversation have become the prime objective of any brand.

At IndusInd Bank, we always aim to put customers first and to cater to their dynamic needs, reconfiguration of the Bank's communication has been of paramount importance.

The year 2017-18 has seen the Bank's Marketing and Communication strategies undergo a gradual change and there has been a shift towards using digital and social platforms to understand the stakeholders' interest and engage with them in their world. This 'Engagement Strategy' has become the new brand ethos. This year, the Brand has been all ears to the happenings on social platforms and has responded to its stakeholders by delivering interesting and engaging content in a story format on various exciting themes beyond banking namely environment, adventure, and sports.

This has helped the Brand to forge an emotional connect with its stakeholders. Apart from registering stable results, the Bank also established and firmed its leadership as a socially-responsible organisation that backs those who deserve support. The IndusInd Brand stands tall and its role in driving cause-related marketing has given a different dimension to its stature. It has generated passion, enhanced visibility through engagement, and has built a strong brand reputation. Placed below a myriad range of fascinating initiatives, which have dotted past year's Beyond Banking branding arena, with digital marketing taking a lead.



Digital Innovation at the heart of what we do

With insight-driven campaigns, the Bank was able to target the right audience at the right time through various digital tools. Digital marketing became the core of the brand's marketing strategy of the year.

The Bank intensified its online banking efforts and continued to innovate and launch a range of convenient and secure services. Digital and social platforms were used extensively to promote new services and create awareness to the millennials through exciting narratives and campaigns after comprehending the consumer behavior and analytics.

An interesting term was conceptualised – 'Phygital Marketing', which was a mix of physical (traditional) and digital worlds to create a 'Phygital' ecosystem to undertake various marketing initiatives for its customers. Activities like Aadhaar seeding, GST registration, investor meets at zones and branch level engagement activities helped create a positive impact on the Bank's image.

Apart from the adoption of Phygital Marketing for product / service promotion, the zones used it extensively to promote social causes as well. East Zone used it for 'Gift a Smile' campaign, which invited the Bank' clients as well as non-clients to walk in to select IndusInd Bank East branches and donate clothes, toys and books to the underprivileged people. Through a mix of Facebook posts, online promotions, flyers, banners and other promotional channels, the campaign was publicised and thus received tremendous support from all quarters.

Likewise, the West Zone associated with unique art exhibitions at select branches in Mumbai where in the

branch was transformed into an art gallery with the display of paintings and prints by Mumbai-based artist Chitra Vaidya. The exhibition's highlight was the fact that the sale of each painting or print made a contribution to 'Khula Aasmaan', a free platform for creative expression by children and young adults. Both digital and traditional platforms were used to promote this cause and this generated a lot of interest from niche clientele.

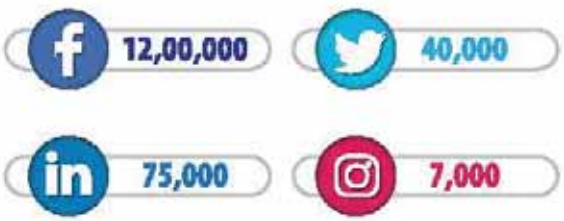
Another important addition to the Bank's suite of digital offerings this year was the platform www.indusforex.com, a portal to sell foreign exchange, send money abroad and buy Forex Cards online. It has gained further traction with customers as the portal was simplified from a customer experience perspective. A mass campaign across digital and print was initiated to revive the portal.

It was an action-packed year for the IndusMobile App, the Bank's Mobile banking platform. The App not only hit the 1 million registered user milestone but also saw the integration of the 'All-In-One Store', powered by Tapzo. This integration enabled the Bank's customers to book cabs or flights, order food, pay bills, along with loads of offers and discounts, with the facility to either pay through wallets such as MobiKwik or Ola Money, making IndusMobile App a convenient one-stop destination. The Bank created a feature-packed microsite which engaged with the stakeholders, raked in a lot of reviews of the app, maintained the surprise element by pushing interesting / engaging posts on the social platforms to enhance customers' involvement along with an exhaustive campaign with targeted emailers to its audience.

The Bank launched a pilot with WhatsApp enterprise solution in India to communicate with its customers, thus becoming the first Bank to participate in the WhatsApp pilot. With this rollout, customers can access basic banking services such as checking balance, mini statement, as well as updating of Aadhaar Number through WhatsApp. This is part of the Bank's 'On-the-Go' social banking service initiative.



Millennials, who make up an integral part of the financial spectrum, are an asset to the Bank. To cater to their unique needs, the Bank tapped into the power of social media which is the pulse of the new generation banking. The Bank has been very active on Facebook, Twitter and LinkedIn throughout the year with more than 12 lakh followers on Facebook, 40,000 on Twitter and 75,000 on LinkedIn. The Bank is also active on Instagram to communicate with young and affluent users and has 7,000 followers.



Giving the Logo a Musical Identity

MOGO™



It was indeed a memorable year for the Brand as the Bank unveiled its musical identity aka the musical logo - MOGO™. The sonic identity evokes countless emotions, ranging from awe and surprise to wonder and courage which personifies the Brand attributes. The four-note musical identity, which represents the Bank's core theme of 'Innovation' and the desire to put the customers first, has served as the sonic palette to the brand, defining the brand's zone of sound.

It has added a powerful dimension to the visual identity and it works subliminally so that, over time, it becomes a part of the brand's cultural impact. The Bank uses multiple 'earpoints' to address its wide and varied stakeholders.

Making an Impact with Innovations

During the year, in order to give customers a brand-new reward and redemption experience, the Bank rebranded www.themorestore.in to www.indusmoments.com. Packed with a gamut of exciting deals, offers and lifestyle brands, the portal offers the customers tailor-made delightful moments.

Alliances & Tie-ups

Through strategic alliances and tie-ups, the Bank not only offers customers more value but also engages with them at the highest level. This year, the Bank entered into various tactical alliances to bring engaging value-adds to its Debit and Credit Card customers. The Bank partnered with SpiceJet, MakeMyTrip, Yatra.com to bring attractive travel offers for its customers. Other significant alliances that provided a wide array of offerings were with Ola, Tax2Win, Airbnb, VFS, Kalyan Jewellers and Amazon, among many others.

The Bank launched a new co-branded card 'Metro Plus Debit Card' in association with The Delhi Metro Rail Corporation (DMRC) for the benefit of Delhi Metro commuters. Though this product was specific to a particular geography, it got rave reviews from all quarters.

Employee Engagements & Activities

Internal stakeholders form an integral part of the Bank's success. It is well said that they form the backbone of any organisation. They are considered as live Brand ambassadors of the organisation. At IndusInd Bank, employee activities go beyond the realm of banking to extend to innumerable initiatives that explore and nurture their talent, passion and team spirit.

Apart from arranging quarterly webcasts, engaging campaigns / contests and regular mailers on various developments to keep the employees involved in the daily course of activities, the Bank also encouraged IndusIndians to go on sporting adventures. The Royal Enfield Himalayan Odyssey 2017 saw six IndusIndians go on an adrenaline-pumped journey to the Himalayas for a fortnight. They conquered Khardung-La, the highest motorable road in the world and unfurled the 'IndusInd For Sports' flag. The activity was amplified with their day-wise journey reviews, uploading of videos, participant profiles, blogs, photographs – all of which gave them a lot of encouragement and thrill to carry on with their expedition.

Further, it motivated other employees to participate in such adventures. This year, the Bank witnessed remarkable participation of employees in marathons held at different locations. About 3,000 employees participated in marathons. Series of communication mailers, branded apparels and collaterals became a part of the marathon in each location.

Sporting Glories Galore



The path-breaking 'TheOtherMenInBlue' and 'JeetKaHalla' campaigns, under the IndusInd Bank programmes namely the World Champions Programme - Cricket for the Blind and The Para Champions Programme respectively, were revisited during the year which reinforced the Bank's commitment to sports.



The Bank, through a intense digital and social media campaign, amplified the cause and brought in cheer from the audience and celebrities. Regular interesting posts and videos formed the base of the digital campaigns.

Taking the Sports Vertical to the next level, the Bank, in association with JSW Foundation, supported 60 female athletes under the Girl Power Programme. The Bank launched 'WinLikeAGirl', an aggressive social-media

campaign, to enlist support for the female athletes who brought in accolades to the country in the recently concluded Commonwealth Games 2018. The campaign was promoted on all social platform such as Facebook, Twitter and Instagram for three weeks. For internal stakeholders, regular mailers were sent to keep them abreast with the developments.

Activities to Reinforce Brand Image

Several other communication initiatives were also undertaken by the Bank, like sponsorships / donations / events with reputed associations / trusts, which garnered higher visibility and reinforced the brand image. Regular client engagement activities, Debit and Credit Card promotions, regional level promotions, branch promotions were some of the activities which lent further force to branding. Periodic con-calls, one-on-one investor meetings, town-halls, roadshows and annual analysts' meets have all created a positive impact on the Bank's image.

Branch Network and Infrastructure

With a total network of 1,400 branches and 2,203 ATMs, the Bank has presence in all 29 States and 5 out of the 7 Union Territories. In addition, the Bank also has Representative Offices in London, Dubai and Abu Dhabi.

Apart from expanding its pan-India Branch network, the Bank also refurbished / re-modeled 9 Branches and 3 Offices, set up 8 new Administrative Offices, and relocated 4 branches and 4 Offices towards better business prospects.

A total of 534 new seats were added across India to cater to growth in Back-Office / Controlling Office requirements, distinct from branch network capacity additions.

The Bank has 5 Currency Chests, one each in Mumbai, Delhi, Chennai, Kolkata and Bengaluru.



The Bank has presence in all **29 States** and

5 out of the 7 Union Territories.

In addition, the Bank also has Representative Offices in

London, Dubai & Abu Dhabi.

CORPORATE GOVERNANCE

(The Report on Corporate Governance forms part of the Directors' Report for the Financial Year ended March 31, 2018)

Bank's Philosophy on Corporate Governance

The Bank believes that Corporate Governance is a reflection of its value system, encompassing its culture, its policies, and its relationships with the stakeholders. Responsible and ethical corporate conduct is integral to the way the Bank does its business.

The Bank also believes that consistent implementation of good Corporate Governance practices contributes towards developing and sustaining the best operating systems and procedures.

Integrity, transparency and accountability are the basic tenets of Corporate Governance. The Bank acknowledges the need to uphold the integrity of every transaction it enters into, and believes that honesty in its internal conduct would be judged by its external behaviour.

The Bank is committed to operate on commercial principles ensuring, at the same time, the need to remain accountable, transparent and responsive to its stakeholders and regulators.

The Bank's Corporate Governance architecture has been strengthened through various Policies and Codes adopted by the Bank.

The Bank's Board consists of eminent individuals having, on an average, industry experience of more than 30 years, and plays a crucial role in overseeing how the Management serves the short-term and long-term interests of various stakeholders and creates lasting value for its stakeholders, including its customers.

This belief is reflected in the Bank's governance practices, under which it strives to maintain an effective, informed and independent Board.

Certificate on compliance with the conditions of Corporate Governance

Pursuant to Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Certificate from M/s Bhandari & Associates, Practising Company Secretaries, on compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations is annexed to the Directors' Report.

Certification by the Chief Financial Officer and the Managing Director & CEO

Pursuant to Regulation 17(8) of the Listing Regulations, Certification by the Managing Director & CEO and the Chief Financial Officer of the Bank on the Financial Statements and Internal Controls relating to financial reporting for the year ended March 31, 2018 has been obtained and placed before the Board.

Code of Ethics and Conduct for Directors and Senior Management

In compliance with Regulation 26(3) of the Listing Regulations and the Companies Act, 2013, the Bank has formulated a 'Code of Ethics and Conduct for Directors and Senior Management'. (The term 'Senior Management' means personnel of the Bank who are members of its Core Management Team, one level below the Board of Directors. This comprises Members of Management who are of the level of Business Unit Heads).

The Bank has received confirmations from all its Directors and Senior Management Personnel regarding compliance with the Code for the year ended March 31, 2018. A declaration by the Managing Director & CEO to this effect on behalf of all Board Members and Senior Management for the year ended March 31, 2018 is enclosed as an Annexure to this Report.

The Code of Ethics and Conduct for Directors and Senior Management of the Bank has been hosted on the Bank's website (www.indusind.com).

MISSION

"We will consistently add value to all our stakeholders and emerge as India's most convenient Bank with Best-in-Banking financial parameters together with the doubling of our loan book, clients and profits within the next three years."

VISION

"IndusInd Bank will be:

- A relevant business and banking partner to its clients.
- Customer Responsive, striving at all times to collaborate with clients in providing solutions for their banking needs.
- A forerunner in the marketplace in terms of profitability, productivity and efficiency.
- Engaged with all our stakeholders and will deliver sustainable and compliant returns."

QUALITY POLICY

"IndusInd Bank is committed to meet and strive to exceed customer requirements through timely, error-free and responsive service. We shall continually improve the effectiveness of our work processes through training, customer feedback, innovation and digitization."

Board of Directors

The Bank's Board is broad-based and consists of eminent individuals from industry, having knowledge or practical experience in respect of one or more fields, viz., Accountancy, Banking, Finance, Information Technology, Economics, Agriculture, Business Development and Management, etc. The Board is constituted in compliance with the Banking Regulation Act, 1949, Companies Act, 2013, Listing Regulations, and in line with the Board Diversity Policy adopted by the Bank.

The Board is entrusted with formulation of policies, implementation of Regulatory guidelines, setting up of directions, planning of strategies, evaluation of performance of the Bank, etc. and has been vested with requisite powers. Committees of Board-level and of Executive-level exercise oversight over the business segments assigned to them.

i. Board Composition

The composition of the Bank's Board is in compliance with the requirements of the Banking Regulation Act, 1949, Companies Act, 2013 and Regulation 17 of the Listing Regulations and all other applicable laws.

The Board consists of eight Directors, comprising Non-Executive Chairman, five Independent Directors, one Non-Executive Non-Independent Director, and the Managing Director & CEO. The composition of the Board represents an optimal mix of professionalism, knowledge and experience.

During the year under review:

Mr. R. Seshasayee (DIN: 00047985): Reserve Bank of India, vide their letter dated July 3, 2017 conveyed their approval for re-appointment of Mr. Seshasayee as 'Non-Executive Part-time Chairman' for a period of two years, until July 24, 2019.

Mr. Yashodhan M. Kale (DIN: 00013782): Mr. Kale completed his tenure in the Board on November 3, 2017. Reserve Bank of India have, vide their letter dated December 20, 2017, conveyed approval for continuance of Mr. Yashodhan M. Kale in the Board upto April 15, 2019.

The Board of Directors had, in their meeting held on January 11, 2018, accordingly approved the appointment of Mr. Yashodhan M. Kale as 'Additional Director' in the category of 'Non-Executive Non-Independent Director' in the Bank.

Approval of the shareholders is being requested for the appointment of Mr. Yashodhan M. Kale as Director in the Board of the Bank.

Mr. Romesh Sobti (DIN: 00031034): Reserve Bank of India have, vide their letter dated January 16, 2018, conveyed approval for the re-appointment of Mr. Romesh Sobti as 'Managing Director & CEO' from February 1, 2018 until March 23, 2020.

Mr. Vijay Vaid (DIN: 00219709): Mr. Vijay Vaid, who had been 'Non-Executive Independent Director' in the Board since October 18, 2011 completed his tenure in the Board on February 3, 2018.

The Directors wish to place on record their appreciation for the valuable contributions made by Mr. Vijay Vaid towards the deliberations in Board Meetings during his tenure as Director of the Bank.

None of the Directors of the Bank are related to each other.

Professional information in respect of each of the Directors is furnished below:

Name of Director	DIN	Nature of Directorship	Special Knowledge / Practical Experience	Occupation
Mr. R. Seshasayee	00047985	Non-Executive Part-time Chairman	Finance and General Management	Former Vice-Chairman, Ashok Leyland Ltd.
Mrs. Kanchan Chitale	00007267	Non-Executive Independent	Accountancy	Practising Chartered Accountant
Mr. T. Anantha Narayanan	00007227	Non-Executive Independent	Accountancy, Finance and Agriculture	Former Executive Director (Finance) of Ashok Leyland Ltd.

Name of Director	DIN	Nature of Directorship	Special Knowledge / Practical Experience	Occupation
Mr. Ranbir Singh Butola	00145895	Non-Executive Independent	Finance and Economics	Former CMD of Indian Oil Corporation Ltd. Presently Advisor to large Corporate Groups on Oil and Gas
Mr. Shanker Annaswamy	00449634	Non-Executive Independent	Information Technology	Former Managing Director of IBM India Private Limited
Dr. T. T. Ram Mohan	00008651	Non-Executive Independent	Banking & Finance	Professor – Finance & Accounting, IIM, Ahmedabad
Mr. Yashodhan M. Kale #	00013782	Non-Executive Non-Independent	Corporate Governance, Accountancy and Taxation	Service
Mr. Romesh Sobti	00031034	Managing Director & CEO	Banking	Managing Director & CEO
Mr. Vijay Vaid *	00219709	Non-Executive Independent	SSI	Industrialist

Note: # Mr. Kale completed his tenure in the Board on November 3, 2017. Reserve Bank of India have, vide their letter dated December 20, 2017, conveyed approval for continuance of Mr. Yashodhan M. Kale in the Board upto April 15, 2019.

The Board of Directors had, in their meeting held on January 11, 2018, accordingly approved the appointment of Mr. Yashodhan M. Kale as 'Additional Director' in the category of 'Non-Executive Non-Independent Director' in the Bank.

* Mr. Vijay Vaid completed his tenure in the Board of the Bank on February 3, 2018.

ii. Attendance of Directors at meetings of the Board and Annual General Meeting

During the year ended March 31, 2018, ten meetings of the Board were held: On April 19, 2017, May 9, 2017, June 19, 2017, July 11, 2017, July 26, 2017, October 12, 2017, October 14, 2017, December 4, 2017, January 11, 2018 and March 26, 2018.

Details of attendance at the Board Meetings and at the previous Annual General Meeting, other Directorships, and Memberships and Chairpersonships of Committees pertaining to each Director as on March 31, 2018 are as follows:

Name of the Director	Attendance at the Board Meetings (No. of Meetings attended #)	Attendance at the AGM held on July 26, 2017	Number of other Directorships		No. of Committees of other companies in which Member $ %	No. of Committees of other companies in which Chairperson $ %
			Indian Public Limited Companies	Other Companies / LLPs ~		
Mr. R. Seshasayee	9/10	✓	3	1	1	-
Mrs. Kanchan Chitale	10/10	✓	8	1	3	5
Mr. Vijay Vaid*	8/9	✓	-	4	-	-
Mr. Ranbir Singh Butola	9/10	✓	-	2	-	-
Mr. T. Anantha Narayanan	9/10	✓	1	-	-	1
Mr. Yashodhan Kale**	9/9	✓	1	1	-	-
Mr. Shanker Annaswamy	10/10	✓	2	-	2	-
Dr. T. T. Ram Mohan	10/10	✓	3	-	3	-
Mr. Romesh Sobti	10/10	✓	-	-	-	-

Notes:

* Mr. Vijay Vaid ceased to be Director on February 3, 2018.

** Mr. Kale completed his tenure in the Board on November 3, 2017. Reserve Bank of India have, vide their letter dated December 20, 2017, conveyed approval for continuance of Mr. Yashodhan M. Kale in the Board upto April 15, 2019.

The Board of Directors had, in their meeting held on January 11, 2018, accordingly approved the appointment of Mr. Yashodhan M. Kale as 'Additional Director' in the category of 'Non-Executive Non-Independent Director' in the Bank.

\# Includes attendance through videoconference.

~ Includes Directorship held in Foreign Companies, Private Limited Companies and Companies under Section 8 of the Companies Act, 2013 in India.

$ Pursuant to Regulation 26 of the Listing Regulations, for the purpose of considering the limit of Committees in which Directors are Member / Chairperson, all Public Limited Companies, whether listed or not, are included. Private Limited Companies, Foreign Companies, and Companies under Section 8 of the Companies Act, 2013 ('Not for Profit') are excluded.

% For the purpose of determination of the number of Committees of other companies, Chairpersonships and Memberships of only 'Audit Committee' and the 'Stakeholders Relations Committee' have been considered.

iii. Remuneration to Non-Executive Directors

During the year under review, all the Non-Executive Directors, including the Non-Executive Part-time Chairman received remuneration in the form of Profit-related Commission in addition to Sitting Fees.

No Stock Options were granted to Non-Executive Directors.

The structure of Sitting Fees payable for participation in the Board and its Committees' meetings is as under:

Particulars	Sitting Fees (in ₹)	Remarks
(a) Board of Directors	1,00,000	For every meeting attended.
(b) Audit Committee of the Board	50,000	For every meeting attended.
(c) For all other Board Committees	20,000	For every meeting attended.

The details of remuneration in the form of Profit-related Commission and Sitting Fees paid to the Non-Executive Directors are as under:

Name of Director	Commission (in ₹)	Sitting Fees (in ₹)
Mr. R. Seshasayee	25,00,000	14,00,000
Mrs. Kanchan Chitale	10,00,000	21,60,000
Mr. Vijay Vaid*	8,40,411	10,60,000
Mr. T. Anantha Narayanan	10,00,000	19,50,000
Mr. Ranbir Singh Butola	10,00,000	15,30,000
Mr. Yashodhan M. Kale**	10,00,000	15,20,000
Mr. Shanker Annaswamy	10,00,000	17,60,000
Dr. T. T. Ram Mohan	10,00,000	14,20,000

Notes:

* Mr. Vijay Vaid ceased to be Director with effect from February 3, 2018. Commission has been paid to him on pro-rata basis, upto the date of his cessation from the Bank's Board.

** Mr. Kale completed his tenure in the Board on November 3, 2017. Reserve Bank of India have, vide their letter dated December 20, 2017, conveyed approval for continuance of Mr. Yashodhan M. Kale in the Board upto April 15, 2019, and remuneration has been paid to him accordingly.

The Board of Directors had, in their meeting held on January 11, 2018, accordingly approved the appointment of Mr. Yashodhan M. Kale as 'Additional Director' in the category of 'Non-Executive Non-Independent Director' in the Bank.

- The amount of Commission and Sitting Fees mentioned above is inclusive of taxes.
- None of the Non-Executive Directors have any other pecuniary interest in the Bank.

Compensation to Whole-time Directors

Appointment / re-appointment of Whole-time Directors made and compensation paid to them is with the prior approval of the Reserve Bank of India.

Mr. Romesh Sobti, Managing Director & CEO

Mr. Romesh Sobti has been 'Managing Director & CEO' of the Bank since February 1, 2008.

Reserve Bank of India have approved the appointment of Mr. Romesh Sobti as Managing Director & CEO of the Bank upto March 23, 2020.

For the Financial Year 2017-18, the details of remuneration paid to Mr. Romesh Sobti are as follows:

Salary INR 189.49 lakhs, Other Allowances INR 229.26 lakhs, facility of company-leased and furnished accommodation, Provident Fund at 12% of Salary, Gratuity at one month's Salary, Pension at two months' Salary, Medical Expenses reimbursement up to INR 1.88 lakhs, Leave Fare Concession of INR 1.88 lakhs, Mediclaim for self and family members, Personal Accident Insurance, Performance-based Bonus, Membership of two Clubs and official car with driver.

During FY 2017-18, Mr. Sobti has exercised an aggregate of 2,00,000 Options.

iv. Directors' Shareholdings

The details of Bank's Equity Shares held by the Directors, including the Managing Director & CEO as on March 31, 2018 are given below:

(i)	Mr. T. Anantha Narayanan	: 580 shares (0.00%)
(ii)	Dr. T. T. Ram Mohan	: 3,800 shares (0.00%)
(iii)	Mrs. Kanchan Chitale	: 998 shares (0.00%)
(iv)	Mr. Romesh Sobti, MD & CEO	: 4,00,000 shares (0.07%)

None of the Directors of the Bank hold shares in the Bank for other person(s) on a beneficial basis. Further, no Director holds any other security issued by the Bank.

v. Details of Directors seeking Appointment / Re-appointment / Directors retiring by rotation at the forthcoming AGM

Appointment

Mr. Yashodhan M. Kale, (DIN: 00013782), who had been a member of the Board as 'Non-Executive Non-Independent Director' since April 16, 2015, ceased to hold office with effect from November 3, 2017. Reserve Bank of India have, vide their letter dated December 20, 2017, conveyed approval for continuance of Mr. Yashodhan M. Kale in the Board upto April 15, 2019.

The Board of Directors had, in their meeting held on January 11, 2018, accordingly approved the appointment of Mr. Yashodhan M. Kale as 'Additional Director' in the category of 'Non-Executive Non-Independent Director' in the Bank.

Approval of the shareholders is being requested for the appointment of Mr. Yashodhan M. Kale as Director in the Board of the Bank.

Re-appointment

Mr. Romesh Sobti (DIN: 00031034) has been the Managing Director & CEO of the Bank since February 1, 2008.

Shareholders of the Bank had, in the 21st AGM held on August 17, 2015, approved the re-appointment of Mr. Romesh Sobti as the Managing Director & CEO for a period of three years with effect from February 1, 2015.

The Nomination & Remuneration Committee of the Board had recommended to the Board of Directors the re-appointment of Mr. Romesh Sobti as Managing Director & CEO with effect from February 1, 2018.

Reserve Bank of India have conveyed approval for re-appointment of Mr. Romesh Sobti upto March 23, 2020.

Approval of the shareholders is being requested for re-appointment of Mr. Romesh Sobti as Managing Director & CEO of the Bank upto March 23, 2020.

Retirement by Rotation

In accordance with the provisions of the Companies Act, 2013, out of the Non-Independent Directors, **Mr. R. Seshasayee (DIN: 00047985)**, Non-Executive Part-time Chairman of the Bank, being longest in Office, retires by rotation, and being eligible, offers himself for re-appointment at the AGM.

Approval of the shareholders is being requested for the re-appointment of Mr. R. Seshasayee as Non-Executive Part-time Chairman of the Bank.

As required under Regulation 36(3) of the Listing Regulations, particulars of the Directors seeking appointment, re-appointment, and retirement by rotation are given in the Explanatory Statement to the Notice of the forthcoming AGM.

vi. Committees of the Board

The Board has constituted several Committees of Directors to take decisions and monitor the activities falling within their terms of reference. Each of these Committees have the requisite expertise to handle issues relevant to their field. These Committees spend considerable time and give focused attention to the various issues placed before them and the guidance provided by these Committees lends immense value and enhances the decision-making process of the Board. The Board reviews the functioning of these Committees from time to time. The Meetings of each of these Committees are convened by the respective Chairpersons, who also inform the Board a brief summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to all Directors individually and are circulated before the respective Board / Committee Meetings.

The constitution, terms of reference and the functioning of the existing Committees of the Board are as follows:

1. Audit Committee of the Board

Terms of reference:

(A) Power:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside Legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

(B) Role:

1. Oversight of the company's Financial Reporting process and the disclosure of its financial information to ensure that the Financial Statements are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of Auditors;
3. Approval of payments to Statutory Auditors for any other services rendered by them;
4. Reviewing with the Management, the annual Financial Statements and Auditors' Report thereon before submission to the Board for approval, with particular reference to:

- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (c) of sub-section 3 of section 134 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 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.

5. Reviewing with the Management, the quarterly Financial Statements before submission to the Board for approval;
6. Reviewing 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 utilized for purposes other than those stated in the Offer Document / Prospectus / Notice and the Report submitted by the monitoring agency monitoring the utilisation of proceeds of a Public or Rights Issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the Auditors' independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with Related Parties;
9. Scrutiny of Inter-Corporate Loans and Investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of Internal Financial Controls and Risk Management Systems;
12. Reviewing, with the Management, the performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems;
13. Reviewing the adequacy of Internal Audit function, if any, including the structure of the Internal Audit Department, staffing and seniority of the Official heading the department, reporting structure coverage and frequency of Internal Audit;
14. Discussion with Internal Auditors of any significant findings and follow-up thereon;
15. Reviewing 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;
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. 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;
18. To review the functioning of the Whistle Blower Mechanism;
19. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the Finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(C) Review of following information (Scope):

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by Management;

3. Management Letters / Letters of Internal Control weaknesses issued by the Statutory Auditors;
4. Internal Audit Reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

Composition : The Committee comprised five members, viz., Mr. T. Anantha Narayanan (Chairman), Mrs. Kanchan Chitale, Mr. Ranbir Singh Butola, Mr. Yashodhan M. Kale and Mr. Shanker Annaswamy.

Meetings : The Committee met ten times during the financial year 2017-18: On April 18, 2017, May 9, 2017, June 20, 2017, July 10, 2017, July 26, 2017, September 26, 2017, October 11, 2017, October 13, 2017, January 10, 2018 and March 27, 2018.

The Audit Committee of the Board is entrusted with the responsibility of supervising the Bank's internal controls and financial reporting process. The composition, quorum and terms of reference of the Committee are in accordance with Section 177 of the Companies Act, 2013, guidelines issued by the Reserve Bank of India and the provisions of Regulation 18 of the Listing Regulations. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Economics, etc.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. T. Anantha Narayanan	9/10	-
Mrs. Kanchan Chitale	10/10	-
Mr. Ranbir Singh Butola	9/10	-
Mr. Yashodhan M. Kale	10/10	-
Mr. Shanker Annaswamy	10/10	-

2. *Committee of Directors*

Terms of Reference : The Committee of Directors exercises powers delegated to it by the Board, for managing the affairs of the Bank; for efficient control over operational areas; and for ensuring speedy disposal of matters requiring immediate approval.

Composition : The Committee comprised five members, viz., Mr. R. Seshasayee (Chairman), Mrs. Kanchan Chitale, Mr. T. Anantha Narayanan, Dr. T. T. Ram Mohan and Mr. Romesh Sobti.

Meetings : The Committee met seventeen times during the financial year 2017-18: On May 2, 2017, May 19, 2017, June 16, 2017, June 29, 2017, August 9, 2017, August 21, 2017, September 7, 2017, September 19, 2017, September 26, 2017, November 3, 2017, November 30, 2017, December 15, 2017, December 27, 2017, January 25, 2018, February 14, 2018, March 1, 2018, and March 22, 2018.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. R. Seshasayee	10/17	-
Mr. T. Anantha Narayanan	16/17	-
Mrs. Kanchan Chitale	14/17	-
Dr. T. T. Ram Mohan	14/17	-
Mr. Romesh Sobti	11/17	-

3. *Compensation Committee*

Terms of reference : The Committee's role is to make recommendations on the grant of options to Bank's employees under the Employees Stock Option Scheme, 2007.

Composition : The Committee comprised three members, viz., Mrs. Kanchan Chitale (Chairperson), Mr. R. Seshasayee, and Mr. Ranbir Singh Butola.

Meetings : The Committee met eight times during the financial year 2017-18: On April 19, 2017, May 9, 2017, June 19, 2017, July 11, 2017, October 12, 2017, January 11, 2018, March 13, 2018 and March 27, 2018.

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Mrs. Kanchan Chitale	7/8	-
Mr. R. Seshasayee	8/8	-
Mr. Vijay Vaid	5/6	Ceased to be Director with effect from February 3, 2018, upon completion of tenure.
Mr. Shanker Annaswamy	1/1	Co-opted for the meeting held on March 13, 2018 vice Mr. Vijay Vaid.
Mr. Ranbir Singh Butola	-	Inducted in the Committee by the Board on March 26, 2018.

4. *Customer Service Committee*

Terms of reference : The Committee's function is to monitor the quality of customer service extended by the Bank, and to review the needs of customers.

Composition : The Committee comprised three members, viz., Dr. T. T. Ram Mohan (Chairman), Mr. Yashodhan M. Kale and Mr. Romesh Sobti.

Meetings : The Committee met once during the financial year 2017-18: On October 11, 2017.

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Dr. T. T. Ram Mohan	1/1	-
Mr. Yashodhan M. Kale	1/1	-
Mr. Romesh Sobti	1/1	-

5. *Corporate Social Responsibility (CSR) Committee*

Terms of reference : The Committee's role is to supervise the expenditure by the Bank, in every financial year, of at least 2% of the Average Net Profits made during three immediately preceding financial years in pursuance of its CSR Policy.

Composition : The Committee comprised three members, viz., Mrs. Kanchan Chitale (Chairperson), Mr. Yashodhan M. Kale and Mr. Romesh Sobti.

Meetings : The Committee met once during the financial year 2017-18: On July 10, 2017.

The composition of CSR Committee is in compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Bank's CSR Policy is uploaded on the website at the link given below:
http://www.indusind.com/content/csr-home/our-approach/csr-policy.html

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Mrs. Kanchan Chitale	1/1	-
Mr. Vijay Vaid	1/1	Ceased to be Director with effect from February 3, 2018, upon completion of tenure.
Mr. Romesh Sobti	1/1	-
Mr. Yashodhan M. Kale	-	Inducted in the Committee by the Board on March 26, 2018.

6. Finance Committee

Terms of reference : The Committee's role is to decide on the appropriate mode of raising of capital; to finalise, settle, approve or agree to terms and conditions including the pricing for the said capital-raising programme; finalise, settle, approve, and authorise the executing of any document, deed, writing, undertaking, guarantee or other papers (including any modification thereof) in connection with the capital-raising programme and authorise the affixing of the Common Seal of the Company, if necessary, thereto in accordance with the provisions of Articles of Association of the Company; to appoint and to fix terms and conditions of merchant bankers, investment bankers, lead or other managers, advisors, solicitors, agents or such other persons or intermediaries as may be deemed necessary for the capital-raising programme; to do all such things and deal with all such matters and take all such steps as may be necessary to give effect to the resolution for raising of capital and to settle / resolve any question or difficulties that may arise with regard to the said programme.

Composition : The Committee comprised five members, viz., Mr. R. Seshasayee (Chairman), Mr. Ranbir Singh Butola, Mr. Yashodhan M. Kale, Mr. T. Anantha Narayanan and Mr. Romesh Sobti.

Meetings : The Committee met once during the financial year 2017-18: On April 18, 2017.

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Mr. R. Seshasayee	0/1	-
Mr. Ranbir Singh Butola	1/1	-
Mr. T. Anantha Narayanan	1/1	-
Mr. Yashodhan M. Kale	1/1	-
Mr. Romesh Sobti	0/1	-

7. I.T. Strategy Committee

Terms of reference: The Committee conducts Board-level overview of aligning Information Technology with the business strategy of the Bank, aimed at offering better service to customers, improved risk management, and superior performance.

Composition: The Committee comprised three members, viz., Mr. Shanker Annaswamy (Chairman), Mr. R. Seshasayee and Mr. Romesh Sobti.

Meetings: The Committee met four times during the financial year 2017-18: On June 19, 2017, October 13, 2017, March 13, 2018 and March 27, 2018.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. Shanker Annaswamy	4/4	-
Mr. R. Seshasayee	2/4	-
Mr. Romesh Sobti	3/4	-

8. Nomination & Remuneration Committee

Pursuant to Section 178 and other applicable provisions of the Companies Act, 2013, Regulation 19 of the Listing Regulations and guidelines issued by RBI, the Terms of Reference of the Nomination & Remuneration Committee include:

For 'Nomination' matters:

1. To identify persons who are qualified to be appointed as Directors;
2. To devise the Policy on Board Diversity;
3. To formulate criteria for evaluation of Independent Directors, the Board and its Committees;
4. To determine whether to extend the tenure of appointment of the Independent Directors, on the basis of the report of Performance Evaluation of Independent Directors;
5. To conduct due diligence as to the credentials of any Director before his / her appointment, and making appropriate recommendations to the Board, in consonance with the Dr. Ganguly Committee recommendations and the requirements of RBI.

For 'Remuneration and HR' matters:

1. To oversee the framing, review and implementation of the Compensation Policy of the Bank for Whole-time Directors / Chief Executive Officers / Key Managerial Personnel / Risk-Takers and Control Function Staff towards ensuring effective alignment between remuneration and risks;
2. To determine, on behalf of the Board, the Bank's Policy on Remuneration packages for Executive Directors, including Pension, etc.;
3. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board the Policy relating to the remuneration of Directors, Key Managerial Personnel and other employees;
4. To review the Talent Management and Succession;
5. Policy of Top-level Executives, one level below the Managing Director and Chief Executive Officer (Member of the Core Executive Team), and the process for ensuring Business Continuity; and
6. To review the HR strategy, Performance Appraisal process, fundamental changes in the Organization Structure, Training and the overall HR function.

Composition : The Committee comprised four members, viz., Mr. T. Anantha Narayanan (Chairman), Mr. R. Seshasayee, Mr. Ranbir Singh Butola and Mrs. Kanchan Chitale.

Meetings : The Committee met five times during the financial year 2017-18: On April 19, 2017, May 9, 2017, October 12, 2017, January 11, 2018 and March 27, 2018.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. T. Anantha Narayanan	5/5	-
Mr. R. Seshasayee	5/5	-
Mr. Vijay Vaid	4/4	Ceased to be Director with effect from February 3, 2018, upon completion of tenure.
Mr. Ranbir Singh Butola	4/5	-
Mrs. Kanchan Chitale	5/5	-

9. Risk Management Committee

Terms of reference : The Committee's role is to examine risk policies and procedures developed by the Bank and to monitor adherence to various risk parameters and prudential limits by the various operating departments.

Composition : The Committee comprised four members, viz., Dr. T. T. Ram Mohan (Chairman), Mr. T. Anantha Narayanan, Mr. Shanker Annaswamy and Mr. Romesh Sobti.

Meetings : The Committee met four times during the financial year 2017-18: On April 18, 2017, June 19, 2017, October 11, 2017 and January 10, 2018.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Dr. T. T. Ram Mohan	4/4	-
Mr. T. Anantha Narayanan	4/4	-
Mr. Shanker Annaswamy	4/4	-
Mr. Romesh Sobti	2/4	-

10. Review Committee - Non-Cooperative Borrowers and Wilful Defaulters

Terms of reference : The Committee's role is to review the decisions taken by the Identification Committee in respect of Non-Cooperative / Wilful Defaulters).

Composition : The Committee comprised three members, viz., Mr. Romesh Sobti (Chairman), Mr. T. Anantha Narayanan and Mr. Ranbir Singh Butola.

Meetings : The Committee met twice during the financial year 2017-18: On June 20, 2017 and December 27, 2017.

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. Romesh Sobti	2/2	-
Mr. T. Anantha Narayanan	2/2	-
Mr. Ranbir Singh Butola	1/2	-

11. Stakeholders' Relations Committee

Terms of Reference : The objective of the Committee is monitoring the redressal of stakeholders' grievances.

Composition : The Committee comprised two members, viz., Mr. Yashodhan M. Kale (Chairman) and Mr. Romesh Sobti.

Meetings : The Committee met twice during the financial year 2017-18: On October 12, 2017 and March 22, 2018.

The Composition and Terms of Reference of the Committee are in accordance with Section 178 of the Companies Act, 2013 and the provisions of Regulation 20 of the Listing Regulations.

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Mr. Vijay Vaid	1/1	Ceased to be Director with effect from February 3, 2018, upon completion of tenure.
Mr. Yashodhan M. Kale	2/2	-
Mr. Romesh Sobti	1/2	-

Mr. Haresh Gajwani, Company Secretary, discharges the responsibility of the Compliance Officer.

During the year, 141 complaints were received from investors / shareholders, out of which 3 complaints stood "Unresolved", of which 1 complaint was lodged directly with SEBI and was received by th Bank on March 23, 2018. The same has been resolved on April 4, 2018. The other 2 complaints were received on March 27, 2018 and March 29, 2018 and have been resolved on April 10, 2018 and April 17, 2018 respectively.

12. *Special Committee of the Board (for monitoring large value Frauds)*

Terms of Reference : In accordance with the directives of Reserve Bank of India, a Special Committee has been set up for monitoring and follow-up of cases of frauds involving amounts of ₹1 crore and above.

Composition : The Committee comprised five members, viz., Mrs. Kanchan Chitale (Chairperson), Mr. Yashodhan M. Kale, Mr. Shanker Annaswamy, Mr. Ranbir Singh Butola and Mr. Romesh Sobti.

Meetings : The Committee met twice during the financial year 2017-18: On October 13, 2017 and March 27, 2018.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mrs. Kanchan Chitale	2/2	-
Mr. Yashodhan M. Kale	2/2	-
Mr. Shanker Annaswamy	2/2	-
Mr. Romesh Sobti	1/2	-
Mr. Ranbir Singh Butola	-	Inducted in the Committee by the Board on March 26, 2018.

13. *Vigilance Committee*

Terms of reference : The Committee conducts overview of cases of lapses of a vigilance nature on the part of employees of the Bank.

Composition : The Committee comprised three members, viz., Mr. Ranbir Singh Butola (Chairman), Mrs. Kanchan Chitale and Mr. Romesh Sobti.

Meetings : The Committee met twice during the financial year 2017-18: On October 13, 2017 and March 27, 2018.

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Mr. Ranbir Singh Butola	1/2	-
Mrs. Kanchan Chitale	2/2	-
Mr. Romesh Sobti	1/2	-

Separate meeting of Independent Directors

During the year under review, two separate meetings of Independent Directors, without the attendance of Non-Independent Directors and members of the Management, were held: On May 9, 2017 and January 11, 2018.

In terms of Schedule IV to the Companies Act, 2013 and SEBI Listing Regulations, at least one meeting of Independent Directors is to be held every year.

In the aforesaid meeting, the Independent Directors:

(a) Reviewed the performance of Non-Independent Directors and the Board as a whole;

(b) Reviewed the performance of the Chairman, taking into account the views of Non-Executive Directors and the Whole-time Director; and

(c) Assessed the quality, quantity and timeliness of flow of information between the Bank Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The attendance details of the Independent Directors are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mrs. Kanchan Chitale	2/2	-
Mr. Vijay Vaid	2/2	Ceased to be Director with effect from February 3, 2018, upon completion of tenure.
Mr. T. Anantha Narayanan	2/2	-
Mr. Ranbir Singh Butola	2/2	-
Mr. Shanker Annaswamy	2/2	-
Dr. T. T. Ram Mohan	2/2	-

Terms of appointment of Independent Directors

Non-Executive Independent Directors fulfil the conditions of independence specified in Section 149 of the Companies Act, 2013 read with Schedule IV and Regulation 16(1)(b) of the Listing Regulations. A formal Letter of Appointment has been addressed to Independent Directors at the time of their appointment, as provided under the Companies Act, 2013 and the Listing Regulations.

