

September 3, 2020

National Stock Exchange of India Ltd. (Symbol: INDUSINDBK)
BSE Ltd. (Scrip Code: 532187)
India International Exchange (Scrip Code: 1100027)
Singapore Stock Exchange
Luxembourg Stock Exchange

Madam / Dear Sir,

Subject : Submission of Notice of 26th Annual General Meeting and Annual Report for the Financial Year 2019 - 2020

In compliance with Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith soft copy of our Bank's Annual Report for F.Y. 2019-2020, along with the Notice of the 26th Annual General Meeting ('26th AGM') to be held on Friday, September 25, 2020 at 11.00 a.m. (IST) through Video Conference.

The Notice of 26th AGM and the Annual Report for F.Y. 2019-2020 has been sent today, i.e. September 3, 2020, through electronic mode to those Members whose email addresses are registered with the Bank / Registrar & Share Transfer Agent, Link Intime Pvt. Ltd. / Depository Participant(s).

The Notice of 26th AGM and the Annual Report for F.Y. 2019-2020 has also been made available on the Bank's website at the link <https://www.indusind.com/in/en/investors/investor-landing.html>

A copy of this letter is being uploaded on the Bank's website at www.indusind.com

We request you to take the above information on record.

Thanking you,

Yours faithfully,
For IndusInd Bank Ltd.

Haresh Gajwani
Company Secretary

Encl: a/a

IndusInd Bank Limited, Building No. 7, Solitaire Corporate Park, Andheri-Ghatkopar Link Road, Chakala, Andheri E, Mumbai - 400 093, India. Tel: (0022) 66412200

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



Board of Directors (as at March 31, 2020)

Mr. Arun Tiwari, Chairman

Mr. Shanker Annaswamy

Dr. T. T. Ram Mohan

Mrs. Akila Krishnakumar

Mr. Rajiv Agarwal

Mr. Sanjay Asher (Additional Director)

Mr. Sanjeev Kumar Asthana (Additional Director) (Resigned w.e.f. July 27, 2020)

Mrs. Bhavna Doshi (Additional Director)

Mr. Sumant Kathpalia, Managing Director & CEO (Additional Director)

Company Secretary

Mr. Haresh K. Gajwani

Auditors

M/s. Haribhakti & Co. LLP

Chartered Accountants

705, Leela Business Park

Andheri Kurla Road, Andheri (East)

Mumbai 400 059

Tel: (022) 6672 9999

Fax: (022) 6672 9777

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: (020) 26234000-10

Corporate Office

8th Floor, Tower 1, One Indiabulls Centre

841, Senapati Bapat Marg

Elphinstone Road (West), Mumbai – 400013

Tel: (022) 30493999

Secretarial & Investor Services cell

731, Solitaire Corporate Park

167, Guru Hargovindji Marg

Andheri (East), Mumbai – 400093

Tel: (022) 66412487 / 66412359



Dear Shareholders,

At the outset, I hope you and your family are taking due care, and are safe during these testing times. India has been through one of the most stringent lockdowns in the world. The country is, however, opening up in a calibrated manner since May. IndusInd Bank as an organisation responded exceedingly well amidst the crisis, with branches, contact centres, ATMs remaining fully operational, and catering to the financial needs of our customers. We continue to monitor the situation, and shall take all possible steps to safeguard the valued interests of our customers and our employees. I am confident that over the next few quarters, India will develop a “new normal” and as a Bank, we will drive value by being responsive to our stakeholders through convenient and simple banking.

It's been over 100 days since I took on my new role as the MD and CEO of IndusInd Bank, and consider myself extremely privileged to have been a part of this institution since 2008. The Bank has been on a journey of growth with profitability and today, we have truly transformed into a universal bank, respected and looked up to for our innovative, sophisticated and robust customer solutions on our “best-in-class” banking platforms. In my 12 years of service with IndusInd Bank, I am proud of what we have achieved as an organisation, always staying firmly committed to the strong values and the rich legacy that we have. A legacy that spans over 25 years of commitment to our customers. As a part of the overarching

strategy of the Bank, the management team and I will focus on “sustainability” as a theme to drive long-term stakeholder value.

The Bank successfully completed the merger with Bharat Financial Inclusion Limited (BFIL) on July 4, 2019, following all the requisite approvals. The merger serves two very important criteria (1) being a change agent for financial inclusion as BFIL has nearly 8 million women customers mainly in rural villages where we help create livelihoods by financing their “Kirana” stores, providing livestock financing and cottage industry loans to name a few and (2) delivering growth and profitability to the Bank by providing wider banking services like savings and recurring deposits, payments, basic consumer durable loans to hitherto unbanked or under-banked persons.

As you are aware, in the recent past, the financial markets have witnessed extreme volatility owing to the COVID-19 outbreak and challenging financial markets. Stock prices turned volatile and this fuelled unwarranted market speculation including the share price of your Bank. This period may have been a cause of concern to you. I would like to assure you that IndusInd Bank remains financially strong, well-capitalised and liquid. To demonstrate our financial soundness, you will be aware that the Bank sought and obtained approval from shareholders as recently as August 25, 2020 to raise ₹3,288 crores from marquee investors and the Bank's Promoter through preferential issuances of equity shares.

Next, I would like to come to the financial highlights for the year:

- FY20 witnessed a healthy growth in top line with revenues up 31% and operating profit up by 34%.
- Net interest income grew 36% and fees 24%. NIM improved a good 34 bps from 3.80% to 4.14%.
- The Bank maintained liquidity as measured by Liquidity Coverage Ratio in the 110% - 120% range, well in excess of minimum regulatory requirements. We have bolstered our liquidity position even further in the current financial year FY21.
- We slowed our balance sheet growth due to COVID-19 towards the end of the financial year resulting in 11% YoY loan growth.
- Our Retail business grew faster with the Retail to Corporate mix at the year-end being 56%:44%.
- Our provisions during the year were higher than our usual run-rate as we increased our provision coverage ratio (PCR)

from 43% to 63% during the year and fully provided for a large infra group NPA. We also made prudent provisions for COVID-19.

- Our Profit After Tax grew by 35% to ₹4,442 crores despite taking higher provisions. Our ROA was 1.6% and a year-end capital adequacy maintained at 15.04%.

It is gratifying to see our work acknowledged and rewarded at various reputed forums and platforms. We were honoured with:

- 'Best Bank Award' in the mid-sized bank category at the 24th edition of the Business Today - Money Today Financial Awards.
- Best use of IT and Data Analytics for Business Outcome & Best Payment Initiative amongst Private Sector Banks at the IBA Best Technology Bank Awards.
- Spirit of Innovation Award for the launch of IndusCorp, Duo & Nexxt Credit Cards and Data Warehouse & Power BI Implementation Projects at the 8th Edition of the Finnoviti 2020 Conference & Awards.
- The Bank also recorded the highest growth in brand value amongst global banks, according to The Banker's Top 500 Banking Brands 2020 Report.

The Bank is deeply embedded in the communities and plays an important role through its Corporate Social Responsibilities. We are proud of the ecosystem we support and a few of these initiatives include:

- Setting up of 177 mini health clinics across 20 backward districts.
- Nurturing 40 girl athletes to provide them with high-performance training and coaching in the field of Hockey as well as supporting the development of over 55 young athletes to make them champions in the disciplines of wrestling, athletics and field hockey.
- The Bank also pledged its support to the Government in its effort to combat the COVID-19 pandemic by supplying relief materials such as face masks, hand sanitisers and gloves to the affected areas, and also facilitated Personal Protective Equipment (PPE) for medical officials on duty.

The Bank has seen a good turnaround since the management change in 2008. I think there is still a long growth runway for us and I am committed to improving the quantity and quality of our earnings. I believe character of any organisation is evident in the troubled times. I think the Bank has shown strong resilience facing heavy headwinds in the last 3-4 months. We have braved these out and the only way hereon is up. I am confident that together we can make it happen.

Since the outbreak of global pandemic and "Countrywide Lockdown" that began in last week of March, the digital business and innovation around the product offerings has assumed centre stage. Your Bank has taken the lead in launching various digital initiatives to remain agile, responsive and competitive in providing ease of operations to its customers without moving out of their homes. The introduction of digital video-based KYC (vKYC) by your Bank which provides an alternate to in-person KYC process has been widely accepted. The opening of a bank account, placing of deposits and conducting operations through internet banking has become simplified in a big way. Besides, Bank is gearing up to move internal efficiency parameters on digital offerings through revamped business models using digitisation as a backbone. I am sure you will witness further new innovations to cater to the rapid changes taking place to address to the 'New normal' behavioural pattern emerging post COVID-19.