The Terms and Conditions of appointment of Independent Directors have been hosted on the Bank's website at the link given below:

http://www.indusind.com/important-links/other-useful-information.html

Annual Evaluation of Performance of the Board, Committees of the Board, and of Individual Directors

The Bank has in place a Board Evaluation Framework setting out the process, criteria, frequency, etc., for performance evaluation of the Board as a whole, Committees of the Board, Individual Directors including Independent Directors, Non-Independent Directors and the Managing Director & CEO, and the Chairman. The Framework had been recommended by the Nomination & Remuneration Committee of the Board, and approved by the Board.

The process of Performance Evaluation adopted by the Bank is in line with the provisions of the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SEBI had, vide their Circular dated January 5, 2017, issued the 'Guidance Note on Board Evaluation'. The Nomination & Remuneration Committee of the Board reviewed the criteria and process for Performance Evaluation of the Board and its Committees, with a view to align it with SEBI's Guidance Note and accordingly enhanced the set standards for Performance Evaluation, method of Assessment, etc.

Annual Performance Evaluation exercise for FY 2017-18 had been carried out by all the Directors, using a software platform, which offered the convenience of mutual evaluation, along with anonymity.

The Nomination & Remuneration Committee evaluated the performance of the Individual Directors and of the Board as a Whole.

Performance of Independent Directors and of the Chairman was evaluated by the entire Board, excluding the Director being evaluated.

Performance of the entire Board was evaluated by the Board as a whole based on inputs from Individual Directors on the basis of criteria such as Board composition and structure, effectiveness of Board processes, information and functioning, and other attributes such as discharging of roles and functions, professional conduct, governance, etc.

Performance of the Committees of the Board was evaluated after seeking inputs from the Directors, and evaluation was done on the basis of criteria such as composition of the Committee, roles and responsibilities, effectiveness of Committee meetings, etc.

Performance of Chairman of the Board was reviewed taking into account the views of the Executive Director and Non-Executive Directors, and that of the Non-Independent Directors was reviewed by the Independent Directors in a separate meeting of Independent Directors, who had also reviewed the performance of the Board as a whole.

The Chairman of the Board provided feedback to the Directors on individual basis, and significant highlights, learnings and action points with respect to the evaluation exercise were discussed among the Board members.

Familiarization Programme for Independent Directors

An appropriate Induction Programme for new Directors and ongoing familiarization with respect to the business / working of the Bank for all Directors is a major contributor for meaningful Board-level deliberations and sound business decisions.

In compliance with the requirement of the SEBI Listing Regulations, the Bank has formulated a Familiarization Programme for Independent Directors. The said Programme aims to provide to the Independent Directors an insight into the Bank's functioning, to help them understand its business in depth, roles and responsibilities of Independent Directors, and industry overview, so as to help them contribute significantly during the deliberations in the Board / Committee meetings.

Further, on an ongoing basis, as a part of Agenda of Board / Committee Meetings, presentations are made to the Independent Directors on various matters covering the Bank's Business and Operations, Industry and Regulatory updates, Strategy, Finance, Risk Management framework, etc.

At the time of appointing a Director, a formal Letter of Appointment is given to him / her, which explains the role, function, duties and responsibilities expected of him / her as a Director of the Bank. Inputs include orientation programme upon induction of new Directors, as well as other initiatives to update the Directors on an on-going process, including Talks by external Domain Experts.

During the year, the Bank had invited external domain experts for making presentations on Goods and Services Tax and on Data Protection and Cyber Security Landscape which included topics, such as, Information Technology Act 2000, Aadhaar Data Protection, Data Protection Framework, General Data Protection Regulations (EU-GDPR) and Cyber Security Overview. Some of the Independent Directors have also attended external Training Programmes conducted by CAFRAL.

Details of the Familiarisation Programme for Independent Directors are available on the Bank's website, at the link mentioned below:

http://www.indusind.com/important-links/familiarization-programme-for-independent-directors.html

Policy on Board Diversity

The Bank has, over the years, had eminent persons from diverse fields as Directors on its Board.

The 'Policy on Board Diversity' was formulated in 2015 to ensure diversity of experience, knowledge, perspective, background, gender, age and culture.

The Bank believes that benefits of a professional Board that possesses balance of skills, experience and expertise enhance the decision-making powers of the Board, which in turn will benefit the stakeholders of the Bank.

RBI have, vide their Circular dated November 24, 2016, advised Banks to broaden the fields of specialization of persons who could be considered for appointment as 'Director', viz., Information Technology, Payment & Settlement Systems, Human Resources, Risk Management, and Business Development and Management.

The Board has reviewed and accordingly revised the 'Policy on Board Diversity', and enhanced the set of skills required in the Board.

Policy on Related Party Transactions

All transactions with related parties were in the ordinary course of business and on an arm's length pricing basis. Suitable disclosure as required under the Accounting Standards (AS 18) has been made in the Notes to the Financial Statements. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time.

In terms of Section 188 of the Companies Act, 2013 and requirements of the Listing Regulations, the Bank has formulated, in 2014-15, the 'Policy on Materiality of Related Party Transactions'.

The Policy on Related Party Transactions has been hosted on the Bank's website at the link mentioned below:

www.indusind.com/important-links/other-useful-information.html

Strictures and Penalties

During the last three years, there were no penalties or strictures imposed on the Bank by the Stock Exchanges, SEBI, or any other Statutory authorities on matters relating to Capital Market.

Reserve Bank of India (RBI) had imposed on December 12, 2017 a monetary penalty of ₹30 million on the Bank for non-compliance with RBI directions on Income Recognition and Asset Classification (IRAC) norms and contravention of regulatory restrictions pertaining to non-fund based facilities.

Vigil Mechanism / Whistle Blower Policy

The Bank is committed to high standards of ethics and integrity. The Bank has in place a Whistle Blower Policy, to provide a formal mechanism to various stakeholders, viz., employees, customers, suppliers, shareholders, etc., to report their concerns about unethical behaviour, actual or suspected fraud, violation of the Bank's Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism, and provides for direct access to the Chairman of the Audit Committee. None of the Bank's personnel have been denied access to the Audit Committee.

The Whistle Blower Policy has been hosted on the Bank's website at the link mentioned below:

www.indusind.com/important-links/other-useful-information.html

Dividend Distribution Policy

Declaration of Dividend by Banking Companies is governed by the provisions of the Companies Act, 2013 and the Rules made thereunder, provisions of the Banking Regulation Act, 1949 and the Guidelines issued by the RBI from time to time. The Bank has in place a Dividend Distribution Policy, which specifies eligibility criteria for declaration of dividend and quantum of Dividend payable, i.e., criteria for maximum permissible range of Dividend Payout Ratio.

The Dividend Distribution Policy has been hosted on the Bank's website at http://www.indusind.com/content/dam/indusind/PDF/IndusInd-Bank-Limited-Dividend-Distribution-Policy.pdf

Details of the three previous Annual General Meetings:

AGM	Day and Date	Time	Venue	Whether Special Resolution Passed
23rd	Wednesday, July 26, 2017	2.00 p.m.	Hotel Sheraton Grand, Raja Bahadur Mill Road, Pune – 411001.	Yes
22nd	Friday, July 1, 2016	2.00 p.m.	Hotel Le Meridien, Raja Bahadur Mill Road, Pune – 411001.	Yes
21st	Monday, August 17, 2015	2.00 p.m.	Hotel Le Meridien, Raja Bahadur Mill Road, Pune – 411001.	Yes

Special Resolutions

Details of Special Resolutions passed at the Annual General Meetings in the last three years are given below:

Annual General Meeting	Date	Resolutions
23rd Annual General Meeting	July 26, 2017	Resolution No. 6: Borrowing of monies pursuant to Section 180(1)(c) of the Companies Act, 2013, and other applicable provisions.
		Resolution No. 7: Issue of Long Term Bonds / Non-Convertible Debentures on Private Placement Basis.
22nd Annual General Meeting	July 1, 2016	Resolution No. 9: Issue of Long Term Bonds / Non-Convertible Debentures on Private Placement Basis
21st Annual General Meeting	August 17, 2015	Resolution No. 6: Re-appointment of Mrs. Kanchan Chitale as Independent Director.
		Resolution No. 7: Re-appointment of Mr. Vijay Vaid as Independent Director.
		Resolution No. 8: Appointment of Mr. T. Anantha Narayanan as Independent Director.
		Resolution No. 11: Increase in the Authorized Share Capital and alteration of the Capital Clause of the Memorandum of Association of the Bank.
		Resolution No. 12: Alteration of Article 4 of the Articles of Association of the Bank.
		Resolution No. 13: Borrowing of monies pursuant to Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions.
		Resolution No. 14: Issue of Long Term Bonds / Non-Convertible Debentures on Private Placement basis.

Extraordinary General Meeting

No Extraordinary General Meeting of the Members was held during the year 2017-18.

Postal Ballot

No Postal Ballot exercise was conducted during the year 2017-18.

Material Disclosures

Related Party Transactions: During the year, there were no materially significant transactions with related parties that could have had any potential for conflict with the interests of the Bank at large.

Disqualification of Directors: As on March 31, 2018, none of the Directors of the Bank were disqualified under Section 164(2) of the Companies Act, 2013.

Accounting Standards: In the preparation of Financial Statements for the year 2017-18, the treatment prescribed in the Accounting Standards issued by the Institute of Chartered Accountants of India from time to time has been followed by the Bank.

Compliance with mandatory requirements under SEBI Listing Regulations:

The Bank has adhered to all the mandatory requirements of Corporate Governance norms as prescribed under Regulations 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations to the extent applicable to the Bank.

During the year under review, the Bank has not identified any non-compliance with requirements of Corporate Governance given in sub-paras (2) to (10) of Schedule V of the SEBI Listing Regulations.

Compliance with discretionary / Non-mandatory requirements under SEBI Listing Regulations

The status of compliance with the discretionary / non-mandatory requirements under the SEBI Listing Regulations is as under:

- The Chairman has been provided with an office at the Corporate Office of the Bank. Expenses incurred by the Chairman for attending the meetings of the Board and Committees have been reimbursed from time to time. As the Chairman is a Non-Executive Director, he is entitled to receive Sitting Fees for attending the meetings of the Board and of the Committees of the Board. He is also entitled to receive remuneration in the form of Profit-related Commission effective from April 1, 2016.
- The Bank endeavors to remain in a regime of unqualified Financial Statements.
- The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CEO.
- The Internal Auditor of the Bank reports directly to the Audit Committee.
- The Bank hosted its Quarterly / Annual Financial Results on its website (www.indusind.com) which is accessible to the public at large. Besides this, the Financial Results are published in newspapers, apart from being reported on the websites of the Stock Exchanges. The Bank therefore does not find it expedient to send individual communications to the shareholders regarding significant events and financial performance every half-year.
- The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) has been complied with by the Bank.
- Besides the above, e-mail messages and SMS messages were sent during the year to shareholders whose e-mail IDs and cell phone numbers were available with the Bank, informing them about declaration of the Bank's Quarterly and Annual Financial Results.
- The Bank has continued the exercise of collecting the e-mail IDs of shareholders, so as to communicate more regularly with them via e-mail about various developments in the Bank.

Code of Conduct for prevention of Insider Trading

In accordance with the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Bank has formulated a comprehensive "Code of Internal Procedures and Conduct for Prevention of Insider Trading in Securities of the Bank" (Insider Trading Code) and "Code of Practices and Procedures for fair Disclosure of Unpublished Price Sensitive Information".

The Board of Directors in its meeting held on May 9, 2017 have revised the 'Code of Internal Procedures and Conduct for Prevention of Insider Trading in Securities of the Bank', in line with regulatory changes.

The Insider Trading Code shall be applicable to Promoters, Directors, Designated Employees, Connected Persons and to their immediate relatives as defined under Clause 2(1)(f) of the SEBI (Prohibition of Insider Trading) Regulation, 2015 and to any other person in possession of or having access to the Unpublished Price Sensitive Information (UPSI).

The Company Secretary has been designated as "Compliance Officer" under the said Code and is responsible for implementation and overseeing compliance with the Code of Conduct across the Bank.

In order to promote e-governance within the Bank, the Bank has launched an Employee Self-Service Module (ESS Module), a fully automated web-based portal for enabling compliances prescribed under the Insider Trading Code of the Bank, read with SEBI's (Prohibition of Insider Trading) Regulation, 2015.

The ESS Module allows employees to submit Online Disclosures pertaining to transactions in the shares of the Bank, viz., acquiring shares by Exercise of Options / Sale of Shares / Invocation of Pledge on Bank Shares / Release of Pledge / Off-Market Transactions / Gift, etc.

The ESS Module facilitates reporting of transactions with reduced paper-work and time. It also enables employees to report the transactions in Bank's shares from any place, with the help of the Internet and can also be accessed using Smart Phone.

The Policy has been hosted on the Bank's website at the link mentioned below:

www.indusind.com/investor/corporate-profile/code-of-conduct.html

Means of Communication

Besides communicating to the Stock Exchanges where the Bank's shares are listed, the Financial Results of the Bank are also published on a quarterly basis in leading financial publications and a regional newspaper, viz., 'Economic Times', 'Financial Express', 'Business Standard' in English and in 'Maharashtra Times' in Marathi at the location of the Bank's Registered Office.

Quarterly compliance reports on Corporate Governance as prescribed under Regulation 27 of the Listing Regulations and the Shareholding Pattern of the Bank as prescribed under Regulation 31 of the Listing Regulations are also filed through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre.

Information relating to the Financial Results is also hosted under the icons "Media Room" and "Investors Corner" on Bank's website (www.indusind.com). The said sections are updated regularly.

Quarterly Press meets are organized during which the Results are formally announced to the media and Press Releases are issued. Regular interviews with the electronic channels on the awareness of Results and other available opportunities are arranged for the Managing Director and the Chief Operating Officer.

Analysts' Meets and Conference Calls with the Analyst fraternity are also held periodically. A transcript of the calls and copies of the presentations made to Institutional Investors and Analysts are hosted on the Bank's website.

In compliance with the Listing Regulations, the Board of Directors have approved a 'Policy for determining Materiality of Events / Information' for the purpose of making disclosure to the Stock Exchanges. The Bank had also formulated an "Archival Policy" for hosting of Regulatory Information / Disclosures on the website of the Bank and 'Policy for Preservation of Documents and other Statutory Records'.

All disclosures made to the Stock Exchanges are also available on the Bank's website under the heading 'Corporate Announcements'.

The Management Discussion and Analysis Report for 2017-18 forms part of this Annual Report.

Subsidiary Company

IndusInd Bank Ltd. does not have a Subsidiary Company

IndusInd Marketing and Financial Services Private Limited (IMFS) is an Associate Company of the Bank and is engaged in the business of providing manpower services.

Business Responsibility Report

Pursuant to Regulation 34(2)(f) of Listing Regulations, Annual Reports of Top 500 Listed Entities are required to contain the Business Responsibility Report (BRR), describing the initiatives taken by the listed entity from an environmental, social, and governance perspective, in the format as specified by SEBI.

Detailed Business Responsibility Report is attached to the Directors' Report, which forms part of this Annual Report.

Corporate Social Responsibility

The Bank has constituted a 'Corporate Social Responsibility' (CSR) Committee of the Board in line with the Companies Act, 2013. In the fourth year of CSR reporting, under the statute of the Companies Act, 2013, the Bank has intensified its efforts on community engagement into avenues of Environmental Conservation, Rural development, Preventive Healthcare, Education, Women Empowerment, and Sports.

Sustainability-driven Growth

Believing in the ethos of 'Good Ecology is Good Economics', the Bank is committed to consistently delivering greater value to all our stakeholders in a manner that promotes financial, social and environmental sustainability.

Statutory Reporting

The Business Responsibility Report (BRR) attached as an Annexure to the Directors' Report is governed by the principles prescribed under Annexure II to the SEBI Circular dated November 4, 2015, i.e., "To assess compliance with environmental, social and governance norms". The key principles prescribed by SEBI are as under:

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3: Businesses should promote the well-being of all employees.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8: Businesses should support inclusive growth and equitable development.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

With the implementation of the Companies Act, 2013, the Bank sends Annual Reports and other communications through electronic mode to those shareholders who have registered their e-mail addresses with the Bank or are made available by the Depository.

The full text of these Reports is also available in an easily navigable format on the Bank's website, www.indusind.com

General Information for Shareholders

Registration No.	:	11-76333
CIN	:	L65191PN1994PLC076333
Financial Year	:	2017-18
Board meeting for adoption of Audited Financial Accounts	:	April 19, 2018
Posting of Annual Report 2017-18	:	Monday, July 2, 2018
Day, Date and Time of 24th Annual General Meeting	:	Thursday, July 26, 2018 at 2:00 p.m.
Venue	:	Hotel Sheraton Grand, Pune (formerly, Hotel Le Meridien)
Financial Calendar	:	April 1 to March 31
Book Closure	:	Friday, July 20, 2018 to Thursday, July 26, 2018 (Both days inclusive)
Date of Dividend Payment	:	On or after Tuesday, July 31, 2018
Bank's Website	:	www.indusind.com
Bank's Branches	:	https://www.indusind.com/locate-us.html?q1=&q2=branches
Address for Correspondence	:	Mr. Haresh Gajwani Company Secretary IndusInd Bank Limited 731, Solitaire Corporate Park 167 Guru Hargovindji Marg Andheri (East), Mumbai – 400093 Tel: 022 - 6641 2485 / 87 Email: companysecretary@indusind.com

Distribution of Shareholding as on March 31, 2018

Range – Shares	No. of Folios	Percentage of Folios	No. of Shares	Percentage of Shares
Upto 1,000	1,23,556	94.63	1,71,87,823	2.86
1,001 - 5,000	5,141	3.94	1,05,08,523	1.75
5,001 - 10,000	623	0.48	45,00,200	0.75
10,001 – 50,000	585	0.45	1,35,58,182	2.26
50,001 & above	654	0.50	55,44,68,459	92.38
TOTAL	**1,30,559**	**100.00**	**60,02,23,187**	**100.00**

Outstanding GDRs / ADRs / Warrants or any Convertible Debentures, conversion date and likely impact on Equity

The Bank has, in the course of international offering to overseas investors, issued Securities linked to Equity Shares, in the form of Global Depository Receipts (GDRs) in 2007 and 2008. Each GDR is equivalent to one Equity Share of the Bank, and the said GDRs have been listed on Luxemburg Stock Exchange. As at March 31, 2018, the Bank has 6,46,81,514 GDRs (equivalent to 6,46,81,514 Equity Shares) outstanding, which constituted 10.78% of the Bank's total equity capital. In terms of the offering, - the GDRs can be converted at the option of the GDR-holders. Such conversion is not likely to have any impact on the Equity Share Capital of the Bank.

Disclosure of Commodity Price Risk or Foreign Exchange Risk and Hedging activities

The Bank has put in place the Board-approved Funds & Investment Policy and Market Risk Management Policy, which prescribes comprehensive risk management techniques and risk control limits, such as, Value at Risk (VaR), Aggregate Gap Limit (AGL), Stop Loss Limit, Net Overnight Open Position limit (NOOP) to control and manage the foreign exchange risk.

The Bank has not undertaken any Commodity Price Risk during the period.

The Bank hedges the Currency Risk in its Balance Sheet through Derivatives, including forex Forwards and Swaps. The Bank manages the Currency Risk on exposures due to client servicing and proprietary trading in compliance with overall risk control framework and limits prescribed under Funds & Investment Policy and Market Risk Management Policy, approved by the Board.

Shareholding as on March 31, 2018

i. Distribution of shareholding

	Category		No. of shares held	% of shareholding
A.	Promoters' holding		**8,98,27,767**	**14.97**
B.	Non-Promoters' holding		51,03,95,420	85.03
	(i)	Institutional Investors		
		a. Mutual Funds and UTI	5,60,87,325	9.34
		b. Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-government Institutions)	27,75,571	0.46
		c. Alternate Investment Funds	9,43,345	0.16
		d. FIIs / Foreign Portfolio Investor	27,88,10,014	46.45
		Sub Total (B) (i)	**33,86,16,255**	**56.41**
	(ii)	Global Depository Receipts (B) (ii)	**6,46,81,514**	**10.78**
	(iii)	Others		
		a. Central Government / State Government	50	0.00
		b. Private Corporate Bodies	5,47,81,840	9.13
		c. Indian Public*	3,80,73,162	6.34
		d. NRIs / OCBs / Foreign Nationals / Foreign Bank	53,60,050	0.89
		e. Clearing Members	22,34,987	0.37
		f. Trusts	49,62,826	0.83
		g. Hindu Undivided Family	6,35,145	0.11
		h. Government Companies (Investor Education Protection Fund)**	10,49,591	0.17
		Sub Total (B) (iii)	**10,70,97,651**	**17.84**
	Grand Total (A + B) (i+ii+iii)		**60,02,23,187**	**100.00**

* 'Indian Public' includes 4,08,528 shares held by Resident Directors and their relative.

** Shares transferred to Investor Education and Protection Fund Authority.

ii. Major Shareholders (with more than 1 percent shareholding)

Sr. No.	Name of Shareholders	No. of shares held*	% of shareholding
1	IndusInd International Holdings Ltd.	6,60,27,767	11.00
2	The Bank of New York Mellon (GDR-Depository)	6,46,81,514	10.78
3	IndusInd Limited	2,38,00,000	3.97
4	Bridge India Fund	2,10,13,458	3.50
5	ICICI Prudential Life Insurance Company Limited	94,38,032	1.57
6	Afrin Dia	90,96,463	1.52
7	Government of Singapore	85,59,149	1.43
8	UTI – Equity Fund	84,21,571	1.40
9	SBI – ETF Nifty 50	76,55,604	1.28
10	Hinduja Ventures Limited	71,68,196	1.19
11	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Frontline Equity Fund	71,63,544	1.19
12	Kotak Select Focus Fund	68,57,579	1.14
13	Tybourne Equity Master Fund	67,76,128	1.13
14	Aasia Corporation LLP	66,64,250	1.11
15	New Leaina Investments Limited	64,10,000	1.07

* Shareholding is consolidated based on Permanant Account Number (PAN) of the shareholder

iii. Total Foreign Shareholding

	No. of shares held	% of shareholding
Total foreign shareholding	43,86,79,345	73.09
of which GDRs	6,46,81,514	10.78

Details of complaints received and resolved from April 1, 2017 to March 31, 2018

Complaints	Received	Attended to	Pending
Non-Receipt of Share Certificate	25	24	1*
Non-Receipt of Dividend Warrants	67	67	0
Non-Receipt of Annual Report	0	0	0
Non-Receipt of Rejected DRF	7	6	1*
Non-Receipt of Exchanged Certificates	6	6	0
Others	6	6	0
Stock Exchanges	4	4	0
SEBI	26	25	1*
Total	**141**	**138**	**3***

* During the year, 141 complaints were received from investors / shareholders, out of which 3 complaints are shown as "Unresolved", of which 1 complaint was lodged directly with SEBI SCORES and was received by us on March 23, 2018. The same has been resolved on April 4, 2018. The other 2 complaints were received on March 27, 2018 and March 29, 2018 and which have been resolved on April 10, 2018 and April 17, 2018 respectively.

Listing details of the Bank's Equity Shares / *Bonds / GDRs on Stock Exchanges

Name of the Stock Exchange	Address of the Stock Exchange	Stock Code No.
BSE Ltd.	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001.	532187
National Stock Exchange of India Ltd.	5th Floor, Exchange Plaza, Bandra-Kurla Complex, Plot No. C/1, G Block, Bandra (E), Mumbai - 400 051.	INDUSINDBK
Luxembourg Stock Exchange (Global Depository Receipts)	Société de la Bourse de Luxembourg Societe Anonyme RC Luxembourg B 6222	111202

The Bank has paid Annual Listing Fees on its Capital for the relevant period to BSE Ltd. and National Stock Exchange of India Ltd. where its shares are listed and to the Luxembourg Stock Exchange where its Global Depository Receipts are listed.

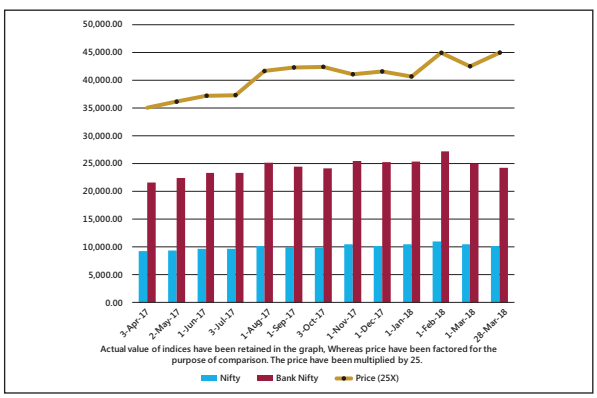
*Bonds are listed on the National Stock Exchange of India.

Market Price Data of the Bank's shares

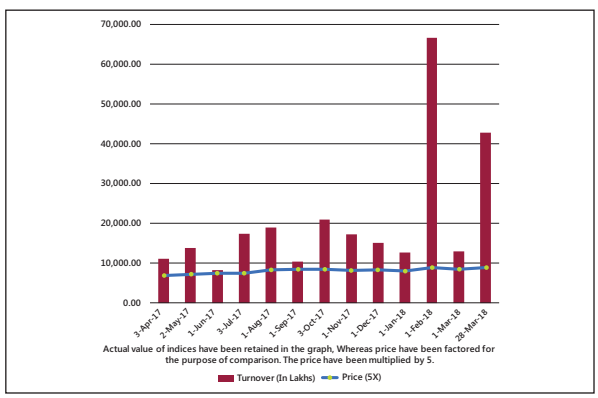
i. National Stock Exchange of India Ltd.

Date	Price of Shares				Turnover in ₹ Lakhs	Nifty	Bank Nifty
	Open (₹)	High (₹)	Low (₹)	Close (₹)			
3-Apr-17	1425.75	1427.95	1400.40	1403.45	11014.89	9237.85	21547.75
2-May-17	1454.00	1455.00	1440.15	1445.80	13820.69	9313.80	22341.35
1-Jun-17	1470.30	1500.00	1470.30	1485.60	8299.84	9616.10	23310.15
3-Jul-17	1482.90	1495.60	1472.75	1490.95	17340.26	9615.00	23272.80
1-Aug-17	1654.60	1674.00	1637.75	1665.70	18970.93	10114.65	25122.80
1-Sep-17	1661.00	1695.80	1654.00	1692.25	10374.25	9974.40	24434.00
3-Oct-17	1693.00	1701.50	1667.90	1692.95	20870.91	9859.50	24103.40
1-Nov-17	1641.00	1645.50	1625.20	1642.55	17210.45	10440.50	25490.45
1-Dec-17	1660.85	1681.40	1651.75	1661.10	15037.08	10121.80	25191.95
1-Jan-18	1652.00	1655.95	1618.10	1623.85	12595.77	10435.55	25318.10
1-Feb-18	1754.00	1817.80	1733.85	1795.45	66581.36	11016.90	27220.70
1-Mar-18	1674.75	1708.95	1673.50	1700.35	12913.48	10458.35	24902.55
28-Mar-18	1772.15	1807.00	1772.15	1796.75	42735.88	10113.70	24263.35

Share Price comparison with Nifty and Bank Nifty



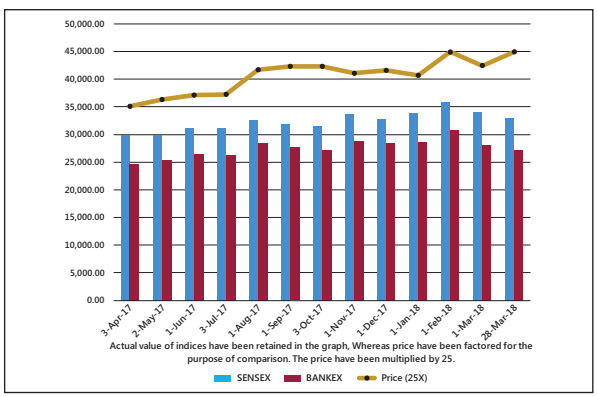
Share Price comparison with Turn Over (in Lakhs)



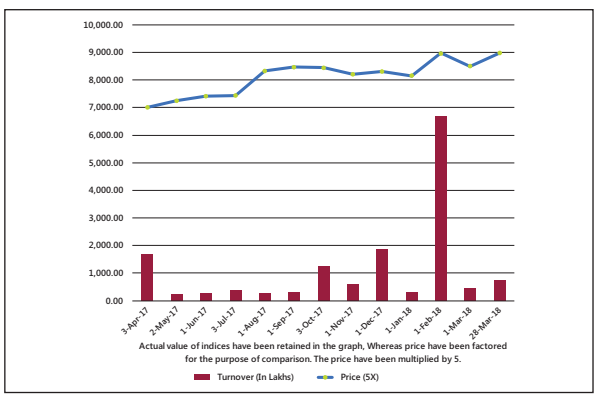
ii. BSE Ltd.

Date	Price of Shares				Turnover in ₹ Lakhs	SENSEX	BANKEX
	Open (₹)	High (₹)	Low (₹)	Close (₹)			
3-Apr-17	1411.00	1425.55	1400.10	1403.25	1681.91	29910.22	24584.44
2-May-17	1450.00	1455.40	1440.45	1449.40	235.01	29921.18	25341.38
1-Jun-17	1476.90	1486.00	1474.00	1482.80	255.48	31137.59	26420.21
3-Jul-17	1479.70	1493.50	1471.85	1486.10	378.60	31221.62	26342.56
1-Aug-17	1647.10	1673.85	1639.25	1665.00	275.82	32575.17	28403.07
1-Sep-17	1659.15	1695.70	1655.00	1692.30	306.81	31892.23	27625.19
3-Oct-17	1680.00	1700.30	1668.50	1690.65	1242.58	31497.38	27082.00
1-Nov-17	1639.00	1643.90	1626.00	1641.50	587.12	33600.27	28852.76
1-Dec-17	1665.00	1679.50	1652.50	1662.20	1873.16	32832.94	28436.34
1-Jan-18	1650.00	1654.00	1620.10	1626.25	320.86	33812.75	28639.17
1-Feb-18	1754.00	1814.30	1735.00	1797.00	6663.51	35906.66	30788.39
1-Mar-18	1675.00	1707.80	1674.90	1697.25	465.16	34046.94	28072.19
28-Mar-18	1774.00	1806.40	1774.00	1795.60	728.50	32968.68	27197.88

Share Price comparison with SENSEX and BANKEX



Share Price comparison with Turn Over (in Lakhs)



Dematerialisation of shares and liquidity

The Bank's shares are tradable (in electronic form only) at the BSE Ltd. and the National Stock Exchange of India Ltd. 98.97% of the Bank's shares are in dematerialised form and the rest are in physical form.

Particulars	No. of Shares	Percentage (%)
In Dematerialised form	59,40,50,442	98.97
In Physical form	61,72,745	1.03
Total	**60,02,23,187**	**100**

In view of the numerous advantages offered by the Depository System, members holding shares of the Bank in physical form are requested to get the same dematerialised and converted to the electronic form.

Share Transfer System

The Share Transfer Committee, comprising Bank's Top Executives, has been constituted to deal with transfer of shares, issue of duplicate Share Certificates in lieu of mutilated Share Certificates or those which are misplaced / lost, and other related matters. Approvals granted by the Share Transfer Committee are confirmed at subsequent Board meetings. With a view to expediting the process of physical share transfers, the Share Transfer Committee meets every Friday.

Trading in the Bank's shares now takes place compulsorily in dematerialised form. However, members holding Share Certificates in physical form are entitled to transfer their shareholding by forwarding the Share Certificates along with duly executed and stamped Securities Transfer Form (Form No.SH-4) as per the format prescribed under the Companies (Share Capital and Debentures) Rules 2014, signed by the member (or on his / her behalf) and the transferee to the Bank or to the Registrar & Share Transfer Agent, Link Intime India Pvt. Ltd.

Standardization and simplification of procedure for Transmission of Securities

With reference to the guidelines issued by SEBI regarding standardization and simplification of procedures for transmission of securities, the Bank's Board has empowered the Share Transfer Committee for approving transmission of securities held in physical mode, for market value of securities of upto ₹10,00,000 (Rupees Ten lakhs only), subject to completion of simplified documentation procedure prescribed by SEBI.

Share Capital Audit

In compliance with Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s Bhandari & Associates, Practising Company Secretaries have examined the records relating to Share Transfer Deeds, Registers and other related documents on a half-yearly basis and have certified compliance with the provisions of the above Clause. The Certificates have been submitted to BSE and NSE where the Bank's Equity Shares are listed.

As required by SEBI, Share Capital Audit is conducted by Practising Company Secretaries (Independent External Auditor) on a quarterly basis, for the purpose of reconciliation of the total admitted Equity Share Capital with the Depositories, viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and in the physical form with the total Issued / Paid-Up Equity Capital of the Bank. The Auditors' Certificate in this regard has been submitted to BSE Ltd. and the National Stock Exchange of India Ltd.

Consolidation of Folios

Shareholders holding shares in different Folios but in identical name(s) are requested to get their shareholdings consolidated into one folio by requesting the Bank / Registrar for the same. The request may please be accompanied with Proof of Identity and the Share Certificates.

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.

C-101, 247 Park

L.B.S. Marg, Vikhroli (West)

Mumbai – 400083

Contact Person: Mr. Mahesh Masurkar

Tel.: 022 4918 6280 / 022 4918 6000 Fax: 022 4918 6060

Email: rnt.helpdesk@linkintime.co.in

Redressal of Investors' Grievances

In order to service the investors in an efficient manner and to attend to their grievances, the Bank has constituted an 'Investor Services Cell' at its undermentioned Office at Mumbai. Members are requested to contact:

Mr. Raghunath Poojary

Secretarial & Investor Services Cell

IndusInd Bank Ltd.

731, Solitaire Corporate Park

167, Guru Hargovindji Marg

Andheri (East), Mumbai - 400093

Tel: 022 6641 2487 / 2359

Email: investor@indusind.com

Dividends

Modes of making payment of Dividend through Electronic mode:

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have directed that listed companies shall mandatorily make all payments to investors including dividend to shareholders, by using any RBI approved electronic mode of payment, viz., National Automated Clearing House (NACH), Direct Credit (in case Bank Account is with IndusInd Bank), RTGS, NEFT, etc.

In order to receive the Dividend without loss of time, all the eligible shareholders holding shares in demat mode are requested to update with their respective Depository Participants, before Thursday, July 19, 2018, their correct Bank Account Number, including 9 Digit MICR Code and 11 digit IFSC Code, e- mail ID and Mobile Number. This will facilitate the remittance of the dividend amount directly in the Bank Account of the Shareholder electronically.

Updating of e-mail IDs and Mobile Numbers will enable sending communication relating to credit of dividend, unencashed dividend, etc., in a prompt and efficient manner.

Shareholders holding shares in physical form may communicate details relating to their Bank Account, 9 Digit MICR Code, 11 digit IFSC Code, E- Mail ID and Mobile Numbers to the Registrar and Share Transfer Agents, viz., Link Intime India Pvt. Ltd., having address at C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai – 400 083, before the Record Date fixed for the purpose of payment of dividend, i.e., Thursday, July 19, 2018, by quoting the reference folio number and attaching a photocopy of the Cheque leaf of their Active Bank Account and a self-attested copy of their PAN card.

In case dividend payment by electronic mode is not executed for any reason, the Bank shall issue a Demand Draft.

Unclaimed Dividend

As per the applicable provisions of the Companies Act, 2013, the Bank is statutorily required to transfer to the Investor Education & Protection Fund (IEPF) all Dividends remaining Unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account. Once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank. However, shareholders are requested to refer to website of the IEPF Authority for the procedure required to be followed to claim the refund at http://www.iepf.gov.in/IEPFA/refund.html, or to contact the Secretarial and Investor Services for assistance.

Unclaimed Dividends upto the Financial Year 2009-10 have already been transferred to the IEPF, after giving due notice to the shareholders whose names were appearing in the list of unpaid recipients.

Details of Unclaimed Dividends for the Financial Year 2010-11 onwards, and the last date for claiming the dividend for respective years, are given in the table below. Members are requested to take note of such due dates and claim the unpaid dividends well in advance of the due date (i.e., before the expiry of the seven-year period).

Year	Type of dividend	Date of declaration of Dividend	Due date for availing unclaimed Dividend
2010-11	Final	July 15, 2011	August 19, 2018
2011-12	Final	July 17, 2012	August 21, 2019
2012-13	Final	June 28, 2013	August 2, 2020
2013-14	Final	June 27, 2014	August 1, 2021
2014-15	Final	August 17, 2015	September 21, 2022
2015-16	Final	July 1, 2016	August 5, 2023
2016-17	Final	July 26, 2017	August 30, 2024

Transfer of Equity Shares to the Investor Education and Protection Fund (IEPF)

In terms of Section 124(6) of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 made effective by the Ministry of Corporate Affairs on September 7, 2016, members are requested to note that the shares in respect of which Dividend has remained Unpaid or Unclaimed for seven consecutive years or more are required to be transferred to the IEPF Authority.

In this connection, the Bank had sent Intimation Letters to members on December 5, 2016, in respect of the shares on which Dividend had remained Unpaid or Unclaimed for seven consecutive years or more, requesting them to claim such dividend so as to avoid the corresponding shares being transferred to the IEPF Authority. An advertisement to this effect was published in leading English and vernacular newspapers on December 6, 2016.

Additional intimation was also sent to shareholders who had not claimed their dividends for seven consecutive years or more on November 8, 2017 after comparing with the data of intimation sent on December 5, 2016, and Notice was also published in leading English and vernacular newspapers on November 9, 2017.

Pursuant to MCA Notification dated October 13, 2017, as regards shareholders who had not claimed their Dividends for seven consecutive years or more, their shares have been transferred to Investor Education Protection Fund (4,272 Folios consisting of 10, 50,182 shares) on November 30, 2017.

The Bank has also issued advertisement in Financial Express (all editions) and Loksatta (Pune region) on April 18, 2018 and sent Intimation Letters on April 17, 2018 to shareholders who have not claimed their dividends since 2010-11 for seven consecutive years, requesting them to claim the dividends from the Bank by August 19, 2018, failing which the shareholders whose names appear in the list on August 19, 2018, their shares shall be transferred to the IEPF Authority within 30 days from 'Due Date', viz. by August 19, 2018.

The Rules also prescribe the procedure to be followed by an investor to claim the Shares / Dividend amount transferred to IEPF.

Persons whose Dividend / Shares have been transferred to the IEPF Authority, may claim the refund from the IEPF-Authority by filing e-form IEPF-5 online, and following the procedure detailed on the website at: http://iepf.gov.in/IEPFA/refund.html.

Members are requested to contact Link Intime India Private Limited (Contact Details and Office Address given elsewhere in this Report) / Bank's Secretarial and Investor Services team for obtaining the unclaimed dividends standing in their names.

The information pertaining to Unpaid or Unclaimed Dividends, and the details of such Members and Shares due for transfer to the IEPF Authority are also available on the Bank's website www.indusind.com.

Details of Shares lying in Unclaimed Suspense Account as on March 31, 2018, are as follows:

Particulars	Folios	Shares
Opening Balance as on April 1, 2017	801	2,69,976
Add: Transfer during the year 2017-18	0	0
Less: Claim received and shares transferred	15	8,743
Less : Shares transferred to Investor Education Protection Fund	587	1,87,094
Closing Balance as on March 31, 2018	**199**	**74,139**

The voting rights on the aforesaid shares shall remain frozen until the rightful owner claims the shares.

ANNEXURE TO THE CORPORATE GOVERNANCE REPORT

Declaration on compliance with the Code of Ethics and Conduct for Directors and Senior Management

In compliance with Regulation 26(3) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all Directors and Senior Management personnel of the Bank have affirmed compliance with the Code of Ethics and Conduct for Directors and Senior Management for the year ended March 31, 2018.

For IndusInd Bank Limited

Romesh Sobti
Managing Director & CEO
(DIN: 00031034)

Place: Mumbai
Date: June 22, 2018

Independent Auditors' Report

To The Members of IndusInd Bank Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of IndusInd Bank Limited (the "Bank"), which comprise the Balance Sheet as at March 31, 2018 and the Profit and Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Board of Directors of the Bank are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act,1949 and circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time as applicable to banks. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder, including the accounting standards, provisions of Section 29 of the Banking Regulation Act, 1949, circulars and guidelines issued by RBI as applicable to banks and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Board of Directors of the Bank, as well as evaluating the overall presentation of the standalone financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying standalone financial statements together with the notes thereon give the information required by provisions of Section 29 of the Banking Regulation Act, 1949 as well as the Act and circulars and guidelines issued by the Reserve Bank of India, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Bank as at March 31, 2018 and its profit and its cash flow for the year then ended.

Report on Other Legal and Regulatory Requirements

9. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with applicable provisions of Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

10. As required by Section 143(3) of the Act and Section 30 of the Banking Regulation Act, 1949 we report that:

    a) We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

    b) The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank;

    c) During the course of our audit we have visited 34 branches to examine the books of accounts and other records maintained at the branch and performed other relevant audit procedures. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out at Mumbai and Chennai as all the necessary records and data required for the purposes of our audit are available therein;

    d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

    e) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

    f) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by RBI;

    g) On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act;

    h) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";

    i) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

        i. The Bank has disclosed the impact, if any, of pending litigations as at March 31, 2018, on its financial position in its standalone financial statements – Refer Schedule 12 and Note 9.4 in Schedule 18;

        ii. The Bank has made provision as at March 31, 2018, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 9.5 in Schedule 18;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank during the year ended March 31, 2018;

        iv. The reporting on disclosures related to the Specified Bank Notes is not applicable to the Bank for the year ended March 31, 2018.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Russell I Parera
Partner
Membership Number: 042190

Mumbai
April 19, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(h) of the Independent Auditors' Report of even date to the members of IndusInd Bank Limited on the standalone financial statements for the year ended March 31, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of IndusInd Bank Limited ("the Bank") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (Act).

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are

recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Russell I Parera
Partner
Membership Number: 042190

Mumbai
April 19, 2018

Balance Sheet as at March 31, 2018

Rupees in '000s

	Schedule	As at 31.03.2018	As at 31.03.2017
CAPITAL AND LIABILITIES			
Capital	1	600,22,32	598,14,87
Employee Stock Options Outstanding	18(Note 10.2)	14,57,11	15,20,07
Reserves and Surplus	2	23226,84,85	20032,77,15
Deposits	3	151639,17,43	126572,22,28
Borrowings	4	38289,07,82	22453,69,43
Other Liabilities and Provisions	5	7856,26,52	8976,37,58
TOTAL		**221626,16,05**	**178648,41,38**
ASSETS			
Cash and Balances with Reserve Bank of India	6	10962,40,60	7748,74,71
Balances with Banks and Money at Call and Short Notice	7	2253,47,14	10879,50,71
Investments	8	50076,71,74	36702,13,82
Advances	9	144953,65,76	113080,50,76
Fixed Assets	10	1338,75,31	1335,23,28
Other Assets	11	12041,15,50	8902,28,10
TOTAL		**221626,16,05**	**178648,41,38**
Contingent Liabilities	12	662099,15,62	406387,19,15
Bills for Collection		37415,47,98	19006,90,91
Significant Accounting Policies	17		
Notes to the Financial Statements	18		

The schedules referred to above form an integral part of the Balance Sheet.

The Balance Sheet has been prepared in conformity with Form A of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date.

For INDUSIND BANK LTD.

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N / N500016

Russell I Parera
Partner
Membership No : 042190

Place : Mumbai
Date : April 19, 2018

R. Seshasayee
Chairman

T. Anantha Narayanan
Director

S. V. Zaregaonkar
Chief Financial Officer

Romesh Sobti
Managing Director

Kanchan Chitale
Director

Haresh Gajwani
Company Secretary

Profit and Loss Account for the year ended March 31, 2018

			Schedule	Year ended 31.03.2018	Rupees in '000s Year ended 31.03.2017
I.	**INCOME**				
	Interest Earned		13	17280,74,87	14405,67,03
	Other Income		14	4750,10,33	4171,49,22
		TOTAL		**22030,85,20**	**18577,16,25**
II.	**EXPENDITURE**				
	Interest Expended		15	9783,30,45	8343,06,61
	Operating Expenses		16	5591,44,36	4783,07,58
	Provisions and Contingencies		18(Note 12.1)	3050,11,64	2583,12,79
		TOTAL		**18424,86,45**	**15709,26,98**
III.	**PROFIT**				
	Net Profit for the year			3605,98,75	2867,89,27
	Profit brought forward			7118,38,07	5013,45,32
		TOTAL		**10724,36,82**	**7881,34,59**
IV.	**APPROPRIATIONS**				
	a)	Transfer to Statutory Reserve		901,49,69	716,97,32
	b)	Transfer to Capital Reserve		7,61,93	45,53,66
	c)	Transfer to Investment Reserve Account		-	-
	d)	Dividend paid including tax on dividend [Refer Schedule 18 (Note 12.4)]		432,24,16	45,54
	e)	Deductions during the year [Refer Schedule 18 (Note 12.2 (b))]		71,51,62	-
				1412,87,40	**762,96,52**
	Balance carried over to the Balance Sheet			9311,49,42	7118,38,07
		TOTAL		**10724,36,82**	**7881,34,59**
V.	**EARNINGS PER EQUITY SHARE**				
	(Face value of ₹10/- per share)				
	Basic (₹)		18(Note 11.5)	60.19	48.06
	Diluted (₹)		18(Note 11.5)	59.57	47.56
	Significant Accounting Policies		17		
	Notes to the Financial Statements		18		

The schedules referred to above form an integral part of the Profit and Loss Account.
The Profit and Loss Account has been prepared in conformity with Form B of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date.

For INDUSIND BANK LTD.

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N / N500016

R. Seshasayee
Chairman

Romesh Sobti
Managing Director

Russell I Parera
Partner
Membership No : 042190

T. Anantha Narayanan
Director

Kanchan Chitale
Director

Place : Mumbai
Date : April 19, 2018

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Cash Flow Statement for the year ended March 31, 2018

		Year ended 31.03.2018	Rupees in '000s Year ended 31.03.2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before taxation	5480,67,20	4359,68,85
	Adjustments for :		
	Depreciation on Fixed assets	211,64,34	190,69,88
	Depreciation on Investments	120,86,12	31,36,39
	Employees Stock Option expenses	1,21,34	3,28,93
	Loan Loss and Other Provisions	1054,57,07	1059,96,81
	Amortisation of premium on HTM investments	179,32,22	78,50,86
	(Profit) on sale of fixed assets	(8,00,66)	(3,14,57)
	Operating Profit before Working Capital changes	**7040,27,63**	**5720,37,15**
	Adjustments for :		
	(Increase) / Decrease in Advances	(32927,72,06)	(25721,13,37)
	(Increase) / Decrease in Investments	(13674,76,26)	(2757,69,60)
	(Increase) / Decrease in Other Assets	(3038,10,85)	546,84,11
	Increase / (Decrease) in Deposits	25066,95,15	33571,87,67
	Increase / (Decrease) in Other Liabilities	(1191,62,68)	2093,81,94
	Cash generated from / (used in) Operations	**(18724,99,07)**	**13454,07,90**
	Direct Taxes paid (net of refunds)	(1975,45,00)	(1884,77,71)
	Net Cash generated from / (used in) Operating Activities	**(20700,44,07)**	**11569,30,19**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets (including WIP)	(235,79,27)	(287,18,59)
	Proceeds from sale of Fixed Assets	16,24,47	13,54,86
	Net Cash used in Investing Activities	**(219,54,80)**	**(273,63,73)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of equity shares (net of issue expenses)	101,96,50	96,62,24
	Proceeds from issue of Long Term Infrastructure Bonds	-	1500,00,00
	Dividends paid	(432,24,16)	(322,70,55)
	Proceeds from Perpetual Debt instruments	1000,00,00	1000,00,00
	Redemption of Sub-ordinated Tier II capital	-	(308,90,00)
	Increase / (Decrease) in Borrowings	14835,38,38	(4733,27,06)
	Net Cash generated from / (used in) Financing Activities	**15505,10,72**	**(2768,25,37)**
	Effect of exchange fluctuation translation reserve	**2,50,47**	**(11,02,82)**
	Net Increase / (Decrease) in Cash and Cash Equivalents	**(5412,37,68)**	**8516,38,27**
	Cash and Cash Equivalents at the beginning of the year	**18628,25,42**	**10111,87,15**
	Cash and Cash Equivalents at the end of the year	**13215,87,74**	**18628,25,42**

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements.
2. Figures in bracket indicate cash outflow.
3. Cash and cash equivalents comprises of Cash in Hand and Balances with RBI (Schedule 6) and Balances with Banks and Money at Call and Short Notice (Schedule 7).

As per our report of even date.

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N / N500016

Russell I Parera
Partner
Membership No : 042190

Place : Mumbai
Date : April 19, 2018

For INDUSIND BANK LTD.

R. Seshasayee
Chairman

Romesh Sobti
Managing Director

T. Anantha Narayanan
Director

Kanchan Chitale
Director

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Schedules

			Rupees in '000s
		As at 31.03.2018	As at 31.03.2017
SCHEDULE - 1 CAPITAL			
Authorised Capital			
70,00,00,000 (Previous year 70,00,00,000) equity shares of ₹ 10 each		**700,00,00**	**700,00,00**
Issued, Subscribed and Called Up Capital			
60,02,23,187 (Previous year 59,81,48,705) equity shares of ₹ 10 each		**600,22,32**	**598,14,87**
Paid up Capital			
60,02,23,187 (Previous year 59,81,48,705) equity shares of ₹ 10 each		600,22,32	598,14,87
[Refer Schedule 18 (Note 1.1)]			
	TOTAL	**600,22,32**	**598,14,87**
SCHEDULE - 2 RESERVES AND SURPLUS			
I Statutory Reserve			
Opening balance		2922,77,00	2205,79,68
Additions during the year		901,49,69	716,97,32
		3824,26,69	**2922,77,00**
II Share Premium Account			
Opening balance		9369,42,05	9274,10,55
Additions during the year		101,73,36	95,31,50
		9471,15,41	**9369,42,05**
III General Reserve			
Balance as at the end of the year		1,35,57	1,35,57
		1,35,57	**1,35,57**
IV Capital Reserve			
Opening balance		215,74,87	170,21,21
Additions during the year		7,61,93	45,53,66
		223,36,80	**215,74,87**
V Investment Allowance Reserve			
Balance as at the end of the year		1,00,00	1,00,00
		1,00,00	**1,00,00**
VI Investment Reserve Account			
Balance as at the end of the year		40,52,98	40,52,98
		40,52,98	**40,52,98**
VII Revaluation Reserve			
Opening balance		374,59,43	380,76,96
Deductions during the year		(12,39,10)	(6,17,53)
		362,20,33	**374,59,43**
VIII Foreign Currency Translation Reserve			
Opening balance		(11,02,82)	-
(Debits) / Credits during the year		2,50,47	(11,02,82)
		(8,52,35)	**(11,02,82)**
IX Balance in the Profit and Loss Account		**9311,49,42**	**7118,38,07**
	TOTAL	**23226,84,85**	**20032,77,15**

Schedules *(Contd.)*

				Rupees in '000s
			As at 31.03.2018	**As at 31.03.2017**
SCHEDULE - 3 DEPOSITS				
A	**I**	**Demand Deposits**		
		i) From Banks	393,92,35	991,32,40
		ii) From Others	20447,06,25	18617,48,76
	II	**Savings Bank Deposits**	45888,27,30	27037,23,23
	III	**Term Deposits**		
		i) From Banks	5287,92,58	7328,65,30
		ii) From Others	79621,98,95	72597,52,59
		TOTAL	**151639,17,43**	**126572,22,28**
B	**Deposits of Branches**			
	I	In India	151639,17,43	126572,22,28
	II	Outside India	-	-
		TOTAL	**151639,17,43**	**126572,22,28**
SCHEDULE - 4 BORROWINGS				
I	**Borrowings in India**			
	i)	Reserve Bank of India	-	-
	ii)	Other Banks	757,67,53	2367,48,93
	iii)	Other Institutions and Agencies	21474,02,79	13500,00,00
	iv)	Long Term Infrastructure Bonds	2000,00,00	2000,00,00
	v)	Unsecured Non-Convertible Perpetual Non-Cumulative Bonds (Subordinated Additional Tier 1 Capital)	2000,00,00	1000,00,00
II	**Borrowings outside India**		12057,37,50	3586,20,50
		TOTAL	**38289,07,82**	**22453,69,43**
Secured borrowings other than Collaterised Borrowing and Lending Obligation and Repo Borrowings included in I above			-	-
SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS				
I	Inter-office Adjustments (Net)		401,44,70	242,39,32
II	Bills Payable		667,65,72	600,34,85
III	Interest Accrued		788,20,11	947,61,27
IV	Others [Refer Schedule 18 (Note 4.11) for Standard Assets Provisions]		5998,95,99	7186,02,14
		TOTAL	**7856,26,52**	**8976,37,58**
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA				
I	Cash in hand (including foreign currency notes)		1069,20,30	1135,52,11
II	Balances with Reserve Bank of India			
	i)	In Current Account	9893,20,30	6613,22,60
	ii)	In Other Accounts	-	-
		TOTAL	**10962,40,60**	**7748,74,71**

Schedules *(Contd.)*

Rupees in '000s

			As at 31.03.2018	As at 31.03.2017
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE				
I	**In India**			
	i)	Balances with Banks		
		a) In Current Accounts	618,43,12	323,86,22
		b) In Other Deposit Accounts	310,25,00	2333,96,50
	ii)	Money at Call and Short Notice - With Other Institutions	-	6300,00,00
		TOTAL	**928,68,12**	**8957,82,72**
II	**Outside India**			
	i)	In Current Accounts	493,80,89	467,74,28
	ii)	In Other Deposit Accounts	635,45,63	805,43,70
	iii)	Money at Call and Short Notice	195,52,50	648,50,01
		TOTAL	**1324,79,02**	**1921,67,99**
		GRAND TOTAL	**2253,47,14**	**10879,50,71**
SCHEDULE - 8 INVESTMENTS				
I	**In India**			
	Gross Value		50285,30,52	36789,86,48
	Less : Aggregate of provision / depreciation		208,58,78	87,72,66
	Net value of Investments in India		**50076,71,74**	**36702,13,82**
	Comprising :			
	i)	Government securities*	40365,98,63	31452,34,18
	ii)	Other approved securities	-	-
	iii)	Shares	291,93,76	161,24,61
	iv)	Debentures and bonds	4476,41,88	2524,57,26
	v)	Subsidiaries and / or Joint Ventures	-	-
	vi)	Others - Security Receipts, Pass Through Certificates, Units of schemes of Mutual Funds, Venture Capital Funds and Others	4942,37,47	2563,97,77
II	**Outside India**		-	-
		TOTAL	**50076,71,74**	**36702,13,82**
* Includes securities of ₹ 274.38 crores (Previous year ₹ 275.02 crores) pledged for clearing facility and margin requirements.				
SCHEDULE - 9 ADVANCES				
A	i)	Bills Purchased and Discounted	4331,25,05	4031,26,82
	ii)	Cash Credits, Overdrafts and Loans Repayable on Demand	43077,06,30	33010,05,62
	iii)	Term Loans	97545,34,41	76039,18,32
		TOTAL	**144953,65,76**	**113080,50,76**
B	i)	Secured by Tangible Assets (including advances against book debts)	112723,03,02	96573,78,66
	ii)	Covered by Bank / Government Guarantees (including advances against L/Cs issued by Banks)	2834,42,39	2215,14,18
	iii)	Unsecured	29396,20,35	14291,57,92
		TOTAL	**144953,65,76**	**113080,50,76**

Schedules *(Contd.)*

				Rupees in '000s
			As at 31.03.2018	**As at 31.03.2017**
C	I	Advances in India		
		i) Priority Sector	45314,30,79	34821,02,43
		ii) Public Sector	5090,73,31	1655,03,58
		iii) Banks	64,00	48,08
		iv) Others	90151,67,34	74886,79,76
		TOTAL	**140557,35,44**	**111363,33,85**
	II	Advances Outside India	4396,30,32	1717,16,91
		TOTAL	**144953,65,76**	**113080,50,76**
SCHEDULE - 10 FIXED ASSETS				
I		**Premises**		
	i)	At cost, as at the beginning of the year	586,58,71	590,01,82
	ii)	Additions during the year	-	-
			586,58,71	590,01,82
	iii)	Less : Deductions during the year	10,94,40	3,43,11
	iv)	Less : Depreciation to date [Refer Schedule No. 18(9.15)]	82,15,41	74,95,41
		TOTAL	**493,48,90**	**511,63,30**
II		**Other Fixed Assets (including furniture and fixtures)**		
	i)	At cost, as at the beginning of the year	1735,37,02	1465,63,13
	ii)	Additions during the year	238,78,76	296,22,64
			1974,15,78	1761,85,77
	iii)	Less : Deductions during the year	29,05,97	26,48,75
	iv)	Less : Depreciation to date [Refer Schedule No. 18(9.15)]	1125,27,62	940,20,75
		TOTAL	**819,82,19**	**795,16,27**
III		**Capital Work in Progress**	25,44,22	28,43,71
		GRAND TOTAL	**1338,75,31**	**1335,23,28**
SCHEDULE - 11 OTHER ASSETS				
I		Interest Accrued	1377,69,80	917,41,89
II		Tax paid in advance / Tax deducted at source (net of provision)	819,08,61	686,69,35
III		Stationery and Stamps	56,81	1,54,43
IV		Non-banking assets acquired in satisfaction of claims	372,20,40	29,68,73
V		Others [Deferred Tax Assets (Refer Schedule 18 (Note 11.6))]	9471,59,88	7266,93,70
		TOTAL	**12041,15,50**	**8902,28,10**
SCHEDULE - 12 CONTINGENT LIABILITIES				
I		Claims against the Bank not acknowledged as debts	476,51,86	522,68,84
II		Liability on account of outstanding Forward Exchange Contracts	351440,73,62	215013,20,26
III		Liability on account of outstanding Derivative Contracts	245530,75,62	138028,58,33
IV		Guarantees given on behalf of constituents		
		- In India	45380,96,66	38903,46,44
		- Outside India	559,32,07	60,82,61
V		Acceptances, Endorsements and Other Obligations	16587,23,27	12739,47,55
VI		Other Items for which the Bank is contingently liable	2123,62,52	1118,95,12
		TOTAL	**662099,15,62**	**406387,19,15**

Schedules *(Contd.)*

Rupees in '000s

		Year ended 31.03.2018	Year ended 31.03.2017
SCHEDULE - 13 INTEREST EARNED			
I	Interest / Discount on Advances / Bills	13699,90,54	11479,10,87
II	Income on Investments	3074,38,28	2466,88,91
III	Interest on Balances with Reserve Bank of India and other inter-bank funds	321,47,51	330,83,18
IV	Others	184,98,54	128,84,07
	TOTAL	**17280,74,87**	**14405,67,03**
SCHEDULE - 14 OTHER INCOME			
I	Commission, Exchange and Brokerage	3411,91,42	2895,34,09
II	Profit / (Loss) on Sale of Investments (Net)	363,78,33	276,91,92
III	Profit / (Loss) on Sale of Land, Buildings and Other Assets	8,00,66	3,14,57
IV	Profit on exchange transactions / Derivatives (Net)	921,01,58	919,51,71
V	Income earned by way of dividend from companies in India	30,02	30,80
VI	Miscellaneous Income	45,08,32	76,26,13
	TOTAL	**4750,10,33**	**4171,49,22**
SCHEDULE - 15 INTEREST EXPENDED			
I	Interest on Deposits	8045,95,62	6931,27,54
II	Interest on Reserve Bank of India / Inter-Bank Borrowings	188,28,69	341,28,83
III	Other Interest	1549,06,14	1070,50,24
	TOTAL	**9783,30,45**	**8343,06,61**
SCHEDULE - 16 OPERATING EXPENSES			
I	Payments to and Provisions for Employees	1780,68,56	1521,02,16
II	Rent, Taxes and Lighting (includes operating lease rentals)	373,02,03	326,56,01
III	Printing and Stationery	65,71,65	63,06,99
IV	Advertisement and Publicity	32,54,70	50,33,60
V	Depreciation on Bank's Property	211,64,34	190,69,88
VI	Directors' Fees, Allowances and Expenses	2,78,73	2,71,53
VII	Auditors' Fees and Expenses	2,07,36	2,08,63
VIII	Law Charges	71,57,65	42,42,54
IX	Postage, Telegrams, Telephones, etc.	130,51,15	134,78,55
X	Repairs and Maintenance	341,82,56	255,14,69
XI	Insurance	167,80,30	137,57,00
XII	Service Provider Fees	418,24,15	381,26,30
XIII	Other Expenditure	1993,01,18	1675,39,70
	TOTAL	**5591,44,36**	**4783,07,58**

Schedule 17 Significant accounting policies

1. General

1.1 IndusInd Bank Limited ('the Bank') was incorporated in 1994 under the Companies Act, 1956 and is licensed by the Reserve Bank of India (RBI) to operate as a commercial bank under the Banking Regulation Act, 1949. The Bank is publicly held and provides a wide range of banking products and financial services to corporate and retail clients besides undertaking treasury operations. The Bank operates in India including at the International Financial Service Centres in India, and does not have a branch in any foreign country.

1.2 The accompanying financial statements have been prepared under the historical cost convention except where otherwise stated, and in accordance with statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013 (the Act) and practices prevailing within the banking industry in India.

1.3 The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Any revision to accounting estimates is recognised prospectively in current and future periods.

2. Transactions involving Foreign Exchange

2.1 Monetary assets and liabilities of domestic and integral foreign operations denominated in foreign currency are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are recognised in the Profit and Loss account.

2.2 Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

2.3 Both monetary and non-monetary assets and liabilities of non-integral foreign operations are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are accumulated in the foreign currency translation reserve until disposal of the net investment in the non-integral foreign operation.

2.4 All foreign exchange contracts outstanding at the Balance Sheet date are re-valued on present value basis and the resulting gains or losses are recognised in the Profit and Loss account.

2.5 Swap Cost arising on account of foreign currency swap contracts to convert foreign currency funded liabilities and assets into rupee liabilities and assets is amortised to the Profit and Loss account under the head 'Interest – Others' over the underlying swap period.

2.6 Income and expenditure of domestic and integral foreign operations denominated in a foreign currency is translated at the rates of exchange prevailing on the date of the transaction. Income and expenditure of non-integral foreign operations is translated at quarterly average closing rates.

2.7 Contingent liabilities at the Balance Sheet date on account of outstanding forward foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in a foreign currency are stated at the closing rates of exchange notified by the FEDAI.

3. Investments

Significant accounting policies in accordance with RBI guidelines are as follows:

3.1 Categorisation of Investments

The Bank classifies its investment at the time of purchase into one of the following three categories:

(i) **Held to Maturity (HTM)** – Securities acquired with the intention to hold till maturity.

(ii) **Held for Trading (HFT)** – Securities acquired with the intention to trade.

(iii) **Available for Sale (AFS)** – Securities which do not fall within the above two categories.

Subsequent shifting amongst the categories is done in accordance with RBI guidelines.

3.2 Classification of Investments

For the purpose of disclosure in the Balance Sheet, investments are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures, and (vi) Other Investments.

3.3 Acquisition cost

(i) Broken period interest on debt instruments is treated as a revenue item.

(ii) Brokerage, commission, etc. pertaining to investments, paid at the time of acquisition is charged to the Profit and Loss account.

(iii) Cost of investments is computed based on the weighted average cost method.

3.4 Valuation of Investments

(i) **Held to Maturity** – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortised over the balance period to maturity. The amortized amount is classified under Interest earned – Income on investments (Item II of Schedule 13). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each investment individually.

(ii) **Held for Trading** – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.

(iii) **Available for Sale** – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.

(iv) Market value of government securities (excluding treasury bills) is determined on the basis of the prices / YTM published by Financial Benchmark India Private Limited (FBIL).

(v) Treasury bills are valued at carrying cost, which includes discount amortised over the period to maturity.

(vi) Fair value of other debt securities is determined based on the yield curve published by FBIL and credit spreads provided by Fixed Income Money Market and Derivatives Association (FIMMDA).

(vii) Quoted equity shares are valued at lower of cost and the closing price on a recognised stock exchange. Unquoted equity shares are valued at their break-up value or at ₹ 1 per company where the latest Balance Sheet is not available.

(viii) Units of the schemes of mutual funds are valued at the lower of cost and Net Asset Value (NAV) provided by the respective schemes of mutual funds.

(ix) Investments in equity shares held as long-term investments by erstwhile IndusInd Enterprises & Finance Limited and Ashok Leyland Finance Limited (since merged with the Bank) are valued at cost and classified as part of HTM category. Provision towards diminution in the value of such long-term investments is made only if the diminution in value is not temporary in the opinion of management.

(x) Security Receipts (SR) are valued at the lower of redemption value and NAV obtained from the Securitisation Company (SC) / Reconstruction Company (RC). In respect of significant investment in SRs backed by stressed assets sold by the Bank, the value is subject to a prudential floor considering the asset classification of the stressed assets, had they remained on the books of the Bank.

(xi) Purchase and sale transaction in securities are recorded under Settlement Date method of accounting, except in the case of the equity shares where Trade Date method of accounting is followed.

(xii) Provision for non-performing investments is made in conformity with RBI guidelines.

(xiii) Repurchase (Repo) and Reverse Repurchase (Reverse Repo) transactions (including transactions under Liquidity Adjustment Facility (LAF) with RBI) are accounted for as collateralised borrowing and lending respectively. On completion of the second leg of the Repo or Reverse Repo transaction, the difference between the consideration amounts is reckoned as Interest Expenditure or Income, as the case may be. Amounts outstanding in Repo and Reverse Repo account as at the Balance Sheet date is shown as part of Borrowings and Money at Call and at Short Notice respectively, and the accrued expenditure and income till the Balance Sheet date is recognised in the Profit and Loss account.

(xiv) In respect of the short sale transactions in Central Government dated securities, the short position is covered by outright purchase of an equivalent amount of the same security within a maximum period of three months including the day of trade. The short position is reflected as the amount received on sale in a separate account and is classified under 'Other Liabilities'. The short position is marked to market and loss, if any, is charged to the Profit and Loss account, while gain, if any, is not recognised. Profit or loss on settlement of the short position is recognised in the Profit and Loss account.

(xv) Profit in respect of investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account.

(xvi) In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve Account (IRA).

The balance in IRA account is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.

3.5 Investments in unquoted units of Venture Capital Funds (VCF) and Alternative Investment Funds (AIF) are categorised under HTM category for initial period of three years and valued at cost as per RBI guidelines. Units of VCF and AIF held under AFS category, where current quotations are not available, are marked to market based on the Net Asset Value (NAV) shown by VCF or AIF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF or AIF, as the case may be.

4. Derivatives

Derivative contracts are designated as hedging or trading and accounted for as follows:

4.1 The hedging contracts comprise of Forward Rate Agreements, Interest Rate Swaps, and Currency Swaps undertaken to hedge interest rate and currency risk on certain assets and liabilities. The net interest receivable or payable is accounted on an accrual basis over the life of the swaps. However, where the hedge is designated with an asset or liability that is carried at market value or lower of cost and market value, then the hedging instrument is also marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated assets or liabilities.

4.2 The trading contracts comprise of trading in Interest Rate Swaps, Interest Rate Futures and Currency Futures. The gain or loss arising on unwinding or termination of the contracts, is accounted for in the Profit and Loss account. Trading contracts outstanding as at the Balance Sheet date are re-valued at their fair value and resulting gains or losses are recognised in the Profit and Loss account.

4.3 Gains or losses on the termination of hedge swaps is deferred and recognised over the shorter of the remaining life of the hedge swap or the remaining life of the underlying asset or liability.

4.4 Premium paid and received on currency options is accounted when due in the Profit and Loss Account.

4.5 Fair value of derivative is determined with reference to bid / asks quoted market price or by using valuation models. Where the fair value is calculated using valuation models, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to the present value. The valuation takes into consideration all relevant market factors (e.g. prices, interest rate, currency exchange rates, volatility, liquidity etc.). Most market parameters are either are directly observable or are implied from instrument prices. The model may perform numerical procedures in the pricing such as interpolation when input values do not directly correspond to the most actively traded market trade parameters.

4.6 Provisioning of overdue customer receivable on derivative contracts is made as per RBI guidelines.

5. Advances

5.1 Advances are classified as per RBI guidelines into standard, sub-standard, doubtful and loss assets after considering subsequent recoveries to date.

5.2 Specific provisions for non-performing advances and floating provisions are made in conformity with RBI guidelines. In addition the Bank considers accelerated provisioning based on past experience, evaluation of securities and other related factors.

5.3 A general provision on standard assets is made in accordance with RBI guidelines. Provision made against standard assets is included in 'Other Liabilities and Provisions'.

5.4 Advances are disclosed in the Balance Sheet, net of provisions and interest suspended for non-performing advances, and floating provisions.

5.5 Advances exclude derecognised securitised advances, inter-bank participation certificates issued and bills rediscounted.

5.6 Amounts recovered during the year against bad debts written off in earlier years are recognised in the Profit and Loss account.

5.7 Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are written back to the Profit and Loss account to the extent such provisions were charged to the Profit and Loss account.

5.8 For restructured / rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. The restructured accounts are classified in accordance with RBI guidelines, including special dispensation wherever allowed.

6. Securitisation transactions and direct assignments

6.1 The Bank transfers its loan receivables both through Direct Assignment route as well as transfer to Special Purpose Vehicles ('SPV').

6.2 The securitisation transactions are without recourse to the Bank. The transferred loans and such securitised receivables are de-recognised as and when these are sold (true sale criteria being fully met) and the consideration has been received by the Bank. Gains or losses are recognised only if the Bank surrenders the rights to the benefits specified in the loan contracts.

6.3 In terms of RBI guidelines, profit or premium arising on account of sale of standard assets, being the difference between the sale consideration and book value, is amortized over the life of the securities issued by the Special Purpose Vehicles (SPV). Any loss arising on account of the sale is recognised in the Profit and Loss account in the period in which the sale occurs.

6.4 In case of sale of non-performing assets through securitisation route to Securitisation Company or Asset Reconstruction Company by way of assignment of debt against issuance of Security Receipts (SR), the recognition of sale and accounting of profit and loss thereon is done in accordance with applicable RBI guidelines. Generally, the sale is recognised at the lower of redemption value of SR and the Net Book Value (NBV) of the financial asset sold, and the surplus is recognised in the Profit and Loss Account; shortfall if any, is charged to the Profit and Loss account subject to regulatory forbearance, if any, allowed from time to time. Profit or loss realized on ultimate redemption of the SR is recognised in the Profit and Loss Account.

7. Property, Plant and Equipment

7.1 Fixed assets are stated at cost (except in the case of premises which were re-valued based on values determined by approved valuers) less accumulated depreciation and impairment, if any. Cost includes incidental expenditure incurred on the assets before they are ready for intended use.

7.2 The appreciation on account of revaluation is credited to Revaluation Reserve. Depreciation relating to revaluation is adjusted against the Revaluation Reserve.

7.3 Depreciation is provided over the useful life of the assets, pro rata for the period of use, on a straight-line method. The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable. Pursuant to this policy, the useful life estimates in respect of the following assets are as follows:

(a) Computers at 3 years

(b) Application software and perpetual software licences at 5 years

(c) Printers, Scanners, Routers, Switch at 5 years

(d) ATMs at 7 years

(e) Network cabling, Electrical Installations, Furniture and Fixtures, Other Office Machinery at 10 years

(f) Vehicles at 5 years

(g) Buildings at 60 years

The useful life of an asset class is periodically assessed taking into account various criteria such as changes in technology, changes in business environment, utility and efficacy of an asset class to meet with intended user needs, etc. Whenever there is a revision in the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

7.4 The carrying amount of fixed assets is reviewed at the Balance Sheet date to determine if there are any indications of impairment based on internal / external factors. In case of impaired assets, the impairment loss i.e. the amount by which the carrying amount of the asset exceeds its recoverable value is charged to the Profit and Loss account to the extent the carrying amount of assets exceeds its estimated recoverable amount.

8. Revenue Recognition

8.1 Interest and discount income on performing assets is recognised on accrual basis. Interest and discount income on non-performing assets is recognised on realisation.

8.2 Interest on Government securities, debentures and other fixed income securities is recognised on a period proportion basis. Income on discounted instruments is recognised over the tenor of the instrument on a Constant Yield to Maturity method.

8.3 Dividend income is accounted on accrual basis when the right to receive dividend is established.

8.4 Commission (except for commission on Deferred Payment Guarantees which is recognised over the term on a straight line basis), Exchange and Brokerage are recognised on a transaction date and net of directly attributable expenses.

8.5 Fees are recognised on an accrual basis when binding obligation to recognise the fees has arisen as per agreement, except in cases where the Bank is uncertain of realisation.

8.6 Income from distribution of third party products is recognised on the basis of business booked.

9. Operating Leases

9.1 Lease rental obligations in respect of assets taken on operating lease are charged to the Profit and Loss account on a straight-line basis over the lease term.

9.2 Assets given under leases in respect of which all the risks and benefits of ownership are effectively retained by the Bank are classified as operating leases. Lease rentals received under operating leases are recognised in the Profit and Loss account as per the terms of the contracts.

10. Employee Benefits

10.1 The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the year is recognised on the basis of actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Payment obligations under the Group Gratuity scheme are managed through purchase of appropriate policies from insurers.

10.2 Provident Fund contributions are made under trusts separately established for the purpose and the scheme administered by Regional Provident Fund Commissioner (RPFC), as applicable. The rate at which the annual interest is payable to the beneficiaries by the trusts is being administered by the government. The Bank has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the notified interest rates. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note on Valuation of Interest Rate Guarantees on Exempt Provident Funds under AS 15 (Revised) issued by the Institute of Actuaries of India, and such shortfall, if any, is provided for.

10.3 Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method.

10.4 Intrinsic value method is applied to account for the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which the quoted market price of the underlying shares on the grant date exceeds the exercise price of the options. Accordingly, such compensation cost is amortized over the vesting period.

11. Segment Reporting

11.1 In accordance with the guidelines issued by RBI, the Bank has adopted Segment Reporting as under:

(a) Treasury includes all investment portfolios, Profit / Loss on sale of Investments, Profit / Loss on foreign exchange transactions, equities, income from derivatives and money market operations. The expenses of this segment consist of interest expenses on funds borrowed from external sources as well as internal sources and depreciation / amortisation of premium on Held to Maturity category investments.

(b) Corporate / Wholesale Banking includes lending to and deposits from corporate customers and identified earnings and expenses of the segment.

(c) Retail Banking includes lending to and deposits from retail customers and identified earnings and expenses of the segment.

(d) Other Banking Operations includes all other operations not covered under Treasury, Corporate / Wholesale Banking and Retail Banking.

Unallocated includes Capital and Reserves, Employee Stock Options (Grants) Outstanding and other unallocable assets, liabilities, income and expenses.

12. Debit and Credit Card reward points liability

12.1 The liability towards Credit Card reward points is computed based on an actuarial valuation and the liability towards Debit Card reward points is computed on the basis of management estimates considering past trends.

13. Bullion

13.1 The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are on a back-to-back basis and are priced to the customer based on the prevailing price quoted by the supplier and the local levies related to the consignment like customs duty, etc. The profit earned is included in commission income.

13.2 The Bank sells gold coins to its customers. The difference between the sale price to customers and purchase price is reflected under commission income.

14. Income-tax

14.1 Tax expenses comprise of current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised, in general, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized; where there are unabsorbed depreciation and / or carry forward of losses under tax laws, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realized against future taxable income. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

15. Earnings per share

15.1 Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as at end of the year.

16. Provisions, contingent liabilities and contingent assets

16.1 A provision is recognised when there is an obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

16.2 A disclosure of contingent liability is made when there is:

(a) A possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the bank; or

(b) A present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

16.3 When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

16.4 Contingent assets are not recognised or disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the assets and related income are recognised in the period in which the change occurs.

17. Cash and Cash equivalents

17.1 Cash and cash equivalents comprises of Cash in Hand and Balances with RBI and Balances with Banks and Money at Call and Short Notice.

Schedule 18 Notes forming part of the Financial Statements

1. Capital

1.1 Capital Issue

During the year ended March 31, 2018, 20,74,482 equity shares (Previous year 31,62,370 equity shares) aggregating to ₹ 101.97 crores (Previous year ₹ 96.62 crores) were allotted on various dates to the employees who exercised their stock options.

1.2 Capital Adequacy Ratio

The Bank computes Capital Adequacy Ratio as per Basel III Capital Regulations issued by RBI.

Under Basel III Capital Regulations, on an on-going basis, the Bank has to maintain a Minimum Total Capital (MTC) of 10.875% (Previous year 10.25%) including Capital Conversion Buffer (CCB) at 1.875% (Previous year 1.25%), of the total risk weighted assets (RWA). Out of the MTC, at least 7.375% (Previous year 6.75%), including 1.875% (Previous year 1.25%) towards CCB, shall be from Common Equity Tier 1 (CET1) capital and at least 7.00% (Previous year 7.00%) from Tier 1 capital. The capital adequacy ratio of the Bank is set out below:

(₹ in crores)

No.	Particulars	March 31, 2018	March 31, 2017
1	Common Equity Tier 1 capital ratio	13.42%	14.02%
2	Tier 1 capital ratio	14.58%	14.72%
3	Tier 2 capital ratio	0.45%	0.59%
4	Total Capital ratio (CRAR)	15.03%	15.31%
5	Amount of equity capital raised	101.97	96.62
6	Amount of Additional Tier 1 capital raised;	1,000.00	1,000.00
	of which		
	Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
	Perpetual Debt Instruments (PDI)	1,000.00	1,000.00
7	Amount of Tier 2 capital raised;	-	-
	of which		
	Debt capital instrument	-	-
	Preference Share Capital Instruments [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-	-

2. *Investments*

2.1 Details of Investments

(₹ in crores)

No.	Particulars	March 31, 2018	March 31, 2017
1	Value of Investments		
	(i) Gross value of Investments	50,285.31	36,789.86
	(a) In India	50,285.31	36,789.86
	(b) Outside India	-	-
	(ii) Provisions for Depreciation	208.59	87.72
	(a) In India	208.59	87.72
	(b) Outside India	-	-
	(iii) Net value of Investments	50,076.72	36,702.14
	(a) In India	50,076.72	36,702.14
	(b) Outside India	-	-
2	Movement of provisions held towards depreciation on Investments		
	(i) Opening balance	87.72	56.36
	(ii) Add: Provision made during the year	120.87	31.36
	(iii) Less: Write-off / (write-back) of excess provisions during the year	-	-
	(iv) Closing balance	208.59	87.72

2.2 Category-wise details of Investments (Net of provision for depreciation)

(₹ in crores)

No.	Particulars	As at March 31, 2018			As at March 31, 2017		
		HTM	AFS	HFT	HTM	AFS	HFT
(i)	Government securities	30,438.85	9,927.14	-	26,259.13	5,193.21	-
(ii)	Other approved securities	-	-	-	-	-	-
(iii)	Shares	4.75	287.19	-	4.75	156.50	-
(iv)	Debentures and bonds	-	4,476.42	-	-	2,524.57	-
(v)	Subsidiaries and / or Joint Ventures	-	-	-	-	-	-
(vi)	Others - Security Receipts, Pass Through Certificates, investment in units of Mutual Funds, Commercial Paper, Venture Capital, etc.	99.42	4,842.95	-	67.50	2,496.48	-
	Total	**30,543.02**	**19,533.70**	**-**	**26,331.38**	**10,370.76**	**-**

2.3 Details of Repo / Reverse Repo including under Liquidity Adjustment Facility (LAF) transactions (in face value terms)

(₹ in crores)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Balance as at the year end
Year ended March 31, 2018				
Securities sold under repo				
(i) Government Securities	11.17	1,159.00	18.35	-
(ii) Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo				
(i) Government Securities	150.00	13,300.00	2,046.83	-
(ii) Corporate Debt Securities	-	-	-	-
Year ended March 31, 2017				
Securities sold under repo				
(i) Government Securities	5.72	5,934.94	2,488.52	-
(ii) Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo				
(i) Government Securities	100.00	16,900.00	1,754.75	6,300.00
(ii) Corporate Debt Securities	-	-	-	-

2.4 Issuer composition of Non-SLR investments as at March 31, 2018

(₹ in crores)

No.	Issuer	Amount[1]	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities[2]	Extent of 'unlisted' securities[3]
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*
1	Public Sector Undertakings	338.16	338.16	-	-	-
2	Financial Institutions	883.43	883.43	-	-	-
3	Banks	2,803.28	2,803.28	-	-	-
4	Private corporates	4,563.09	4,555.84	-	-	7.25
5	Subsidiaries / Joint Ventures	-	-	-	-	-
6	Others	1,331.36	1,331.36	-	-	-
7	Provision held towards depreciation	(208.59)				
	Total	**9,710.73**	**9,912.07**	**-**	**-**	**7.25**

Issuer composition of Non-SLR investments as at March 31, 2017

(₹ in crores)

No.	Issuer	Amount[1]	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities[2]	Extent of 'unlisted' securities[3]
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*
1	Public Sector Undertakings	250.89	250.89	-	-	-
2	Financial Institutions	-	-	-	-	-
3	Banks	1,445.98	1,445.98	-	-	-
4	Private corporates	3,067.61	3,060.36	-	-	7.25
5	Subsidiaries / Joint Ventures	-	-	-	-	-
6	Others	573.05	573.05	-	-	-
7	Provision held towards depreciation	(87.72)				
	Total	**5,249.81**	**5,330.28**	**-**	**-**	**7.25**

Notes:

(1) Does not include amount of securities pledged with Central Counter Parties, viz., Clearing Corporation of India Limited, National Securities Clearing Corporation of India Limited and Multi Commodity Exchange of India Limited.

(2) Excludes investment in equity shares.

(3) Excludes investment in commercial papers, Certificates of Deposit and preference shares acquired by way of conversion of debts.

(4) Amounts reported under columns 4, 5, 6 and 7 are not mutually exclusive.

2.5 Non-performing Non-SLR investments

(₹ in crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance	2.26	2.26
Additions during the year	27.05	11.20
Reductions / Redemption during the year	0.33	11.20
Closing balance	28.98	2.26
Total provisions held	**24.32**	**2.26**

2.6 Sale / transfer from HTM category

During the year ended March 31, 2018 and year ended March 31, 2017, the value of sales and transfer of securities to / from HTM category, excluding one-time transfer of securities from HTM and sale on account of Open Market Operation (OMO), has not exceeded 5% of the book value of investments held in HTM category at the beginning of the year. As such, in line with RBI guidelines, specific disclosures on book value, market value, and provisions if any, relating to such sale and transfers are not required to be made.