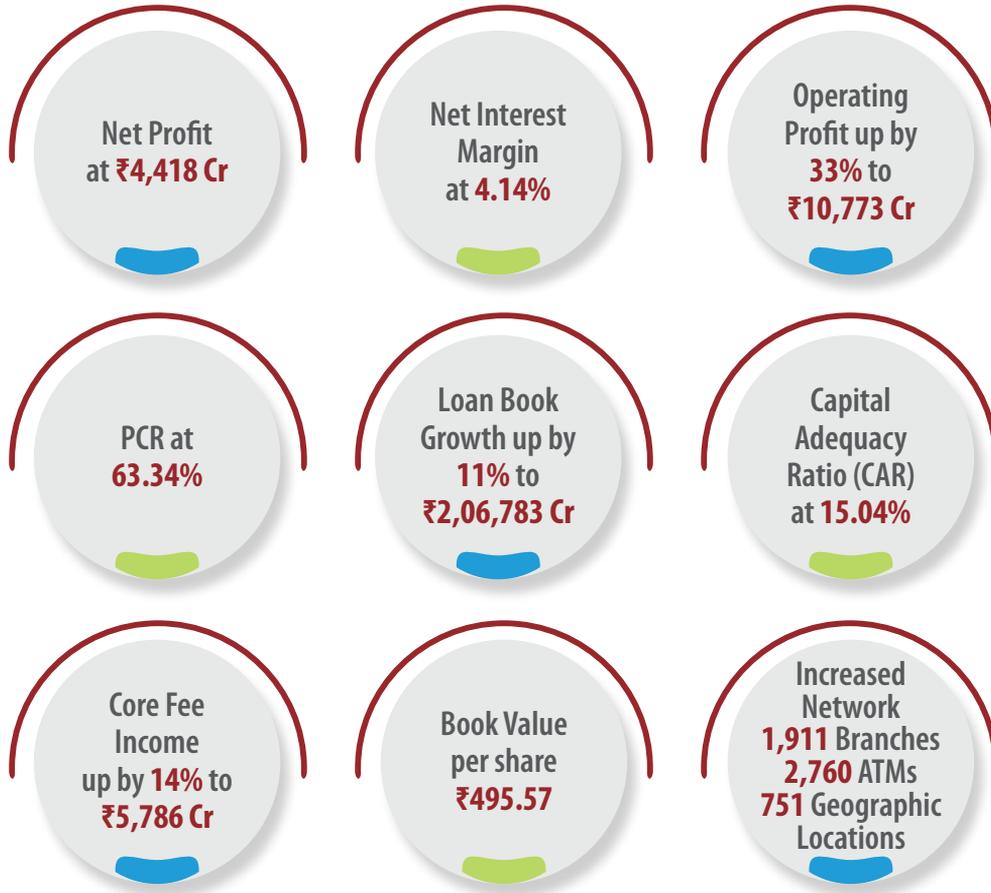
I would like to thank the regulatory authorities and agencies for their constant support. My sincere appreciation to my colleagues and members of the Board for guiding and supporting the management team in its endeavours. The Bank has an extremely strong franchise of 25 million customers served by over 30,000 employees today and I would like to acknowledge the support of our customers and our highly committed and capable workforce.

Yours Sincerely,



Sumant Kathpalia
Managing Director & CEO

KEY BUSINESS HIGHLIGHTS



RATINGS



DOMESTIC RATING

- ★ **CRISIL AA+** for Infra Bonds program
- ★ **CRISIL AA** for Additional Tier I Bonds program
- ★ **CRISIL A1+** for certificate of deposit/short term fixed deposits 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

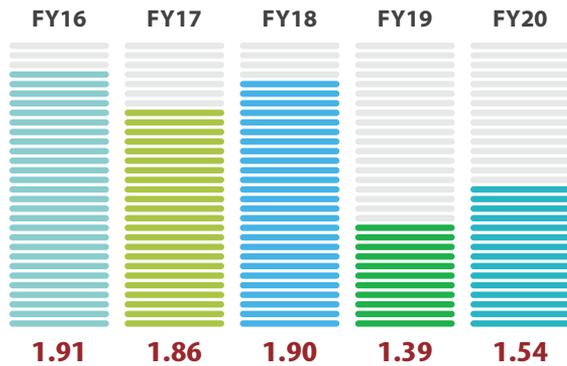
INTERNATIONAL RATINGS (ASSIGNED ON JUNE 2, 2020)

- ★ **Ba1** for Senior Unsecured MTN program by Moody's Investors Service

STRONG DELIVERY OVER THE PAST 5 YEARS



RETURN ON ASSETS (%)



RETURN ON EQUITY (%)



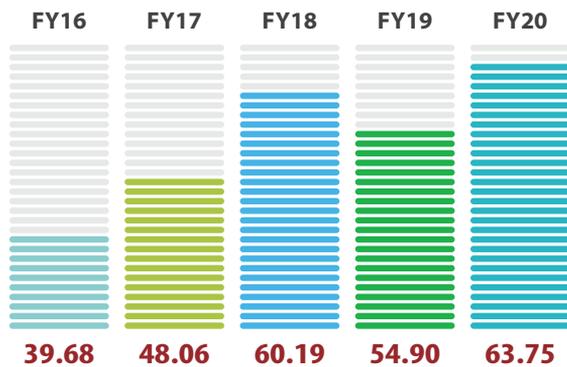
NET INTEREST MARGIN (%)



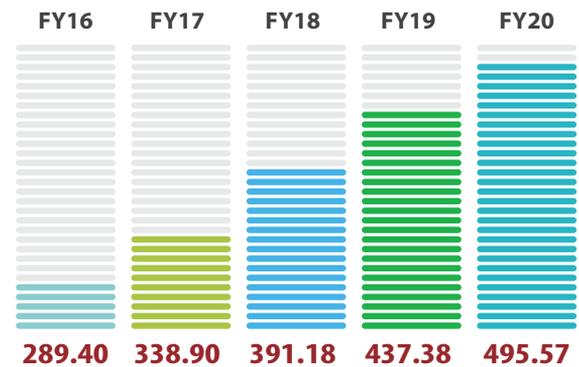
COST / INCOME (%)



EARNINGS PER SHARE (₹)



BOOK VALUE PER SHARE (₹)



BOARD OF DIRECTORS 2020



Mr. Arun Tiwari
Chairman



Mr. Shanker Annaswamy
Director



Dr. T T Ram Mohan
Director



Mrs. Akila Krishnakumar
Director



Mr. Rajiv Agarwal
Director



Mr. Sanjay Asher
Director



Mr. Sanjeev Asthana
Director



Mrs. Bhavna Doshi
Director



Mr. Sumant Kathpalia
Managing Director & CEO

MANAGEMENT TEAM



Sumant Kathpalia
Managing Director & CEO



Arun Khurana
Deputy CEO &
Head - Global Markets,
Transaction Banking and
Financial Institutions
& Public Sector



SV Zaregaonkar
Chief Financial Officer &
Head - Corporate Services



SV Parthasarathy
Head - Consumer Finance



Sanjeev Anand
Head - Commercial &
Rural Banking



Ramesh Ganesan
Head - Technology
and Corporate &
Global Market Operations



Zubin Mody
Chief Human Resources
Officer



Sanjay Mallik
Head - Investor Relations,
Strategy & Portfolio
Management
(Wholesale Banking)



Ramaswamy Meyyappan
Chief Risk Officer

MANAGEMENT TEAM



Roopa Satish
Head - Corporate &
Investment Banking,
Sustainable Banking



Bijayananda Pattanayak
Head - Gems & Jewellery



MR Rao
Vice Chairman -
Bharat Financial



Soumitra Sen
Head - Consumer Bank



Sudhakar Ramasubramanian
Chief Digital Officer



Anil Rao
Head - Consumer
Operations & SDG



Samir Dewan
Head - Affluent Banking



Charu Mathur
Head - Business Strategy
& New Initiatives

MARKETING & COMMUNICATIONS



At IndusInd Bank, customers are always put First. It has been the Bank's constant endeavour to leverage the latest technology to build capabilities, and bring forth some of the most unique innovations that cater to the dynamic needs of the Bank's discerning customers. The Bank's marketing and communication strategy has always been aligned with this vision wherein campaigns are designed to understand stakeholders' interests and engage with them in their world.

2019 was a special year, as the Bank **turned 25**. In a bid to commemorate the milestone, the Bank announced the launch of a multimedia campaign - **#Just25**. The campaign drew inspiration from the 25-year-olds of today. Individuals who are innovators, who have made a difference, levelled the playing field or beaten the odds to take on the world. The campaign reflected the Bank's ethos of always being inspired by its customers and not rest on past laurels. The campaign highlighted the Bank's continued aspirations of being innovators, achievers with one cohesive goal of becoming India's most Convenient Bank.



The campaign comprised five TVCs showcasing a para-athlete who has overcome every possible challenge to achieve his goal, a green crusader aspiring to make the world a better place to live, a beginner who's making an impact through innovative ideas, a rural housewife who is a successful entrepreneur as well as an individual who is living his dream of doing things differently; eventually reflecting upon the role that the Bank has played in the lives of millions of such individuals over the 25-year journey. Further, as part of the celebrations, the Bank organised two mega Town Halls in Mumbai and New Delhi which witnessed **over 8,000** employees gracing the occasion, thereby making it a platform for them to engage with the senior management at a personal level. The theme for the Town Hall was **"celebrating the past, excited by the future"** which also resonates the spirit of 25-year-olds of today, and strives to build an identity of a brand which is youthful, modern and full of energy.



Going forward, the Bank aims to resonate the very same youthful spirit, and continue interacting with customers at multiple touch points by significantly leveraging traditional, digital as well as social media channels to reach out to the world at large.

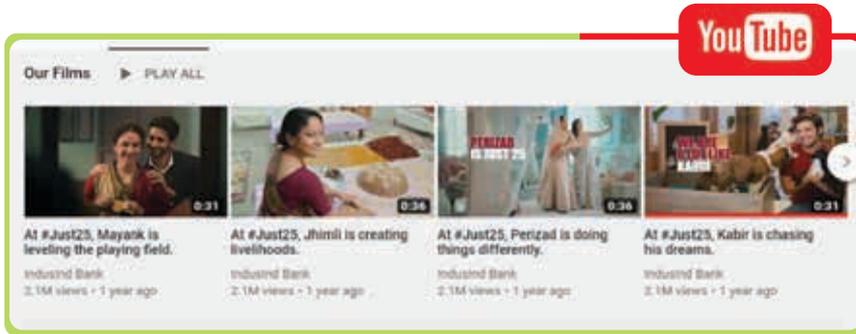
Digital innovation at the heart of what we do



For the Bank, continuing to be relevant to diverse set of customers' means creating solutions that simplify their lives and the delivery of their banking requirements. Leveraging on innovations, to create differentiated products and platforms, will continue to be the key to the Bank's communication plank. As banking gets simplified, the communication too moves towards showcasing **convenience** and **simplicity** as important attributes that underpins the Bank's approach towards providing banking services. The Bank has been focussed on customer experience and the "customer first" mantra translates into meaningful and comprehensive product development, service and product delivery through digital means which in turn, means simplifying the process of adoption.



#JUST25 Campaign



The Bank launched a multimedia campaign to commemorate the completion of 25 years of operations. Christened '#Just25', the campaign took inspiration from the 25-year-olds of today and comprised five TVCs which reflected the role that the Bank has played in the lives of millions of such individuals over the 25-year journey. Nearly **95% of users** who engaged with the commercials on YouTube, have

seen all the TVCs, which is significantly more than the Industry standard of 30% - 40%. The campaign garnered **over 270 million** impression across social media sites, while the TVCs alone fetched **over 15 million** views across platforms. The Bank also created a microsite for the campaign which witnessed 6 lakh visits.

Launch of PIONEER Banking

The Bank has also launched 'PIONEER' Banking, its wealth management platform, which caters to the high net worth segment of customers. Based on state-of-the-art research based capabilities of the Bank, this new service merges bespoke wealth management solutions with a wide array of personal & commercial banking products, curated to suit the requirements of the discerning few. So far, the Bank has set up 7 PIONEER branches across Mumbai, Pune, Delhi and Gurugram. A mega digital and print campaign was executed to launch the PIONEER platform which garnered tremendous response. Additionally, 2 large-scale events were organised in Mumbai and Delhi for the wealth customers of the Bank to showcase the offerings of PIONEER.



PIONEER
the lost art of wealth management



Launch of the IndusInd Bank 'Celesta' Credit Card

The Bank announced the launch of a super-premium credit card - 'Celesta' which offers best-in-class rewards and benefits and has been created keeping the discerning needs of senior professionals and businessmen who are always on the go. The card provides this segment of customers with superior features, benefits and experiences specially put together to meet their travel, wellness and lifestyle needs. A press release was issued to the media to announce the launch which garnered 25 articles across print and online platforms.



Customer Engagement on Digital Platforms



During the year, the Bank started engaging with customers through digital platforms. It created a digital journey for new customers who are travelling overseas for leisure and looking for Forex. In a bid to cater to their forex needs, the Bank started a campaign named 'Always On' across all major digital marketing platforms. A similar campaign was also done for people who were looking for a savings bank account. Through such digital campaigns, the Bank has successfully on-boarded several new customers for

Savings Account, Fixed Deposits, Forex Cards, Telegraphic Transfer and NRI Savings Account among others.

Qualitative Research to evaluate the current Savings Account proposition



A large-scale qualitative research was commissioned at the beginning of the financial year to understand the reasons for opening and subsequently operating a Savings Bank Account, amongst both customers and non-customers. The research also aimed

at understanding the relevance and usefulness of the Bank's USPs. The research which spanned over 2 months, helped the Bank in understating the savings account landscape better, threw light on how the innovative offerings provided by the Bank are perceived. The findings of the research is helping the Bank create a more robust and customer-centric products.

A New Website

During the year, the Bank has also engaged with new age technology platforms to enhance its corporate website. This website will offer a personalised experience to each customer basis their profile and relationship with the Bank. It will be equipped with latest technological updates that will provide a rewarding banking experience thereby, depicting the ethos of the Bank which is being young, relevant and modern.



Issuance of FASTags



The Bank extensively promoted the usage of FASTags across all customer segments and launched campaigns highlighting free issuance of FASTags from IndusInd Bank. The Bank promoted this extensively across the country through print advertisements as well as all through its digital platforms and branches.

Beyond Banking



The Bank is committed to running its business in a way that generates sustainable value for its customers, clients, shareholders and employees. The Bank also recognises that since its sphere of activity and influence extends beyond the boundaries of the financial system, it needs to work through various CSR initiatives for social upliftment and environmental conservation. Placed below, are a slew of fascinating initiatives, which have spearheaded the Bank's efforts beyond the banking domain. The Marketing & Communications team has crafted customised messages for each of them to create awareness among all stakeholders.



'Ebar Pujo, Sobar Pujo'



It is a yearly activity undertaken by the East Zone during the Durga Puja festival. This year, the initiative was organised in association with 'Rotary Club of Calcutta Magnum' and 'Rotaract Club of Contemporary Kolkatans' wherein the Bank donated new clothes to **over 1,200** underprivileged children at an event held in Kolkata. The event was graced by Mr. Harshavardhan Neotia, Chairman of the Ambuja Neotia Group and Mr. Alexandro Mendes Garcia, Chief Coach of Qness East Bengal.

Zonal Initiatives



Zonal teams undertook several initiatives to extensively promote social causes. Some of the prominent ones are Environment Day – aimed at spreading awareness on plantation of saplings and usage of paper bags instead of plastic, Flag making competition across 125 schools to commemorate Independence Day as well as activities to celebrate Earth Day. Through these activities, the Bank generated nearly 90,000 leads.

Mini Health Clinics



The Bank has partnered with Cashpor (a Section 8 Company) for setting up 177 Mini Health Clinics to serve as Primary Health Centres. These are spread across 20 backward districts across Uttar Pradesh, Bihar, Jharkhand and Madhya Pradesh and are expected to benefit about 2,00,000 patients per annum.