3. Derivatives

3.1 Interest Rate Swaps, Forward Rate Agreements and Cross Currency Swaps

(₹ in crores)

Particulars		As at March 31, 2018	As at March 31, 2017
(i)	Notional principal of swap agreements	230,162.23	127,836.91
(ii)	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	1,754.93	1,845.19
(iii)	Collateral required by the Bank upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps – With banks	71.06%	62.90%
(v)	Net Fair value of the swap book	372.23	250.86

The nature and terms of Interest Rate Swaps (IRS) outstanding as on March 31, 2018 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	705	51,058.89	MIBOR	Fixed Payable vs Floating Receivable
Trading	688	48,885.45	MIBOR	Fixed Receivable vs Floating Payable
Trading	402	28,850.00	MIFOR	Fixed Payable vs Floating Receivable
Trading	505	31,780.00	MIFOR	Fixed Receivable vs Floating Payable
Trading	7	511.76	EURIBOR	Fixed Payable vs Floating Receivable
Trading	21	493.77	EURIBOR	Fixed Receivable vs Floating Payable
Trading	32	30.14	EURIBOR	Floating Payable vs Fixed Receivable
Trading	161	19,233.39	LIBOR	Fixed Payable vs Floating Receivable
Trading	366	16,491.10	LIBOR	Fixed Receivable vs Floating Payable

The nature and terms of IRSs outstanding as on March 31, 2017 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	163	9,715.50	MIBOR	Fixed Payable vs Floating Receivable
Trading	131	7,679.47	MIBOR	Fixed Receivable vs Floating Payable
Trading	301	25,922.00	MIFOR	Fixed Payable vs Floating Receivable
Trading	352	24,935.00	MIFOR	Fixed Receivable vs Floating Payable
Trading	1	48.49	EURIBOR	Fixed Payable vs Floating Receivable
Trading	34	80.01	EURIBOR	Fixed Receivable vs Floating Payable
Trading	113	14,345.93	LIBOR	Fixed Payable vs Floating Receivable
Trading	356	12,784.24	LIBOR	Fixed Receivable vs Floating Payable
Trading	1	226.98	LIBOR	Floating Payable vs Floating Receivable

The nature and terms of Cross Currency Swaps (CCSs) outstanding as on March 31, 2018 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	1	9.70	EURIBOR	Fixed Payable vs Floating Receivable (Cross Currency Swap)
Trading	51	8,976.20	LIBOR	Fixed Payable vs Floating Receivable (Cross Currency Swap)
Trading	3	2,854.63	LIBOR	Floating Payable vs Fixed Receivable (Coupon only Swap)
Trading	178	7,846.01	LIBOR	Floating Payable vs Fixed Receivable (Cross Currency Swap)
Trading	1	153.76	LIBOR	Floating Payable vs Fixed Receivable (Principal Only Swap)
Trading	3	65.66	MIBOR	Floating Payable vs Fixed Receivable (Cross Currency Swap)
Trading	4	595.40	NA	Fixed Payable vs Fixed Receivable (Coupon Only Swap)
Trading	130	4,212.64	NA	Fixed Payable vs Fixed Receivable (Cross Currency Swap)
Trading	20	908.26	NA	Fixed Payable vs Fixed Receivable (Principal Only Swap)
Trading	3	104.99	NA	Fixed Payable vs Floating Receivable (Principal Only Swap)
Trading	3	63.90	LIBOR / LIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	1	28.82	LIBOR / MIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	6	1,099.32	LIBOR / MIFOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	15	4,008.26	MIBOR / LIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Merchant and Cover	1	32.81	LIBOR	Fixed Payable vs Floating Receivable (Cross Currency Swap)
Merchant and Cover	1	25.00	LIBOR	Floating Payable vs Fixed Receivable (Cross Currency Swap)
Merchant and Cover	4	980.15	NA	Fixed Payable vs Fixed Receivable (Cross Currency Swap)
Trading	2	244.80	EURIBOR / LIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	1	14.48	LIBOR	Fixed Payable vs Fixed Receivable (Cross Currency Swap)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	1	85.91	LIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	1	252.97	LIBOR / SOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	1	264.06	SOR / LIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)

The nature and terms of CCSs outstanding as on March 31, 2017 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Merchant and Cover	2	25.91	LIBOR	Floating Payable vs Fixed Receivable (Cross Currency Swap)
Merchant and Cover	2	33.84	LIBOR	Fixed Payable vs Floating Receivable (Cross Currency Swap)
Merchant and Cover	6	1,301.48	NA	Fixed Payable vs Fixed Receivable (Cross Currency Swap)
Merchant and Cover	4	239.06	NA	Fixed Payable vs Fixed Receivable (Principal Only Swap)
Trading	242	9,746.70	LIBOR	Floating Payable vs Fixed Receivable (Cross Currency Swap)
Trading	53	8,207.36	LIBOR	Fixed Payable vs Floating Receivable (Cross Currency Swap)
Trading	3	563.83	LIBOR	Floating Payable vs Fixed Receivable (Principal Only Swap)
Trading	2	1,567.22	LIBOR	Floating Payable vs Fixed Receivable (Coupon only Swap)
Trading	107	2,537.85	NA	Fixed Payable vs Fixed Receivable (Cross Currency Swap)
Trading	3	520.15	NA	Fixed Payable vs Fixed Receivable (Coupon only Swap)
Trading	38	2,997.09	NA	Fixed Payable vs Fixed Receivable (Principal Only Swap)
Trading	2	61.37	LIBOR / LIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	1	40.45	LIBOR / LIBOR	Floating Payable vs Floating Receivable (Coupon only Swap)
Trading	14	3,157.66	LIBOR / MIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	6	1,099.32	LIBOR / MIFOR	Floating Payable vs Floating Receivable (Cross Currency Swap)

3.2 Exchange Traded Interest Rate Derivatives

The details of Exchange Traded Interest Rate Derivatives undertaken during the year ended March 31, 2018 are as below:

(₹ in crores)

Sr. No.	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	
	a) Future Bond/697GS2026/27/07/2017	0.04
	b) Future Bond/697GS2026/31/08/2017	18.30
	c) Future Bond/697GS2026/28/09/2017	4.04
	d) Future Bond/679GS2027/28/09/2017	56.74
	e) Future Bond/679GS2027/26/10/2017	4.00
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2018 (instrument-wise)	-
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-
(iv)	Marked-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-

The details of Exchange Traded Interest Rate Derivatives undertaken during the year ended March 31, 2017 are as below:

(₹ in crores)

Sr. No.	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	
	a) Future Bond/759GS2026/23/02/2017 - Feb 2017	0.04
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2017 (instrument-wise)	-
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-
(iv)	Marked-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-

3.3 Risk Exposure in Derivatives

Derivatives Policy approved by the Board of Directors defines the framework for carrying out derivatives business and lays down policies and processes to measure, monitor and report risk arising from derivative transactions. The policy provides for (a) appropriate risk limits for different derivative products and (b) authority levels for review of limit breaches and to take appropriate actions in such events. As part of the Derivatives Policy, the Bank has a Product Suitability and Customer Appropriateness Policy, which is used to classify customers on the basis of their need for various derivative products and their competence in understanding such products and the attendant risks involved.

Risk Management Department of the Bank is responsible for measuring, reporting and monitoring risk arising from derivatives transactions. It functions independent of Treasury business and undertakes the following activities:

- Monitors derivatives operations against prescribed policies and limits on a daily basis;
- Daily review of product-wise profitability and activity reports for derivatives operations;
- Daily submission of MIS and details of exceptions to the Top Management,
- Monitoring effectiveness of derivative deals identified as hedges against the terms of the hedging instruments and underlying hedged risk; and
- Collaterals are generally kept as cash or cash equivalent for securing derivative transactions.

The Risk Management function applies a host of quantitative tools and methods such as Value at Risk, PV01, stop-loss limits, counterparty limits, deal size limits and overnight position limits. The Bank undertakes derivative transactions for hedging customers' exposure, hedging the Bank's own exposure, as well as for trading purposes, wherever permitted by RBI. The customers use these derivative products to hedge their forex and interest rate exposures.

The following table presents quantitative disclosures relating to Derivatives:

(₹ in crores)

Sr. No.	Particulars	March 31, 2018		March 31, 2017	
		Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
1	Derivatives (Notional Principal Amount) (Note 1)	399,637.00	197,334.49	257,304.17	95,737.62
	a) For hedging	-	-	-	-
	b) For trading	399,637.00	197,334.49	257,304.17	95,737.62
2	Marked to Market Positions (Note 2)				
	a) Asset (+)	3,260.91	1,082.20	4,568.95	692.94
	b) Liability (-)	(2,687.97)	(728.06)	(4,020.87)	(534.81)
3	Credit Exposure (Note 3)	14,400.55	3,057.53	13,908.57	1,801.55
4	Likely impact of one percentage change in interest rate (100*PV01) (Note 4)				
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	101.56	85.13	24.74	20.71
5	Maximum and Minimum of 100*PV01 observed during the year (Note 5)				
	a) on hedging	-	-	-	-
	b) on trading				
	Maximum	102.71	88.28	63.55	73.21
	Minimum	4.82	0.36	2.06	0.09

Note 1: Outstanding Notional principal amount of exchange traded currency future trades was ₹ 85.76 crores as at March 31, 2018 (Previous year Nil).

Note 2: Marked to Market positions include interest accrued on the swaps.

Note 3: Credit exposure is computed based on the current exposure method.

Note 4: Based on the absolute value of PV01 of the derivatives outstanding as at the year end.

Note 5: Based on the PV01 of the outstanding derivatives.

Note 6: PV01 for Currency Derivatives and Interest Rate Derivatives are presented in absolute terms. However, total net PV01 shall remain smaller as Currency Derivatives and Interest Rate Derivatives positions net off each other.

4. *Asset Quality*

4.1 Non-Performing Assets

The details of movement of gross non-performing assets (NPAs), net NPAs and provisions during the year ended March 31, 2018 and the year ended March 31, 2017 are given below:

(₹ in crores)

Sr. No.	Particulars	March 31, 2018	March 31, 2017
(i)	Net NPAs to Net Advances (%)	0.51%	0.39%
(ii)	Movement of Gross NPAs		
	a) Opening balance	1,054.87	776.82
	b) Additions during the year	3,324.55	1,429.27
	c) Reductions during the year		
	(i) Upgradations	292.25	196.59
	(ii) Recoveries (excluding recoveries made from upgraded accounts)	1,599.48	489.10
	(iii) Technical / Prudential write-offs	-	-
	(iv) Write-offs other than those under (iii) above	782.78	465.53
	Sub-total	2,674.51	1,151.22
	d) Closing balance	1,704.91	1,054.87
(iii)	Movement of Net NPAs		
	a) Opening balance	438.91	321.75
	b) Additions during the year	2,003.70	693.66
	c) Reductions during the year	1,696.94	576.50
	d) Closing balance	745.67	438.91
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	615.96	455.07
	b) Provisions made during the year	1,320.85	735.61
	c) Write-off / write back of excess provisions	977.57	574.72
	d) Closing balance	959.24	615.96

Notes:

1) Recoveries include sale to SC / RC.

2) In terms of RBI circular DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014, in respect of assets sold to SC/RCs, during the year ended March 31, 2015, the loss on sale arrived at by deducting sale consideration and provisions held as on the date of sale from the outstanding amount, was amortized over a period of two years. Accordingly, the Bank had charged to the Profit and Loss account the remaining amount of ₹ 96.26 crores during the year ended March 31, 2017.

3) Amounts for the year ended March 31, 2018 includes impact of NPAs and provisions as assessed by RBI in their Supervisory Programme for Assessment of Risk and Capital for the year ended March 31, 2017 as mentioned under note no 4.4.

4.2 *Provision coverage ratio*

Provision coverage ratio as at March 31, 2018 is 56.26% (Previous year 58.39%).

4.3 *Details of technical write-offs and recoveries made thereon*

(₹ in crores)

Items	March 31, 2018	March 31, 2017
Opening balance of technical / prudential written off accounts	-	-
Add: Technical / prudential write-offs during the year	-	-
Sub-total	-	-
Less : Recoveries made from previously technical / prudential written-off accounts during the year	-	-
Closing balance of technical / prudential written-off accounts	-	-

4.4 *Divergence in Asset Classification and Provisioning for NPAs*

Advances are classified into standard, sub-standard, doubtful and loss assets in conformity with RBI guidelines, and specific provisions for non-performing advances are made accordingly. NPAs as assessed by RBI in their Supervisory Programme for Assessment of Risk and Capital for the year ended March 31, 2017 was higher than that reported by the Bank, as shown in the summary below:

(₹ in crores)

Sr. No.	Particulars	Amount
1	Gross NPAs as on March 31, 2017 as reported by the Bank	1,054.87
2	Gross NPAs as on March 31, 2017 as assessed by RBI	2,405.07
3	Divergence in Gross NPAs (2-1) (Refer Note 1 and 2 below)	1,350.20
4	Net NPAs as on March 31, 2017 as reported by the Bank	438.91
5	Net NPAs as on March 31, 2017 as assessed by RBI	1,440.03
6	Divergence in Net NPAs (5-4)	1,001.12
7	Provisions for NPAs as on March 31, 2017 as reported by the Bank	615.96
8	Provisions for NPAs as on March 31, 2017 as assessed by RBI	965.04
9	Divergence in provisioning (8-7)	349.08
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2017	2,867.89
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence in provisioning	2,639.62

Note:

1) Out of ₹ 1,350.20 crores identified by RBI as non-performing advances, four accounts amounting to ₹ 809.50 crores were fully realised during the year ended March 31, 2018. This includes one large cement company account with an exposure of ₹ 551.70 crores that was resolved as per the resolution plan arrived at the Joint Lenders Forum. Borrower accounts with an exposure of ₹ 118.80 crores were resolved by way of sale to Asset Reconstruction Companies.

2) The remaining borrower accounts were classified as non-performing advances during the year ended March 31, 2018 and provided for accordingly.

Details relating to divergence between the non-performing advances reported by the Bank, and as assessed by RBI in their Supervisory Programme for Assessment of Risk and Capital for the year ended March 31, 2016 are as below:

(₹ in crores)

Sr. No.	Particulars	Amount
1	Gross NPAs as on March 31, 2016 as reported by the Bank	776.82
2	Gross NPAs as on March 31, 2016 as assessed by RBI (Refer Note 1 below)	1,337.03
3	Divergence in Gross NPAs (2-1)	560.21
4	Net NPAs as on March 31, 2016 as reported by the Bank	321.75
5	Net NPAs as on March 31, 2016 as assessed by RBI	637.55
6	Divergence in Net NPAs (5-4)	315.80
7	Provisions for NPAs as on March 31, 2016 as reported by the Bank	455.07
8	Provisions for NPAs as on March 31, 2016 as assessed by RBI	699.48
9	Divergence in provisioning (8-7)	244.41
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2016	2,286.45
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2016 after taking into account the divergence in provisioning (Refer Note 2 below)	2,137.32

Note:

1) The above includes one account that had an outstanding balance of ₹ 356.00 crores as of March 31, 2016, which was fully repaid before March 31, 2017. The provision amount computed by RBI on this account amounted to ₹ 142.40 crores.

2) Sr. No. 11 does not include the impact of additional provision of ₹ 73.05 crores, towards a standard asset. The impact on net profit after tax due to this provision amounts to ₹ 47.77 crores.

3) Above divergences pointed out by the RBI have been provided for or repaid in the year ended March 31, 2017.

4.5 *Sector-wise advances*

(₹ in crores)

Sr. No.	Sector	March 31, 2018			March 31, 2017		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1	Agriculture and allied activities	13,011.07	174.09	1.34%	10,260.55	78.99	0.77%
2	Advances to industries sector eligible as priority sector lending	5,049.12	-	-	4,091.50	0.86	0.02%
	Of which (refer note below):						
a)	Gems and Jewellery	1,001.99	-	-	1,194.12	-	-
b)	Construction (Other than Infrastructure)	21.58	-	-	3.94	-	-
c)	Infrastructure	19.64	-	-	9.11	-	-
d)	Basic Metal and Metal Products	-	-	-	343.08	-	-
3	Services	27,212.84	284.79	1.05%	20,451.95	187.45	0.92%
4	Personal loans	233.95	8.72	3.73%	150.68	6.87	4.56%
	Sub-total (A)	**45,506.98**	**467.60**	**1.03%**	**34,954.68**	**274.17**	**0.78%**
B	**Non Priority Sector**						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry	33,654.24	494.66	1.47%	22,984.01	225.45	0.98%
	Of which (refer note below):						
a)	Gems and Jewellery	5,885.54	102.33	1.74%	5,761.73	6.98	0.12%
b)	Construction (Other than Infrastructure)	3,583.03	92.18	2.57%	2,871.67	129.23	4.50%
c)	Infrastructure	6,561.89	219. 05	3.34%	3,333.59	-	-
d)	Basic Metal and Metal Products	-	-	-	2,689.03	2.98	0.11%
3	Services	59,524.12	575.48	0.97%	51,226.69	447.48	0.87%
4	Personal loans	7,227.56	167.17	2.31%	4,531.09	107.77	2.38%
	Sub-total (B)	**1,00,405.92**	**1,237.31**	**1.23%**	**78,741.79**	**780.70**	**0.99%**
	Total (A+B)	**1,45,912.90**	**1,704.91**	**1.17%**	**113,696.47**	**1,054.87**	**0.93%**

Note:

Segments contributing in excess of 10% of the Sector is individually listed; Basic Metal and Metal Products constituted less than 10% on March 31, 2018.

4.6 *Details of Loan Assets subjected to Restructuring as on March 31, 2018*

(₹ in crores)

S. No.	Type of Restructuring →		Under CDR Mechanism $					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification → Details ↓		Stan Dard	Sub-Stan Dard	Doubtful	Loss	Total	Stan dard	Sub-Stan Dard	Doubtful	Loss	Total	Stan Dard	Sub-Stan Dard	Doubtful	Loss	Total	Stan Dard	Sub-Stan dard	Doubtful	Loss	Total
1	Restructured Accounts as on 01/04/2017	No. of borrowers	4	-	1	-	**5**	3	-	-	-	**3**	2	-	-	-	**2**	9	-	1	-	**10**
		Amount outstanding	230.57	-	31.98	-	**262.55**	14.40	-	-	-	**14.40**	205.06	-	-	-	**205.06**	450.03	-	31.98	-	**482.01**
		Provision thereon	21.25	-	31.98	-	**53.23**	4.25	-	-	-	**4.25**	10.00	-	-	-	**10.00**	35.50	-	31.98	-	**67.48**
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**
		Amount outstanding	3.60	-	-	-	**3.60**	0.02	-	-	-	**0.02**	-	-	13.98	-	**13.98**	3.62	-	13.98	-	**17.60**
		Provision thereon	-	-	-	-	**-**	0.02	-	-	-	**0.02**	-	-	-	-	**-**	0.02	-	-	-	**0.02**
3	Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**
		Amount outstanding	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**
		Provision thereon	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-				**-**	-				**-**	-				**-**	**-**				**-**
		Amount outstanding	-				**-**	-				**-**	-				**-**	**-**				**-**
		Provision thereon	-				**-**	-				**-**	-				**-**	**-**				**-**
5	Downgradations of restructured accounts during the FY	No. of borrowers	-1	-	1	-	**-**	-1	-	1	-	**-**	-2	-	2	-	**-**	-4	-	4	-	**-**
		Amount outstanding	-129.06	-	129.06	-	**-**	-14.24	-	14.24	-	**-**	-205.06	-	205.06	-	**-**	-348.36	-	348.36	-	**-**
		Provision thereon	-9.50	-	9.50	-	**-**	-4.09	-	4.09	-	**-**	-10.00	-	92.35	-	**82.35**	-23.59	-	105.94	-	**82.35**
6	Write-offs of restructured accounts during the FY 2017-18	No. of borrowers	-	-	-2	-	**-2**	-	-	-1	-	**-1**	-	-	-	-	**-**	-	-	-3	-	**-3**
		Amount outstanding	-22.60	-	-161.04	-	**-183.64**	-0.01	-	-14.24	-	**-14.25**	-	-	-	-	**-**	-22.61	-	-175.28	-	**-197.89**
		Provision thereon	-4.86	-	-41.48	-	**-46.34**	-0.01	-	-4.09	-	**-4.10**	-	-	-	-	**-**	-4.87	-	-45.57	-	**-50.44**
7	Restructured Accounts as on 31/03/2018 (closing figure)	No. of borrowers	3	-	-	-	**3**	2	-	-	-	**2**	-	-	2	-	**2**	5	-	2	-	**7**
		Amount outstanding	82.51	-	-	-	**82.51**	0.17	-	-	-	**0.17**	-	-	219.04	-	**219.04**	82.68	-	219.04	-	**301.72**
		Provision thereon	6.89	-	-	-	**6.89**	0.17	-	-	-	**0.17**	-	-	92.35	-	**92.35**	7.06	-	92.35	-	**99.41**

1. Provision includes diminution / FITL / NPA provision, wherever applicable.
2. Sr. No. 2 includes additions to existing restructured accounts of ₹ 17.60 crores (provision ₹ 0.02 crores).
3. Sr. No. 6 includes reductions in existing restructured accounts of ₹ 197.89 crores (provision ₹ 50.44 crores) due to repayment / CDR exit / OTS / sold to ARC / restructuring failures.

$ In case of NPAs, outstanding reported is net of unrealised interest.

4.6 *Details of Loan Assets subjected to Restructuring as on March 31, 2017*

(₹ in crores)

S. No.	Type of Restructuring →		Under CDR Mechanism $					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification → Details ↓		Stan Dard	Sub-Stan Dard	Doubtful	Loss	Total	Stan dard	Sub-Stan Dard	Doubtful	Loss	Total	Stan Dard	Sub-Stan Dard	Doubtful	Loss	Total	Stan Dard	Sub-Stan dard	Doubtful	Loss	Total
1	Restructured Accounts as on 01/04/2016	No. of borrowers	8	-	-	-	**8**	2	-	-	-	**2**	2	-	-	-	**2**	12	-	-	-	**12**
		Amount outstanding	334.99	-	-	-	**334.99**	26.78	-	-	-	**26.78**	173.55	-	-	-	**173.55**	535.32	-	-	-	**535.32**
		Provision thereon	50.89	-	-	-	**50.89**	4.28	-	-	-	**4.28**	10.00	-	-	-	**10.00**	65.17	-	-	-	**65.17**
2	Fresh restructuring during the year	No. of borrowers	1	-	-	-	**1**	2	-	-	-	**2**	-	-	-	-	**-**	3	-	-	-	**3**
		Amount outstanding	35.78	-	-	-	**35.78**	0.52	-	-	-	**0.52**	31.51	-	-	-	**31.51**	67.81	-	-	-	**67.81**
		Provision thereon	3.08	-	-	-	**3.08**	0.19	-	-	-	**0.19**	-	-	-	-	**-**	3.27	-	-	-	**3.27**
3	Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**
		Amount outstanding	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**
		Provision thereon	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-				**-**	-				**-**	-				**-**	**-**				**-**
		Amount outstanding	-				**-**	-				**-**	-				**-**	**-**				**-**
		Provision thereon	-				**-**	-				**-**	-				**-**	**-**				**-**
5	Downgradations of restructured accounts during the FY	No. of borrowers	-5	2	3	-	**-**	-1	1	-	-	**-**	-	-	-	-	**-**	-6	3	3	-	**-**
		Amount outstanding	-133.52	30.63	100.43	-	**-2.46**	-8.47	8.47	-	-	**-**	-	-	-	-	**-**	-141.99	39.10	100.43	-	**-2.46**
		Provision thereon	-30.43	5.62	48.50	-	**23.69**	-	-	-	-	**-**	-	-	-	-	**-**	-30.43	5.62	48.50	-	**23.65**
6	Write-offs of restructured accounts during the FY 2016-17	No. of borrowers	-	-2	-2	-	**-4**	-	-1	-	-	**-1**	-	-	-	-	**-**	-	-3	-2	-	**-5**
		Amount outstanding	-6.68	-30.63	-68.45	-	**-105.76**	-4.43	-8.47	-	-	**-12.90**	-	-	-	-	**-**	-11.11	-39.10	-68.45	-	**-118.66**
		Provision thereon	-2.29	-5.62	-16.52	-	**-24.43**	-0.22	-	-	-	**-0.22**	-	-	-	-	**-**	-2.51	-5.62	-16.52	-	**-24.65**
7	Restructured Accounts as on 31/03/2017 (closing figure)	No. of borrowers	4	-	1	-	**5**	3	-	-	-	**3**	2	-	-	-	**2**	9	-	1	-	**10**
		Amount outstanding	230.57	-	31.98	-	**262.55**	14.40	-	-	-	**14.40**	205.06	-	-	-	**205.06**	450.03	-	31.98	-	**482.01**
		Provision thereon	21.25	-	31.98	-	**53.23**	4.25	-	-	-	**4.25**	10.00	-	-	-	**10.00**	35.50	-	31.98	-	**67.48**

1. Provision includes FITL / NPA provision in case of NPA accounts, wherever applicable, in addition to diminution in fair value provision held.
2. Sr. No. 2 includes additions to existing restructured accounts of ₹ 54.47 crores (provision ₹ 0.16 crores).
3. Sr. No. 6 includes reductions in existing restructured accounts of ₹ 118.66 crores (provision ₹ 24.65 crores). This also includes accounts which have exited CDR / Bank has done OTS with / sold to ARC / Restructuring Failures.

$ In case of NPAs, outstanding reported is net of unrealised interest.

4.7 In accordance with the Revised Framework on Resolution of Stressed Assets issued by RBI vide a circular dated February 12, 2018, the extant instructions on resolution of stressed assets such as Framework for Revitalising Distressed Assets, Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long Term Project Loans, Strategic Debt Restructuring Scheme (SDR), Change in Ownership outside SDR, and Scheme for Sustainable Structuring of Stressed Assets (S4A) have been withdrawn. The Joint Lenders' Forum as an institutional mechanism for resolution of stressed accounts was also discontinued. However, accounts where the schemes have been implemented by then were allowed to continue, and the following details pertain to such accounts where the respective schemes have been implemented before the said circular became effective.

a) Details of cases where scheme for Sustainable Structuring of Stressed Assets (S4A) is implemented

(₹ in crores)

No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
		In Part A	In Part B	
As at March 31, 2018				
Classified as Standard	35.47	20.73	14.74	7.09
Classified as NPA	-	-	-	-
As at March 31, 2017				
Classified as Standard	-	-	-	-
Classified as NPA	-	-	-	-

b) Details of cases under Flexible Structuring of Existing Loans

(₹ in crores)

Year ended	No. of borrowers taken up for flexibly structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring (years)	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
March 31, 2018	1	51.85	-	6.25	7.83
March 31, 2017	-	-	-	-	-

c) Details of cases under Strategic Debt Restructuring Scheme (SDR) (accounts which are currently under the stand-still period)

As at March 31, 2018:

(₹ in crores)

No. of accounts where SDR has been invoked	Amount outstanding as at March 31, 2018		Amount outstanding as at March 31, 2018 with respect to accounts where conversion of debt to equity is pending		Amount outstanding as at March 31, 2018 with respect to accounts where conversion of debt to equity has taken place	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
-	-	-	-	-	-	-

As at March 31, 2017:

(₹ in crores)

No. of accounts where SDR has been invoked	Amount outstanding as at March 31, 2017**		Amount outstanding as at March 31, 2017 with respect to accounts where conversion of debt to equity is pending		Amount outstanding as at March 31, 2017 with respect to accounts where conversion of debt to equity has taken place**	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
4	267.80	-	-	-	267.80	-

** Includes ₹ 129.06 crores that is also reported under restructured standard advances (refer Schedule 18 – Note 4.6).

d) Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period): Nil (Previous year Nil).

e) Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period): Nil (Previous year Nil).

4.8 a) Details of financial assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for asset reconstruction

(₹ in crores)

No.	Items	March 31, 2018	March 31, 2017
1	No. of accounts	2,892	1,633
2	Aggregate value (net of provisions) of accounts sold to SC / RC	466.56	330.37
3	Aggregate consideration	484.80	268.50
4	Additional consideration realized in respect of accounts transferred in earlier years	0.30	-
5	Aggregate gain / (loss) over net book value	18.54	(61.87)

b) Details of book value of investment in security receipts (SRs)

(₹ in crores)

Particulars	March 31, 2018	March 31, 2017
Backed by NPAs sold by the Bank as underlying	569.54	353.87
Backed by NPAs sold by the other Banks / Financial Institutions / Non-Banking Financial Companies as underlying	19.12	-
Total	**588.66**	**353.87**

c) Details of Investment in Security Receipts (SRs)

(₹ in crores)

Particulars		As at March 31, 2018			As at March 31, 2017		
		SRs issued within past 5 years	**SRs issued more than 5 years ago but within past 8 years**	**SRs issued more than 8 years ago**	**SRs issued within past 5 years**	**SRs issued more than 5 years ago but within past 8 years**	**SRs issued more than 8 years ago**
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	504.55	64.99	-	353.87	-	-
	Provision held against (i)	112.86	29.50	-	55.90	-	-
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	19.12	-	-	-	-	-
	Provision held against (ii)	-	-	-	-	-	-
	Total (i) + (ii)	**523.67**	**64.99**	**-**	**353.87**	**-**	**-**

(a) This does not include SRs issued by Trusts that were closed and the outstanding SRs were cancelled and written off in the books of the Bank.

(b) During current year, no SRs issued by Trusts more than 8 years ago, were written off in the books of the Bank and held in physical form with Nil value (Previous year ₹ 11.00 crores).

4.9 During the year, there has been no individual purchase / sale of non-performing financial assets from / to other banks (Previous year Nil).

4.10 During the year, there was no sale of assets through securitisation except sale of assets to SC / RC (Previous year Nil).

4.11 Provision on Standard Assets

In accordance with RBI guidelines, general provision on standard assets is made at the following rates:

(a) At 1% on standard advances to Commercial Real Estate Sector;

(b) At 0.25% on standard direct advances to SME and Agriculture; and

(c) At 0.40% of the balance outstanding in other standard assets.

Standard assets provision also includes additional provision made pursuant to RBI instructions including provisions towards restructured standard assets.

The provision on standard assets is included in 'Other Liabilities and Provisions – Others' in Schedule 5, and is not netted off from Advances. The amount of provision held on standard assets is as below:

(₹ in crores)

Items	March 31, 2018	March 31, 2017
Cumulative Provision held for Standard Assets [Including ₹ 52.00 crores towards Unhedged Foreign Currency Exposure of clients (Previous year ₹ 45.69 crores)]	738.65	801.52

4.12 Unhedged Foreign Currency Exposure (UFCE) of Clients

Foreign exchange risk is the risk of loss arising out of adverse movements in foreign exchange rates affecting both on-balance sheet and off-balance sheet exposures. The forex positions that are not effectively hedged either by way of natural hedge or through derivatives / forward contracts expose a client to the risk of loss due to volatility in the forex rates. The Bank assesses the risk arising out of such UFCE of the clients at the time of credit appraisal and monitors the same at regular intervals. The provision for standard assets as of March 31, 2018, included an amount of ₹ 52.00 crores (Previous year ₹ 45.69 crores) towards UFCE. Further, capital held under Basel III Capital Regulations, as of March 31, 2018, includes an amount of ₹ 185.09 crores (Previous year ₹ 128.57 crores) on account of UFCE, computed at the applicable risk weights.

4.13 Floating provision

(₹ in crores)

Items	March 31, 2018	March 31, 2017
Opening balance	-	-
Provisions made during the year	70.00	-
Draw-down made during the year	-	-
Closing balance	70.00	-

4.14 As on March 31, 2018, no resolution plan in respect of accounts wherein aggregate exposure of the lenders amounted to ₹ 2,000 crores or above, has been implemented in accordance with the Revised Framework on Resolution of Stressed Assets issued by RBI *vide* a circular dated February 12, 2018.

5. Business ratios

No.	Ratio	March 31, 2018	March 31, 2017
(i)	Interest income as a percentage to working funds	9.10%	9.35%
(ii)	Non-interest income as a percentage to working funds	2.50%	2.71%
(iii)	Operating profit as a percentage to working funds	3.50%	3.54%
(iv)	Return on assets	1.90%	1.86%
(v)	Business (deposits plus gross advances) per employee (₹ in lakhs)	1,154.37	916.29
(vi)	Profit per employee (₹ in lakhs)	14.26	11.33

Notes:

(1) Working funds are reckoned as the average of total assets as per the monthly returns in Form X filed with RBI during the year.

(2) Returns on Assets are computed with reference to average working funds.

(3) Business per employee (deposits plus gross advances) is computed after excluding Inter-bank deposits.

6. *Asset Liability Management*

6.1 Maturity Pattern of certain items of Assets and Liabilities

As at March 31, 2018:

(₹ in crores)

Particulars	Deposits	Loans & Advances*	Investments	Borrowings	Foreign currency assets	Foreign currency liabilities
Day 1	822.35	689.17	-	0.39	1,447.10	310.95
2 to 7 Days	3,765.32	5,475.17	35.56	8,244.25	1,111.70	942.55
8 to 14 Days	5,245.91	5,510.78	1.10	-	541.80	51.52
15 to 30 Days	3,547.53	5,214.22	4.98	814.69	977.27	999.83
31 days to 2 months	9,822.62	5,495.79	282.81	814.69	1,964.65	913.71
Over 2 months to 3 months	10,345.54	6,870.29	2,379.11	-	2,962.65	97.35
Over 3 months to 6 months	9,229.09	11,999.72	2,299.77	3,032.59	1,802.97	519.02
Over 6 months to 1 year	33,352.50	19,651.62	4,716.85	3,387.75	1,245.41	3,488.70
Over 1 year to 3 years	21,765.34	49,134.46	6,652.40	15,601.25	1,492.10	9,164.52
Over 3 years to 5 years	16,017.03	15,675.57	3,665.57	1,878.08	1,962.44	1,867.55
Over 5 years to 7 years	7,838.82	6,677.20	3,958.18	942.08	263.49	998.16
Over 7 years to 10 years	11,409.27	6,674.85	7,327.46	3,573.31	366.15	159.96
Over 10 years to 15 years	11,136.65	2,977.04	9,735.89	-	-	81.54
Above 15 years	7,341.20	5,007.78	9,017.04	-	-	56.07
Total	**1,51,639.17**	**1,47,053.66**	**50,076.72**	**38,289.08**	**16,137.73**	**19,651.43**

* Loans & Advances include Bill Re-discounting Scheme of ₹ 2,100.00 crores.

As at March 31, 2017:

(₹ in crores)

Particulars	Deposits	Loans & Advances*	Investments	Borrowings	Foreign currency assets	Foreign currency liabilities
Day 1	503.31	594.29	-	0.04	858.98	440.64
2 to 7 Days	3,745.60	7,243.48	96.54	603.52	1,578.23	792.10
8 to 14 Days	4,308.00	2,415.45	-	-	501.30	40.25
15 to 30 Days	4,435.01	1,883.22	-	-	762.89	290.17
31 days to 2 months	10,305.05	4,459.32	28.05	1,828.77	1,912.16	1,927.33
Over 2 months to 3 months	7,619.62	8,823.40	520.50	1,290.52	3,648.80	1,336.95
Over 3 months to 6 months	13,072.92	8,883.82	356.48	4,662.32	2,478.61	677.86
Over 6 months to 1 year	25,042.52	15,517.98	1,822.96	3,993.05	1,798.37	1,852.68
Over 1 year to 3 years	18,055.05	38,799.90	5,130.84	2,772.97	2,275.45	4,136.26
Over 3 years to 5 years	12,877.69	11,028.32	2,827.03	4,302.50	1,359.48	1,585.95
Over 5 years to 7 years	5,955.23	4,705.13	3,522.57	500.00	400.57	85.60
Over 7 years to 10 years	7,211.51	4,334.27	7,858.22	2,500.00	45.45	103.94
Over 10 years to 15 years	7,142.17	4,990.65	9,634.62	-	-	103.94
Above 15 years	6,298.54	501.28	4,904.33	-	-	91.71
Total	**1,26,572.22**	**1,14,180.51**	**36,702.14**	**22,453.69**	**17,620.29**	**13,465.38**

* Loans & Advances include Bill Re-discounting Scheme of ₹ 1,100.00 crores.

6.2 Liquidity Coverage Ratio (LCR)

Liquidity Coverage Ratio (LCR) aims in ensuring the Bank to maintain an adequate level of unencumbered High Quality Liquid Assets (HQLAs) to meet its liquidity needs convertible into cash under significantly severe liquidity stress scenario lasting for 30 days horizon period. LCR measures the Bank's potential to stand under combined idiosyncratic and market-wide liquidity stress condition, where the Bank experiences accelerated withdrawal of deposits from retail as well wholesale depositors, partial loss of secured funding, increase in collateral requirements and unscheduled draw down of unused credit lines.

LCR is the ratio of unencumbered HQLAs to Net Cash Outflows over the next 30 calendar days. From Jan 1, 2017 onwards, RBI guidelines mandate computation of LCR on daily average basis, which hitherto were measured on month-ends. The following table presents the minimum LCR to be maintained, in terms of RBI guidelines.

Effective from	**Jan 1, 2017**	**Jan 1, 2018**	**Jan 1, 2019**
Minimum LCR	80%	90%	100%

The Bank maintains HQLA in terms of Cash, unencumbered excess SLR, proportion of statutory SLR as allowed by RBI, excess statutory cash reserve and high rated corporate bonds issued by entities other than financial institutions. For the purposes of LCR computation, the Bank has considered all inflows and outflows that may have a quantifiable impact under the liquidity stress scenario.

Quantitative disclosure:

Following is the quantitative disclosures relating to LCR for the year ended March 31, 2018:

(₹ in crores)

No.	Particulars	June 2017		September 2017		December 2017		March 2018	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets								
1	Total High Quality Liquid Assets (HQLA)		29,282.27		31,189.34		27,192.33		29,805.10
	Cash Outflows								
2	Retail deposits and deposits from small business customers, of which:								
(i)	Stable deposits	4,166.26	208.31	4,234.96	211.75	4,326.15	216.31	4,410.11	220.51
(ii)	Less stable deposits	30,112.98	3,011.30	32,576.68	3,257.67	33,467.16	3,346.72	33,726.48	3,372.65
3	Unsecured wholesale funding, of which:								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	53,626.39	30,651.01	61,506.95	33,386.14	61,228.49	31,676.92	65,395.37	34,259.98
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		-		-		-		-
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	19,977.34	19,977.34	12,437.81	12,437.81	24,618.94	24,618.94	36,291.31	36,291.31
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	1,382.25	1,382.25	1,862.65	1,862.65	766.52	766.52	1,924.36	1,924.36
7	Other contingent funding obligations	44,749.53	1,583.00	41,342.61	1,415.73	46,683.83	1,641.55	51,553.36	1,797.53
8	**Total Cash Outflows**		**56,813.21**		**52,571.75**		**62,266.96**		**77,866.34**

No.	Particulars	June 2017		September 2017		December 2017		March 2018	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	Cash Inflows								
9	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	26,813.60	24,574.69	27,146.48	22,900.39	37,998.32	33,609.25	55,913.65	50,616.83
11	Other cash inflows	530.52	265.26	427.47	213.73	75.74	37.87	-	-
12	**Total Cash Inflows**		**24,839.95**		**23,114.12**		**33,647.12**		**50,616.83**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	**Total HQLA**		**29,282.27**		**31,189.34**		**27,192.33**		**29,805.10**
14	**Total Net Cash Outflows**		**31,973.26**		**29,457.63**		**28,619.84**		**27,249.51**
15	**Liquidity Coverage Ratio (%)**		**91.58%**		**105.88%**		**95.01%**		**109.38%**

Following is the quantitative disclosures relating to LCR for the year ended March 31, 2017:

(₹ in crores)

No.	Particulars	June 2016		September 2016		December 2016		March 2017	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets								
1	Total High Quality Liquid Assets (HQLA)		13,732.54		16,426.54		22,131.53		28,214.84
	Cash Outflows								
2	Retail deposits and deposits from small business customers, of which:								
(i)	Stable deposits	3,115.48	155.77	3,258.47	162.92	4,140.96	207.05	4,312.41	215.62
(ii)	Less stable deposits	23,867.40	2,386.74	25,216.56	2,521.66	26,835.48	2,683.55	28,103.93	2,810.39
3	Unsecured wholesale funding, of which:								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	30,520.64	19,387.71	37,450.56	22,063.37	40,132.60	25,539.21	51,225.42	31,202.45
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		-		-		-		-
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	10,871.20	10,871.20	15,565.24	15,565.24	18,482.37	18,482.37	21,566.92	21,566.92
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	3,026.33	3,026.33	2,512.15	2,512.15	1,659.84	1,659.84	1,305.80	1,305.80
7	Other contingent funding obligations	32,200.56	1,076.21	36,458.43	1,201.80	39,858.28	1,341.53	48,280.62	1,598.80
8	**Total Cash Outflows**		**36,903.96**		**44,027.14**		**49,913.55**		**58,699.98**

No.	Particulars	June 2016		September 2016		December 2016		March 2017	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	Cash Inflows								
9	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	24,169.14	19,397.14	27,174.48	23,771.98	28,777.62	25,668.71	31,912.59	28,793.60
11	Other cash inflows	-	-	-	-	-	-	166.39	83.19
12	**Total Cash Inflows**		**19,397.14**		**23,771.98**		**25,668.71**		**28,876.79**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	**Total HQLA**		**13,732.54**		**16,426.54**		**22,131.53**		**28,214.84**
14	**Total Net Cash Outflows**		**17,506.82**		**20,255.16**		**24,244.84**		**29,823.19**
15	**Liquidity Coverage Ratio (%)**		**78.44%**		**81.10%**		**91.28%**		**94.61%**

Note: LCR data for the quarter ended March 31, 2017, has been computed based on simple average of daily observations. For the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016 the same has been computed as the simple average of monthly observations over the quarter.

7. Exposures

7.1 Exposure to Real Estate Sector:

(₹ in crores)

No.	Particulars	March 31, 2018	March 31, 2017
(a)	**Direct exposure**		
(i)	Residential Mortgages -of which housing loans eligible for inclusion in priority sector advance ₹ 155.85 crores (Previous year ₹ 71.22 crores)	9,367.74	7,735.55
(ii)	Commercial Real Estate	12,376.32	11,008.45
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
	Residential	-	-
	Commercial Real Estate	-	-
(b)	**Indirect exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	3,187.56	3,167.29
	Total Exposure to Real Estate Sector	**24,931.62**	**21,911.29**

As per RBI circular FIDD.CO.Plan.BC.54/04.09.01/2014-15 dated April 23, 2015, FIDD.CO.Plan.1/04.09.01/2016-17 dated July 7, 2016 limit for housing loan under priority sector has been changed from ₹ 25 lakhs to ₹ 28 lakhs.

7.2 Exposure to Capital Market:

(₹ in crores)

No.	Particulars	March 31, 2018	March 31, 2017
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	340.87	382.93
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	203.07	154.53
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds, i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	5,092.19	3,681.92
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	1,716.24	1,789.29

No.	Particulars	March 31, 2018	March 31, 2017
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii)	Bridge loans to companies against expected equity flows/issues	-	-
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix)	Financing to stockbrokers for margin trading	-	-
(x)	All exposures to Venture Capital Funds (both registered and unregistered)	99.42	67.50
(xi)	Irrevocable payment commitments issued by custodian banks in favour of stock exchanges	-	-
	Total Exposure to Capital Market	**7,451.79**	**6,076.17**

During the year ended March 31, 2018, no debt has been converted to equity as a part of strategic debt restructuring which is exempt from CME limit (Previous year ₹ 51.29 crores).

7.3 Risk Category-wise exposure to country risk

(₹ in crores)

Risk category	March 31, 2018		March 31, 2017	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	3,121.26	6.35	1,482.96	-
Low	5,054.25	-	3,529.42	-
Moderate	208.61	-	111.34	-
High	248.86	-	350.13	-
Very High	376.03	-	289.94	-
Restricted	112.26	-	37.00	-
Off Credit	72.37	-	45.40	-
Total	**9,193.64**	**6.35**	**5,846.19**	**-**

7.4 Single borrower limit and Group Borrower Limit

During the year ended March 31, 2018, the Bank's credit exposures to single borrowers and group borrowers were within the prudential limits prescribed by RBI.

During the year ended March 31, 2017, the Bank's credit exposures to single borrowers and group borrowers were within the prudential limits prescribed by RBI except in case of Vodafone Mobile Services Limited / Vodafone India Limited, where the single borrower limit was exceeded. This exposure has been approved by the Board of Directors of the Bank as it was within the prudential limit.

7.5 Unsecured advances

The Bank has not extended any project advances where the collateral is an intangible asset such as a charge over rights, licenses, authorizations, etc. (Previous year Nil). The Unsecured Advances of ₹ 29,396.20 crores (Previous year ₹ 14,291.58 crores) as disclosed in Schedule 9B (iii) are without any collateral or security.

7.6 Details of factoring exposure

The factoring exposure of the Bank as at March 31, 2018 is ₹ 46.59 crores (Previous year Nil).

8. *Concentration of Deposits, Advances, Exposures and NPAs*

8.1 Concentration of Deposits

(₹ in crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Deposits of twenty largest depositors	36,058.36	31,611.66
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	23.78%	24.98%

8.2 Concentration of Advances

(₹ in crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Advances to twenty largest borrowers	37,343.05	31,127.56
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	15.32%	15.26%

Advances are computed as per the definition of Credit Exposure including derivatives as prescribed in Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

8.3 Concentration of Exposures

(₹ in crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Exposure to twenty largest borrowers / customers	37,343.05	32,538.76
Percentage of Exposure of twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	14.79%	15.58%

Exposures are computed as per the definition in Master Circular on Exposure Norms DBR. No. Dir. BC.12/13.03.00/2015-16 dated July 1, 2015 and includes credit, derivatives and investment exposure.

8.4 Concentration of NPAs

(₹ in crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Exposure to top four NPA accounts	417.54	171.25

Note: Exposure includes Funded Exposure (net of unrealised interest).

8.5 *Intra-Group Exposure*

(₹ in crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Total amount of intra-group exposure	-	-
Total amount of top-20 intra-group exposure	-	-
Percentage of Intra Group Exposure to Total Exposure of the Bank on borrower/ Customer	-	-
Details of Breach of Limit on Intra Group exposure and Regulatory action thereon, if any	-	-

8.6 *Priority Sector Lending Certificates (PSLC):*

(₹ in crores)

No.	Particulars	March 31, 2018		March 31, 2017	
		PSLC Sold	PSLC Purchase	PSLC Sold	PSLC Purchase
1	PSLC Agriculture	-	-	-	-
2	PSLC Small Farmers / Marginal Farmers	-	-	-	-
3	PSLC Micro Enterprises	83.00	-	-	-
4	PSLC General	900.00	1,000.00	600.25	-

9. *Miscellaneous*

9.1 *Amount of Provisions for taxation during the year*

(₹ in crores)

Particulars	March 31, 2018	March 31, 2017
Provision for Income Tax	1,900.02	1,681.33
Deferred tax credit	(25.33)	(189.54)
Total	**1,874.69**	**1,491.79**

9.2 *Penalties imposed by RBI*

During the year ended March 31, 2018, RBI imposed a penalty of ₹ 3.00 crores for non-adherence to Income Recognition and Asset Classification norms and regulatory restriction pertaining to non-fund based facilities in exercise of powers vested under Section 47(A)(1)(c) read with section 46(4) of the Banking Regulation Act, 1949. This penalty was duly paid by the Bank.

During the year ended March 31, 2017, RBI imposed a penalty of ₹ 2.00 crores for violation of regulatory directions / instructions / guidelines, among other things on KYC norms, in exercise of powers vested under Section 47(A)(1)(c) read with section 46(4) of the Banking Regulation Act, 1949. This penalty was duly paid by the Bank.

9.3 *Fixed Assets*

9.3.1 Cost of premises includes ₹ 4.09 crores (Previous year ₹ 4.09 crores) in respect of properties for which execution of documents and registration formalities are in progress. Of these properties, the Bank has not obtained full possession of one property having written down value of ₹ 1.51 crores (Previous year ₹ 1.56 crores) and has filed a suit for the same.

9.3.2 Computer software

The movement in fixed assets capitalized as computer software is given below:

(₹ in crores)

Particulars	31 March, 2018	31 March, 2017
At cost at the beginning of the year	338.52	280.48
Addition during the year	51.19	61.10
Deduction during the year	-	3.06
Accumulated depreciation as at the end of the year	260.50	207.26
Closing balance as at the end of the year	129.21	131.26
Depreciation charge for the year	53.24	47.20

9.4 Contingent Liabilities

The Bank's pending litigations include claims against the Bank by clients and counterparties and proceedings pending with tax authorities. The Bank has reviewed its pending litigations and proceedings and has adequately provided for where provisions are required, and disclosed as contingent liabilities where applicable, in its financial statements. Claims against the Bank not acknowledged as debts comprise of tax demands of ₹ 176.28 crores (Previous year ₹ 165.18 crores) in respect of which the Bank is in appeal, and legal cases *sub judice* of ₹ 300.24 crores (Previous year ₹ 357.50 crores). The Bank carries a provision of ₹ 4.52 crores (Previous year ₹ 4.48 crores) against cases *sub judice*. The amount of contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

9.5 The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

9.6 Overseas Asset, NPAs and Revenue

During the year, the Bank earned a revenue of ₹ 116.78 crores through overseas assets (Previous year ₹ 82.01 crores). The overseas assets as at March 31, 2018 amounted to ₹ 4,396.30 crores (Previous year ₹ 1,717.17 crores) and there were no NPA (Previous year Nil). Assets for this purpose is defined to include client advances.

9.7 The Bank does not have any Off-Balance Sheet SPVs (which are required to be consolidated as per accounting standards) (Previous year Nil).

9.8 Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crores)

Particulars	March 31, 2018	March 31, 2017
Opening balance of amounts transferred to DEAF	18.95	15.59
Add: Amounts transferred to DEAF during the year	5.10	3.71
Less: Amounts reimbursed by DEAF towards claims	0.42	0.35
Closing balance of amounts transferred to DEAF	**23.63**	**18.95**

9.9 There is no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank (Previous year Nil).

9.10 Corporate Social Responsibility (CSR)

The Bank has spent an amount of ₹ 20.47 crores (Previous year ₹ 33.81 crores) towards CSR initiatives through various projects in the areas of Rural Development and Inclusiveness, Environment Sustainability, Preventive Healthcare, Education and Sports. Of the total CSR spends, an amount of ₹ 0.13 crores (Previous year ₹ 21.16 crores) was incurred towards capital expenditure.

9.11 Drawdown from Reserves

During the year ended March 31, 2018 and year ended March 31, 2017, the Bank did not draw down from the reserves.

9.12 Credit Default Swaps

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended March 31, 2018 (Previous year Nil).

9.13 In March 2017, the Bank made an announcement of entering into an agreement with Infrastructure Leasing and Financial Services Ltd., (IL&FS) the Promoter shareholders of IL&FS Securities Services Ltd., (ISSL) to acquire 100% of ISSL. RBI has granted approval for the proposed acquisition. This transaction is conditional on definitive agreements and other regulatory approvals, and thus, does not have any bearing on the current financial results or the financial position of the Bank as at March 31, 2018.

9.14 On October 14, 2017, the Board of Directors of the Bank and Bharat Financial Inclusion Limited (BFIL), at their respective meetings, approved a merger of BFIL with the Bank in an all-stock transaction through a Composite Scheme of Arrangement. The Competition Commission of India has approved the proposed Scheme and RBI has accorded their "No Objection" for the merger. The incorporation of the wholly owned subsidiary of the Bank is subject to the approval of the RBI, which is pending. The Scheme is pending approval from the Securities and Exchange Board of India (SEBI) / stock exchanges, the respective shareholders and creditors of the Bank and BFIL, the National Company Law Tribunal (NCLT), and is subject to compliance with the conditions specified by RBI. As such, the proposed transaction does not have any impact on the current financial results or the financial position of the Bank as at March 31, 2018.

9.15 Movement in depreciation of Fixed Assets

(₹ in crores)

Depreciation	2017-18	2016-17
Premises		
At the beginning of the year	74.96	66.72
Transferred from Revaluation Reserve	6.13	6.18
Charge for the year	2.05	2.06
Deduction during the year	0.99	-
Depreciation to date	82.15	74.96
Other Fixed Assets		
At the beginning of the year	940.21	771.09
Charge for the year	209.59	188.64
Deduction during the year	24.52	19.52
Depreciation to date	1,125.28	940.21

9.16 Bancasurrance business

Commission, Exchange and Brokerage in Schedule 14 include the following fees earned on Bancassurance business:

(₹ in crores)

Particulars	March 2018	March 2017
For selling life insurance policies	93.60	70.56
For selling non-life insurance policies	96.10	58.86
For selling mutual fund products	155.28	82.50
Others	-	-
Total	**344.98**	**211.92**

10. Employee Stock Option Scheme (ESOS)

10.1 The shareholders of the Bank approved Employee Stock Option Scheme (ESOS 2007) on September 18, 2007. ESOS enables the Board and the Compensation Committee to grant such number of stock options of the Bank not exceeding 7% of the aggregate number of issued and paid up equity shares of the Bank, in line with the guidelines issued by the SEBI. The options vest within a maximum period of five years from the date of grant of option. The exercise price for each grant is decided by the Compensation Committee, which is normally based on the latest available closing price. Upon vesting, the options have to be exercised within a maximum period of five years. The stock options are equity settled where the employees will receive one equity share per stock option.

Pursuant to the ESOS 2007 scheme, the Compensation Committee of the Bank has granted 4,16,33,300 options as set out below:

Sr. No.	Date of grant	No of options	Range of exercise price (₹)
1	18-Jul-08	1,21,65,000	48.00 - 50.60
2	17-Dec-08	34,56,000	38.95
3	05-May-09	8,15,500	44.00
4	31-Aug-09	3,18,500	100.05
5	28-Jan-10	7,47,000	48.00 - 140.15
6	28-Jun-10	13,57,450	196.50
7	14-Sep-10	73,500	236.20
8	26-Oct-10	1,43,500	274.80
9	17-Jan-11	25,00,000	228.70
10	07-Feb-11	20,49,000	95.45 - 220.45
11	24-Jun-11	21,54,750	253.60
12	16-Aug-11	89,500	254.90
13	30-Sep-11	2,61,000	262.25
14	21-Dec-11	9,20,000	231.95
15	29-Feb-12	1,95,000	304.05
16	19-Apr-12	1,40,500	345.60
17	25-May-12	1,34,500	304.55
18	10-Jul-12	2,67,000	343.25

Sr. No.	Date of grant	No of options	Range of exercise price (₹)
19	29-Aug-12	1,14,000	319.05
20	10-Oct-12	23,500	365.75
21	09-Jan-13	30,000	433.75
22	18-Apr-13	12,500	419.60
23	20-Jun-13	1,75,000	478.45
24	18-Jul-13	18,35,000	453.90
25	23-Sep-13	75,000	411.50
26	29-Oct-13	22,000	412.25
27	29-Jan-14	7,67,500	300.00 - 389.85
28	25-Mar-14	1,76,500	490.30
29	15-May-14	65,500	537.05
30	02-Jun-14	32,69,500	533.95
31	09-Jul-14	33,000	551.10
32	13-Oct-14	74,500	623.25
33	17-Jan-15	47,500	831.85
34	23-Feb-15	48,000	876.80
35	30-Mar-15	11,000	880.75
36	22-May-15	52,600	848.20
37	24-Jul-15	16,30,000	949.80
38	21-Sep-15	1,93,000	918.65
39	04-Nov-15	93,500	911.85
40	12-Jan-16	10,33,500	886.75 – 936.75
41	12-May-16	13,500	1,053.75
42	11-Jul-16	25,000	1,126.70
43	23-Aug-16	2,76,000	1,186.75
44	10-Oct-16	18,51,000	1,220.85
45	16-Nov-16	33,500	1,093.10
46	27-Jan-17	21,500	1,265.40
47	24-Mar-17	49,000	1,383.90
48	19-Apr-17	16,000	1,431.75
49	09-May-17	69,000	1,424.85
50	19-Jun-17	38,500	1,498.90
51	11-Jul-17	35,000	1,560.35
52	12-Oct-17	69,000	1,717.25
53	11-Jan-18	43,000	1,734.10
54	27-Mar-18	15,23,000	1,759.75

10.2 Recognition of expense

The Bank follows the intrinsic value method to recognize employee costs relating to ESOS, in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the ICAI. Excess of fair market price over the exercise price of an option at the grant date, is recognised as a deferred compensation cost and amortized on a straight-line basis over the vesting period of such options. The compensation so recognised in respect of which exercise of options is outstanding, is shown as Employee Stock Options Outstanding on the face of the Balance Sheet.

The fair market price is the latest available closing price on the stock exchange on which the shares of the Bank are listed, prior to the date of the meeting of the Compensation Committee in which stock options are granted. Since shares are listed on more than one stock exchange, the exchange where the Bank's shares have been traded highest on the said date is considered for this purpose.

10.3 Stock option activity under the scheme during the year

Particulars	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,17,32,111	657.14
Granted during the year	17,93,500	1,732.20
Forfeited / surrendered during the year	1,31,275	985.11
Exercised during the year	20,74,482	491.52
Expired during the year	2,980	253.41
Outstanding at the end of the year	1,13,16,874	854.18
Options exercisable at the end of the year	71,11,745	548.15

The weighted average price of options exercised during the year is ₹ 1,626.08.

Following table summarizes the information about stock options outstanding as at March 31, 2018:

Sr. No.	Date of grant	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
1	28-Jan-10 A	48.00	4,00,000	0.84
2	28-Jun-10	196.50	18,662	0.24
3	17-Jan-11	228.70	8,40,000	0.82
4	07-Feb-11 A	220.45	1,07,500	0.86
5	24-Jun-11	253.60	61,333	0.88
6	21-Dec-11	231.95	4,03,000	1.36
7	29-Feb-12	304.05	67,000	1.43
8	19-Apr-12	345.60	39,500	1.70
9	25-May-12	304.55	5,675	1.16
10	10-Jul-12	343.25	1,47,400	1.79
11	10-Oct-12	365.75	3,750	1.88
12	20-Jun-13	478.45	28,500	3.12
13	18-Jul-13	453.90	2,50,630	2.60
14	23-Sep-13	411.50	10,000	2.49
15	29-Oct-13	412.25	3,560	3.58
16	29-Jan-14	389.85	9,100	3.40

Sr. No.	Date of grant	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
17	29-Jan-14 A	300.00	7,00,000	2.84
18	25-Mar-14	490.30	1,25,510	3.00
19	15-May-14	537.05	8,765	3.58
20	02-Jun-14	533.95	18,08,320	3.30
21	09-Jul-14	551.10	1,700	4.28
22	13-Oct-14	623.25	23,865	3.72
23	17-Jan-15	831.85	38,150	3.84
24	23-Feb-15	876.80	1,040	4.56
25	30-Mar-15	880.75	9,000	4.01
26	22-May-15	848.20	41,114	4.27
27	24-Jul-15	949.80	10,97,095	4.50
28	21-Sep-15	918.65	70,760	5.27
29	04-Nov-15	911.85	61,040	4.68
30	12-Jan-16	936.75	3,500	4.80
31	12-Jan-16	886.75	10,00,000	4.80
32	12-May-16	1,053.75	8,510	5.25
33	11-Jul-16	1,126.70	22,420	5.41
34	23-Aug-16	1,186.75	2,04,340	5.65
35	10-Oct-16	1,220.85	18,17,340	5.56
36	16-Nov-16	1,093.10	23,270	6.09
37	27-Jan-17	1,265.40	19,025	5.97
38	24-Mar-17	1,383.90	49,000	6.00
39	19-Apr-17	1,431.75	16,000	6.07
40	09-May-17	1,424.85	69,000	6.12
41	19-Jun-17	1,498.90	38,500	6.23
42	11-Jul-17	1,560.35	35,000	6.29
43	12-Oct-17	1,717.25	69,000	6.55
44	11-Jan-18	1,734.10	43,000	6.80
45	27-Mar-18	1,759.75	15,17,000	7.00

10.4 Fair value methodology:

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Particulars	2017-18
Average dividend yield	0.30 – 0.38%
Expected volatility	25.60 – 28.94%
Risk free interest rates	6.54 – 7.23%
Expected life of options (in years)	4.52

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on the National Stock Exchange of India Limited (NSE), over a prior period equivalent to the expected life of the options, till the date of the grant.

The stock-based compensation cost calculated as per the intrinsic value method for the year ended March 31, 2018 is ₹ 1.21 crores (Previous year ₹ 3.29 crores). Had the Bank adopted the Black-Scholes model based fair valuation, compensation cost for the year ended March 31, 2018, would have increased by ₹ 68.81 crores (Previous year ₹ 70.05 crores) and the proforma profit after tax would have been lower by ₹ 44.99 crores (Previous year ₹ 45.80 crores). On a proforma basis, the basic and diluted earnings per share would have been as follows:

Particulars	March 31, 2018	March 31,2017
Proforma basis		
Basic earnings per share ₹	59.44	47.29
Diluted earnings per share ₹	58.82	46.80

The weighted average fair value of options granted during the year 2017-18 is ₹ 593.37 (Previous year ₹ 441.07).

11. *Disclosures – Accounting Standards*

11.1 Employee Benefits (AS-15)

Gratuity:

Gratuity is a defined benefit plan. The Bank has obtained qualifying insurance policies from IRDA approved insurance companies. The following table presents a summary of the components of net expenses recognised in the Profit and Loss account and funded status and amounts recognised in the Balance Sheet, on the basis of actuarial valuation.

(₹ in crores)

Sr. No.	Particulars	March 31, 2018	March 31, 2017
	Changes in the present value of the obligation		
1	Opening balance of Present Value of Obligation	75.31	61.67
2	Interest Cost	5.05	4.30
3	Current Service Cost	16.44	12.71
4	Benefits Paid	(6.40)	(7.44)
5	Actuarial loss / (gain) on Obligation	(0.92)	4.07
6	Closing balance of Present Value of Obligation	89.48	75.31
	Reconciliation of opening and closing balance of the fair value of the Plan Assets		
1	Opening balance of Fair value of Plan Assets	81.53	65.34
2	Adjustment to Opening Balance	0.66	0.57
3	Expected Return on Plan assets	6.54	5.10
4	Expenses	-	(0.33)
5	Contributions	15.51	17.07
6	Benefits Paid	(6.40)	(7.44)
7	Actuarial gain / (loss) on Plan Assets	(4.32)	1.22
8	Closing balance of Fair Value of Plan Assets	93.52	81.53

Sr. No.	Particulars	March 31, 2018	March 31, 2017
	Profit and Loss – Expenses		
1	Current Service Cost	16.44	12.71
2	Interest Cost	5.05	4.30
3	Expected Return on Plan assets	(6.54)	(5.10)
4	Expenses	-	0.33
5	Net Actuarial loss recognised in the year	3.40	2.86
6	Expenses recognised in the Profit and Loss account	18.35	15.10
	Funded status	**100 % insurance managed funds**	**100 % insurance managed funds**
	Actuarial Assumptions		
1	Discount Rate	7.55%	7.00%
2	Expected Rate of Return on Plan Assets	6.50%	7.60%
3	Expected Rate of Salary Increase	5.00%	5.00%
4	Employee Attrition Rate		
	- Past Service 0 to 5 years	30.00%	30.00%
	- Past Service above 5 years	0.50%	0.50%

Estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Experience Adjustment

(₹ in crores)

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Defined Benefit Obligations	89.48	75.31	61.67	46.38	34.36
Plan Assets	93.52	81.53	65.34	49.58	34.36
Surplus / (Deficit)	4.04	6.21	3.67	3.20	-
Experience Adjustments on Plan Liabilities	0.92	(4.07)	(7.60)	(4.25)	1.63
Experience Adjustments on Plan Assets	(4.32)	1.22	(0.80)	(0.35)	(1.72)

Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date is ₹ 28 crores (Previous year ₹ 24 crores).

Provident Fund

The guidance on implementing AS 15 Employee Benefits (revised 2005) issued by the Accounting Standards Board of the Institute of Chartered Accountants of India states that employer established provident funds which require interest shortfalls to be recompensed are to be considered as defined benefit plans.

The details of the fund and plan assets position as at March 31, 2018, are as follows:

(₹ in crores)

Assets / Liabilities	**March 31, 2018**	**March 31, 2017**
Present value of Interest Rate guarantee on Provident Fund	0.99	1.20
Present value of Total Obligation	165.01	143.41
Fair value of Plan Assets	164.86	143.08
Net liability recognised in the Balance Sheet	(0.15)	(0.33)
Assumptions		
Normal Retirement age	60 years	60 years
Expected guaranteed interest on PF in future	8.55%	8.65%
Discount rate	7.55%	7.00%
Expected average remaining working lives of employees (years)	7.02-8.60	6.04-8.07
Benefit on normal retirement	Accumulated account balance with interest rate equal to or more than EPFO Rate	Accumulated account balance with interest rate equal to or more than EPFO Rate
Benefit on early retirement / withdrawal / resignation	Same as normal retirement benefit	Same as normal retirement benefit
Benefit on death in service	Same as normal retirement benefit	Same as normal retirement benefit

11.2 Segment Reporting (AS - 17)

The Bank operates in four business segments, viz. Treasury, Corporate / Wholesale Banking, Retail Banking and Other Banking Operations. There are no significant residual operations carried by the Bank.

Business Segments:

(₹ in crores)

Business Segment	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operation		Total	
Particulars	**31/03/18**	**31/03/17**	**31/03/18**	**31/03/17**	**31/03/18**	**31/03/17**	**31/03/18**	**31/03/17**	**31/03/18**	**31/03/17**
Revenue	4,095.20	3,490.63	7,036.38	6,311.25	11,779.15	9,608.76	72.75	40.81	22,983.48	19,451.45
Inter Segment Revenue									(952.63)	(874.29)
Total Income									22,030.85	18,577.16
Result	605.79	707.61	2,124.05	1,778.17	4,112.51	3,142.58	25.40	13.35	6,867.75	5,641.71
Unallocated Expenses									(211.64)	(190.70)
Operating Profit									6,656.11	5,451.01
Provisions and Contingencies										
(other than tax)									(1,175.43)	(1,091.33)
Tax Expenses									(1,874.69)	(1,491.79)
Extraordinary profit/ loss									-	-
Net Profit									3,605.99	2,867.89
Other Information:										
Segment Assets	56,969.78	45,131.28	68,167.50	54,185.90	86,296.31	71,820.77	-	-	2,11,433.59	1,71,137.95
Unallocated Assets									10,192.57	7,510.46
Total Assets									2,21,626.16	1,78,648.41
Segment Liabilities	38,717.43	23,001.05	67,234.30	61,913.39	85,833.83	65,901.83	-	-	1,91,785.56	1,50,816.27
Unallocated Liabilities									29,840.60	27,832.14
Total Liabilities									2,21,626.16	1,78,648.41

Note:

Fixed Assets, tax paid in advance and tax deducted at source (net of provisions), stationery and stamps, non-banking assets acquired in satisfaction of claims, and others which cannot be allocated to any segments, have been classified as unallocated assets; Depreciation on Fixed Assets has been classified as unallocated expenses. The unallocated liabilities include share capital, employee stock option outstanding, reserves and surplus, proposed dividend and others.

Geographic Segments:

The business operations of the Bank are largely concentrated in India. Activities outside India are restricted to resource mobilization in the international markets and lending to a few overseas entities through the IFSC Banking Unit at the GIFT City Gujarat. Since the Bank does not have material earnings emanating from foreign operations, the Bank is considered to operate only in domestic segment.

11.3 Related party transactions (AS - 18)

The following is the information on transactions with related parties:

Key Management Personnel

Mr. Romesh Sobti, Managing Director

Associates

IndusInd Marketing and Financial Services Private Limited

Subsidiaries

The Bank does not have any subsidiary. ALF Insurance Services Private Limited was an erstwhile subsidiary that went into a voluntary winding up. On February 24, 2016 the liquidator had repaid the entire share capital, and vide an order issued by the High Court of Madras on June 14, 2016 it has been liquidated pursuant to the voluntary winding up and the name has been struck off the Companies Register.

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided as there is only one related party in each of the above categories.

11.4 Operating Leases (AS - 19)

The Bank has taken a number of premises on operating lease for branches, offices, ATMs and residential premises for staff. The Bank has not given any assets on operating lease. The details of maturity profile of future operating lease payments are given below:

(₹ in crores)

Particulars	March 31, 2018	March 31, 2017
Future lease rentals payable as at the end of the year:		
- Not later than one year	325.04	277.25
- Later than one year but not later than five years	928.41	950.16
- Later than five years	326.12	349.00
Total of minimum lease payments recognised in the Profit and Loss Account for the year	280.11	243.84
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-lease	-	-
Sub-lease payments recognised in the Profit and Loss account for the year	-	-

The Bank has not sub-leased any of the properties taken on lease. There are no provisions relating to contingent rent.

The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

11.5 *Earnings per share (AS - 20)*

Details pertaining to earnings per share as per AS 20 are as under:

Particulars	For the Year ended	
	March 31, 2018	March 31, 2017
Net Profit after tax (₹ in crores)	3,605.99	2,867.89
Basic weighted average number of equity shares	59,90,63,006	59,66,99,170
Diluted weighted average number of equity shares	60,53,75,114	60,29,85,746
Nominal value of Equity Shares (₹)	10	10
Basic Earnings per Share (₹)	60.19	48.06
Diluted Earnings per Share (₹)	59.57	47.56

11.6 *Deferred Tax (AS - 22)*

The major components of deferred tax assets / liabilities are as under:

(₹ in crores)

Particulars	March 31, 2018 Deferred Tax		March 31, 2017 Deferred Tax	
Timing difference on account of	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Difference between depreciation as per the books of account and depreciation under the Income Tax Act, 1961	-	16.68	-	33.35
Difference between Provisions for doubtful debts and advances and amount allowable under Section 36(1)(viia) of the Income Tax Act, 1961	597.72	-	530.93	-
Difference between income as per the books of account and income offered under the Income Tax Act, 1961	-	252.84	-	177.93
Others	49.60	-	32.82	-
Sub-total	**647.32**	**269.52**	**563.75**	**211.28**
Net closing balance carried to the Balance Sheet (included in Sch. 11 – Others)	**377.80**		**352.47**	

12. *Additional Disclosures*

12.1 *Provisions and Contingencies charged to the Profit and Loss account for the year consist of:*

(₹ in crores)

Particulars	March 31, 2018	March 31, 2017
Depreciation on Investments	120.87	31.36
Provision for non-performing assets including bad debts written off (net of write backs)	900.90	704.76
Income Tax / Deferred Tax (Refer Note 9.1)	1,874.69	1,491.79
Other Provision and Contingencies (includes floating provision, provision towards standard assets and others)	153.66	355.22
Total	**3,050.12**	**2,583.13**

12.2 Movement in provisions

a) Movement in provision for credit card and debit card reward points

(₹ in crores)

Particulars	2017-18	2016-17
Opening provision for Reward Points	22.80	16.07
Provision for Reward Points made during the year	34.52	25.40
Utilisation / write back of provision for Reward Points	(26.35)	(18.67)
Effect of change in rate for accrual of Reward Points	-	-
Closing provision for Reward Points	**30.97**	**22.80**

b) Provision pertaining to fraud accounts:

(₹ in crores)

Particulars	2017-18	2016-17
Number of frauds reported	32	24
Amount involved in frauds	118.19	2.90
Provisions made during the year	101.42	1.69
Amount of unamortised provision debited from "other reserves" as at the end of the year	71.52	-

In respect of two borrower accounts where fraud was detected, in accordance with the RBI circular DBR.No.BP.BC.92/21.04.048/2015-16 dated April 18, 2016, the Bank opted to make the provision over four quarters. Accordingly, an amount of ₹ 71.52 crores remaining un-provided at the end of the year has been debited to Balance in Profit and Loss Account on March 31, 2018.

12.3 Disclosure relating to Complaints

A. (i) Customer complaints (other than complaints relating to ATM transactions):

No.	Particulars	2017-18	2016-17
(a)	No. of complaints pending at the beginning of the year	2,009	448
(b)	No. of complaints received during the year	46,223	36,079
(c)	No. of complaints redressed during the year	47,498	34,518
(d)	No. of complaints pending at the end of the year	734	2,009

(ii) Customer complaints relating to transactions on the Bank's ATMs:

No.	Particulars	2017-18	2016-17
(a)	No. of complaints pending at the beginning of the year	20	7
(b)	No. of complaints received during the year	1,491	546
(c)	No. of complaints redressed during the year	1,497	533
(d)	No. of complaints pending at the end of the year	14	20

(iii) Customer complaints relating to transactions on other banks' ATMs:

No.	Particulars	2017-18	2016-17
(a)	No. of complaints pending at the beginning of the year	55	-
(b)	No. of complaints received during the year	414	353
(c)	No. of complaints redressed during the year	465	298
(d)	No. of complaints pending at the end of the year	4	55

(iv) Customer complaints [Total of (i)+(ii)+(iii)]:

No.	Particulars	2017-18	2016-17
(a)	No. of complaints pending at the beginning of the year	2,084	455
(b)	No. of complaints received during the year	48,128	36,978
(c)	No. of complaints redressed during the year	49,460	35,349
(d)	No. of complaints pending at the end of the year	752	2084

B. Awards passed by the Banking Ombudsman:

No.	Particulars	2017-18	2016-17
(a)	No. of unimplemented Awards at the beginning of the year	-	-
(b)	No. of Awards passed by the Banking Ombudsman during the year	-	-
(c)	No. of Awards implemented during the year	-	-
(d)	No. of unimplemented Awards at the end of the year	-	-

(Compiled by management and relied upon by auditors)

12.4 Proposed Dividend

The Board of Directors, in their meeting held on April 19, 2018, have proposed a final dividend of ₹ 7.50 per equity share amounting to ₹ 542.70 crores, inclusive of corporate dividend tax. The proposal is subject to the approval of shareholders at the Annual General Meeting. This proposed dividend is not recognised as a liability on March 31, 2018 and accordingly, the said amount of ₹ 542.70 crores has not been considered as an appropriation from the Profit and Loss Account for the year ended March 31, 2018.

Dividend for the year ended March 31, 2017, paid during the year pursuant to the approval of the shareholders at the 23rd Annual General Meeting, at the rate of ₹ 6 per equity share amounting to ₹ 432.24 crores (including corporate dividend tax), has been considered as an appropriation from the Profit and Loss Account.

12.5 Letters of Comfort

The Bank has not issued any letters of comfort during the year ended March 31, 2018 (Previous year Nil).

12.6 Disclosure on Remuneration

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) presently comprises four members, three of whom are Independent Directors. On aspects relating to remuneration, the mandate of the Nomination and Remuneration Committee is to establish, implement and maintain remuneration policies, procedures and practices that help

to achieve effective alignment between remuneration and risks. The Committee is also mandated to oversee framing, implementation and review of the Bank's Compensation Policy as per RBI guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Risk Takers and Control function staff. The Committee is also required to ensure that the cost to income ratio of the Bank supports the remuneration expense of the Bank consistent with the objective of maintaining sound capital adequacy ratio. The Nomination and Remuneration Committee also reviews compensation policies of the Bank with a view to attract, retain and motivate employees.

Compensation Policy

The Compensation Policy is formulated by the Board in alignment with the RBI guidelines and covers all components of compensation including fixed pay, variable pay, perquisites, retirement benefits as Provident Fund and Gratuity, Long term incentive plans and Employee Stock Options.

The key objectives of the policy are:

(i) Benchmark employee compensation for various job positions and skills with that of the market.

(ii) Maintain an optimal balance between fixed and variable pay.

(iii) Pay for 'Position, Performance and Person'.

(iv) Build employee ownership and long term association through long term incentive plans (ESOPs).

Some of the important features of the Compensation Policy are as follows:

(i) The Bank has identified "Risk Takers and Risk Controllers" separately. Risk Takers includes all employees in Grades Senior Vice President 3 (SVP3) and above belonging to the business line functions of Corporate & Commercial Banking Group, Global Markets Group, Transaction Banking Group, Gems and Jewellery business, Consumer Banking and Consumer Finance Division, whose functioning and decisioning impacts the Bank materially on tangible financial performance aspects of revenues, costs, and profits. Risk Controllers are employees in Grades SVP3 and above belonging to the business support functions of Operations, Finance & Accounts, Information Technology, Secretarial, Credit, Risk, Financial Restructuring & Reconstruction Group, Credit Quality Loan Assurance Review, Human Resources, Inspection and Audit, Investor Relations, Marketing, Client Experience and Quality etc., who support the business line functions through back office processes and activities and their functioning does not have a revenue impact through business generation on the Bank's financial performance.

(ii) The Nomination and Remuneration Committee will oversee the framing, implementation and review of the Compensation Policy.

(iii) In respect of WTDs / CEO / Risk Takers / Control function staff of the Bank, the Compensation policy provides for a reasonable annual increase in fixed pay in line with the market benchmarks. Their individual increments are linked to their annual performance rating and increment percentages at various performance rating levels, are decided on the basis of the financial performance of the Bank. Exceptions are restricted to a select few high performers to reward performance, motivate and retain critical employees.

(iv) The quantum of overall variable pay to be disbursed in a year for all eligible employees including the Risk Takers and Risk Controllers as defined above would vary from year to year on the basis of the financial performance of the Bank measured through various parameters such as Net Interest Margin, Net Interest Income, Return on Assets, Profit After Tax and Return on Equity.

(v) Employee Compensation is linked to performance. Increments and variable pay are linked to their annual performance rating. Annual Performance Rating for an employee is arrived on the basis of tangible performance against pre–set Key Results Areas (KRAs) / measurable objectives set at the beginning of the financial year.

(vi) The individual variable pay is linked to the annual performance rating, and based on variable pay grids that outline variable pay as a percentage of Annual Guaranteed cash at various rating levels for a grade band. Exceptional increments and variable pay may be paid to select high performers, but in no case they would violate the stipulated RBI guidelines. The Bank also makes a distinction between Risk Takers and Risk Controllers and incorporates separate parameters on variable pay for these segments in its Compensation Policy.

(vii) The individual variable pay would not exceed 70% of the fixed pay. Wherever variable pay exceeds a substantial portion of fixed pay as defined by the Bank, (currently set at 65% of fixed pay), the variable pay will be deferred over a period of 3 years in a ratio to be decided by the management in accordance with the RBI guidelines.

(viii) The Bank will implement *malus* / claw-back arrangements with the concerned employees in case of deferred variable pay as defined above. The criteria would be negative contributions to the bank and/or relevant line of business in any year. As applicable, *malus* arrangement would lay down policies to adjust deferred remuneration before vesting and claw-back arrangement would lay down policies to adjust deferred remuneration after vesting.

(ix) The Compensation Policy does not provide for guaranteed bonus or sign on bonus in cash. However, in case of select critical hires, sign on bonus can be granted in form of pre-hiring ESOPs (a one-time grant made at the time of joining). The Compensation Policy does not provide for severance pay for any employee of the Bank, irrespective of the reasons for severance.

(x) Retirement benefits in the form of Provident Fund and Gratuity are as per the Bank's HR policies which are in line with the statutory norms.

(xi) Perquisites are laid down in HR Policies of the Bank.

(xii) At present, the Bank uses cash based form of variable compensation. Cash based form of variable compensation is easy to administer and leads to an instant reward to the concerned employees.

(xiii) ESOPs do not form a part of the variable pay and are kept outside the computation of total compensation of an employee. They are very selectively granted to attract and retain talent. ESOPs are not granted with a defined periodicity. ESOP grant criteria include grade of the employee, criticality of the position in terms of business contribution, market value of the position, and performance and behavioural track record of the employee.

Other Disclosures

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Number of meetings held by NRC during the financial year and remuneration paid to its members	During the year, five meetings of the Nomination and Remuneration Committee were held. The members of the Nomination and Remuneration Committee were paid aggregate sitting fees of ₹ 4,60,000 for the five meetings.	During the year, one meeting of the HR and Remuneration Committee and two meetings of the Nomination and Remuneration Committee were held. The members of the HR and Remuneration Committee were paid aggregate sitting fees of ₹ 60,000 for one meeting. The members of the Nomination and Remuneration Committee were paid aggregate sitting fees of ₹ 1,80,000 for the two meetings.
Number of employees having received a variable remuneration award during the financial year	102 employees belonging to the category of WTD / CEO / Risk Takers/ Other Control function staff had received a variable remuneration award	87 employees belonging to the category of WTD / CEO / Risk Takers/ Other Control function staff had received a variable remuneration award.
Number and total amount of 'sign on' awards made during the financial year	-	-
Details of guaranteed bonus if any paid as sign on bonus	-	-
Details of severance pay in addition to the accrued benefits	-	-
Total amount of outstanding deferred remuneration split into cash, shares and share linked instruments and other forms	The outstanding deferred remuneration is ₹ 1.86 crores to be paid as cash in FY 2018-19 and FY 2019-20	The outstanding deferred remuneration is ₹ 1.57 crores to be paid as cash in FY 2017-18 and FY 2018-19
Total amount of deferred remuneration paid out in the financial year	The deferred remuneration paid in FY18 was ₹ 1.47 crores	The deferred remuneration paid in FY17 was ₹ 1.29 crores
Breakdown of amount of remuneration awards for the financial year	Breakup of remuneration awards for the 111 employees defined as WTD / CEO / Risk Takers/ Other control function staff (a) Fixed pay - ₹ 140.20 crores (b) Variable pay - ₹ 55.49 crores for FY 2016–17 (c) Deferred remuneration - ₹ 1.86 crores (d) Non-deferred remuneration - ₹ 53.63 crores	Breakup of remuneration awards for the 92 employees defined as WTD / CEO / Risk Takers/ Other control function staff (a) Fixed pay - ₹ 112.78 crores (b) Variable pay - ₹ 43.64 crores for FY 2015–16 (c) Deferred remuneration - ₹ 1.57 crores (d) Non-deferred remuneration - ₹ 42.07 crores

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and implicit adjustments.	-	-
Total amount of reductions during the FY due to ex – post explicit adjustments	-	-
Total amount of reductions during the FY due to ex – post implicit adjustments	-	-

Disclosure on remuneration to Non-Executive Directors:

The Non-Executive Directors are paid Sitting Fees for attending meetings of the Board and its Committees at the rate of ₹ 1,00,000/- per Board meeting, at the rate of ₹ 50,000/- per meeting of the Audit Committee of the Board, and at the rate of ₹ 20,000/- per meeting in respect of all the other Committees. An amount of ₹ 1.28 crores was paid as sitting fees to the Non-Executive Directors during the year ended March 31, 2018 (Previous year ₹ 1.11 crores). In accordance with RBI guidelines and the approval accorded at the 22nd Annual General Meeting, an amount of ₹ 0.93 crores (Previous year ₹ 0.84) has been paid as remuneration to Non-Executive Directors during the year ended March 31, 2018.

13. The Micro, Small and Medium Enterprises Development Act, 2006 that came into force from October 2, 2006, provides for certain disclosures in respect of Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or interest payments due to delays in such payments.

14. In terms of the clarification received from the Reserve Bank of India, the disclosure of details relating to Specified Bank Notes (SBNs) as per Notification No. G.S.R. 308(E) dated March 30, 2017 issued by the Ministry of Corporate Affairs (MCA) is not applicable to the banking companies.

15. Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report of even date.

For INDUSIND BANK LTD.

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N / N500016

R. Seshasayee
Chairman

Romesh Sobti
Managing Director

Russell I Parera
Partner
Membership No : 042190

T. Anantha Narayanan
Director

Kanchan Chitale
Director

Place : Mumbai
Date : April 19, 2018

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

DISCLOSURES UNDER BASEL III CAPITAL REGULATIONS – March 31, 2018

DF-1: Scope of Application

Name of the head of the banking group to which the framework applies: INDUSIND BANK LTD.

(i) Qualitative Disclosures:

IndusInd Bank Limited ('the Bank') is a commercial bank, incorporated on January 31, 1994. The Bank does not have any subsidiary as on March 31, 2018 and the CRAR is computed based on the financial position of the Bank as a standalone entity.

a) List of group entities considered for consolidation:

Name of the entity/ Country of incorporation	Whether the entity is included under accounting scope of consolidation (Yes/No)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (Yes/No)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reason if consolidated under only one of the scopes of consolidation
IndusInd Marketing and Financial Services Private Limited, India	Yes	Equity method (under AS 23)	No	NA	NA	The group entity, IndusInd Marketing and Financial Services Private Limited, is an associate where the Bank holds 30% of the equity share capital. This entity is not a financial services company, and hence consolidation is only for accounting purposes.

b) List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation:

Name of the entity/ Country of incorporation	Principle activity of the entity	Total balance sheet equity	% of banks holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
None / NA	NA	NA	NA	NA	NA

(ii) Quantitative Disclosures:

c) List of group entities considered for consolidation:

As mentioned above in Para (i) above, the Bank does not have any subsidiary. However, for the purposes of accounting, the Bank prepares Consolidated Financial Statements wherein the financial statements of the Bank are consolidated with an associate company, IndusInd Marketing and Financial Services Private Limited.

d) There is no capital deficiency in any subsidiary, which is not included in the regulatory scope of consolidation.

e) The Bank does not have investment in any insurance entities as on March 31, 2018.

f) There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group as on March 31, 2018.

DF-2 Capital Adequacy

Applicable Regulations:

The Basel III capital regulation has been implemented from April 1, 2013 in India in phases and it will be fully implemented as on March 31, 2019. The Basel III Capital Regulations have been consolidated in Master Circular – Basel III Capital Regulations vide circular No. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 and revised circular No. DBR.No.BP.BC.83/21.06.201/2015-16 dated March 1, 2016.

Basel III Capital Regulations:

Basel III Capital regulations continue to be based on three-mutually reinforcing pillars, viz., minimum capital requirements, supervisory review of capital adequacy, and market discipline. This circular also prescribes the risk weights for the balance sheet assets, non-funded items and other off-balance sheet exposures and the minimum capital funds to be maintained as ratio to the aggregate of the risk weighted assets and other exposures, as also, capital requirements in the trading book, on an ongoing basis and operational risk.

These guidelines also incorporate instructions regarding the components of capital and capital charge required to be provided for by the banks for credit, market and operational risks. It deals with providing explicit capital charge for credit and market risk and addresses the issues involved in computing capital charges for interest rate related instruments in the trading book, equities in the trading book and foreign exchange risk (including gold and other precious metals) in both trading and banking books. Trading book for the purpose of these guidelines includes securities under the Held for Trading category, Available For Sale category, open gold position limits, open foreign exchange position limits, trading positions in derivatives, and derivatives entered into for hedging trading book exposures.

Basel III capital regulations are being implemented in India with effect from April 1, 2013. In order to ensure smooth migration to Basel III without aggravating any near term stress, appropriate transitional arrangements have been made. The transitional arrangements for capital ratios began as on April 01, 2013. However, the phasing out of non-Basel III compliant regulatory capital instruments began as on January 1, 2013. Capital ratios and deductions from Common Equity will be fully phased-in and implemented as on March 31, 2019.

Minimum capital requirements:

The Bank is subject to the capital adequacy guidelines laid down by Reserve Bank of India, which are based on the framework of the Basel Committee on Banking Supervision. As per Basel III Capital Regulations, the Bank is required to maintain a minimum Capital to Risk Weighted Assets (CRAR) of 10.875% (including Capital Conversion Buffer of 1.875%). The Basel III Capital Regulations are implemented effective from April 1, 2013 in a phased manner. The minimum capital required to be maintained by the Bank for the period ended March 31, 2018 is 10.875% with minimum Common Equity Tier 1 (CET1) of 7.375% (including CCB).