Hockey for Her Excellence Programme

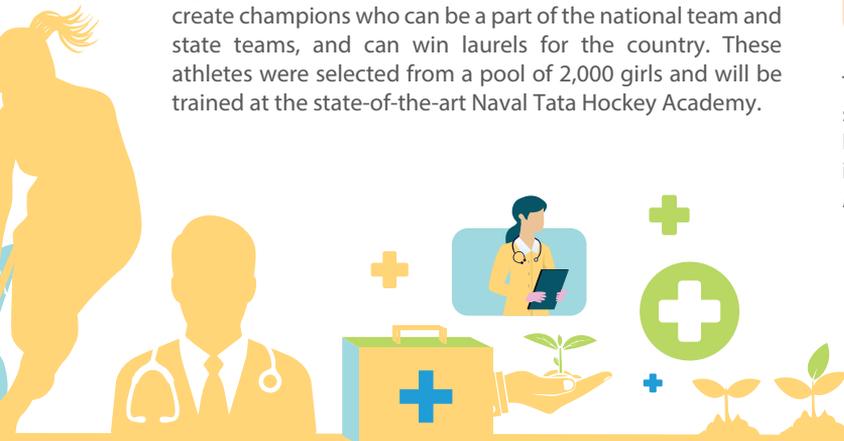
In a bid to scout and nurture promising talent in the field of Hockey, the Bank has partnered with Tata Trusts and the Government of Odisha to support 40 girl athletes to receive high-performance training and coaching. The goal is to create champions who can be a part of the national team and state teams, and can win laurels for the country. These athletes were selected from a pool of 2,000 girls and will be trained at the state-of-the-art Naval Tata Hockey Academy.



Rural Champions Programme



The Bank has partnered with the Mann Deshi Foundation to support the development of 55 young athletes (15 National Level and 40 State/District Level), to make them champions in their respective disciplines. These disciplines are Wrestling, Athletics and Hockey.



Alliances and 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.

Brand Partnerships for Debit and Credit Card Customers

This year, the Bank entered into various tactical alliances with over 50 brands to bring forth engaging value adds for its Debit and Credit Card customers. These partnerships are spread across an array of categories including Travel, Lifestyle, Food & Beverage, and Health & Wellness among others.



Branding Metro Stations

Continuing with the Bank's pursuit to invest in strategic long term brand properties, the Bank signed up for a strategic branding initiative which included semi naming of two metro rail properties in Noida and Mumbai. Both properties have been taken up for a period of 5 years.



DDA Housing Scheme

The Bank was shortlisted by the Delhi Development Authority to collect booking amounts for their housing scheme of 2019. In order to generate interest amongst applicants, the Bank executed a radio campaign across the NCR region and amplified it further on digital media.



Employee engagements and activities



Internal stakeholders form an integral part of the Bank's success. They are considered as Brand Ambassadors of the organisation. Within the Bank, employee activities go beyond the realm of banking to extend to innumerable initiatives that explore and nurture their talent, passion and team-spirit. The Bank considers **running** as a holistic activity that contributes to life like none other. IndusInd Bank celebrates running as an activity that inspires those around. And this is the thought that the Bank believes in, which is why it sponsored **more than 8,000** of its employees **across 25 cities** to run marathons, making them more aware about the benefits of a healthy body and healthy mind. To commemorate this milestone, the Bank created a film on running, featuring stories of some of its employees who have made running a part of their daily routine. Christened 'Get Set Run', the film garnered **over 1.4 lakh impressions** across social media platforms.



Activities to Reinforce Brand Image



The Bank has extended significant support to the field of art, music, sports and environment through sponsorships. To begin with, the Bank collaborated with Sanctuary Asia to organise their Annual Wildlife Awards. Music being another key area of focus, the Bank has been continuing to partner with Sahachari Foundation which brings together Ustad Zakir Hussain along with other musicians from around the globe on one platform. This year, the performance was held at the National Centre for the Performing Arts (NCPA) in Mumbai. Further, the Bank's association with Indradhanush Foundation and Uttung Sanskrutik has been offering significant support to musicians at the grassroot level. The association with Rajmata Vijaya Raje Scindia Centre for Development has also ensured that the age-old sport of Polo remains in its purest form through the Maharaja Jiwaji Rao Scindia Gold Cup. One of the biggest contributions of the Bank towards encouraging Fine Arts has been its association with 'Art for Concern' by Secure Giving Foundation. A

charitable Exhibition cum Sale event organised by the Foundation helps in achieving dual purposes of promoting art and helping the underprivileged. Other associations include FICCI, Bombay Chamber of Commerce & Industry, Isha Utsav, Hindu Sindhi and Kochin Patrika.

Branch Network



With a total network of 1,911 banking outlets and 2,760 ATMs, the Bank has a presence across all 28 States and 6 out of the 8 Union Territories. The Bank also has Representative Offices in London, Dubai and Abu Dhabi.



Infrastructure



The Bank has also refurbished/re-modelled 8 Branches, set up 5 Administrative offices, and relocated 13 branches and 1 Office towards better business prospects. A total of 637 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 Chest, one each in, Mumbai, Delhi, Chennai, Kolkata and Bengaluru. The Bank has set up 7 PIONEER branches in Mumbai (Juhu, Peddar Road & Lower Parel), Pune (Koregaon Park), Delhi (Defence Colony & Punjabi Baugh) and Gurugram (Palm Springs).



CORPORATE SOCIAL RESPONSIBILITY



IndusInd Bank operates within an innovative sustainability strategy which leverages investment in natural, social & relationship capital, and human capital equally in response to rapidly changing social and environmental backdrops. The Bank's CSR mission is to emerge as a 'Best-in-Class' Bank committed to growth and development that benefits, not only the Bank and its customers but also, the natural environment and the community at large. To this end, the Bank is guided by the principles outlined in the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGSEE) and the UN Global Compact. In line with its CSR focus areas, the Bank has committed to various long-term and need-based projects. The Bank's CSR Policy and Strategy direct and govern the Bank's activities in focus areas, as follows:

Environment

Watershed Management Programme



In its 2nd year of operations treated 5,576 hectares of land in 63 villages in the States of Madhya Pradesh, Maharashtra, Jharkhand and Odisha. This has resulted in creation of 7,15,154 cubic mtrs water storage capacity. The project carries out area and drainage line treatments in a watershed to capture rainwater and check soil erosion. It works with communities & farmers and build their capacities to adopt sustainable agricultural practices and judicious usage of water. A cadre of 5,460 members from 517 Self Help Groups, 580 members from Village Development Committees, and more than 100 Vasundhara Sevaks are on ground implementing the work.



Springshed Management



This intervention proposed in Rayagada, Kandhamal and Kalahandi districts of Odisha aims to conserve and utilise the perennial source of water through streams which otherwise would be untapped. In the 1st year of implementation i.e. in FY2019-20, the project benefited 170 households with 4 diversion based irrigation structures which will provide critical irrigation to the farmers and provide water for domestic purposes.

Rejuvenation of Urban Lakes/Ponds

Considering the severe water crisis building up across Indian cities, IndusInd Bank continues to focus on the restoration and conservation of water bodies, particularly in urban & peri-urban centres. During FY2019-20, 22 lakes/ponds were taken up across 5 cities for rejuvenation benefiting close to 1.50 lakh people, treating 76 hectares of land and creating water capacity of 7,000 lakh litres.



Drain Restoration

Badshahpur drain, Gurugram was taken up to create public space, water conservation & recharge along with urban greening. This project also envisaged increasing the water table along with a collateral of creating public space and giving engagement opportunity to the Bank's employees. Over 5,000 trees were planted with about 200 man hours of employee engagement. This project has generated fantastic goodwill with people of the city and the corporation (MCG).



Roof Rain Water Harvesting

Seeing the impact in FY2018-19, this intervention was scaled up from 250 harvesting structures to 400 rainwater harvesting structures in FY2019-20 in 30 villages impacting close to 40,000 beneficiaries. The intervention is expected to reduce women drudgery caused for making water available from long distances. Children can spend time in going to school instead of accompanying mothers to fetch water from long distances.



Indus Oorja Solar Village

To provide consistent decentralised renewable supply of energy in one of the highly remote village on Kumirmari island of Sundarbans, the Bank initiated Solar-Based micro grid project during FY2019-20. The solution proposed is to set up two AC solar micro-grid system having a capacity of 30 kWp of electricity generation each which will further be connected to provide power to approx. 395 households and 10 rural institutions (Schools, Panchayat Office, Community Building, etc.) along with 40 street lights near embankments in two years and reducing carbon emission by approx. 34 tonnes per grid p.a.