Besides computing CRAR under the Pillar I requirement, the Bank also periodically undertakes stress testing in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, interest rate, derivatives and forex on its profitability and capital adequacy.

The assessment of future capital needs is effectively done based on the business projections, asset mix, operating environment, growth outlook, new business avenues, regulatory changes and risk and return profile of the business segments. The future capital requirement is assessed by taking cognizance of all the risk elements viz. Credit, Market and Operational risk and mapping these to the respective business segments.

The Summary of Capital requirements for Credit Risk, Market Risk and Operational Risk as on March 31, 2018 is mentioned below:

Risk Type	**₹ in millions**
Capital requirements for Credit Risk	**1,30,094**
Portfolio Subject to Standardised approach	1,30,094
Securitisation exposures	-
Capital requirements for Market Risk	**8,790**
Standardised Duration Approach	
Interest Rate Risk	7078
Foreign Exchange Risk (including gold)	304
Equity Risk	1408
Capital requirements for Operational Risk	**16,956**
Basic Indicator Approach	16,956
Minimum Capital requirements at 9%	**155,840**
Minimum CRAR + CCB at 10.875%	**1,88,307**
Total Capital Funds	**260,215**
CRAR #	**15.03%**

including exposure at IFSC Banking Unit (GIFT City)

Organisation Structure:

Integrated Risk Management: Objectives and Organisation Structure

The Bank has established an Enterprise-wide Risk Management Department, independent of the Business segments, responsible for Bank-wide risk management covering Credit risk, Market risk (including ALM) and Operational risk. The Risk Management Department focuses on identification, measurement, monitoring and controlling of risks across various segments. The Bank has been progressively adopting the best International practices so as to continually reinforce its Risk Management functions.

Organisation Structure:

The set-up of Risk Management Department is hereunder:



Separate Committees, as specified below, are set up to manage and control various risks:

- Risk Management Committee (RMC)
- Credit Risk Management Committee (CRMC)
- Market Risk Management Committee (MRMC)
- Asset Liability Management Committee (ALCO)
- Operational Risk Management Committee (ORMC)

Bank has articulated various risk policies which specify the risks, controls and measurement techniques. The policies are framed keeping risk appetite as the central objective. Against this background, the Bank identifies a number of key risk components. For each of these components, the Bank determines a target that represents the Bank's perception of the component in question.

The risk policies are vetted by the sub-committees, viz. CRMC, MRMC, ALCO, ORMC, etc. and are put forth to RMC, which is a sub-committee of the Board. Upon vetting of the policies by RMC, the same are placed for the approval of the Board and implemented.

Bank has put in place a comprehensive policy on ICAAP, which presents a holistic view of the material risks faced, control environment, risk management processes, risk measurement techniques, capital adequacy and capital planning.

Policies are periodically reviewed and revised to address the changes in the economy / banking sector and Bank's risk profile. Monitoring of various risks is undertaken at periodic intervals and a report is submitted to Top Management / Board.

Credit Risk

Bank manages credit risk comprehensively; both at Transaction level and at Portfolio level. Some of the major initiatives taken are listed below :

- Bank uses a robust Risk rating framework for evaluating credit risk of the borrowers. The Bank uses segment-specific rating models that are aligned to target segment of the borrowers.
- Risks on various counter-parties such as corporates, banks, are monitored through counter-party exposure limits, also governed by country risk exposure limits in case of international trades.
- Bank manages risk at the portfolio level too, with portfolio level prudential exposure limits to mitigate concentration risk.
- Bank has a well-diversified portfolio across various industries and segments, as illustrated by the following data.
  - ❒ Retail and schematic exposures (which provide wider diversification benefits) account for as much as 45% of the total fund-based advances.
  - ❒ Bank's corporate exposure is fully diversified over 85 industries, thus insulated/minimised from individual industry cycles.

Above initiatives support qualitative business growth while managing inherent risks within the risk appetite.

Market Risk

Key sources of Market risk are Liquidity Risk, Interest Rate Risk, Price Risk and Foreign Exchange Risk. Bank has implemented state-of-the-art Treasury and Market Risk Management systems that support robust risk management capabilities and facilitates Straight-through Processing.

Market Risk is effectively managed through comprehensive framework which supports various measures such as Mark-to-Market, Sensitivity analysis, Value-at-Risk and monitoring through operational limits such as stop-loss limits, exposure limits, deal-size limits, maturity ladder, etc. Market risk measurement and monitoring is governed through a comprehensive Market Risk Management Policy.

Asset Liability Management (ALM)

Bank's ALM system supports effective management of liquidity risk and interest rate risk, covering 100% of its assets and liabilities.

- Liquidity Risk is monitored through Structural Liquidity Gaps, Dynamic Liquidity position, Liquidity Coverage Ratios, Liquidity Ratios analysis and Behavioural analysis, with prudential limits for negative gaps in various time buckets.
- Interest Rate Sensitivity is monitored on Earning perspective and Economic Value perspective through prudential limits for Rate Sensitive Gaps, Modified Duration and other risk parameters.
- Interest Rate Risk on the Investment portfolio is monitored through Value at Risk and Risk Sensitivities on a daily basis. Optimum risk is assumed through duration, to balance between risk containment and profit generation from market movements.

ALCO meetings are convened frequently wherein detailed analysis are presented on liquidity position, interest rate risks, product mix, business growth v/s budgets, interest rate outlook, which helps to review the business strategies regularly and undertake new initiatives.

Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or external events. The Operational Risk Management Policy documents the Bank's approach towards management of operational risk and defines roles and responsibilities of various stakeholders within the Bank. Based on this Policy, the Bank has initiated several measures to manage Operational Risk. The Bank has put in place a structure to effectively manage operational risk through the formation of several internal committees viz. Operational Risk Management Committee, Sub-ORMC, Fraud Risk Management Committee, BCP Steering Committee.

Bank has implemented various Operational Risk management tools such as Risk and Control Self-Assessment (RCSA), KRIs monitoring and Loss Data collection (Basel 8X7 matrix) including Near Miss Events. Bank weighs each new Product and Process enhancements under Operational Risk Assessment Process (ORAP) framework.

The Bank has adopted Business Continuity Policy wherein critical activities, system applications have been identified, recovery plan has been put in place for these critical activities and applications to ensure timely recovery of the Bank's critical operations and services in the event of any crisis. Regular tests are carried out to ascertain BCP preparedness. Business Continuity Steering Committee comprising of senior functionaries of the Bank monitors BCM framework implementation in the Bank.

As per the RBI guidelines, the Bank is following the Basic Indicator Approach for computing capital for Operational Risk.

Systems Risk

Bank's Information Security Policy provides security framework upon which all subsequent security efforts are based and to guide the development and maintenance of a comprehensive information security program. It deals with security of information in various forms like spoken, written, printed and electronic or any other medium and handling of information in terms of creation, viewing, transportation, storage or destruction. It contains the principles that direct managerial decision making and facilitate secure business operations. It is designed to enable management of the Bank to ensure the security of information assets and maintain accountability. It also defines the appropriate and authorized behavior for personnel approved to use the Bank's information assets. The policies and procedures are built around the following principles:

- Treat Information Security Risk in line with Business, Regulatory & Legal requirements;
- Ensure Availability, Integrity, Confidentiality of Information, establish Accountability & provide Assurance;
- Focus on People, Process & Technology for implementation;
- Apply least privilege, need to know / use principles;
- Promote Information Security Awareness to create security-aware culture within employees, contractors, third parties and customers;
- Deal with exceptions and violations appropriately;

- Focus on Information Security Governance, Assurance & Evolution to ensure suitability, adequacy and effectiveness;
- Participation of security team during initial stages of system acquisition & development.

Bank is utilizing structure data on its system for Anti-Money Laundering & Enterprise-wide Fraud Management system, risk analytics, enterprise BI. Bank has also started aggregating unstructured data like customer IPs, devices ID, and various social/ media in its repository to increase risk management capabilities.

DF-3: Credit Risk: General Disclosures

"Credit Risk" is defined as the probability / potential that the borrower or counter-party may fail to meet its obligations in accordance with agreed terms. It involves inability or unwillingness of a borrower or counter-party to meet commitments in relation to lending, trading, hedging, settlement and other financial transactions.

Credit Risk is made up of two components:

1. **Transaction Risk (or Default Risk),** which represents the risk arising from individual credit exposures and
2. **Portfolio Risk,** which represents the risk inherent in the portfolio of credit assets (concentration of assets, correlation among portfolios, etc.).

Credit risk is found in a variety of transactions across Bank's portfolio including not only loans, off balance sheet exposures, investments and financial guarantees, but also the risk of a counterparty in a derivative transaction becoming unable to meet its obligations. Credit risk constitutes the largest risk to which the Bank is exposed. Bank has adequate system support which facilitates credit risk management and measurement across its portfolio. The system support is strengthened and expanded as and when new exposures are added to the Bank's portfolio.

Bank has articulated comprehensive guidelines for managing credit risk as a part of Credit Risk Policy and related policies framework, Bank Risk Policy, Country Risk Policy, Loan Review Policy and Recovery Policy. Credit risk management systems used at the Bank have been implemented in accordance with these guidelines and best market practices. Credit risk management process focuses on both specific transactions and on groups of specific exposures as portfolios.

Bank's Credit Risk Policy and related policies and systems are framed to achieve the following key objectives:

- Monitoring concentration risk in particular products, segments, geographies etc., thereby avoiding concentration risk from excessive exposures to any particular products, segments, geographies etc.;
- Assisting in building quality credit portfolio and balancing risks and returns in line with Bank's risk appetite;
- Tracking Credit quality migration;
- Determining how much capital to hold against each class of assets;
- Undertaking Stress testing to evaluate credit portfolio strength;
- To develop greater ability to recognize and avoid potential problems;
- Alignment of Risk Strategy with Business Strategy;
- Adherence to regulatory guidelines.

Credit Risk Management at specific transaction level

The central objective for managing credit risk at each transaction level is development of risk measurement and monitoring systems that cover the entire life cycle of the exposure, i.e. opportunity for transaction, assessing the credit risk, granting of credit, disbursement and subsequent monitoring, identifying the obligors with emerging credit problems, remedial action in the event of credit quality deterioration and repayment or termination of the obligation.

The Credit Policies of the Bank stipulates applicability of various norms for managing credit risk at a specific transaction level and more relevant to the target segment of the obligors. It covers all the types of obligors, viz. Corporate, SME, Trader and Schematic Loans such as Loan against Property, Business Loan, Retail Agri, LAS, Gold Loan, Home Loan, Personal Loan, etc.

Major components of Credit Risk and related Policies are mentioned below:

- Transaction with customer/ prospective customer is undertaken with an aim to build long term relationship.
- All the related internal and regulatory guidelines such as KYC norms, RBI prudential norms, etc. are adhered to while assessing the credit request of the borrower.
- Credit is granted with due diligence and detailed insight into the customer's circumstances and of specific assessments that provide a context for such credits.
- Facility is granted based on customer's creditworthiness, capital base or assets to assure that the customer is able to substantiate the repayment. Due regard is also placed to the industry in which the customer is operating, the business specific risks and management capability and their risk appetite.
- Regular follow-up of overall health of the borrower is undertaken to assess whether the basis of granting credit has changed.
- When loans and credits are granted to borrowers falling outside preferred credit rating, the Bank normally obtains sufficient collateral. However, collaterals are not the sole criterion for lending, which is generally done based on assessing the business viability of the borrower and the adequacy of the expected cash flows.
- Bank has defined exposures limit on the basis of internal risk rating of the borrower.
- Bank is particularly cautious while granting credits to businesses in affected or seasonal industries.
- Bank also grants unsecured credit to borrowers with high standing and low credit risk profile based on detailed financial analysis & established credit history.
- In terms of Bank's Country risk Policy, due caution is exercised when assuming risk in countries with an unstable economic or political scenario.

Beside the acceptability norms defined in the policies/manual for an individual transaction, Bank has also implemented various credit related product programmes which enables efficient appraisal, assessment, delivery, supervision and control of tailor made loan products targeted at specific customer segments. Customers covered under Business Banking product programme are evaluated using a scoring/rating model developed based on segment specific risk profile.

Consumer Finance Division appraises loan application based on robust set criteria defined in the respective product programmes. Further as a mechanism to assess the credit quality, customers are also evaluated through application scoring models which are segment specific. Further, post disbursement, the quality of the account is tracked by means of a Behavioral score.

Customers under Credit Cards segment are evaluated by means of robust customer selection criteria that include variety of factors.

Bank has also put in place a detailed policy for portfolio acquisition which stipulates various criteria for asset selection including due diligence, transfer of risks and rewards of the underlying portfolio, credit enhancements, portfolio risk management and monitoring in accordance with RBI guidelines.

Credit Approval Committee

In general, the Bank has put in place the principle of 'Committee' or 'Approval Grids' approach while according sanctions to credit proposals. This provides for an unbiased, objective assessment/evaluation of credit proposals. Such Committees include atleast one official from an independent department, which has no volume or profits targets to achieve. The official of the independent department is a mandatory member of the Credit Committee. The spirit of the credit approving system is that no credit proposals are approved or recommended to higher authorities unless all the members of the 'Committee' or 'Approval Grids' agree on the acceptability of the proposal in all respects. In case of disagreement the proposal is referred to next higher Committee whose decision to approve or decline with conditions is final.

Individual Powers for small value proposals have been given to senior officials in the Credit Department, who do not have volume/ profit targets to achieve. The "Four-eyes" principle is followed in all such cases.

Following 'Approval Grids' are constituted:

- **Corporate & Commercial Banking Segment :**
  - Individual powers (small exposures) to Zonal Heads of Credit, Segment heads of Credit and Head (Corporate Credit)
  - Corporate Office Credit Committee (COCC)
  - Executive Credit Committee (ECC)
- **Consumer Banking (CB) Segment (A):**

  Scheme of delegation under Consumer Banking Segment includes Vehicle financing, personal loans, housing loans and other schematic loans under multi-tier Committee based approach as under:
  - Branch Credit Committee – Consumer Banking (BCC – CB)
  - Regional Credit Committee – Consumer Banking (RCC - CB)
  - Corporate Office Credit Committee – Consumer Banking (COCC- CB I & II)
  - Executive Credit Committee
- **Consumer Banking (CB) Segment (B):**

  The scheme of delegation under Consumer Banking Segment includes Business Banking, Loan against Property, Business loans, Retail Agri (KCC), Supply Chain Finance and other schematic loans under multi-tier Committee based approach as under:
  - Joint Sanction on Four Eye Principle
  - Zonal Credit Committee (ZCC)
  - Corporate Office Credit Committee – I & II
  - Executive Credit Committee

Apart from this, Bank has schematic loans also like Gold Loan & LAS which are sanctioned by branches / Operations upto defined limit of exposure under the respective product program. These are relatively smaller loans and fully secured by liquid collaterals.

Scheme of delegation of power applicable for all business segments are approved by Board of Directors.

The credit proposals which are beyond the delegated powers of ECC are placed to Committee of Directors (COD) for approval.

Risk Classification

Bank monitors the overall health of its customers on an on-going basis to ensure that any signal of weakening of a customer's earnings or liquidity is detected as early as possible. As part of the credit process, customers are classified according to the credit quality in terms of internal rating, and the classification is regularly updated on receipt of new information/ changes in the factors affecting the position of the customer.

Bank has operationalized following risk rating/ scoring models basis on the target segment of the borrower:

- Large Corporate, Small & Medium Enterprises, NBFC
- Trading entities, Capital Market Broker and Commodity Exchange Broker
- Financial Institutions/Primary Dealers and Banks
- Retail customers (Schematic Loans) – who are assigned credit scoring

Customers under Business Banking segment, Retail Agri, Loan against credit card receivables are assessed for credit quality using a scoring/rating model. The score serves a measure to categorise the customers into various risk classes which are further calibrated to different risk grades. Bank has also implemented rating models for assessing risk under Lease Rental Discounting and Warehouse Receipts Financing products.

Rating grades in each rating model, other than the segments driven by product programmes, is on a scale of 1 to 8, which are further categorised by assigning +/- modifiers to reflect the relative standing of the borrower within the specific risk grade. Model-specific rating grades are named distinctly. Each model-specific rating grade reflects the relative ratings of the borrowers under that particular segment. For instance, L4 indicates a superior risk profile of a Large Corporate, when compared to another Large Corporate rated L5.

In order to have a common risk yardstick across the Bank, these model specific ratings are mapped to common scale ratings which facilitate measurement of risk profile of different segments of borrower by means of common risk ladder.

Various purposes for which the rating/scoring models are used are mentioned hereunder:

- Portfolio Management.
- Efficiency in lending decision.
- To assess the quality of the borrower – single point reference of credit risk of the borrower.
- Preferred rating norms for assuming exposures.
- Prudential ceiling for single borrower exposures – linked to rating.
- Frequency of review of exposures.
- Frequency of internal auditing of exposures.
- To measure the portfolio quality.
- Target for quality of advances portfolio is monitored by way of Weighted Average Credit Rating (WACR).
- Pricing credit.
- Capital allocation (under IRB approaches).

Credit Quality Assurance:

Bank has also adopted Loan Review Mechanism (LRM), which involves independent assessment of quality of an advance, effectiveness of loan administration, compliance with internal policies of Bank and regulatory framework and portfolio quality. It also helps in tracking weaknesses developing in the account for initiating corrective measures in time. LRM is carried out by Credit Quality Assurance team, which is independent of Credit and Business functions.

Credit Risk Management at Portfolio level:

Accumulation of individual exposures leads to portfolio, which creates the possibility of concentration risk. Concentration risk, on account of borrowers/ products with similar risk profile, may arise in various forms such as Single Borrower, Group of Borrowers, Sensitive Sector, Industry–wise exposure, Unsecured exposure, Rating wise exposure, Off Balance sheet exposure, Product wise exposure, etc. Credit risk concentration is addressed by means of structural and prudential limits stipulated in the Credit Risk Policy and other related policies.

Concentration risk on account of exposures to counter-parties (both single borrower and group of borrowers), Industry-wise, Rating-wise, Product-wise, etc., is being monitored by Risk Management Dept (RMD). For the purpose, exposures in all business units, viz. branches, treasury, investment banking, etc., by way of all instruments (loans, equity/debt investments, derivative exposures, etc.) are considered. Such monitoring is carried out at monthly intervals. Besides this, respective business units are monitoring the exposure on continuous real-time basis.

Concentration risk is further evaluated in terms of statistical measures and benchmarks. Detail analysis of portfolio risk and control measures is carried out on a monthly basis on various parameters. Further, a comprehensive Stress Testing framework

based on several factors and risk drivers assessing the impact of stressed scenario on Credit quality, its impact on Bank's profitability and capital adequacy is placed to Top Management /Board every quarter. The framework highlights the Bank's credit portfolio under 3 different levels of intensity across default, i.e. mild, medium and severe, and analyses its impact on the portfolio quality and solvency level.

Impaired credit - Non Performing Assets (NPAs):

Bank has an independent Credit Administration Department that constantly monitors accounts for irregularities, identifies accounts for early warning signals for potential problems and identifies individual NPA accounts systematically.

Bank has also set up Financial Restructuring and Reconstruction (FRR) Dept for managing and monitoring defaulted accounts, carrying out restructuring, wherever feasible and following up for recoveries of dues.

Bank follows applicable RBI guidelines while classifying Non-performing Assets (NPAs). The guidelines are as under:

a) An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank;

b) A Non Performing Asset (NPA) is a loan or an advance where:

   i. interest and / or installment of principal remains overdue for a period of more than 90 days in respect of a term loan.

   ii. the account remains 'out of order', in respect of an Overdraft / Cash Credit (OD/ CC).

   iii. the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.

   iv. installment of principal or interest thereon remains overdue for two crop seasons for short duration crops.

   v. installment of principal or interest thereon remains overdue for one crop season for long duration crops.

   vi. amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of RBI guidelines on Securitisation dated February 1, 2006.

   vii. in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

Out of Order status: An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit / drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit / drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as 'out of order'.

Overdue: Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

Credit Risk Exposures

(a) Total Gross Credit Risk Exposures as on March 31, 2018

(₹ in millions)

Fund Based*	1,993,382
Non-Fund Based**	835,600
Total Exposures	**2,828,982**

* Includes all exposures such as Cash Credit, Overdrafts, Term Loan, Cash, SLR securities etc., which are held in banking book.

** Off-Balance items such as Letter of Credit, Bank Guarantee and credit exposure equivalent of Inter-bank forwards, merchant forward contracts and derivatives, etc.

(b) Geographic Distribution of Exposures as on March 31, 2018

(₹ in millions)

	Domestic	Overseas
Fund Based	1,993,382	-
Non-Fund Based	835,600	-
Total Exposures	**2,828,982**	**-**

(c) Industry-Wise Distribution of Exposures as on March 31, 2018

(₹ in millions)

Industry Name	Fund Based	Non-Fund Based
NBFCs		
NBFCs (other than HFCs)	35,408	12,295
NBFC – AFC (Asset Finance Company)	4,017	23
NBFCs (Micro Finance Institution)	15,700	92
Construction		
Constn related to infra.- EPC	39,909	12,610
Roads/other infra project	7,898	17,878
Contract Construction - Civil	15,503	26,036
Real Estate		
Real Estate Developers	48,837	8,340
Lease Rental Discounting - Real Estate	43,618	-
Housing Finance Companies	1,901	44
Loans against Property (Corporate)	3,741	-
Power		
Power Generation	59,803	68,834
Power Transmission	13,602	9,143
Power Distribution	11,233	797
Power Trading	-	3,115
Cables		
Telecom Cables	550	1,468
Power Cables	857	1,075
Steel		
Steel-Long Products	2,202	814
Steel Flats-CR,GP/GC	7,070	1,907
Steel Flats- HR	249	6,459
Steel – Alloy	1,145	342
Steel Pipes	3,471	1,981
Sponge Iron	-	51
Casting & Forgings	3,319	961
Stainless Steel	4,585	288
Pig Iron	1,034	202

(₹ in millions)

Industry Name	Fund Based	Non-Fund Based
Textiles		
Textiles - Readymade Garments	4,506	516
Textiles - Cotton fabrics	1,868	1,318
Textiles -Cotton fibre / yarn	6,649	395
Textiles - Manmade fibres / yarn	3,736	350
Textiles-Texturising	278	33
Textile-Blended Yarn	569	10
Textile – Jute	243	-
Textiles - Synthetic Fabrics	1,558	24
Textile – Silk	145	10
Textile – Machinery	55	1
Cotton ginning, Cleaning, Baling	1,237	-
Telecom		
Telecom – Cellular	9,950	93,624
Telecom Equipments	517	1,259
Pharmaceuticals		
Pharmaceuticals - Bulk Drugs	5,645	4,638
Pharmaceuticals – Formulations	4,678	831
Chemicals		
Chemicals – Organic	3,140	2,360
Chemicals – Inorganic	1,934	785
Fertilisers		
Fertilisers – Phosphatic	1,361	1
Fertilizers – Nitrogenous	7,028	2,536
Paper		
Paper - Writing and Printing	2,354	3,870
Paper – Industrial	4,553	4,060
Paper Newsprint	92	75
Petroleum & Products	16,766	38,073
Gas Distribution	-	46,529
Engineering & Machinery	11,318	33,694
Gems and Jewellery	75,104	5,041
Edible Oils	2,210	1,397
Auto Ancillaries	7,848	3,798
Diversified	13,449	8,702
Hospital & Medical Services	8,795	1,264
Food Credit	13,737	338
Aluminium	1,499	3,338
Capital Market Brokers	2,326	11,952
Rubber & Rubber Products	2,056	417

(₹ in millions)

Industry Name	Fund Based	Non-Fund Based
Lease Rental Discounting - Others	7,748	-
Plastic & Plastic Products	5,729	1,892
Food Product & Beverages and other food processing	20,327	1,441
Sugar	1,080	895
SME - Miscellaneous-Mfg.	6,992	1,481
Electronic components	785	531
Commodity Market Brokers	320	2,635
Beverage, Breweries, Distilleries	-	-
Hotels & Tourism	5,673	3,114
Glass & Glass Products	351	419
Shipping	1,429	5,406
Educational Institutions	6,759	568
Computers - Hardware	600	144
Coal	83	224
IT Enabled Services	10,262	3,823
Electrical fittings	2,277	1,193
Petrochemicals	-	3,461
Banks	61,224	83,193
Animal Husbandry	112	-
Mining, Quarrying & Minerals	4,470	1,725
Construction Equipment	1,153	410
Airlines	10,053	0
Wood and Wood Product	444	30
Leather & leather Products	1,826	478
Tiles / Sanitaryware	956	593
Transport Services	-	-
Oil and Gas Exploration	38	17,325
Electric Equipment	3,461	3,572
Media, Entertainment & Advt.	10,990	2,352
Organised Retailing	8,980	4,641
Trading – Wholesale	60,974	15,423
Trading – Retail	42,622	3,727
Services	32,465	26,843
Credit Cards	26,959	-
Other Retail Assets	36,921	-
Consumer Finance	5,01,972	-
Other Industries	53,173	95,929
Residual Assets	5,21,317	1,06,137
Total Exposure	**19,93,382**	**8,35,600**

Exposures to industries (other than Consumer Finance) in excess of 5% of total exposure

(₹ in millions)

Industry	Fund Based	Non-Fund Based
Banks	61,224	83,193

(d) Residual Contractual Maturity breakdown of assets

(₹ in millions)

Assets	1D	2 - 7D	8 - 14D	15 - 30D	31D - 2M	>2M -3M	> 3M -6M	> 6 M - 1 Y	>1Y - 3Y	> 3Y - 5Y	> 5Y - 7Y	> 7Y - 10Y	> 10Y - 15Y	>15Y	Total
Cash	10,692	-	-	-	-	-	-	-	-	-	-	-	-	-	10,692
Balances with RBI	36,284	-	-	6,966	1,339	3,873	4,082	3,535	12,708	7,575	6,258	3,101	5,905	7,307	98,932
Balances with other Banks	11,043	9,865	-	-	-	-	-	-	1,627	-	-	-	-	-	22,535
Investments	-	356	11	50	2,828	23,791	22,998	47,168	66,524	36,656	39,582	73,275	97,359	90,170	5,00,767
Advances	6,892	54,752	55,108	52,142	54,958	68,703	1,19,997	1,96,516	4,91,345	1,56,756	66,772	66,749	29,770	50,078	14,70,537
Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	13,388	13,388
Other Assets	13,340	1,424	16,607	2,549	447	2,480	19,386	20,403	22,120	8,322	9,639	3,722	-	-	1,20,438

Note: Advances inclusive of BRDS ₹ 2,100 crores.

(e) Movement of NPAs and Provision for NPAs as on March 31, 2018

(₹ in millions)

A.	**Amount of NPAs (Gross)**	**17,049**
	Sub-standard	7,072
	Doubtful 1	4,546
	Doubtful 2	3,133
	Doubtful 3	1,448
	Loss	850
B.	**Net NPAs**	**7,457**
C.	**NPA ratios**	
	Gross NPA to Gross advances (%)	1.17%
	Net NPA to Net advances (%)	0.51%
D.	**Movement of NPAs (Gross)**	
	Opening Balance as on 01.04.17	10,549
	Additions during the period	33,246
	Reductions during the period	26,745
	Closing Balance as on 31.03.2018	17,049
E.	**Movement of provision for NPAs**	
	Opening as on 01.04.17	6,160
	Provision made till 31.03.2018	13,209
	Write off	7,828
	Write back of excess provisions	1,949
	Any other adjustments, including transfers between provisions	0
	Closing as on 31.03.2018	**9,592**

Particulars	Amount (₹ in millions)
Write offs booked directly to income statement	Refer to E above
Recoveries booked directly to income statement	450

(f) Non Performing Investments and Movement of provision for depreciation on Non Performing Investments

(₹ in millions)

A	Amount of Non-Performing Investments	290
B	Amount of provisions held for non-performing investments	243
C	Movement of provisions for depreciation on investments	
	Opening as on 01.04.17	877
	Add: Provisions made till 31.03.18	1209
	Less: Write-off/ write-back of excess provisions	-
	Closing Balance as on 31.03.18	2,086

(g) Major Industry Break up of NPA and Provision

(₹ in millions)

Industry	Gross NPA	Specific Provision
NPA in Top 5 Industry	1,023	1,023

(h) Geography wise Distribution of NPA and Provision

(₹ in millions)

Geography	Gross NPA	Specific Provision
Domestic	17,049	9,592
Overseas	-	-
Total	17,049	9,592

DF-4: Credit risk: Disclosures for Portfolios Subject to the Standardised Approach

As per the Basel II guidelines on Standardised approach, the risk weight on certain categories of domestic counter parties is determined based on the external rating assigned by any one of the accredited rating agencies, i.e., CRISIL, ICRA, CARE, India Rating Pvt. Ltd, Brickworks Ratings India Pvt. Ltd and SMERA. For Foreign counterparties and banks, rating assigned by S&P, Moody's and Fitch are used.

Bank computes risk weight on the basis of external rating assigned, both Long Term and Short Term, for the facilities availed by the borrower. The external ratings assigned are generally facility specific. Bank follow below mentioned procedures as laid down in Basel II guidelines for usage of external ratings:

- Ratings assigned by one rating agency are used for all the types of claims on the borrowing entity.
- Long term ratings are used for facilities with contractual maturity of one year & above. Short term ratings are generally applied for facilities with contractual maturity of less than one year.
- If either the short term or long term ratings attracts 150% risk weight on any of the claims on the borrower, Bank assigns uniform risk weight of 150% on all the unrated claims, both short term and long term unless the exposure is subjected to credit risk mitigation.
- In case of multiple ratings, if there are two ratings assigned to the facility that maps to different risk weights, the rating that maps to higher risk weight is used. In case of three or more ratings, the ratings corresponding to the two lowest risk weights is referred to and the higher of those two risk weights is be applied. i.e., the second lowest risk weight.
- For securitized and guaranteed transactions, SO ratings assigned by the rating agency are applied for arriving at the risk weights.

Risk Weight-wise distribution of Gross Credit Exposures:

Category	(₹ in millions)
Below 100% Risk Weights	2,019,189
100% Risk Weights	520,562
More than 100% Risk Weights	289,231
Deducted	-

DF-5: Credit risk mitigation: Disclosures for standardised approach

Bank mitigates credit exposure with eligible collaterals and guarantees to reduce the credit risk of obligors as stipulated under Basel II. In principle with mitigating credit risk, Bank has put in place a comprehensive Policy on Credit Risk Mitigants and Collaterals for recognizing the eligible collaterals and guarantors for netting the exposures and reducing the credit risk of obligors. Basic procedures and descriptions of controls as well as types of standard/ acceptable collaterals, guarantees necessary in granting credit, evaluation methods for different types of credit and collateral, applicable "haircuts" to collateral, frequency of revaluation and release of collateral are stipulated in the Bank's credit policy, policy on collateral management and credit risk mitigant policy. The Bank uses net exposure for capital calculations after taking cognizance of eligible financial collaterals. All collaterals and guarantees are recorded and the details are linked to individual accounts. Perfection of security interest, date, currency and correlation between collateral and counterparty are also considered.

As lending is subject to default risk, Bank accepts collateral securities to minimize the impact of loss and consequently reducing the credit risk. The type of collaterals is determined based on the nature of facility, product type, counter party risk and its credit quality. However, as explained earlier, collateral is not the sole criteria for granting credit. For Corporate and SME clients, working capital facility is generally secured by charge on current assets and Term loan is secured by charge on fixed assets. In case of project financing, Bank generally stipulates escrow of receivables/project cash flows along with the charge on underlying project assets. The credit risk policy clearly defines the types of secondary securities and minimum percentage in relation to the total exposures that is required to be obtained in case of credit granted to obligors falling outside the preferred rating grade. Credit facilities are also granted against the security of assets such as cash deposits, NSC, guarantee, mortgages, pledge of shares and commodities, bank guarantees, accepted bills of exchange, assignment of receivables etc. The credit facilities, in terms of risk policies, are secured by secondary collaterals such as cash deposits, NSC, guarantee, mortgages, fixed assets etc. Bank also grants unsecured credit to the borrowers with high standing and low credit risk profile. Customers under Credit card programme are assessed by means of comprehensive customer selection parameters.

For Business Banking clients, who are driven by product programmes and templated scoring models, the facilities are ordinarily secured by adequate collaterals. The programmes have a robust mechanism for collateral acceptance, valuation and monitoring.

In case of schematic products such as Home Loan, LAP, Auto Loan, etc., Loan to value ratio, margin and valuation/ revaluation of collaterals is defined in the respective product programme. The valuation is generally carried out by the empanelled valuer of the Bank. Bank has also put in place approved product paper on loan against warehouse receipts, shares and other securities. The margin, valuation and revaluation of the assets are specified in the product note.

The credit approving authorities also decides on the type and amount of collaterals for each type of facility on a case-to-case basis. For schematic loans and facilities offered under product programme, securities are obtained as defined in the product notes.

Eligible financial asset collateral and guarantor

For the purpose of credit risk mitigation, i.e. offsetting the amount of collateral/ basket of collaterals against the individual/ pool of exposures to which the collaterals are assigned, financial asset collateral types are defined by the Bank as per the Capital Adequacy Framework to include Fixed deposits, KVP, IVP, NSC, Life Insurance Policies, Gold, Securities issued by Central and State Governments and units of Mutual Fund. On a similar note, the eligible guarantors are classified into the following categories:

- Sovereigns, Sovereign entities, Banks and Primary Dealers with lower risk weights than the counterparty
- Other entities including guarantee cover provided by parent, subsidiary and affiliate companies when they have lower risk weight than the obligor.

(₹ in millions)

Particulars	Eligible Financial Collaterals	Supported by guarantee
Exposure before applying eligible mitigants	338,399	10053
Exposure after applying eligible mitigants	152,389	-

DF-6: Securitisation Exposures: Disclosure for standardised approach

Securitisation "means a process by which a single performing asset or a pool of performing assets are sold to a bankruptcy remote Special Purpose Vehicle (SPV) and transferred from the balance sheet of the originator to the SPV in return for an immediate cash payment.

SPV" means any company, trust, or other entity constituted or established for a specific purpose - (a) activities of which are limited to those for accomplishing the purpose of the company, trust or other entity as the case may be; and (b) which is structured in a manner intended to isolate the corporation, trust or entity as the case may be, from the credit risk of an originator to make it bankruptcy remote.

Bank had neither originated any securitization transactions by way of sale of securitised assets, nor retained any exposure on such assets, actual conditional, or contingent, during the period ended March 31, 2018.

The Bank, in the past, had carried out securitization transaction and such deals were done on the basis of 'True Sale', which provides 100% protection to the Bank from the default in case of assets originated by it. All risks in the securitised portfolio were transferred to the Special Purpose Vehicle (SPV). Post-securitisation, Bank continued to service the loans transferred under securitization. Bank had also provided for credit enhancements in the form of cash collaterals to a minimum extent.

The Bank, in the past, had securitized its assets with the objectives of managing its funding requirements, improving liquidity, reducing credit risk and diversifying the portfolio risk, managing interest rate risk, and capital adequacy. The Bank has not securitised any of its portfolios for the past 9 years.

Apart from managing credit risk, Bank also considers different types of risks viz. interest rate risk and liquidity risk for the retained assets or acquired portfolio and ensure its adequate assessment and mechanism for mitigating the same. The securitized portfolio, both the retained part and acquired assets are monitored regularly in terms of various risk parameters such as repayment, cash flows to service the interest, principal and other charges, counterparty risk, servicer's capability, underlying asset risk profile and interest rate risk.

Exposure details on account of securitization transactions

(a) Securitisation exposures in Banking Book

There are no outstanding under the securitization exposures as on 31st March 2108. No securitization activities were undertaken by the Bank during the period ended 31st March 2018.

(b) Amount of Assets intended to be securitized within a year:

For the time being Bank does not have any plans to undertake securitization of its assets. However, for the purpose of balance sheet management and if the opportunities arises, securitization of exposure may be explored.

(c) Securitisation exposures in Trading Book:

Aggregate amount of on-balance sheet securitisation exposures retained or purchased broken down by exposure type

Exposure Type	Amount (₹ in millions)
Agriculture Loans	5542
SME and others	1432

Aggregate amount of securitisation exposures retained or purchased subject to Comprehensive Risk Measure for specific risk

Exposure Type	Amount (₹ in millions)
Agriculture Loans	5542
SME and others	1432

Aggregate amount of securitisation exposures retained or purchased subject to securitisation framework for specific risk broken down into different risk weight bands

Risk Weight band	Amount (₹ in millions)
<100% risk weight	5,419
100% risk weight	1,555
>100% risk weight	-
Total	**6,974**

Aggregate amount of the capital requirements for the securitisation exposures, subject to the securitisation framework broken down into different risk weight bands:

Risk Weight band	Capital Charge Amount (₹ in millions)
<100% risk weight	266
100% risk weight	145
>100% risk weight	-
Total	**411**

Securitisation exposures deducted from capital

Exposure Type	Exposures deducted entirely from Tier-1 capital	Credit enhancing interest-only strips deducted from total capital	Other exposures deducted from total capital
NA			

DF-7: Market risk in Trading book

Market Risk may be defined as the possibility of loss to a bank caused by changes in the market variables. The market risk for the Bank is governed by the Market Risk Policy and Funds and Investment policy which are approved by the Board. These policies serve to outline the Bank's risk appetite and risk philosophy in respect of Treasury / Forex / Equity / Derivatives / Bullion operations, and the controls that are considered essential for the management of market risks. The policies are reviewed periodically to update it with changed business requirements, economic environment and revised regulatory guidelines.

Sources of market risk:

Market risks arise from the following risk factors:

- Price risk for bonds, forex, equities and bullion
- Interest rate risk for investments, derivatives, etc.
- Exchange rate risk for currencies; and
- Trading / liquidity risk.

Objectives of Market risk management:

The broad objectives of Market Risk management are:

- Management of interest rate risk and currency risk of the trading portfolio.
- Adequate control and suitable reporting of investments, Forex, Equity and Derivative portfolios

- Compliance with regulatory and internal guidelines.
- Monitoring and Control of transactions of market related instruments.

Scope and nature of risk reporting and measurement systems:

Reporting

Market Risk group reports various investments, Foreign exchange positions and derivatives position with their related risk measures to top management daily and to Committees of the Board on a periodic basis. Bank periodically reports the related positions to regulators in compliance with regulatory requirements.

Measurement

Bank monitoring its risks through risk management tools and techniques such as are Value-at-Risk, Modified Duration, PV01, Stop Loss, amongst others. Based on risk appetite of the Bank, various risk limits are placed which are monitored on a daily basis.

Capital requirements for Market risks @ 9%.

(₹ in millions)

Market Risk elements	Amount of capital required
Interest Rate Risk	7078
Foreign Exchange Risk (including gold)	304
Equity Risk	1408

DF-8: Operational Risk

Bank has framed Operational Risk Management Policy duly approved by the Board. Other policies adopted by the Board that deals with management of operational risk are (a) Information System Security Policy (b) Policy on Know Your Customer (KYC) and Anti Money Laundering Policy (AML) process (c) IT business continuity and Disaster Recovery Plan and (d) Business Continuity Plan (BCP) (e) New Product Programme Policy (f) Framework for Risk and Control Self-Assessment (RCSA) and (g) Risk Event Reporting Framework.

Operational Risk Management Policy adopted by the Bank outlines organization structure and detailed process for management of Operational Risk. Basic objective of the policy is to closely integrate operational management system to risk management processes of the Bank by clearly assigning roles for effectively identifying, assessing, monitoring and controlling / mitigating operational risk exposures, including material operational losses. Operational risks in the Bank are managed through comprehensive and well-articulated internal control frameworks. Bank has implemented the process of capturing, reporting and assessing risk events at the process level using RCSA framework.

DF-9: Interest rate risk in the banking book (IRRBB)

Interest Rate Risk is the risk of loss in the Bank's net income and net equity value arising out of a change in level of interest rates and / or their implied volatility. Interest rate risk arises from holding assets and liabilities with different principal amounts, maturity dates and re-pricing dates. The Bank holds assets, liabilities and off balance sheet items across various markets with different maturity or re-pricing dates and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates in such markets. Interest rate risk in the banking book refers to the risk associated with interest rate sensitive instruments that are not held in the trading book of the Bank.

Risk management framework

The Board of the Bank has overall responsibility for management of risks and it decides the risk management policy of the Bank and set limits for liquidity, interest rate, foreign exchange and equity price risks. The Asset Liability Management Committee (ALCO) consisting of Bank's senior management including Managing Director is responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Bank (for the assets and liabilities) in line with the Bank's budget and decided risk management objectives. ALCO decides strategies and specifies prudential limits for management of interest rate risk in the banking book within the broad parameters laid down by Board of Directors. These limits are monitored periodically and the breaches, if any, are reported to ALCO.

Monitoring and Control

The Board of Directors has approved the Asset-Liability Management policy. The policy is intended to be flexible to deal with rapidly changing conditions; any variations from policy should be reported to the Board of Directors with recommendations and approval from the ALCO.

The Bank has put in place a mechanism for regular computation and monitoring of prudential limits and ratios for liquidity and interest rate risk management. The Bank uses its system capability for limits and ratio monitoring. The ALCO support group generates periodic reports for reporting these to ALCO and senior management of the Bank. The ALM support group carries out various analyses related to assets and liabilities, forecast financial market outlook, compute liquidity ratios and interest rate risk values based on the earnings and economic value perspective.

Risk measurement and reporting framework:

The estimation of interest rate risk involves interest rate sensitive assets (RSAs) and interest rate sensitive liabilities (RSLs).

The techniques for managing interest rate risk include:

- Interest rate sensitivity gap Analysis
- Earning at Risk Analysis
- Stress Testing

Interest rate sensitivity gap: The gap or mismatch risk as at a given date, is measured by calculating gaps over different time intervals. Gap analysis measures mismatches between rate sensitive liabilities (RSL) and rate sensitive assets (RSA) (including off-balance sheet positions). The report is prepared by grouping liabilities, assets and off-balance sheet positions into time buckets according to residual maturity or next re-pricing period, whichever is earlier. The difference between RSA and RSL for each time bucket signifies the gap in that time bucket. The gap report provides a good framework for determining the earnings impact.

Earning at Risk: Any change in interest rate would impact Bank's net interest income (NII) and the value of its fixed income portfolio (price risk). The interest rate risk is measured by EaR that is the sensitivity of the NII to a 100 basis points adverse change in the level of interest rates.