Urban Afforestation



Bank's Urban Afforestation Project (UAP) aims to address the issue of green and open spaces through its tree plantation activities. Continuing to meet the

Bank's commitment towards urban health and sustainability, IndusInd Bank planted another 59,000 trees in FY2019-20. All these trees have been planted across 13 cities pan-India where space has been a premium. Apart from the traditional plantation, Miyawaki type of plantation was executed in this financial year, which is creation of Mini Forests. These plantations have carbon sequestration potential of 16,667 MT (over a period of 15 years).

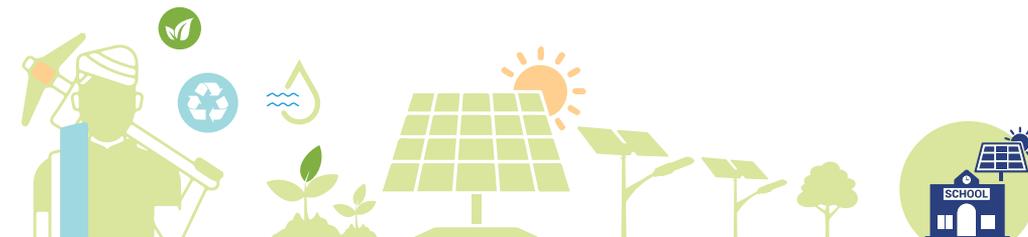
Schools on Solar

The Bank has taken up 10 schools/institutions under 'Schools on Solar' project in FY2019-20 which cater to the education of the needy students coming from the lower strata of the society. The project has had significant impacts to date with 3.94 lakh electricity units generated, 323 metric tonnes of CO2 reduced and ₹35 lakh saved in electricity bills. Over a period of 25 years, the existing installations are expected to save over ₹6 crores and 5,600 metric tonnes of carbon.

Solar Street lights



IndusInd Bank carried out installation of Street Lights powered by solar panels in 38 villages in Rajasthan benefiting over 1,63,000 villagers through the installation of 2,000 such lights. The intervention has enhanced mobility of the villagers and has provided enhanced security for the villagers, women and children in particular.



Education



Enhanced Education

The Bank has partnered with Cashpor, to implement its enhanced education programme wherein it aims to cater to the issue of high drop-out rates and inability of students to pass 10th class without external aid or help. In FY2019-20, the programme has been scaled to another 317 centres totalling the educational centre count to 717. Over 18,000 students have enrolled from grade 1 to grade 10.

Early Learning Outcome

In FY2019-20, the Bank supported improving Early Learning Literacy (ELL) outcomes in Haryana. The beneficiaries will be 1,00,000 Grade 1 & 2 students and about 7,000 teachers & teacher educators across 7 districts and 3,200 schools of Haryana. By the end of the programme, it is envisaged that the students will have fluency to read grade level text by the end of Grade 2.



Mid-day Meal Programme

The Bank has partnered with The Akshaya Patra Foundation with an aim to end classroom hunger, enhancing enrolments in school and improve nutritional levels. The programme, which incentivises children to attend school regularly, follows a two pronged approach - to not let any child go hungry to school and also to enable the child is well fed that he concentrates on the studies for better academic performance. The Bank is supporting 50,000 children in more than 540 schools.

Road to School Project

During FY2019-20, Bank initiated "Road To School" project in partnership with Learning Links Foundation for bringing a change in delivering the education especially to the children from Government School. The programme addresses the issues of learning gaps amongst government primary & middle school students and builds a fundamental framework for development of the student. The programme reaches to 10,915 children & 125 Teachers in 42 Government Schools & 10,000+ community members in Khordha district of Odisha.



IndusInd FFE Scholars

This programme runs on a unique concept wherein every scholar undertakes a pledge to support education of at least two other students through a contribution to the Foundation whenever they are able. This 'pay-forward' model ensures the self-sustainability of the organisation. IndusInd Bank supports 31 scholars for 4 years from the engineering background.

Young India Fellowship

IndusInd Bank supports deserving meritorious students through the Young India Fellowship (YIF) programme in partnership with Ashoka University, a one year full-time residential programme renowned for creating next generation of leaders and change agents. IndusInd Bank supports the course fees for fellows who are from poor socio-economic background. 60% of the total pass-outs have joined the corporate sector, 30% are engaged in the not-for-profit sector and 10% have moved on to become entrepreneurs.



IndusInd Scholars for Purkal

IndusInd Bank has been supporting about 75 children from the Purkal School at Dehradun by giving opportunity for quality school education to the Lower Income Group. These are children with academic potential, who are predominantly from villages near Dehradun and other parts of Uttarakhand. The project implementation not just focusses on the regular curriculum, but also conducts a series of sessions and training for the students to enhance every possible life skill.



Livelihood



Stree Swabhiman Livelihood Programme

Under this initiative, around 4,500 girls were provided with supplies of sanitary pads in Madhya Pradesh through the Bank's business correspondent Samhita. During the project, the supply of the pads was a bigger challenge. To resolve this challenge, 350 Village Level Entrepreneurs (VLEs) were engaged to set up units to manufacture pads across 100 districts in 16 states. These manufacturing set-ups engaged 6-8 women thus creating livelihood for over 1,800-2,000 women.

Single Teacher Schools Programme

The Bank supports 25 Single Teacher Schools in the districts of Coimbatore and Kanchipuram in Tamil Nadu benefiting 750 students in the villages. The purpose is to provide free quality primary education to the village children and thus eradicating illiteracy, child labour, and drop outs. 95% of the teachers running the schools are women.

Arts & Heritage



IndusInd Bank contributes to Sahapedia with Frames Photography Grant which actively encourages documentation of cultural heritage. This grant is to support about 25 photographers giving an opportunity to document cultural spaces, themes, practices of their interest in subjects related to culture, arts and heritage.

Skill Development of drug rehabilitated youth

IndusInd Bank supports 'SUPPORT' an NGO offering long-term residential rehabilitation programme for substance abusing street children/youth. During FY2019-20, 216 youths underwent rehabilitation out of which 167 were trained (welding, carpentry, tailoring, wiremen) at the vocational training centre. The programme has placed 57 youth during FY2019-20 with salaries up to ₹10,000. This has given them immense confidence and motivation to lead a drug free life.



Association of People with Disability (APD)

This programme supports training and placement of 266 young men and women (18 to 35 years) with disabilities from marginalised communities with or without schooling. This makes these individuals become economically & functionally independent and socially rehabilitated through domain based training opportunities in 13 districts of Karnataka. 81% trained youth were placed with salary in the range of ₹7,000 to ₹20,000.

Sports



The Bank's sports initiatives have been conferred '**Honourable Mention**' by Ministry of Corporate Affairs under their 'Contribution to the National Priority Areas - Promotion of Sports'.

IndusInd Para Champions Programme

Encourages differently abled athletes through a sports scholarship programme. 45 athletes are supported to cover their high performance need, travel, injury management, rehabilitation strength training, medical support needs, etc. During FY2019-20, these athletes have won 61 Gold, 30 Silver and 25 Bronze medals in various competition both national & international.



IndusInd Blind Cricket Programme

The programme is implemented in association with the Cricket Association for the Blind in India (CABI), the cricketing arm of Samarathanam, who governs Indian cricket tournaments. IndusInd Bank is principal supporter for 26 players in the Indian Blind Cricket Team. During FY2019-20, the Team won bilateral ODI series against the West Indies and Nepal. Further, the Nagesh IndusInd Trophy was started to identify more talent. 400 blind cricketers participated in this trophy and played 60 matches in 12 States.

Indus Saksham

IndusInd Bank initiated skills training programme in various trades at Guwahati, Assam where 400 local unemployed youth are being trained. The programme aims at 100% placement ensuring income of ₹12,000 to ₹18,000 per month. The programme aims to promote gainful employment for the youth to ensure stable livelihood through alternate employment/self-employment.

IndusInd Girl Power Programme



The Bank supports 60 girl athletes from lower income families from all across India. They get access to world-class coaching and training facilities at the Inspire Institute of Sports (IIS) and are being groomed to become champions who will represent & win medals for India at international sporting events. In FY2019-20, these women athletes have won 112 medals which included 51 Gold, 25 Silver and 36 Bronze medals.