Stress Testing: The Bank measures the impact on net interest margin (NIM) / EaR after taking into account various possible movement in interest rates across tenor and their impact on the earnings and economic value of the Bank is calculated for each of these scenarios. These reports are prepared on a monthly basis for measurement of interest rate risk.

With an upward rate shock of 1% across the curve, as per Rate Sensitive Gaps in INR as on 31.03.2018, the earning shows a decrease of ₹ 818.1 million.

The impact of change in interest rate by 100 bps and 50 bps has been computed on open positions (as on March 31, 2018) and shown hereunder against the respective currencies.

Change in interest rates (in bps)				
Impact on NII (₹ in millions)				
Currency	**-100**	**-50**	**50**	**100**
INR	818.10	409.05	(409.05)	(818.10)
USD	38.21	19.10	(19.10)	(38.21)
Others	77.09	38.54	(38.54)	(77.09)
Total	**933.40**	**466.70**	**(466.70)**	**(933.40)**

DF-10: General Disclosures for Exposures Related to Counterparty Credit Risk

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value for the Bank at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty. The market value is uncertain and can vary over time with the movement of underlying market factors.

Capital is allocated to CCR exposures taking into consideration the regulatory guidelines on Basel – III capital adequacy computation.

Counterparty credit risk is managed and controlled through variety of risk policies and monitoring procedures including, but not limited, to the following:

- Credit Risk Policy
- Bank Risk Policy
- Derivatives Policy and
- Country Risk Policy

It is possible for the counterparty's credit quality to be co-dependent with the level of exposure. This effect is called wrong-way risk if the exposure tends to increase when the counterparty credit quality gets worse. Wrong way risk is controlled through policies that manage industry, country and individual counterparty concentrations.

Exposure on account of Counterparty Credit Risk

(₹ in millions)

Particulars	**Amount**
Gross positive value of contracts	29,361
Netting Benefits	-
Netted current credit exposure	95,599
Collateral held	4,021
Net derivative credit exposure	91,578

DF-11 to DF-14: Capital Disclosures

Detailed disclosures with respect to (i) Composition of Capital, (ii) Composition of Capital –Reconciliation Requirements, (iii) Main features of Regulatory Capital Instruments and (iv) Full terms and conditions of Regulatory Capital Instruments are enclosed as per Tables under DF-11, DF-12 and DF-13 respectively. DF-14 has been disclosed separately on the Bank's website under 'Regulatory Disclosures Section'. The link to this section is http://www.indusind.com/important-links/regulatory-disclosures-section.html

(₹ in millions)

		At March 31, 2018	
Common Equity Tier 1 capital: Instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	100,713.77	A=a1+a2
2	Retained earnings	89,649.61	B=b1-b2
3	Accumulated other comprehensive income (and other reserves)	42,190.30	C=c1+c2+c3+ c4+c5+c6 +c8-c9
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies 1)	-	

(₹ in millions)

		At March 31, 2018	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	**Common Equity Tier 1 capital before regulatory adjustments**	**232,553.68**	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	130.20	
8	Goodwill (net of related tax liability)	-	
9	Intangibles (net of related tax liability)	-	
10	Deferred tax assets 2	-	
11	Cash-flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined-benefit pension fund net assets	-	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)3	-	
20	Mortgage servicing rights 4 (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences5 (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold6	-	
23	of which: significant investments in the common stock of financial entities	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments7 (26a+26b+26c+26d)	-	
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	-	
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries8	-	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank9	-	
26d	of which: Unamortised pension funds expenditures	-	

(₹ in millions)

		At March 31, 2018	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	**Total regulatory adjustments to Common equity Tier 1**	**130.20**	
29	**Common Equity Tier 1 capital (CET1)**	**232,423.48**	
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	20,000.00	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	20,000.00	D=d1
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 capital before regulatory adjustments**	20,000.00	
	Additional Tier 1 capital: regulatory instruments		
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)10	-	
41	National specific regulatory adjustments (41a+41b)	-	
41a	Of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	
41b	Of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	**Total regulatory adjustments to Additional Tier 1 capital**	**-**	
44	**Additional Tier 1 capital (AT1)**	**20,000.00**	
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44)**	**252,423.48**	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	

(₹ in millions)

		At March 31, 2018	
47	Directly issued capital instruments subject to phase out from Tier 2	-	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Provisions12	7,791.78	E=c7+e1
51	**Tier 2 capital before regulatory adjustments**	**7,791.78**	
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55	Significant investments13 in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments (56a+56b)	-	
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	-	
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-	
57	**Total regulatory adjustments to Tier 2 capital**	-	
58	**Tier 2 capital (T2)**	**7,791.78**	
59	**Total capital (TC = T1 + T2) (45 + 58)**	**260,215.26**	
60	**Total risk weighted assets (60a + 60b + 60c)**	**1,731,555.09**	
60a	**of which: total credit risk weighted assets**	1,445,488.63	
60b	**of which: total market risk weighted assets**	97,669.80	
60c	**of which: total operational risk weighted assets**	188,396.66	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	13.42	
62	Tier 1 (as a percentage of risk weighted assets)	14.58	
63	Total capital (as a percentage of risk weighted assets)	15.03	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	7.375	
65	**of which: capital conservation buffer requirement**	1.875	
66	**of which: bank specific countercyclical buffer requirement**	-	

(₹ in millions)

		At March 31, 2018	
67	**of which: G-SIB buffer requirement**	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-	
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.500%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.000%	
71	National total capital minimum ratio (if different from Basel III minimum)	9.000%	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financial entities	-	
73	Significant investments in the common stock of financial entities	-	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Notes to the Template

Row No. of the template	Particulars	(₹ in millions)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-
	Total as indicated in row 10	-
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	-
	of which: Increase in Common Equity Tier 1 capital	-
	of which: Increase in Additional Tier 1 capital	-
	of which: Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
	(i) Increase in Common Equity Tier 1 capital	-
	(ii) Increase in risk weighted assets	-
50	Eligible Provisions included in Tier 2 capital	7,791.78
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	7,791.78

DF-12: Composition of Capital- Reconciliation Requirements

Step 1

(₹ in millions)

		Balance Sheet as in Financial Statements As on March 31, 2018	Balance sheet under Regulatory scope of consolidation As on March 31, 2018
A	**Capital & Liabilities**		
i	Paid-up Capital	6,002.23	
	Reserves & Surplus	232,268.49	
	Employees' Stock Option Outstanding	145.71	
	Minority Interest	-	
	Total Capital	**238,416.43**	
ii	Deposits	**1,516,391.74**	
	of which: Deposits from banks	56,818.49	
	of which: Customer deposits	1,459,573.25	
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	**382,890.78**	
	of which: From RBI	-	
	of which: From banks	7,576.75	
	of which: From other institutions & agencies	234,740.28	
	of which: Others (pl. specify) Borrowings from outside India	120,573.75	
	of which: Capital instruments	20,000.00	
iv	Other liabilities & provisions	**78,562.66**	
	Total	**2,216,261.61**	

(₹ in millions)

		Balance Sheet as in Financial Statements As on March 31, 2018	Balance sheet under Regulatory scope of consolidation As on March 31, 2018
B	**Assets**		
i	Cash and balances with Reserve Bank of India	**109,624.06**	
	Balance with banks and money at call and short notice	**22,534.71**	
ii	Investments:	**500,767.17**	
	of which: Government securities	403,659.86	
	of which: Other approved securities	-	
	of which: Shares	2,919.38	
	of which: Debentures & Bonds	44,764.19	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	Of which: Others (Commercial Papers, Mutual Funds etc.)	49,423.74	
iii	Loans and advances	**1,449,536.58**	
	of which: Loans and advances to banks	6.40	
	of which: Loans and advances to customers	1,149,530.18	
iv	Fixed assets	**13,387.53**	
v	Other assets	**120,411.56**	
	of which: Goodwill and intangible assets	-	
	of which: Deferred tax assets	3,777.96	
vi	Good will on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	**2,216,261.61**	

Step 2

(₹ in millions)

		Balance Sheet as in Financial Statements As on March 31, 2018	Balance Sheet under Regulatory scope of consolidation As on March 31, 2018	Ref No.
A	**Capital & Liabilities**			
i	**Paid-up Capital**	**6,002.23**		a1
	Reserves & Surplus	**232,414.20**		
	of which :			
	Share Premium	94,711.54		a2
	Balance in P/L a/c.	93,114.94		b1
	of which			
	Unallocated Surplus	71,183.81		
	Current period profits not reckoned for Capital Adequacy purposes	3,465.33		b2
	Statutory Reserve	38,242.67		c1
	General Reserve	13.56		c2
	Capital Reserve	2,233.68		c3
	Investment Allowance Reserve	10.00		c4

(₹ in millions)

		Balance Sheet as in Financial Statements As on March 31, 2018	Balance Sheet under Regulatory scope of consolidation As on March 31, 2018	Ref No.
	Employee Stock Options Outstanding	145.71		c5
	Foreign Currency Translation Reserve	(85.24)		c6
	Investment Reserve Account	405.30		c7
	Revaluation Reserve	3,622.04		c8
	of which			
	Not reckoned for Capital Adequacy purposes	1,992.12		c9
	Minority Interest	-		-
	Total Capital	**238,416.43**		
ii	**Deposits**	**1,516,391.74**		
	of which: Deposits from banks	56,818.49		
	of which: Customer deposits	1,459,573.25		
	of which: Other deposits (pl. specify)	-		
iii	**Borrowings**	**382,890.78**		
	of which: From RBI	-		
	of which: From banks	7,576.75		
	of which: From other institutions & agencies	234,740.28		
	of which: Others (pl. specify) Borrowings from outside India	120,573.75		
	of which: Capital instruments	20,000.00		
	Eligible AT1 Capital	20,000.00		d1
iv	**Other liabilities & provisions**	**78,562.66**		
	of which: Provision for Standard Advances	7,386.48		e1
	of which : DTLs related to goodwill	-		
	of which : Details related to intangible assets	-		
	Total	**2,216,261.61**		
B	**Assets**			
i	**Cash and balances with Reserve Bank of India**	**109,624.06**		
	Balance with banks and money at call and short notice	22,534.71		
ii	**Investments:**	**500,767.17**		
	of which: Government securities	403,659.86		
	of which: Other approved securities	-		
	of which: Shares	2,919.38		
	of which: Debentures & Bonds	44,764.19		
	of which: Subsidiaries / Joint Ventures / Associates	-		
	of which: Others (Commercial Papers, Mutual Funds etc.)	49,423.74		
iii	**Loans and advances**	**1,449,536.58**		
	of which: Loans and advances to banks	6.40		
	of which: Loans and advances to customers	1,449,530.18		
iv	Fixed assets	**13,387.53**		
v	Other assets	**120,411.56**		
	of which: Goodwill and intangible assets	-		
	Out of which :			
	Goodwill			
	Other Intangibles (excluding MSRs)	-		
	Deferred tax assets	3,777.96		
vi	Good will on consolidation	-		
vii	Debit balance in Profit & Loss account	-		
	Total Assets	**2,216,261.61**		

Step 3

	Common Equity Tier 1 Capital : Instruments and Reserves		
		Component of regulator capital reported by bank	**Source based on reference number / letters of the balance sheet under the regulatory scope of consolidation from step 2**
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus (share Premium)	100,713.77	A=a1+a2
2	Retained earnings	89,649.61	B=b1– b2
3	Accumulated other comprehensive income (and other reserves)	42,190.30	C=c1+ c2+ c3+ c4+ c5+c6+c8-c9
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	**Common Equity Tier I capital before Regulatory adjustments**	**232,553.68**	
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	

Table DF-13: Main Features of Regulatory Capital Instruments

Sr. No	Particulars	Equity Shares	Additional Tier 1 Bond (Series I)	Additional Tier 1 Bond (Series II)
1	Issuer	INDUSIND BANK LTD	INDUSIND BANK LTD	INDUSIND BANK LTD
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE095A01012	INE095A08066	INE095A08074
3	Governing law(s) of the instrument	Indian Law	Indian Law	Indian Law
	Regulatory treatment			
4	Transitional Basel III rules	Common Equity Tier I	Additional Tier 1	Additional Tier 1
5	Post-transitional Basel III rules	Common Equity Tier I	Additional Tier 1	Additional Tier 1
6	Eligible at solo/group/ group & solo	Group and Solo	Group and Solo	Group and Solo
7	Instrument type	Common Shares	Perpetual Debt Instrument	Perpetual Debt Instrument
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	₹ 6,002 Millions	₹ 10,000 Million	₹ 10,000 Million
9	Par value of instrument	₹ 10 per share	₹ 1 Million per Bond	₹ 1 Million per Bond
10	Accounting classification	Shareholder's Equity	Borrowings	Borrowings
11	Original date of issuance	Various	22.03.2017	18.04.2017
12	Perpetual or dated	Perpetual	Perpetual	Perpetual

Sr. No	Particulars	Equity Shares	Additional Tier 1 Bond (Series I)	Additional Tier 1 Bond (Series II)
13	Original maturity date	No Maturity	No Maturity	No Maturity
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	5 years from the deemed date of allotment or any date thereafter, at the sole discretion of the Bank with a prior approval of RBI but subject always to the "condition for exercise of call option"; the call will be for the whole amount of the Bond and not in part.	5 years from the deemed date of allotment or any date thereafter, at the sole discretion of the Bank with a prior approval of RBI but subject always to the "condition for exercise of call option"; the call will be for the whole amount of the Bond and not in part.
16	Subsequent call dates, if applicable	NA	Any date after 22.03.2022, with the prior approval of RBI.	Any date after 18.04.2022, with the prior approval of RBI.
	Coupons / dividends			
17	Fixed or floating dividend/coupon	NA	Fixed	Fixed
18	Coupon rate and any related index	NA	9.50% p.a.	9.50% p.a.
19	Existence of a dividend stopper	NA	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Fully Discretionary	Fully Discretionary
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative
23	Convertible or non-convertible	NA	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	Yes	Yes

Sr. No	Particulars	Equity Shares	Additional Tier 1 Bond (Series I)	Additional Tier 1 Bond (Series II)
31	If write-down, write-down trigger(s)	NA	Temporary write down at Pre-Specified Trigger Event, which is Common Equity Tier 1 capital falling below the regulatory level. Permanent write down at a Point of Non-Viability (PONV) Trigger Event. The PONV Trigger Event is the earlier of (1) a decision that full permanent write off / other adjustment stipulated by RBI without which the Bank would become non-viable as determined by the RBI, and (2) the decision to make a public sector injection of capital or equivalent support without which the Bank would become non-viable as determined by the relevant authority.	Temporary write down at Pre-Specified Trigger Event, which is Common Equity Tier 1 capital falling below the regulatory level. Permanent write down at a Point of Non-Viability (PONV) Trigger Event. The PONV Trigger Event is the earlier of (1) a decision that full permanent write off / other adjustment stipulated by RBI without which the Bank would become non-viable as determined by the RBI, and (2) the decision to make a public sector injection of capital or equivalent support without which the Bank would become non-viable as determined by the relevant authority.
32	If write-down, full or partial	NA	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	NA	Temporary or Permanent	Temporary or Permanent
34	If temporary write-down, description of write-up mechanism	NA	In case of temporary write down, outstanding principal amount of the Bond can be increased in accordance with RBI guidelines. The Bonds may be subject to more than one reinstatement.	In case of temporary write down, outstanding principal amount of the Bond can be increased in accordance with RBI guidelines. The Bonds may be subject to more than one reinstatement.

Sr. No	Particulars	Equity Shares	Additional Tier 1 Bond (Series I)	Additional Tier 1 Bond (Series II)
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA	The Bonds are senior / superior to claims of investors in equity shares and perpetual non-cumulative preference shares issued by the Bank.	The Bonds are senior / superior to claims of investors in equity shares and perpetual non-cumulative preference shares issued by the Bank.
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	NA	-	-

DF-16: Equities – Disclosure for Banking Book Positions

Investments are classified at the time of purchase into Held for trade (HFT), Available for Sale (AFS) and Held to Maturity (HTM) categories in line with the RBI master circular- Prudential Norms for classification, valuation and operation of investments portfolio by Banks. In accordance with the RBI guidelines, investments in equity of subsidiaries and joint ventures (a joint venture will be one where the bank, along with its subsidiaries, holds more than 25 percent of the equity) are required to be classified under HTM category. For capital adequacy purpose, as per the RBI guidelines, equity securities held under HTM category are classified under banking book. Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities.

The amount of equity held in banking book is insignificant as on March 31, 2018.

DF-17: Summary comparison of accounting assets vs. leverage ratio exposure measure

Leverage Ratio:

Leverage ratio is a non-risk based measure of exposure over capital. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements.

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage.

$$\text{Leverage Ratio} = \frac{\text{Capital Measure (Tier I Capital)}}{\text{Exposure Measure}}$$

Summary comparison of accounting assets vs. leverage ratio exposure measure		
	Item	**(₹ in millions)**
1	Total consolidated assets as per published financial statements	2,131,721
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	(3,778)
4	Adjustments for derivative financial instruments	91,578
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	84,540
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	493,264
7	Other adjustments	-
8	**Leverage ratio exposure**	**2,797,325**

DF-18: Leverage ratio

Leverage ratio		
	Item	**Leverage ratio framework (₹ in millions)**
	On balance sheet exposure	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	2,131,721
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(3,778)
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	**2,127,943**
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	25,340
5	Add-on amounts for PFE associated with all derivatives transactions	66,238
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**91,578**
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	84,540
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**84,540**
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	1,271,105
18	(Adjustments for conversion to credit equivalent amounts)	(777,841)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**493,264**
	Capital and total exposures	
20	**Tier 1 capital**	**252,423**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**2,797,325**
	Leverage ratio	
22	**Basel III leverage ratio**	**9.02%**

Independent Auditors' Report

To The Members of IndusInd Bank Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of IndusInd Bank Limited (the "Bank") and its associate company (refer Schedule 17(1) to the attached Consolidated financial statements), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Profit and Loss Account, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Board of Directors of the Bank is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Bank and its associate company in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the requirements of Section 29 of the Banking Regulation Act, 1949 (B R Act) and other applicable Reserve Bank of India (RBI) directions in so far as it relates to the financial statements of the Bank. The Bank's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated financial statements. The respective Board of Directors of the companies included in the Bank and its associate company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and its associate company respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Bank's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act and the provisions of section 29 of the B R Act and other applicable RBI directions insofar it relates to the financial statements of the Bank included in these consolidated financial statements, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Bank and its associate company as at March 31, 2018 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

8. The Consolidated financial statements also include the Bank's share of net profit of ₹ 1,333,209 for the year ended March 31, 2018 as considered in the consolidated financial statements, in respect of one associate company whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose report has been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of associate company and our report in terms of sub-sections (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid associate company, is based solely on the reports of the other auditor.

   Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

9. In our opinion, the consolidated financial statements dealt with by this report have been drawn up in accordance with applicable provisions of section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of section 29 of the B R Act insofar as it relates to the financial statements of the Bank included in these consolidated financial statements.

10. As required by Section 143(3) of the Act and Section 30 of the B R Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    (b) The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank.

    (c) In our opinion, proper books of account as required by law maintained by the Bank and its associate company incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Bank and the reports of the other auditor.

    (d) The Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Bank and its associate company incorporated in India including relevant records relating to the preparation of the consolidated financial statements.

    (e) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the requirements of Section 29 of the B R Act, and other applicable RBI directions in so far as it relates to the financial statements of the Bank included in these consolidated financial statements.

    (f) On the basis of the written representations received from the directors of the Bank as on March 31, 2018 taken on record by the Board of Directors of the Bank and the report of the statutory auditor of its associate company incorporated in India, none of the directors of the Bank and its associate company incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and its associate company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Bank and its associate company– Refer Schedule 12 and Note 3 of Schedule 18 to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2018 – Refer (a) Note 4 of Schedule 18 to the consolidated financial statements in respect of such items as it relates to the Bank and its associate company and (b) the Bank's share of net profit in respect of its associate company.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank and its associate company, incorporated in India, during the year ended March 31, 2018.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Bank and its associate company, incorporated in India, for the year ended March 31, 2018.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Russell I Parera
Partner
Membership Number: 042190

Mumbai
April 19, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(g) of the Independent Auditors' Report of even date to the members of IndusInd Bank Limited on the Consolidated Financial Statements for the year ended March 31, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the Consolidated Financial Statements of the Bank of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of IndusInd Bank Limited (hereinafter referred to as "the Bank") and its associate company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Bank and its associate company, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in

accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Bank and its associate company, which is company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one associate company, which is company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Russell I Parera
Partner
Membership Number: 042190

Mumbai
April 19, 2018

Consolidated Balance Sheet as at March 31, 2018

Rupees in '000s

	Schedule	As at 31.03.2018	As at 31.03.2017
CAPITAL AND LIABILITIES			
Capital	1	600,22,32	598,14,87
Employee Stock Options Outstanding	18 (Note 9.2)	14,57,11	15,20,07
Reserves and Surplus	2	23228,46,50	20034,25,47
Deposits	3	151639,17,43	126572,22,28
Borrowings	4	38289,07,82	22453,69,43
Other Liabilities and Provisions	5	7856,26,52	8976,37,58
TOTAL		**221627,77,70**	**178649,89,70**
ASSETS			
Cash and Balances with Reserve Bank of India	6	10962,40,60	7748,74,71
Balances with Banks and Money at Call and Short Notice	7	2253,47,14	10879,50,71
Investments	8	50078,33,39	36703,62,14
Advances	9	144953,65,76	113080,50,76
Fixed Assets	10	1338,75,31	1335,23,28
Other Assets	11	12041,15,50	8902,28,10
TOTAL		**221627,77,70**	**178649,89,70**
Contingent Liabilities	12	662099,15,62	406387,19,15
Bills for Collection		37415,47,98	19006,90,91
Significant Accounting Policies	17		
Notes to the Consolidated Financial Statements	18		

The schedules referred to above form an integral part of the Consolidated Balance Sheet.

As per our report of even date.

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N/N500016

Russell I Parera
Partner
Membership No : 042190

Place : Mumbai
Date : April 19, 2018

For and on behalf of Board of Directors

R. Seshasayee
Chairman

Romesh Sobti
Managing Director

T. Anantha Narayanan
Director

Kanchan Chitale
Director

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Consolidated Profit and Loss Account for the year ended March 31, 2018

		Schedule	Year ended 31.03.2018	Rupees in '000s Year ended 31.03.2017
I.	**INCOME**			
	Interest Earned	13	17280,74,87	14405,67,03
	Other Income	14	4750,10,33	4171,49,22
	TOTAL		**22030,85,20**	**18577,16,25**
II.	**EXPENDITURE**			
	Interest Expended	15	9783,30,45	8343,06,61
	Operating Expenses	16	5591,44,36	4783,07,58
	Provisions and Contingencies		3050,11,64	2583,12,79
	TOTAL		**18424,86,45**	**15709,26,98**
III.	**PROFIT**			
	Net Profit for the year		3605,98,75	2867,89,27
	Add : Share in profit/(loss) of Associate		13,33	27,81
	Profit brought forward		7119,86,04	5014,65,48
	TOTAL		**10725,98,12**	**7882,82,56**
IV.	**APPROPRIATIONS**			
	a) Transfer to Statutory Reserve		901,49,69	716,97,32
	b) Transfer to Capital Reserve		7,61,93	45,53,66
	c) Transfer to Investment Reserve Account		-	-
	d) Proposed dividend (includes tax on dividend) [Refer Schedule 18 (Note 15.1)]		432,24,16	45,54
	e) Deductions during the year		71,51,62	
			1412,87,40	**762,96,52**
	Balance carried over to the Balance Sheet		9313,10,72	7119,86,04
	TOTAL		**10725,98,12**	**7882,82,56**
V.	**EARNINGS PER EQUITY SHARE**			
	(Face value of ₹ 10/- per share)			
	Basic (₹)	18 (Note 13)	60.20	48.07
	Diluted (₹)	18 (Note 13)	59.58	47.57
	Significant Accounting Policies	17		
	Notes to the Financial Statements	18		

The schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

As per our report of even date.

For and on behalf of Board of Directors

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N/N500016

R. Seshasayee
Chairman

Romesh Sobti
Managing Director

Russell I Parera
Partner
Membership No : 042190

T. Anantha Narayanan
Director

Kanchan Chitale
Director

Place : Mumbai
Date : April 19, 2018

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2018

Rupees in '000s

		Year ended 31.03.2018	Year ended 31.03.2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before taxation	**5480,67,20**	**4359,68,85**
	Adjustments for :		
	Depreciation on Fixed assets	211,64,34	190,69,88
	(Appreciation) / Depreciation on Investments	120,86,12	31,36,39
	Employees Stock Option expenses	1,21,34	3,28,93
	Loan Loss and Other Provisions	1054,57,07	1059,96,81
	Amortisation of premium on HTM investments	179,32,22	78,50,86
	Loss / (Profit) on sale of fixed assets	(8,00,66)	(3,14,57)
	Share in Current Year profit of Associate	13,33	27,81
	Operating Profit before Working Capital changes	**7040,40,96**	**5720,64,96**
	Adjustments for :		
	(Increase) / Decrease in Advances	(32927,72,06)	(25721,13,37)
	(Increase) / Decrease in Investments	(13674,89,59)	(2757,97,41)
	(Increase) / Decrease in Other Assets	(3038,10,85)	546,84,11
	Increase / (Decrease) in Deposits	25066,95,15	33571,87,67
	Increase / (Decrease) in Other Liabilities	(1191,62,68)	2093,81,94
	Cash generated from/(used in) Operations	**(18724,99,07)**	**13454,07,90**
	Direct Taxes paid (net of refunds)	(1975,45,00)	(1884,77,71)
	Net Cash from/(used in) Operating Activities	**(20700,44,07)**	**11569,30,19**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets (including WIP)	(235,79,27)	(287,18,59)
	Proceeds from sale of Fixed Assets	16,24,47	13,54,86
	Net Cash used in Investing Activities	**(219,54,80)**	**(273,63,73)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of equity shares (net of issue expenses)	101,96,50	96,62,24
	Proceeds from issue of Long Term Infrastructure Bonds	-	1500,00,00
	Dividends paid	(432,24,16)	(322,70,55)
	Proceeds from Perpetual Debt instruments	1000,00,00	1000,00,00
	Redemption of Sub-ordinated Tier 2 capital	-	(308,90,00)
	Increase / (Decrease) in Borrowings	14835,38,38	(4733,27,06)
	Net Cash generated from / (used in)Financing Activities	**15505,10,72**	**(2768,25,37)**
	Effect of exchange fluctuation translation reserve	**2,50,47**	**(11,02,82)**
	Net Increase /(Decrease) in Cash and Cash Equivalents	**(5412,37,68)**	**8516,38,27**
	Cash and Cash Equivalents at the beginning of the year	**18628,25,42**	**10111,87,15**
	Cash and Cash Equivalents at the end of the year	**13215,87,74**	**18628,25,42**

Notes:

1. The above Consolidated Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements.
2. Figures in bracket indicate cash outflow.
3. Cash and cash equivalents comprise of Cash in Hand and Balances with RBI (Schedule 6) and Balances with Banks and Money at Call and Short Notice (Schedule 7).

As per our report of even date.

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N/N500016

Russell I Parera
Partner
Membership No : 042190

Place : Mumbai
Date : April 19, 2018

For and on behalf of Board of Directors

R. Seshasayee
Chairman

Romesh Sobti
Managing Director

T. Anantha Narayanan
Director

Kanchan Chitale
Director

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Schedules to the Consolidated Financial Statements

			Rupees in '000s
		As at 31.03.2018	As at 31.03.2017
SCHEDULE - 1 CAPITAL			
Authorised Capital			
70,00,00,000 (Previous year 70,00,00,000) equity shares of ₹ 10 each		**700,00,00**	**700,00,00**
Issued, Subscribed and Called Up Capital			
60,02,23,187 (Previous year 59,81,48,705) equity shares of ₹ 10 each		**600,22,32**	**598,14,87**
Paid up Capital			
60,02,23,187 (Previous year 59,81,48,705) equity shares of ₹ 10 each		600,22,32	598,14,87
Refer Schedule 18 (Note 1)			
	TOTAL	**600,22,32**	**598,14,87**
SCHEDULE - 2 RESERVES AND SURPLUS			
I Statutory Reserve			
Opening balance		2922,77,00	2205,79,68
Additions during the year		901,49,69	716,97,32
		3824,26,69	**2922,77,00**
II Share Premium Account			
Opening balance		9369,42,05	9274,10,55
Additions during the year		101,73,36	95,31,50
		9471,15,41	**9369,42,05**
III General Reserve			
Balance as at the end of the year		1,35,57	1,35,57
		1,35,57	**1,35,57**
IV Capital Reserve			
Opening balance		215,74,87	170,21,21
Additions during the year		7,61,93	45,53,66
		223,36,80	**215,74,87**
V Capital Reserve on Consolidation			
Opening Balance		35	35
Addition during the Year		-	-
Balance as at the end of the year		**35**	**35**
VI Investment Allowance Reserve			
Balance as at the end of the year		1,00,00	1,00,00
		1,00,00	**1,00,00**
VII Investment Reserve Account			
Balance as at the end of the year		40,52,98	40,52,98
		40,52,98	**40,52,98**
VIII Revaluation Reserve			
Opening balance		374,59,43	380,76,96
Deductions during the year		(12,39,10)	(6,17,53)
Balance as at the end of the year		**362,20,33**	**374,59,43**

Schedules to the Consolidated Financial Statements *(Contd.)*

Rupees in '000s

			As at 31.03.2018	As at 31.03.2017
IX	**Foreign Currency Translation Reserve**			
	Opening balance		(11,02,82)	-
	Debits during the year		2,50,47	(11,02,82)
	Balance as at the end of the year		**(8,52,35)**	**(11,02,82)**
X	**Balance in the Profit and Loss Account**		**9313,10,72**	**7119,86,04**
		TOTAL	**23228,46,50**	**20034,25,47**
SCHEDULE - 3 DEPOSITS				
A	**I**	**Demand Deposits**		
		i) From Banks	393,92,35	991,32,40
		ii) From Others	20447,06,25	18617,48,76
	II	**Savings Bank Deposits**	45888,27,30	27037,23,23
	III	**Term Deposits**		
		i) From Banks	5287,92,58	7328,65,30
		ii) From Others	79621,98,95	72597,52,59
		TOTAL	**151639,17,43**	**126572,22,28**
B	**Deposits of Branches**			
	I	In India	151639,17,43	126572,22,28
	II	Outside India	-	-
		TOTAL	**151639,17,43**	**126572,22,28**
SCHEDULE - 4 BORROWINGS				
I	**Borrowings in India**			
	i)	Reserve Bank of India	-	-
	ii)	Other Banks	757,67,53	2367,48,93
	iii)	Other Institutions and Agencies	21474,02,79	13500,00,00
	iv)	Long Term Infrastructure Bonds	2000,00,00	2000,00,00
	v)	Unsecured Non-Convertible Perpetual Non-Cumulative Bonds (Subordinated Debt qualifying as Additional Tier 1 Capital)	2000,00,00	1000,00,00
II	**Borrowings outside India**		12057,37,50	3586,20,50
		TOTAL	**38289,07,82**	**22453,69,43**
Secured borrowings other than Collaterised Borrowing and Lending Obligation and Repo Borrowings included in I above			-	-
SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS				
I	Inter-office Adjustments (Net)		401,44,70	242,39,32
II	Bills Payable		667,65,72	600,34,85
III	Interest Accrued		788,20,11	947,61,27
IV	Others		5998,95,99	7186,02,14
		TOTAL	**7856,26,52**	**8976,37,58**

Schedules to the Consolidated Financial Statements *(Contd.)*

Rupees in '000s

		As at 31.03.2018	As at 31.03.2017
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I	**Cash in hand (including foreign currency notes)**	1069,20,30	1135,52,11
II	**Balances with Reserve Bank of India**		
i)	In Current Account	9893,20,30	6613,22,60
ii)	In Other Accounts	-	-
	TOTAL	**10962,40,60**	**7748,74,71**
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I	**In India**		
i)	Balances with Banks		
a)	In Current Accounts	618,43,12	323,86,22
b)	In Other Deposit Accounts	310,25,00	2333,96,50
ii)	Money at Call and Short Notice - With Other Institutions	-	6300,00,00
	TOTAL	**928,68,12**	**8957,82,72**
II	**Outside India**		
i)	In Current Accounts	493,80,89	467,74,28
ii)	In Other Deposit Accounts	635,45,63	805,43,70
iii)	Money at Call and Short Notice	195,52,50	648,50,01
	TOTAL	**1324,79,02**	**1921,67,99**
	GRAND TOTAL	**2253,47,14**	**10879,50,71**
SCHEDULE - 8 INVESTMENTS			
I	**In India**		
	Gross Value	50286,92,17	36791,34,80
	Less : Aggregate of provision/depreciation	208,58,78	87,72,66
Net value of Investments in India		**50078,33,39**	**36703,62,14**
	Comprising :		
i)	Government securities*	40365,98,63	31452,34,18
ii)	Other approved securities	-	-
iii)	Shares	291,93,46	161,24,31
iv)	Debentures and bonds	4476,41,88	2524,57,26
v)	Subsidiaries and/or Joint Ventures	-	-
vi)	Others - Security Receipt, Units of schemes of Mutual Funds and Others	4942,37,47	2563,97,77
vii)	Associate (1)	16,195	1,48,62
II	**Outside India**	-	-
	TOTAL	**50078,33,39**	**36703,62,14**

Schedules to the Consolidated Financial Statements *(Contd.)*

Rupees in '000s

			As at 31.03.2018	As at 31.03.2017
	[1] **Investment in Associate**			
	Investment at Cost		30	30
	Add : Capital Reserve on the date of Acquisition		35	35
	Equity Investment in Associate		**65**	**65**
	Add : Post-acquisition profit/loss of Associate (Equity method)		1,61,30	1,47,97
	Less : Share of Unrealised Profit in Associate		-	-
		TOTAL	**1,61,95**	**1,48,62**

*Includes securities of ₹ 274.38 crores (previous year ₹ 275.02 crores) pledged for clearing facility and margin requirements.

SCHEDULE - 9 ADVANCES

A	i)	Bills Purchased and Discounted		4331,25,05	4031,26,82
	ii)	Cash Credits, Overdrafts and Loans Repayable on Demand		43077,06,30	33010,05,62
	iii)	Term Loans		97545,34,41	76039,18,32
			TOTAL	**144953,65,76**	**113080,50,76**
B	i)	Secured by Tangible Assets (includes advances against book debts)		112723,03,02	96573,78,66
	ii)	Covered by Bank/Government Guarantees (includes advances against L/Cs. issued by Banks)		2834,42,39	2215,14,18
	iii)	Unsecured		29396,20,35	14291,57,92
			TOTAL	**144953,65,76**	**113080,50,76**
C	I	Advances in India			
		i)	Priority Sector	45314,30,79	34821,02,43
		ii)	Public Sector	5090,73,31	1655,03,58
		iii)	Banks	64,00	48,08
		iv)	Others	90151,67,34	74886,79,76
			TOTAL	**140557,35,44**	**111363,33,85**
	II	Advances Outside India		4396,30,32	1717,16,91
			TOTAL	**144953,65,76**	**113080,50,76**

SCHEDULE - 10 FIXED ASSETS

I	**Premises**				
	i)	At cost, as at the beginning of the year		586,58,71	590,01,82
	ii)	Additions during the year		-	-
				586,58,71	**590,01,82**
	iii)	Less : Deductions during the year		10,94,40	3,43,11
	iv)	Less : Depreciation to date [Refer Schedule 18 (Note 2.3)]		82,15,41	74,95,41
			TOTAL	**493,48,90**	**511,63,30**

Schedules to the Consolidated Financial Statements *(Contd.)*

			Rupees in '000s
		As at 31.03.2018	As at 31.03.2017
II	**Other Fixed Assets (including furniture and fixtures)**		
	i) At cost, as at the beginning of the year	1735,37,02	1465,63,13
	ii) Additions during the year	238,78,76	296,22,64
		1974,15,78	**1761,85,77**
	iii) Less : Deductions during the year	29,05,97	26,48,75
	iv) Less : Depreciation to date [(Refer Schedule 18 (Note 2.3)]	1125,27,62	940,20,75
	TOTAL	**819,82,19**	**795,16,27**
III	**Capital Work in Progress**	25,44,22	28,43,71
	GRAND TOTAL	**1338,75,31**	**1335,23,28**
SCHEDULE - 11 OTHER ASSETS			
I	Interest Accrued	1377,69,80	917,41,89
II	Tax Paid in Advance/tax deducted at source (net of provision)	819,08,61	686,69,35
III	Stationery and Stamps	56,81	1,54,43
IV	Non-banking assets acquired in satisfaction of claims	372,20,40	29,68,73
V	Others [Deferred Tax Assets (Refer Schedule 18 (Note 14))]	9471,59,88	7266,93,70
	TOTAL	**12041,15,50**	**8902,28,10**
SCHEDULE - 12 CONTINGENT LIABILITIES			
I	Claims against the Bank not acknowledged as debts	476,51,86	522,68,84
II	Liability on account of outstanding Forward Exchange Contracts	351440,73,62	215013,20,26
III	Liability on account of outstanding Derivative Contracts	245530,75,62	138028,58,33
IV	Guarantees given on behalf of constituents		
	- In India	45380,96,66	38903,46,44
	- Outside India	559,32,07	60,82,61
V	Acceptances, Endorsements and Other Obligations	16587,23,27	12739,47,55
VI	Other Items for which the Bank is contingently liable	2123,62,52	1118,95,12
	TOTAL	**662099,15,62**	**406387,19,15**

			Rupees in '000s
		Year ended 31.03.2018	Year ended 31.03.2017
SCHEDULE - 13 INTEREST EARNED			
I	Interest/Discount on Advances/Bills	13699,90,54	11479,10,87
II	Income on Investments	3074,38,28	2466,88,91
III	Interest on Balances with RBI and Other Inter-Bank Funds	321,47,51	330,83,18
IV	Others	184,98,54	128,84,07
	TOTAL	**17280,74,87**	**14405,67,03**
SCHEDULE - 14 OTHER INCOME			
I	Commission, Exchange and Brokerage	3411,91,42	2895,34,09
II	Profit/(Loss) on Sale of Investments	363,78,33	276,91,92
III	Profit/(Loss) on Sale of Land, Buildings and Other Assets (Net)	8,00,66	3,14,57
IV	Profit on exchange transactions/Derivatives (Net)	921,01,58	919,51,71
V	Income earned by way of dividend from companies in India	30,02	30,80
VI	Miscellaneous Income	45,08,32	76,26,13
	TOTAL	**4750,10,33**	**4171,49,22**

Schedules to the Consolidated Financial Statements *(Contd.)*

Rupees in '000s

		Year ended 31.03.2018	Year ended 31.03.2017
SCHEDULE - 15 INTEREST EXPENDED			
I	Interest on Deposits	8045,95,62	6931,27,54
II	Interest on Reserve Bank of India/Inter-Bank Borrowings	188,28,69	341,28,83
III	Other Interest	1549,06,14	1070,50,24
	TOTAL	**9783,30,45**	**8343,06,61**
SCHEDULE - 16 OPERATING EXPENSES			
I	Payments to and Provisions for Employees	1780,68,56	1521,02,16
II	Rent, Taxes and Lighting (includes operating lease rentals)	373,02,03	326,56,01
III	Printing and Stationery	65,71,65	63,06,99
IV	Advertisement and Publicity	32,54,70	50,33,60
V	Depreciation on Bank's Property	211,64,34	190,69,88
VI	Directors' Fees, Allowances and Expenses	2,78,73	2,71,53
VII	Auditors' Fees and Expenses	2,07,36	2,08,63
VIII	Law Charges	71,57,65	42,42,54
IX	Postage, Telegrams, Telephones, etc.	130,51,15	134,78,55
X	Repairs and Maintenance	341,82,56	255,14,69
XI	Insurance	167,80,30	137,57,00
XII	Service Provider Fees	418,24,15	381,26,30
XIII	Other Expenditure	1993,01,18	1675,39,70
	TOTAL	**5591,44,36**	**4783,07,58**

Schedule 17 Significant accounting policies

1. General

1.1 IndusInd Bank Limited ('the Bank') was incorporated in 1994 under the Companies Act, 1956 and is licensed by the Reserve Bank of India (RBI) to operate as a commercial bank under the Banking Regulation Act, 1949. The Bank is publicly held and provides a wide range of banking products and financial services to corporate and retail clients besides undertaking treasury operations. The Bank operates in India including at the International Financial Service Centres in India, and does not have a branch in any foreign country.

1.2 ***Principles of Consolidation***

The consolidated financial statements comprise the financial statements of IndusInd Bank Limited ('the Bank') and its Associate, which together constitute 'the Group'.

The Bank consolidates investments in associates in accordance with AS-23, "Accounting for Investments" in Associates in "consolidated financial statements" notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, using the equity method of accounting.

The difference between the cost of investment in the associate and the share of net asset at the time of acquisition of share in the associate, is identified in the consolidated financial statements as goodwill or capital reserve, as the case may be.

1.3 ***Basis of preparation***

The accompanying financial statements have been prepared under the historical cost convention except where otherwise stated, and in accordance with statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013, (the Act) and practices prevailing within the banking industry in India.

The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Any revision to accounting estimates is recognised prospectively in current and future periods.

The consolidated financial statements present the accounts of IndusInd Bank Limited with its Associate IndusInd Marketing & Financial Services Private Limited.

As per AS-23, the Consolidated Financial Statements incorporate the audited results of the following associate:

Name of the Associate	Country of Origin	% Shareholding of Group as at March 31, 2018	% Shareholding of Group as at March 31, 2017
IndusInd Marketing & Financial Services Private Limited	India	30%	30%

2. Transactions involving Foreign Exchange

2.1 Monetary assets and liabilities of domestic and integral foreign operations denominated in foreign currency are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are recognised in the Profit and Loss account.

2.2 Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

2.3 Both monetary and non-monetary assets and liabilities of non-integral foreign operations are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are accumulated in the foreign currency translation reserve until disposal of the net investment in the non-integral foreign operation.

2.4 All foreign exchange contracts outstanding at the Balance Sheet date are re-valued on present value basis and the resulting gains or losses are recognised in the Profit and Loss account.

2.5 Swap Cost arising on account of foreign currency swap contracts to convert foreign currency funded liabilities and assets into rupee liabilities and assets is amortised to the Profit and Loss account under the head 'Interest – Others' over the underlying swap period.