Nurturing Rural Champions Programme

In line with the Bank's excellence and inclusive approach for sports, 55 young athletes i.e. 15 national level and 40 state /district level athletes are being supported in Mann for their training, nutrition, medical care, injury and recovery management, etc. and enable them to compete at the international arena. The focus is on select disciplines, viz. Wrestling, Track and Field, Athletics and Hockey. At present, 9 dedicated trained coaches are a part of the programme.



IndusInd Hockey for Her Excellence Programme

This programme which is being carried out at Bhubaneswar, Odisha, aims at nurturing talent through supporting the excellence in sports. Throughout the 3-year project, 40 high performing girls in the age group of 13-15 years will be further trained & their talent will be nurtured at the state-of-the-art 'Naval Tata Hockey Academy (NTHA)' excellence centre at Bhubaneswar along with building capacity of 10 coaches.



Healthcare



Mini-Health Clinics



The Bank has supported the setting up of 280 Mini Health Clinics (MHCs) in rural Uttar Pradesh, in partnership with Cashpor. These MHCs provide affordable primary healthcare to individuals from Poor & Lower Income

Group families. The project now covers 5 States and 24 districts with an outreach of about six lakh & direct beneficiaries of over additional 85,000 people. 83,173 patients have been enrolled with various ailments. This project not only provides medical access to villages but also creates capacity of 3,000 women workforce.

Indus Aarogya Soukhyam (Cancer Care)

IndusInd Bank has partnered with TATA Trust to support an intervention on reducing cancer burden by providing care, treatment, awareness and prevention services under the bigger umbrella of Government of Assam's Cancer programme. The Bank has provided radiology equipments at Assam Medical College and Hospital, Dibrugarh.

Support for Cancer-affected children

The Bank has been supporting treatment for the cancer-affected children, in partnership with Bhagwan Mahaveer Cancer Hospital and Research Centre (BMCHC) in Jaipur, Rajasthan. These children, aged under 14, come from remote villages/towns of Rajasthan and have no access to medication or treatment. A total of 155 patients have been treated over 4 years until March 2020, out of which 106 children have completed their treatment & have been declared cancer-free (cure rate of 68%) and are currently only on follow-up and/or supervision.

Support for Cataract Surgeries

The Bank supported cataract surgeries of 5,000 beneficiaries in 9 districts (including aspirational districts) across 7 States in partnership with Vision Foundation of India. These beneficiaries, which belonged to the marginalised strata of the society, were operated without any charges and were provided with lens, medicines, one day stay, food, and transportation. These beneficiaries include 2,600 females and 2,400 male patients.

Support for HIV infected

The Bank, in partnership with Lotus Medical Foundation, has been supporting treatment of HIV-infected patients at Kolhapur. The support includes cost of treatment, meals, and medicines at subsidised rates at the care centre and also has Anti-Retroviral Therapy (ART) centre. More than 300 patients have been admitted for treatment during FY2019-20.



Projects in collaboration with Bharat Financial Inclusion Ltd (BFIL)



Bharat Sanjeevani

It is an indigenously implemented initiative wherein the project delivers qualified livestock care at the doorstep, eliminating the hassles and financial losses faced by small & marginal farmers. The project is implemented in 3 States i.e. Madhya Pradesh, Jharkhand and Uttar Pradesh.

Pragat - Holistic village development

Pragat works towards achieving better holistic growth in under-developed villages with lack of basic amenities and aims to eliminate the gaps and bring access to the services, on par with any urban facilities. The project works across 12 villages in Gulbarga, Karnataka addressing a population of 65,000. The key areas of intervention include Healthcare, Education & Water.

Sustainability



The Bank continues to deliver consistently greater value to the stakeholders while mainstreaming sustainability into the business practices. The sustainability policy of the Bank lays out guidelines and targets in key areas of the environmental, social, economic and governance aspects. The Bank has voluntarily committed targets on Environmental, Social and Governance (ESG) aspects and continues to improve the sustainability performance to surpass the ESG targets. The Bank currently features in the 'A' list of CDP India Climate Change Rising Stars, a platform that is widely referred by global Investors. The Bank has been publishing the Integrated Report for the last three years, which aims to communicate how the Bank's Strategy, Governance, Performance and Prospects create value over time. The value creation story of the Bank articulated in the 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 latest 'Integrated Report' on its website at <https://www.indusind.com/content/csr-home/sustainability-report.html>.



AWARDS & ACCOLADES



8th Edition of Finnoviti 2020 Conference & Awards

Spirit of Innovation Award for launch of IndusCorp, Duo Card, Nexxt Credit Card and Data Warehouse & Power BI Implementation Projects

IBA Best Technology Bank Awards

Best use of IT and Data Analytics for Business Outcome Best Payment Initiative amongst Private Sector Banks

Dun & Bradstreet BFSI Summit & Awards 2020

BankTech Awards 2020 for using technology solutions to provide a suite of services enabling a superior customer experience

The Banker's Top 500 Banking Brands 2020 Report

For witnessing the highest growth in brand value amongst top global bank

24th edition of Business Today - Money Today Financial Awards

'Best Bank Award in the mid-sized bank category

6th CSR Impact Awards 2019

For Special Categories Project

CSR Times Awards 2019

Best Corporate in Environment, Climate, Forest Category

Honourable mention by Ministry of Corporate Affairs (MCA)

IndusInd Bank sports initiatives under the National Priority Areas have been conferred

The Financial Express India's Best Banks Awards

Mr. Romesh Sobti, Former MD & CEO honoured with the 'Lifetime Achievement Award'

Award from the Haryana Government

Best Corporate Social Responsibility Practices (CSR)

CMO Asia Awards 2019, Singapore

- Best Search Campaign – Indus Forex Campaign
- Best Digital Campaign – IndusInd Bank NEXXT Card
- Best Digital Integrated Campaign – IndusInd Bank Duo Card

Backhoe 2018 Award at JCB Backhoe Loader

Awarded for being the Best Financier

Product of the Year Awards 2019, the world's largest consumer-voted award for the product innovation

Nexxt Credit Card adjudged the 'Credit Card of the Year' Award

BTVI National Awards for Marketing Excellence

Best Performance Marketing Campaign for Nexxt | Best Digital Campaign for Duo

Asset Asian Awards 2019, India

Won 4 awards for Best Payment and Collection Solution

Technology Supply Chain Innovation Awards TSC 2019

Best in Supply Chain Finance 2019 at Tech Supply Chain Conference & Exposition

Stevie Awards 2019, Asia-Pacific

Innovative Use of Technology in Customer Service

MANAGEMENT DISCUSSION & ANALYSIS



Macro-economic and banking environment



Fiscal year 2019-20 was an extremely challenging year for the Indian economy. It witnessed a broad-based and sequential slowdown in growth over the year, leading up to a sudden stop in economic activity, following a national lockdown in response to COVID-19 pandemic in March. As a result, both monetary and fiscal policy support was employed to counter the slowdown during the year. On the monetary policy front, Repo rate was cut by 1.85% over FY2019-20, with 0.75% reduction in March coming specifically to counter the pandemic related activity disruption. On a positive note, re-election of a stable BJP led NDA government at the Centre in May 2019, provided continuity for overall economic policy setting. Macro-economic stability was broadly maintained. Headline CPI inflation remained below the 4% target for a better part of the year, current account deficit narrowed helped by a sharp fall in oil prices and exchange rate movements of the Rupee versus the US dollar remained orderly, helped by net capital inflows. Banking sector continued to face asset quality pressures, with exposures to various sectors, particularly NBFCs, telecom and real estate coming under stress. Global economic environment remained challenging with US-China trade tensions adversely affecting global trade, exports, manufacturing and investments. Major global economies witnessed a synchronised slowdown over 2019, though the year ended with US-China agreeing on a trade deal. In first quarter of calendar year 2020, pandemic related containment measures and social distancing norms, severely impacted growth, capital flows and trade across the world, with China most severely affected. IMF projects global economy to see its worst recession in 2020 since the Great depression of 1930s.

As per the latest official estimates, real GDP growth slowed down to a 11-year low of 4.2% from 6.1% in FY2018-19. During the year, consumption and investment activity decelerated. Private consumption growth at 5.3% y-o-y, slipped to its weakest in a decade and investments registered a contraction of -2.8%. Government expenditure remained the main driver of activity, with 11.8% y-o-y growth in FY20, on top of 10% growth in FY19. As a result, the fiscal deficit for FY20 widened to 4.6% of GDP from 3.4% in the previous year, as the central government kept budget spending largely unchanged despite a shortfall in tax revenues. Notably, a major rationalisation of corporate tax system was announced in September, lowering the peak rate and curbing exemptions available. And, in the budget for the FY2020-21, income tax rationalisation was also announced on similar

lines. In May 2020, the central government announced ₹20 trillion economic package to provide liquidity and credit support to businesses, especially MSMEs, develop farm sector infrastructure and to ensure livelihoods for migrant workers. Alongside major long term structural reforms were also initiated.

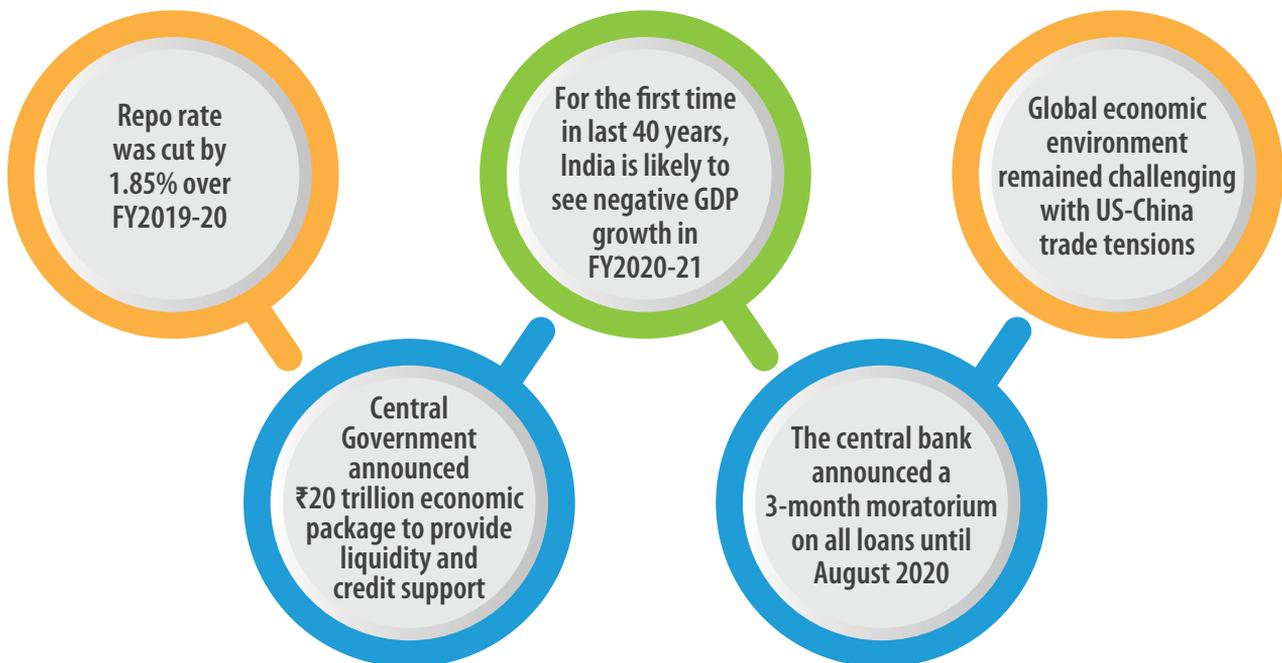
The onset of COVID-19 pandemic prompted a sharp cut in the Repo rate over March and May 2020, by an aggregate of 1.15% and infusion of durable liquidity worth over 4.7% of GDP, targeted to support flow of credit to various constituents of the financial system and corporate bond market. Prior to this pandemic response, monetary policy was already in an accommodative mode, with a cumulative reduction in the Repo rate by 1.1% from April 2019 to February 2020, on the back of headline CPI inflation remaining below the target of 4% for a better part of the year and weak demand conditions. Below-potential growth in the economy, saw monetary policy becoming much more supportive as the year progressed. The RBI introduced a new liquidity management framework, under which it started long-term repo operations to provide durable liquidity to banks. The central bank also put in place a new external benchmark regime for loans to speed up transmission of policy rate cuts to bank lending rates.

Banking sector saw subdued credit growth during the year, as economic slowdown became more entrenched, especially towards the second half, when activity sluggishness became more pronounced and risk aversion increased. Bank credit growth fell from about 14.5% at the beginning of the year to 6.2% by March 2020. Credit growth to industry decelerated to 0.7% y-o-y in March 2020 from 6.9% in March 2019. Credit growth to services saw a much sharper slowdown to 7.4% from 17.8% over the same period. On a positive note, asset quality stabilised and capital adequacy ratios improved. Gross NPA ratio of commercial banks stood at 8.3% in March 2020 compared to 9.1% in March 2019, while their CRAR increased from 14.3% to 14.8% over the year. Exposures to non-bank financial sector remained a major area for concern, as the sector saw its asset quality come under stress and face a liquidity crunch on the back of asset-liability mismatch issues. Financial distress in a private sector bank and the subsequent RBI led restructuring plan in February 2020, was another major event for the sector, which raised depositor and investor concerns around contagion to other banks and financial institutions.

Following the national lockdown, asset quality concerns increased with several sectors witnessing a sudden stop in activity. In order to avoid a liquidity crisis and ensure financial stability, the RBI reduced banks' cash reserve ratio (CRR) by 1% for the first time in 7 years, provided targeted long-term liquidity facilities for banks to buy corporate bonds and on-lend to non-bank financial institutions. The central bank also announced a 3-month moratorium on all loans until August 2020, in order to help borrowers' tide through their own cash flow problems. Furthermore, the RBI asked banks to not pay dividends from their retained income for FY20 in order to help them strengthen their capital position.

India's external sector fundamentals improved over the year, as the current account deficit (CAD) narrowed while net capital inflows picked up, allowing a build-up of foreign exchange reserves by the RBI. The current account went into a surplus in Q4 after narrowing over the year. For whole of FY20, CAD shrank to 0.9% of GDP from 2.4% in FY19. The contraction in the CAD was primarily on account of a lower trade deficit and a rise in net services receipts. Capital inflows remained robust and exceeded the CAD. Net FDI inflows at \$42.7 billion were higher than \$30.7 billion in FY19. Foreign portfolio flows, however, registered net outflows, on account of a large sell-off in March with rising risk of global recession. During FY2019-20, foreign exchange reserves increased by \$65 billion, ending the year at \$475 billion, equivalent to 11.8 months of imports. During Q1FY2020-21, reserves grew further to cross \$500 billion mark.

The year ended with COVID-19 pandemic public health crisis causing severe and unprecedented disruption in economic activity all over the world. The IMF projects that as a result of the pandemic, the global economy would contract sharply by -4.5% in 2020, much worse than during the 2008-09 financial crisis. This will be the worst global growth outcome since the Great depression, as developed and developing countries have been hit alike. India too is likely to see negative GDP growth in FY2020-21, for the first time in 40 years, following the most stringent containment measures. Massive monetary easing and fiscal support (both direct and indirect) has already been announced worldwide. However, given the nature of the pandemic, there is heightened uncertainty on its pathway and therefore around the duration of containment measures. While the Government and the RBI have announced a whole host of measures, including long-term reforms, to ease the burden on the vulnerable sectors and individuals, contraction in economic activity will affect already weak consumption and investment. More fiscal, monetary and regulatory policy support will be needed to avoid permanent damage to the economy. Banking industry will face the most severe headwinds, with a heightened risk of loan impairments, debt defaults and asset market sell-offs, leading to requirements of higher provisioning and capital.



BUSINESS PERFORMANCE



The financial year under review saw deceleration in growth rate in the Indian economy and a challenging macroeconomic environment, a sharp moderation in the global crude oil prices, weakening of the Rupee against the Dollar, strain on the banking sector caused by distress of a private sector bank, and concerns on the persistently high levels of NPAs in the banking space. The Composite Scheme of Arrangement (Scheme) involving, inter alia, the merger of the erstwhile Bharat Financial Inclusion Limited (e-BFIL), duly approved by the Board in October 2017 and the shareholders in December 2018, became effective on July 4, 2019 (the Effective Date), after receipt of all regulatory, statutory and judicial approvals. On the Effective Date, e-BFIL was amalgamated with the Bank as a going concern, the Business Correspondent Undertaking contained in the amalgamated entity was transferred to the wholly owned subsidiary, IndusInd Financial Inclusion Limited (IFIL) as a going concern, and e-BFIL was liquidated without winding up. Further, the name of the wholly owned subsidiary, IndusInd Financial Inclusion Limited, was changed to Bharat Financial Inclusion Limited.