2.6 Income and expenditure of domestic and integral foreign operations denominated in a foreign currency is translated at the rates of exchange prevailing on the date of the transaction. Income and expenditure of non-integral foreign operations is translated at quarterly average closing rates.

2.7 Contingent liabilities at the Balance Sheet date on account of outstanding forward foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in a foreign currency are stated at the closing rates of exchange notified by the FEDAI.

3. Investments

Significant accounting policies in accordance with RBI guidelines are as follows:

3.1 ***Categorisation of Investments***

The Bank classifies its investment at the time of purchase into one of the following three categories:

(i) **Held to Maturity (HTM)** – Securities acquired with the intention to hold till maturity.

(ii) **Held for Trading (HFT)** – Securities acquired with the intention to trade.

(iii) **Available for Sale (AFS)** – Securities which do not fall within the above two categories.

Subsequent shifting amongst the categories is done in accordance with RBI guidelines.

3.2 ***Classification of Investments***

For the purpose of disclosure in the Balance Sheet, investments are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures, and (vi) Other Investments.

3.3 ***Acquisition cost***

(i) Broken period interest on debt instruments is treated as a revenue item.

(ii) Brokerage, commission, etc. pertaining to investments, paid at the time of acquisition is charged to the Profit and Loss account.

(iii) Cost of investments is computed based on the weighted average cost method.

3.4 ***Valuation of Investments***

(i) **Held to Maturity –** Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortised over the balance period to maturity. The amortized amount is classified under Interest earned – Income on investments (Item II of Schedule 13). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each investment individually.

(ii) **Held for Trading –** Securities are valued scrip-wise and depreciation/appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.

(iii) **Available for Sale –** Securities are valued scrip-wise and depreciation/appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.

(iv) Market value of government securities (excluding treasury bills) is determined on the basis of the prices/ YTM published by Financial Benchmark India Private Limited (FBIL).

(v) Treasury bills are valued at carrying cost, which includes discount amortised over the period to maturity.

(vi) Fair value of other debt securities is determined based on the yield curve published by FBIL and credit spreads provided by Fixed Income Money Market and Derivatives Association (FIMMDA).

(vii) Quoted equity shares are valued at lower of cost and the closing price on a recognised stock exchange. Unquoted equity shares are valued at their break-up value or at Re. 1 per company where the latest Balance Sheet is not available.

(viii) Units of the schemes of mutual funds are valued at the lower of cost and Net Asset Value (NAV) provided by the respective schemes of mutual funds.

(ix) Investments in equity shares held as long-term investments by erstwhile IndusInd Enterprises & Finance Limited and Ashok Leyland Finance Limited (since merged with the Bank) are valued at cost and classified as part of HTM category. Provision towards diminution in the value of such long-term investments is made only if the diminution in value is not temporary in the opinion of management.

(x) Security Receipts (SR) are valued at the lower of redemption value and NAV obtained from the Securitisation Company (SC)/Reconstruction Company (RC).

(xi) Purchase and sale transaction in securities are recorded under Settlement Date method of accounting, except in the case of the equity shares where Trade Date method of accounting is followed.

(xii) Provision for non-performing investments is made in conformity with RBI guidelines.

(xiii) Repurchase (Repo) and Reverse Repurchase (Reverse Repo) transactions (including transactions under Liquidity Adjustment Facility (LAF) with RBI) are accounted for as collateralised borrowing and lending respectively. On completion of the second leg of the Repo or Reverse Repo transaction, the difference between the consideration amounts is reckoned as Interest Expenditure or Income, as the case may be. Amounts outstanding in Repo and Reverse Repo account as at the Balance Sheet date is shown as part of Borrowings and Money at Call and at Short Notice respectively, and the accrued expenditure and income till the Balance Sheet date is recognised in the Profit and Loss account.

(xiv) In respect of the short sale transactions in Central Government dated securities, the short position is covered by outright purchase of an equivalent amount of the same security within a maximum period of three months including the day of trade. The short position is reflected as the amount received on sale in a separate account and is classified under 'Other Liabilities'. The short position is marked to market and loss, if any, is charged to the Profit and Loss account, while gain, if any, is not recognised. Profit or loss on settlement of the short position is recognised in the Profit and Loss account.

(xv) Profit in respect of investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account.

(xvi) In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve Account (IRA).

The balance in IRA account is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.

3.5 Investments in unquoted units of Venture Capital Funds (VCF) and Alternative Investment Funds (AIF) are categorised under HTM category for initial period of three years and valued at cost as per RBI guidelines. Units of VCF and AIF held under AFS category, where current quotations are not available, are marked to market based on the Net Asset Value (NAV) shown by VCF or AIF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at Re. 1 per VCF or AIF, as the case may be.

4. Derivatives

Derivative contracts are designated as hedging or trading and accounted for as follows:

4.1 The hedging contracts comprise of Forward Rate Agreements, Interest Rate Swaps and Currency Swaps undertaken to hedge interest rate and currency risk on certain assets and liabilities. The net interest receivable or payable is accounted on an accrual basis over the life of the swaps. However, where the hedge is designated with an asset or liability that is carried at market value or lower of cost and market value, then the hedging instrument is also marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated assets or liabilities.

4.2 The trading contracts comprise of trading in Interest Rate Swaps, Interest Rate Futures and Currency Futures. The gain or loss arising on unwinding or termination of the contracts, is accounted for in the Profit and Loss account. Trading contracts outstanding as at the Balance Sheet date are re-valued at their fair value and resulting gains or losses are recognised in the Profit and Loss account.

4.3 Gains or losses on the termination of hedge swaps is deferred and recognised over the shorter of the remaining life of the hedge swap or the remaining life of the underlying asset or liability.

4.4 Premium paid and received on currency options is accounted when due in the Profit and Loss Account.

4.5 Fair value of derivative is determined with reference to bid/asks quoted market price or by using valuation models. Where the fair value is calculated using valuation models, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to the present value. The valuation takes into consideration all relevant market factors (e.g. prices, interest rate, currency exchange rates, volatility, liquidity etc.). Most market parameters are either are directly observable or are implied from instrument prices. The model may perform numerical procedures in the pricing such as interpolation when input values do not directly correspond to the most actively traded market trade parameters.

4.6 Provisioning of overdue customer receivable on derivative contracts is made as per RBI guidelines.

5. Advances

5.1 Advances are classified as per RBI guidelines into standard, sub-standard, doubtful and loss assets after considering subsequent recoveries to date.

5.2 Specific provisions for non-performing advances and floating provisions are made in conformity with RBI guidelines. In addition the Bank considers accelerated provisioning based on past experience, evaluation of securities and other related factors.

5.3 A general provision on standard assets is made in accordance with RBI guidelines. Provision made against standard assets is included in 'Other Liabilities and Provisions'.

5.4 Advances are disclosed in the Balance Sheet, net of provisions and interest suspended for non-performing advances, and floating provisions.

5.5 Advances exclude derecognised securitised advances, inter-bank participation certificates issued and bills rediscounted.

5.6 Amounts recovered during the year against bad debts written off in earlier years are recognised in the Profit and Loss account.

5.7 Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are written back to the Profit and Loss account to the extent such provisions were charged to the Profit and Loss account.

5.8 For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. The restructured accounts are classified in accordance with RBI guidelines, including special dispensation wherever allowed.

6. Securitisation transactions and direct assignments

6.1 The Bank transfers its loan receivables both through Direct Assignment route as well as transfer to Special Purpose Vehicles ('SPV').

6.2 The securitisation transactions are without recourse to the Bank. The transferred loans and such securitised receivables are de-recognised as and when these are sold (true sale criteria being fully met) and the consideration has been received by the Bank. Gains or losses are recognised only if the Bank surrenders the rights to the benefits specified in the loan contracts.

6.3 In terms of RBI guidelines, profit or premium arising on account of sale of standard assets, being the difference between the sale consideration and book value, is amortized over the life of the securities issued by the Special Purpose Vehicles (SPV). Any loss arising on account of the sale is recognised in the Profit and Loss account in the period in which the sale occurs.

6.4 In case of sale of non-performing assets through securitisation route to Securitisation Company or Asset Reconstruction Company by way of assignment of debt against issuance of Security Receipts (SR), the recognition of sale and accounting of profit and loss thereon is done in accordance with applicable RBI guidelines. Generally, the sale is recognised at the lower of redemption value of SR and the Net Book Value (NBV) of the financial asset sold, and the surplus is recognised in the Profit and Loss Account; shortfall if any, is charged to the Profit and Loss account subject to regulatory forbearance, if any, allowed from time to time. Profit or loss realized on ultimate redemption of the SR is recognised in the Profit and Loss Account.

7. Property, Plant and Equipment

7.1 Fixed assets are stated at cost (except in the case of premises which were re-valued based on values determined by approved valuers) less accumulated depreciation and impairment, if any. Cost includes incidental expenditure incurred on the assets before they are ready for intended use.

7.2 The appreciation on account of revaluation is credited to Revaluation Reserve. Depreciation relating to revaluation is adjusted against the Revaluation Reserve.

7.3 Depreciation is provided over the useful life of the assets, *pro rata* for the period of use, on a straight-line method. The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable. Pursuant to this policy, the useful life estimates in respect of the following assets are as follows:

(a) Computers at 3 years

(b) Application software and perpetual software licences at 5 years

(c) Printers, Scanners, Routers, Switch at 5 years

(d) ATMs at 7 years

(e) Network cabling, Electrical Installations, Furniture and Fixtures, Other Office Machinery at 10 years.

(f) Vehicles at 5 years

(g) Buildings at 60 years.

The useful life of an asset class is periodically assessed taking into account various criteria such as changes in technology, changes in business environment, utility and efficacy of an asset class to meet with intended user needs, etc. Whenever there is a revision in the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

7.4 The carrying amount of fixed assets is reviewed at the Balance Sheet date to determine if there are any indications of impairment based on internal/external factors. In case of impaired assets, the impairment loss i.e. the amount by which the carrying amount of the asset exceeds its recoverable value is charged to the Profit and Loss account to the extent the carrying amount of assets exceeds its estimated recoverable amount.

8. Revenue Recognition

8.1 Interest and discount income on performing assets is recognised on accrual basis. Interest and discount income on non-performing assets is recognised on realisation.

8.2 Interest on Government securities, debentures and other fixed income securities is recognised on a period proportion basis. Income on discounted instruments is recognised over the tenor of the instrument on a Constant Yield to Maturity method.

8.3 Dividend income is accounted on accrual basis when the right to receive dividend is established.

8.4 Commission (except for commission on Deferred Payment Guarantees which is recognised over the term on a straight line basis), Exchange and Brokerage are recognised on a transaction date and net of directly attributable expenses.

8.5 Fees are recognised on an accrual basis when binding obligation to recognise the fees has arisen as per agreement, except in cases where the Bank is uncertain of realisation.

8.6 Income from distribution of third party products is recognised on the basis of business booked.

8.7 For Associate, Service Charges are accounted on accrual basis

9. Operating Leases

9.1 Lease rental obligations in respect of assets taken on operating lease are charged to the Profit and Loss account on a straight-line basis over the lease term.

9.2 Assets given under leases in respect of which all the risks and benefits of ownership are effectively retained by the Bank are classified as operating leases. Lease rentals received under operating leases are recognised in the Profit and Loss account as per the terms of the contracts.

10. Employee Benefits

10.1 The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the year is recognised on the basis of actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Payment obligations under the Group Gratuity scheme are managed through purchase of appropriate policies from insurers.

10.2 Provident Fund contributions are made under trusts separately established for the purpose and the scheme administered by Regional Provident Fund Commissioner (RPFC), as applicable. The rate at which the annual interest is payable to the beneficiaries by the trusts is being administered by the government. The Bank has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the notified interest rates. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note on Valuation of Interest Rate Guarantees on Exempt Provident Funds under AS 15 (Revised) issued by the Institute of Actuaries of India, and such shortfall, if any, is provided for.

10.3 Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method.

10.4 Intrinsic value method is applied to account for the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which the quoted market price of the underlying shares on the grant date exceeds the exercise price of the options. Accordingly, such compensation cost is amortized over the vesting period.

11. Segment Reporting

11.1 In accordance with the guidelines issued by RBI, the Bank has adopted Segment Reporting as under:

(a) **Treasury** includes all investment portfolios, Profit/Loss on sale of Investments, Profit/Loss on foreign exchange transactions, equities, income from derivatives and money market operations. The expenses of this segment consist of interest expenses on funds borrowed from external sources as well as internal sources and depreciation/amortisation of premium on Held to Maturity category investments.

(b) **Corporate/Wholesale Banking** includes lending to and deposits from corporate customers and identified earnings and expenses of the segment.

(c) **Retail Banking** includes lending to and deposits from retail customers and identified earnings and expenses of the segment.

(d) **Other Banking Operations** includes all other operations not covered under Treasury, Corporate/Wholesale Banking and Retail Banking.

Unallocated includes Capital and Reserves, Employee Stock Options (Grants) Outstanding and other unallocable assets, liabilities, income and expenses.

12. Debit and Credit Card reward points liability

12.1 The liability towards Credit Card reward points is computed based on an actuarial valuation and the liability towards Debit Card reward points is computed on the basis of management estimates considering past trends.

13. Bullion

13.1 The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are on a back-to-back basis and are priced to the customer based on the prevailing price quoted by the supplier and the local levies related to the consignment like customs duty, etc. The profit earned is included in commission income.

13.2 The Bank sells gold coins to its customers. The difference between the sale price to customers and purchase price is reflected under commission income.

14. Income-tax

14.1 Tax expenses comprise of current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised, in general, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized; where there are unabsorbed depreciation and/or carry forward of losses under tax laws, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realized against future taxable income. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

15. Earnings per share

15.1 Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as at end of the year.

16. Provisions, contingent liabilities and contingent assets

16.1 A provision is recognised when there is an obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

16.2 A disclosure of contingent liability is made when there is:

(a) A possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the bank; or

(b) A present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

16.3 When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

16.4 Contingent assets are not recognised or disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the assets and related income are recognised in the period in which the change occurs.

17. Cash and Cash equivalents

17.1 Cash and cash equivalents comprises of Cash in Hand and Balances with RBI and Balances with Banks and Money at Call and Short Notice.

Schedule 18
Notes forming part of the Consolidated Financial Statements

1. Capital

During the year ended March 31, 2018, 20,74,482 equity shares (Previous year 31,62,370 equity shares) aggregating to ₹ 101.97 crores (Previous year ₹ 96.62 crores) were allotted on various dates to the employees who exercised their stock options.

2. Fixed Assets

2.1 Cost of premises includes ₹ 4.09 crores (Previous year ₹ 4.09 crores) in respect of properties for which execution of documents and registration formalities are in progress. Of these properties, the Bank has not obtained full possession of one property having written down value of ₹ 1.51 crores (Previous year ₹ 1.56 crores) and has filed a suit for the same.

2.2 *Computer software*

The movement in fixed assets capitalized as computer software is given below:

(₹ in crores)

Particulars	March 31, 2018	March 31, 2017
At cost at the beginning of the year	338.52	280.48
Addition during the year	51.19	61.10
Deduction during the year	-	3.06
Accumulated depreciation as at the end of the year	260.50	207.26
Closing balance as at the end of the year	129.21	131.26
Depreciation charge for the year	53.24	47.20

2.3 *Movement in depreciation of Fixed Assets*

(₹ in crores)

Depreciation	2017-18	2016-17
Premises		
At the beginning of the year	74.96	66.72
Transferred from Revaluation Reserve	6.13	6.18
Charge for the year	2.05	2.06
Deduction during the year	0.99	-
Depreciation to date	82.15	74.96
Other Fixed Assets		
At the beginning of the year	940.21	771.09
Charge for the year	209.59	188.64
Deduction during the year	24.52	19.52
Depreciation to date	1,125.28	940.21

3. Contingent Liabilities

The Bank's pending litigations include claims against the Bank by clients and counterparties and proceedings pending with tax authorities. The Bank has reviewed its pending litigations and proceedings and has adequately provided for where provisions are required, and disclosed as contingent liabilities where applicable, in its financial statements. Claims against the Bank not acknowledged as debts comprise of tax demands of ₹ 176.28 crores (Previous year ₹ 165.18 crores)

in respect of which the Bank is in appeal, and legal cases *sub judice* of ₹ 300.24 crores (Previous year ₹ 357.50 crores). The Bank carries a provision of ₹ 4.52 crores (Previous year ₹ 4.48 crores) against cases sub judice. The amount of contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

4. The Bank has a process whereby all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

5. There is no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Bank (Previous year Nil).

6. *Corporate Social Responsibility (CSR)*

The Bank has spent an amount of ₹ 20.47 crores (Previous year ₹ 33.81 crores) towards CSR initiatives through various projects in the areas of Rural Development and Inclusiveness, Environment Sustainability, Preventive Healthcare, Education and Sports. Of the total CSR spends, an amount of ₹ 0.13 crores (Previous year ₹ 21.16 crores) was incurred towards capital expenditure.

The Bank does not have any Off-Balance Sheet SPVs (which are required to be consolidated as per accounting standards) (Previous Year Nil).

7. In March 2017, the Bank made an announcement of entering into an agreement with Infrastructure Leasing and Financial Services Ltd., (IL&FS) the Promoter shareholders of IL&FS Securities Services Ltd., (ISSL) to acquire 100% of ISSL. RBI has granted approval for the proposed acquisition. This transaction is conditional on definitive agreements and other regulatory approvals, and thus, does not have any bearing on the current financial results or the financial position of the Bank as at March 31, 2018.

8. On October 14, 2017, the Board of Directors of the Bank and Bharat Financial Inclusion Limited (BFIL), at their respective meetings, approved a merger of BFIL with the Bank in an all-stock transaction through a Composite Scheme of Arrangement. The Competition Commission of India has approved the proposed Scheme and RBI has accorded their "No Objection" for the merger. The incorporation of the wholly owned subsidiary of the Bank is subject to the approval of the RBI, which is pending. The Scheme is pending approval from the Securities and Exchange Board of India (SEBI)/stock exchanges, the respective shareholders and creditors of the Bank and BFIL, the National Company Law Tribunal (NCLT), and is subject to compliance with the conditions specified by RBI. As such, the proposed transaction does not have any impact on the current financial results or the financial position of the Bank as at March 31, 2018.

9. *Employee Stock Option Scheme (ESOS)*

9.1 The shareholders of the Bank approved Employee Stock Option Scheme (ESOS 2007) on September 18, 2007. ESOS enables the Board and the Compensation Committee to grant such number of stock options of the Bank not exceeding 7% of the aggregate number of issued and paid up equity shares of the Bank, in line with the guidelines issued by the SEBI. The options vest within a maximum period of five years from the date of grant of option. The exercise price for each grant is decided by the Compensation Committee, which is normally based on the latest available closing price. Upon vesting, the options have to be exercised within a maximum period of five years. The stock options are equity settled where the employees will receive one equity share per stock option.

Pursuant to the ESOS 2007 scheme, the Compensation Committee of the Bank has granted 4,16,33,300 options as set out below:

Sr. No.	Date of grant	No of options	Range of exercise price (₹)
1.	18-Jul-08	1,21,65,000	48.00 - 50.60
2.	17-Dec-08	34,56,000	38.95
3.	05-May-09	8,15,500	44.00
4.	31-Aug-09	3,18,500	100.05
5.	28-Jan-10	7,47,000	48.00 - 140.15
6.	28-Jun-10	13,57,450	196.50
7.	14-Sep-10	73,500	236.20
8.	26-Oct-10	1,43,500	274.80
9.	17-Jan-11	25,00,000	228.70
10.	07-Feb-11	20,49,000	95.45 - 220.45
11.	24-Jun-11	21,54,750	253.60
12.	16-Aug-11	89,500	254.90
13.	30-Sep-11	2,61,000	262.25
14.	21-Dec-11	9,20,000	231.95
15.	29-Feb-12	1,95,000	304.05
16.	19-Apr-12	1,40,500	345.60
17.	25-May-12	1,34,500	304.55
18.	10-Jul-12	2,67,000	343.25
19.	29-Aug-12	1,14,000	319.05
20.	10-Oct-12	23,500	365.75
21.	09-Jan-13	30,000	433.75
22.	18-Apr-13	12,500	419.60
23.	20-Jun-13	1,75,000	478.45
24.	18-Jul-13	18,35,000	453.90
25.	23-Sep-13	75,000	411.50
26.	29-Oct-13	22,000	412.25
27.	29-Jan-14	7,67,500	300.00-389.85
28.	25-Mar-14	1,76,500	490.30
29.	15-May-14	65,500	537.05
30.	02-Jun-14	32,69,500	533.95
31.	09-Jul-14	33,000	551.10
32.	13-Oct-14	74,500	623.25
33.	17-Jan-15	47,500	831.85
34.	23-Feb-15	48,000	876.80

Sr. No.	Date of grant	No of options	Range of exercise price (₹)
35.	30-Mar-15	11,000	880.75
36.	22-May-15	52,600	848.20
37.	24-Jul-15	16,30,000	949.80
38.	21-Sep-15	1,93,000	918.65
39.	04-Nov-15	93,500	911.85
40.	12-Jan-16	10,33,500	886.75 – 936.75
41.	12-May-16	13,500	1053.75
42.	11-Jul-16	25,000	1126.70
43.	23-Aug-16	2,76,000	1186.75
44.	10-Oct-16	18,51,000	1220.85
45.	16-Nov-16	33,500	1093.10
46.	27-Jan-17	21,500	1265.40
47.	24-Mar-17	49,000	1383.90
48.	19-Apr-17	16,000	1431.75
49.	09-May-17	69,000	1424.85
50.	19-Jun-17	38,500	1498.90
51.	11-Jul-17	35,000	1560.35
52.	12-Oct-17	69,000	1717.25
53.	11-Jan-18	43,000	1734.10
54.	27-Mar-18	15,23,000	1759.75

9.2 Recognition of expense

The Bank follows the intrinsic value method to recognize employee costs relating to ESOS, in accordance with the Guidance Note on "Accounting for Employee Share-based Payments" issued by the ICAI. Excess of fair market price over the exercise price of an option at the grant date, is recognised as a deferred compensation cost and amortized on a straight-line basis over the vesting period of such options. The compensation so recognised in respect of which exercise of options is outstanding, is shown as Employee Stock Options Outstanding on the face of the Balance Sheet.

The fair market price is the latest available closing price on the stock exchange on which the shares of the Bank are listed, prior to the date of the meeting of the Compensation Committee in which stock options are granted. Since shares are listed on more than one stock exchange, the exchange where the Bank's shares have been traded highest on the said date is considered for this purpose.

9.3 *Stock option activity under the scheme during the year*

Particulars	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,17,32,111	657.14
Granted during the year	17,93,500	1,732.20
Forfeited/surrendered during the year	1,31,275	985.11
Exercised during the year	20,74,482	491.52
Expired during the year	2,980	253.41
Outstanding at the end of the year	1,13,16,874	854.18
Options exercisable at the end of the year	71,11,745	548.15

The weighted average price of options exercised during the year is ₹ 1,626.08.

Following table summarizes the information about stock options outstanding as at March 31, 2018:

Date of grant	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
28-Jan-10 A	48.00	4,00,000	0.84
28-Jun-10	196.50	18,662	0.24
17-Jan-11	228.70	8,40,000	0.82
07-Feb-11 A	220.45	1,07,500	0.86
24-Jun-11	253.60	61,333	0.88
21-Dec-11	231.95	4,03,000	1.36
29-Feb-12	304.05	67,000	1.43
19-Apr-12	345.60	39,500	1.70
25-May-12	304.55	5,675	1.16
10-Jul-12	343.25	1,47,400	1.79
10-Oct-12	365.75	3,750	1.88
20-Jun-13	478.45	28,500	3.12
18-Jul-13	453.90	2,50,630	2.60
23-Sep-13	411.50	10,000	2.49
29-Oct-13	412.25	3,560	3.58
29-Jan-14	389.85	9,100	3.40
29-Jan-14 A	300.00	7,00,000	2.84
25-Mar-14	490.30	1,25,510	3.00
15-May-14	537.05	8,765	3.58
02-Jun-14	533.95	18,08,320	3.30
09-Jul-14	551.10	1,700	4.28
13-Oct-14	623.25	23,865	3.72

Date of grant	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
17-Jan-15	831.85	38,150	3.84
23-Feb-15	876.80	1,040	4.56
30-Mar-15	880.75	9,000	4.01
22-May-15	848.20	41,114	4.27
24-Jul-15	949.80	10,97,095	4.50
21-Sep-15	918.65	70,760	5.27
04-Nov-15	911.85	61,040	4.68
12-Jan-16	936.75	3,500	4.80
12-Jan-16	886.75	10,00,000	4.80
12-May-16	1,053.75	8,510	5.25
11-Jul-16	1,126.70	22,420	5.41
23-Aug-16	1,186.75	2,04,340	5.65
10-Oct-16	1,220.85	18,17,340	5.56
16-Nov-16	1,093.10	23,270	6.09
27-Jan-17	1,265.40	19,025	5.97
24-Mar-17	1,383.90	49,000	6.00
19-Apr-17	1,431.75	16,000	6.07
09-May-17	1,424.85	69,000	6.12
19-Jun-17	1,498.90	38,500	6.23
11-Jul-17	1,560.35	35,000	6.29
12-Oct-17	1,717.25	69,000	6.55
11-Jan-18	1,734.10	43,000	6.80
27-Mar-18	1,759.75	15,17,000	7.00

9.4 Fair value methodology

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Particulars	2017-18
Average dividend yield	0.30 – 0.38%
Expected volatility	25.60 – 28.94%
Risk free interest rates	6.54 – 7.23%
Expected life of options (in years)	4.52

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black -Scholes option pricing model is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on the National

Stock Exchange of India Limited (NSE), over a prior period equivalent to the expected life of the options, till the date of the grant.

The stock-based compensation cost calculated as per the intrinsic value method for the year ended March 31, 2018 is ₹ 1.21 crores (Previous year ₹ 3.29 crores). Had the Bank adopted the Black - Scholes model based fair valuation, compensation cost for the year ended March 31, 2018, would have increased by ₹ 68.81 crores (Previous year ₹ 70.05 crores) and the proforma profit after tax would have been lower by ₹ 44.99 crores (Previous year ₹ 45.80 crores). On a proforma *basis*, the basic and diluted earnings per share would have been as follows:

Particulars	March 31, 2018	March 31, 2017
Proforma basis		
Basic earnings per share ₹	59.44	47.29
Diluted earnings per share ₹	58.82	46.80

The weighted average fair value of options granted during the year 2017-18 is ₹ 593.37 (Previous year ₹ 441.07).

9.5 Gratuity

Gratuity is a defined benefit plan. The Bank has obtained qualifying insurance policies from IRDA approved insurance companies. The following table summarises the components of net expenses recognised in the Profit and Loss account and funded status and amounts recognised in the Balance Sheet, on the basis of actuarial valuation.

(₹ in crores)

Sr. No.	Particulars	March 31, 2018	March 31, 2017
	Changes in the present value of the obligation		
1	Opening balance of Present Value of Obligation	75.31	61.67
2	Interest Cost	5.05	4.30
3	Current Service Cost	16.44	12.71
4	Benefits Paid	(6.40)	(7.44)
5	Actuarial loss/(gain) on Obligation	(0.92)	4.07
6	Closing balance of Present Value of Obligation	89.48	75.31
	Reconciliation of opening and closing balance of the fair value of the Plan Assets		
1	Opening balance of Fair value of Plan Assets	81.53	65.34
2	Adjustment to Opening Balance	0.66	0.57
3	Expected Return on Plan assets	6.54	5.10
4	Expenses	-	(0.33)
5	Contributions	15.51	17.07
6	Benefits Paid	(6.40)	(7.44)
7	Actuarial gain/(loss) on Plan Assets	(4.32)	1.22
8	Closing balance of Fair Value of Plan Assets	93.52	81.53

(₹ in crores)

Sr. No.	Particulars	March 31, 2018	March 31, 2017
	Profit and Loss – Expenses		
1	Current Service Cost	16.44	12.71
2	Interest Cost	5.05	4.30
3	Expected Return on Plan assets	(6.54)	(5.10)
4	Expenses	-	0.33
5	Net Actuarial loss recognised in the year	3.40	2.86
6	Expenses recognised in the Profit and Loss account	18.35	15.10
	Funded status	**100 % insurance managed funds**	**100 % insurance managed funds**
	Actuarial Assumptions		
1	Discount Rate	7.55%	7.00%
2	Expected Rate of Return on Plan Assets	6.50%	7.60%
3	Expected Rate of Salary Increase	5.00%	5.00%
4	Employee Attrition Rate		
	- Past Service 0 to 5 years	30.00%	30.00%
	- Past Service above 5 years	0.50%	0.50%

Estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Experience Adjustment

(₹ in crores)

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Defined Benefit Obligations	89.48	75.31	61.67	46.38	34.36
Plan Assets	93.52	81.53	65.34	49.58	34.36
Surplus/(Deficit)	4.04	6.21	3.67	3.20	-
Experience Adjustments on Plan Liabilities	0.92	(4.07)	(7.60)	(4.25)	1.63
Experience Adjustments on Plan Assets	(4.32)	1.22	(0.80)	(0.35)	(1.72)

Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date is ₹ 28 crores.

9.6 Provident Fund

The guidance on implementing AS 15 Employee Benefits (revised 2005) issued by the Accounting Standards Board of the Institute of Chartered Accountants of India states that employer established provident funds which require interest shortfalls to be recompensed are to be considered as defined benefit plans.

The details of the fund and plan assets position as at March 31, 2018, are as follows:

(₹ in crores)

Assets/Liabilities	March 31, 2018	March 31, 2017
Present value of Interest Rate guarantee on Provident Fund	0.99	1.20
Present value of Total Obligation	165.01	143.41
Fair value of Plan Assets	164.86	143.08
Net liability recognised in the Balance Sheet	(0.15)	(0.33)
Assumptions		
Normal Retirement age	60 years	60 years
Expected guaranteed interest on PF in future	8.55%	8.65%
Discount rate	7.55%	7.00%
Expected average remaining working lives of employees (years)	7.02-8.60	6.04-8.07
Benefit on normal retirement	Accumulated account balance with interest rate equal to or more than EPFO Rate	Accumulated account balance with interest rate equal to or more than EPFO Rate
Benefit on early retirement/withdrawal/resignation	Same as normal retirement benefit	Same as normal retirement benefit
Benefit on death in service	Same as normal retirement benefit	Same as normal retirement benefit

10. Segment Reporting (AS - 17)

The Bank operates in four business segments, viz. Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations. There are no significant residual operations carried by the Bank.

Business Segments

(₹ in crores)

Business Segment	Treasury		Corporate/Wholesale Banking		Retail Banking		Other Banking Operation		Total	
Particulars	31/03/18	31/03/17	31/03/18	31/03/17	31/03/18	31/03/17	31/03/18	31/03/17	31/03/18	31/03/17
Revenue	4,095.20	3,490.63	7,036.38	6,311.25	11,779.15	9,608.76	72.75	40.81	22,983.48	19,451.45
Inter Segment Revenue									(952.63)	(874.29)
Total Income									22,030.85	18,577.16
Result	605.79	707.61	2,124.05	1,778.17	4,112.51	3,142.58	25.40	13.35	6,867.75	5,641.71
Unallocated Expenses									(211.64)	(190.70)
Operating Profit									6,656.11	5,451.01
Provisions and Contingencies (other than tax)									(1,175.43)	(1,091.33)
Tax Expenses									(1,874.69)	(1,491.79)
Extraordinary profit/ loss									-	-
Net Profit									3,605.99	2,867.89
Other Information:									-	-
Add: Share of Profit in Associate									0.13	0.28
Net Profit									3,606.12	2,868.17
Segment Assets	56,969.78	45,131.28	68,167.50	54,185.90	86,296.31	71,820.77	-	-	2,11,433.59	1,71,137.95
Unallocated Assets									10,194.19	7,511.95
Total Assets									2,21,627.77	1,78,649.90
Segment Liabilities	38,717.43	23,001.05	67,234.30	61,913.39	85,833.83	65,901.83	-	-	1,91,785.56	1,50,816.27
Unallocated Liabilities									29,842.22	27,833.63
Total Liabilities									2,21,627.77	1,78,649.90

Note:

Fixed Assets, tax paid in advance and tax deducted at source (net of provisions), stationery and stamps, non-banking assets acquired in satisfaction of claims, and others which cannot be allocated to any segments, have been classified as unallocated assets; Depreciation on Fixed Assets has been classified as unallocated expenses. The unallocated liabilities include share capital, employee stock option outstanding, reserves and surplus, proposed dividend and others.

Geographic Segments:

The business operations of the Bank are largely concentrated in India. Activities outside India are restricted to resource mobilization in the international markets and lending to a few overseas entities through the IFSC Banking Unit at the GIFT City Gujarat. Since the Bank does not have material earnings emanating from foreign operations, the Bank is considered to operate only in domestic segment.

11. Related party transactions (AS - 18)

The following is the information on transactions with related parties:

Key Management Personnel

Mr. Romesh Sobti, Managing Director

Associates

IndusInd Marketing and Financial Services Private Limited

Subsidiaries

ALF Insurance Services Private Limited (till February 24, 2016 on which date the liquidator had repaid the entire share capital; vide an order issued by the High Court of Madras on June 14, 2016, the subsidiary has been liquidated pursuant to a voluntary winding up and the name has been struck off the Companies Register).

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided as there is only one related party in each of the above categories.

12. Operating Leases (AS - 19)

The Bank has taken a number of premises on operating lease for branches, offices, ATMs and residential premises for staff. The Bank has not given any assets on operating lease. The details of maturity profile of future operating lease payments are given below:

(₹ in crores)

Particulars	March 31, 2018	March 31, 2017
Future lease rentals payable as at the end of the year:		
- Not later than one year	325.04	277.25
- Later than one year but not later than five years	928.41	950.16
- Later than five years	326.12	349.00
Total of minimum lease payments recognised in the Profit and Loss Account for the year	280.11	243.84
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-lease	-	-
Sub-lease payments recognised in the Profit and Loss account for the year	-	-

The Bank has not sub-leased any of the properties taken on lease. There are no provisions relating to contingent rent.

The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

13. Details pertaining to earnings per share as per (AS - 20) are as under:

Particulars	For the Year ended	
	March 31, 2018	March 31, 2017
Net Profit [including associates' share of profit (₹ in crores)]	3,606.12	2,868.17
Basic weighted average number of equity shares	59,90,63,006	59,66,99,170
Diluted weighted average number of equity shares	60,53,75,114	60,29,85,746
Nominal value of Equity Shares (₹)	10	10
Basic Earnings per Share (₹)	60.20	48.07
Diluted Earnings per Share (₹)	59.58	47.57

14. Deferred Tax (AS - 22)

The major components of deferred tax assets/liabilities are as under:

(₹ in crores)

Particulars	March 31, 2018 Deferred Tax		March 31, 2017 Deferred Tax	
Timing difference on account of	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Difference between depreciation as per the books of account and depreciation under the Income Tax Act, 1961	-	16.68	-	33.35
Difference between Provisions for doubtful debts and advances and amount allowable under Section 36(1)(viia) of the Income Tax Act, 1961	597.72	-	530.93	-
Difference between income as per the books of account and income offered under the Income Tax Act, 1961	-	252.84	-	177.93
Others	49.60	-	32.82	-
Sub-total	**647.32**	**269.52**	**563.75**	**211.28**
Net closing balance carried to the Balance Sheet (included in Sch. 11 – Others)	**377.80**		**352.47**	

15. Additional Disclosures

15.1 Proposed Dividend

The Board of Directors, in their meeting held on April 19, 2018, have proposed a final dividend of ₹ 7.50 per equity share amounting to ₹ 542.70 crores, inclusive of corporate dividend tax. The proposal is subject to the approval of shareholders at the Annual General Meeting. This proposed dividend is not recognised as a liability on March 31, 2018 and accordingly, the said amount of ₹ 542.70 crores has not been considered as an appropriation from the Profit and Loss Account for the year ended March 31, 2018.

Dividend for the year ended March 31, 2017, paid during the year pursuant to the approval of the shareholders at the 23rd Annual General Meeting, at the rate of ₹ 6 per equity share amounting to ₹ 432.24 crores (including corporate dividend tax), has been considered as an appropriation from the Profit and Loss Account.

15.2 Additional information for consolidated accounts (Pursuant to Schedule III of Companies Act, 2013)

(₹ in crores)

Name of the Subsidiary	Net Assets*				Share in Profit or Loss			
	2017-18		2016-17		2017-18		2016-17	
	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount	As a % of Consolidated Profit or Loss	Amount
IndusInd Bank Limited	100.00%	23,843.26	100.00%	20,647.60	100.00%	3,605.99	99.99%	2,867.89
Associate								
IndusInd Marketing and Financial Services Pvt Ltd	-		-	-	0.00%	0.13	0.01%	0.28
Total	**100.00%**	**23,843.26**	**100.00%**	**20,647.60**	**100.00%**	**3,606.12**	**100.00%**	**2,868.17**

* Total assets – Total Liability

15.3 Disclosure on Specified Bank Notes

Pursuant to Notification No. G.S.R. 308(E) dated March 30, 2017 issued by the Ministry of Corporate Affairs (MCA) and as per Schedule III of Companies Act 2013, IMFS (Associate Entity) has reported NIL (Previous Year : NIL) as a submission in their Notes to the financial statement in respect of disclosure related to Specified Bank Notes (SBN). The said notification on Specified Bank Notes (SBN) was not applicable to the Bank in current year and previous year.

15.4 The Micro, Small and Medium Enterprises Development Act, 2006 that came into force from October 2, 2006, provides for certain disclosures in respect of Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or interest payments due to delays in such payments.

15.5 Previous year's figures have been regrouped/reclassified wherever necessary.

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N/N500016

Russell I Parera
Partner
Membership No : 042190

Place : Mumbai
Date : April 19, 2018

For and on behalf of Board of Directors

R. Seshasayee
Chairman

Romesh Sobti
Managing Director

T. Anantha Narayanan
Director

Kanchan Chitale
Director

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Statement pursuant to Section 129 of the Companies Act, 2013

Form AOC-1 : (Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statement of Subsidiaries / Associate Companies / Joint Ventures

Part "A": Subsidiaries

The Bank did not have any subsidiary , in operation , during the year ended March 31, 2018. Hence , information in this regards is Nil.

Notes :

1 Names of the Subsidiary which are yet to commence operation : Nil

2 Names of the Subsidiary which have been liquidated or sold during the year: : Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr. No.	Name of Associate Companies / Joint Ventures	IndusInd Marketing and Financial Services Private Limited (IMFS)
1	Latest Audited Balance Sheet	March 31, 2018
2	Date on which the Associate or Joint Venture was associated or acquired	June 11, 2004
3	Shares of Associate Company / Joint Venture held by the company on the year end:	
	No. of Shares	3,000
	Amount of Investment in associate / joint venture	₹ 30,000
	Extend of Holding %	30%
4	Description of how there is significant influence	Extent of Equity holding in the Associate company exceeds 20%
5	Reason why the Associate / Joint Venture is not consolidated	Not applicable
6	Net worth attributable to the Banks's share holding (₹ in crores)	₹ 1.62 crores
7	Profit / Loss for the year:	
	i. Considered in Consolidated Financial Statement (₹ in crores)	₹ 0.13 crores
	ii. Not Considered in Consolidated Financial Statement	Nil

Notes

1 Names of Associates or Joint Ventures which are yet to commence operations. : Nil

2 Names of the Associates which have been liquidated or sold during the year. : Nil

For and on behalf of Board of Directors

R. Seshasayee
Chairman

Romesh Sobti
Managing Director

T. Anantha Narayanan
Director

Kanchan Chitale
Director

Place : Mumbai
Date : April 19, 2018

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

US DOLLAR DENOMINATED

Standalone Balance Sheet as at March 31, 2018

1 USD = ₹ 65.175		As at 31.03.2018	(Millions of US$) As at 31.03.2017
CAPITAL AND LIABILITIES			
Capital		92.09	91.78
Employee Stock Option Outstanding		2.24	2.33
Reserves and Surplus		3,563.77	3,073.69
Deposits		23,266.46	19,420.36
Borrowings		5,874.81	3,445.14
Other Liabilities & Provisions		1,205.41	1,377.27
	TOTAL	**34,004.78**	**27,410.57**
ASSETS			
Cash and Balances with Reserve Bank of India		1,682.00	1,188.91
Balances with Banks & Money at Call and Short Notice		345.76	1,669.28
Investments		7,683.42	5,631.32
Advances		22,240.68	17,350.29
Fixed Assets		205.41	204.87
Other Assets		1,847.51	1,365.90
	TOTAL	**34,004.78**	**27,410.57**
Contingent Liabilities		101,587.90	62,353.23
Bills for Collection		5,740.77	2,916.29

Standalone Profit and Loss Account for the year ended March 31, 2018

1 USD = ₹ 65.175			Year ended 31.03.2018	(Millions of US$) Year ended 31.03.2017
I	**INCOME**			
	Interest Earned		2,651.44	2,210.31
	Other Income		728.82	640.04
		TOTAL	**3,380.26**	**2,850.35**
II	**EXPENDITURE**			
	Interest Expended		1,501.08	1,280.10
	Operating Expenses		857.91	733.88
	Provisions and Contingencies		467.99	396.34
		TOTAL	**2,826.98**	**2,410.32**
III	**PROFIT**		553.28	440.03
	Profit brought forward		1,092.19	769.23
	AMOUNT AVAILABLE FOR APPROPRIATION		**1,645.47**	**1,209.26**
IV.	**APPROPRIATIONS**			
	a)	Transfer to Statutory Reserves	138.32	110.01
	b)	Transfer to Capital Reserves	1.17	6.99
	c)	Transfer to Investment Reserve Account	-	-
	d)	Dividend paid including tax on dividend	66.32	0.07
	e)	Deductions during the year	10.97	-
			216.78	117.07
	Balance carried over to the Balance Sheet		1,428.69	1,092.19
		TOTAL	**1,645.47**	**1,209.26**

Bank's Branches

Details of branches are accessible on the Bank's website at:

https://www.indusind.com/locate-us.html?q1=&q2=branches

Notes

Notes

IndusInd Bank

Registered Office: 2401 General Thimmayya Road, Cantonment, Pune - 411 001.
Tel.: +91 20 3046 1600 - 609

Corporate Office: 8th Floor, Tower 1, One Indiabulls Centre,
841, S. B. Marg, Elphinstone Road, Mumbai - 400 013.
Tel.: +91 22 2423 1999 / 3049 3999 | **Fax:** +91 22 2423 1998/ 3049 3998

Visit us at www.indusind.com or email us at investor@indusind.com

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