Upon the Scheme coming into effect, the entire undertaking of e-BFIL including its assets, liabilities and reserves and surplus stood transferred to and vested in the Bank, with effect from January 1, 2018, the Appointed Date. In consideration of such transfer and vesting, 639 equity shares of the Bank were allotted to shareholders of e-BFIL on a fully paid basis for every 1,000 equity shares of e-BFIL held by them on the Record Date, i.e., July 4, 2019. Accordingly, 8,96,17,781 equity shares of ₹10 each of the Bank were allotted to the shareholders of e-BFIL. In consideration of the transfer of the Business Correspondent undertaking to its fully owned subsidiary, the Bank was allotted 4,37,03,500 shares of ₹10 each fully paid. Upon payment of the subscription amount at 25% of the issue price of ₹1,709 per Share Warrant, the Promoters were allotted 1,57,70,985 Share Warrants, each convertible to one equity share.

Accounting effects for the Scheme was given in accordance with the Scheme approved by the Mumbai Bench of the National Company Law Tribunal and the applicable Accounting Standards.

The “severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)”, generally known as COVID-19, which was declared as a pandemic by the WHO on March 11, 2020 continued to spread across India, causing an unprecedented level of disruption on socio-economic front across the country. Globally, countries and businesses were under lockdown. Considering the severe health hazard associated with COVID-19 pandemic, the Government of India declared lockdown effective March 25, 2020. Government of India and the Reserve Bank of India have been taking a slew of measures to reduce the distress across various sectors of the economy, including in Banking and Financial Services. The Bank has adhered to the requisite regulatory prescriptions and offered moratorium on payment of interest and repayment of principal for three months effective March 1, 2020 to eligible borrowers. The extent to which COVID-19 pandemic will impact the Bank’s operations and financial results is dependent on future developments, which were highly uncertain at the onset, but seem to suggest some amelioration in economic activity as the country moves to the unlock phases with concurrent ramp up in the health infrastructure. In view of the pandemic, the Bank created an additional countercyclical buffer / floating provision amounting to ₹260 crores, besides the regulatory minimum incremental provision of ₹23 crores.

The salient features of the Bank’s Operating performance during the year 2019-20 are summarised in the following table. Since the merger of e-BFIL became effective during FY2019-20, the Results for the year are not comparable to the Results of the previous year.



(₹ in crores)

Particulars	FY 19-20	FY 18-19	Y-o-Y Growth
Interest Earned	28,782.83	22,261.15	29.30%
Interest Expended	16,724.09	13,414.97	24.67%
Net Interest Income	12,058.74	8,846.18	36.32%
Non-Interest Income	6,951.31	5,646.72	23.10%
Revenue	19,010.05	14,492.90	31.17%
Payment to Employees	2,208.48	1,853.51	19.15%
Other Expenses	6,028.86	4,551.17	32.47%
Operating Expenses	8,237.34	6,404.68	28.61%
Profit before Depreciation, Provisions and Contingencies	11,050.68	8,317.07	32.87%
Depreciation	277.97	228.85	21.46%
Operating Profit	10,772.71	8,088.22	33.19%
Provision and Contingencies	4,652.10	3,107.65	49.70%
Profit Before Tax	6,120.61	4,980.57	22.89%
Provision for Tax	1,702.70	1,679.47	1.38%
Net Profit	4,417.91	3,301.10	33.83%

Business Performance Highlights



During the financial year 2019-20, the Bank witnessed robust growth in its topline as well in operating profits. Net Profit rose by 33.83% over the previous year to ₹4,417.91 crores from ₹3,301.10 crores. Operating Profit (before Provisions and Contingencies) increased by 33.19% to ₹10,772.71 crores from ₹8,088.22 crores.

Net Interest Income of the Bank increased by 36.32% to ₹12,058.74 crores from ₹8,846.18 crores. Yield on Advances improved to 11.97% during the year, as against 11.26% in the previous year, while the Cost of Deposits fell marginally to 6.51% from 6.58% in the previous year. The Net Interest Margin for the year improved to 4.14%.

Non-Interest Income rose by 23.10% to ₹6,951.31 crores from ₹5,646.72 crores. 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 14.17% to ₹5,785.83

crores from ₹5,067.57 crores earned in the previous year.

The Bank expanded its branch network steadily to reach 1,911 branches including 150 banking outlets, as against 1,665 branches at the beginning of the year. The extended network of the Bank included 2,760 ATMs, 2,071 branches of BFIL, and 853 outlets of IndusInd Marketing and Financial Services Private Limited, an associate entity.

Net Non-Performing Assets of the Bank improved to 0.91% as on March 31, 2020, and Return on Assets for the year stood at 1.54% (annualised).

Consequent upon the merger of e-BFIL, the IBL Special Incentive ESOS for BFIL Merger 2018 (ESOS 2018) became effective with a pool of 57,50,000 options. The ESOS 2018 was adopted to ensure that the e-BFIL employees who became part of the Bank consequent to the merger, including such e-BFIL employees who were holding Stock Options under various e-BFIL Employee Stock Option Plans as of the Effective Date were provided parity in relation to the Stock Options so held as well as were adequately incentivised with further Options. During the year under review, the Bank had granted a total of 67,72,842 options which included 14,85,036 options granted under ESOS 2007 and 52,87,806 options were granted under ESOS 2018.

CONSUMER BANKING



The Consumer Banking business continued its growth story with strong revenue and balance-sheet growth across business segments, and continued focus on retailisation and digitalisation. The Bank's journey on its Digital agenda

continued apace, with more than 50% of its sales across retail liabilities, assets and wealth products done via digital platforms, helping drive sales efficiency.

Digital Transactions touching 84% of the overall transactions, up from 80% at the beginning of the year, helping optimise back-end costs. Digital Transactions throughput as percentage of Retail Deposits was also at par with best-in-class, indicating stickiness of the retail base.

As part of the Current Account Business, the Bank has launched the Digital Mobile App for opening Current Accounts for almost all types of business entities, viz., Individuals, Proprietorship Firms, Partnership Firms, and Private Limited and Public Limited Companies. This has helped the Bank in reducing the Turn-Around Time (TAT) for setting up new relationships to 1-2 days from the earlier timespan of 6-7 days. This is focussed around capturing branch neighbourhood businesses, via feet-on-street on spot sales and at later stage via the Do-It-Yourself (DIY) module.

On the deposits side, compelling customer proposition via product differentiators and competitive pricing have remained the cornerstone of our brand promise that has helped drive business growth. Retail Deposits grew 34% y-o-y, amongst the best-in-class, with new client acquisition scale-up across our distribution franchise which is the 4th largest in the private banking space, coupled with the launch of digital e-KYC based account opening both, on the Mobile App and our Website. Online Account Opening for NR and Current Account customers were launched as well and have helped improve traction in these target client segments. In addition, partnership with other financial services players, viz., Upstox, Paytm, besides Bharat Financial have been scaled up through the year for new customer and deposit mobilisation.

For Merchant clients, the Bank went live with acceptance solutions on UPI 2.0 and NCMC cards, taking the digital merchant base of the Bank to over 1 lakh as one of the fastest growing banks in this space. The Bank secured the joint 3rd rank across all private and public sector Banks in Government's Digital Payments Scorecard for FY2019-20, underlining our investments in merchant payment ecosystem and focus on digitising payments for our retail customers. The Bank has been at the forefront of Central Government's initiative of digitising transit payments, by collaborating with NHAI for the rollout of the UPI-based FASTag App for the public at large.

The Bank continued to invest in digital engagement and productivity tools for both, customers and employees. The Bank has launched Natural Language based Chat bot service both on our Website as well as on WhatsApp for improved engagement with new and existing customers. Efforts to migrate customers at each touch point in the customer journey from account opening onwards, have helped drive up Digital Transactions to 84% of the overall transactions, up from 80% last year, with UPI, Mobile and POS spends being the biggest driver of customer stickiness.

The Affluent Business Team of the Bank caters to the Banking and Wealth Management needs of the top consumer clients of the Bank. This has been the fastest growing segment in the Bank with 50% growth in customer base in FY20.

The marque program 'PIONEER', which was launched in mid-2018, completed first full year of business, expanding to 10 major cities in FY20 with a dedicated 300+ relationship management and service team and 6 state-of-the-art 'PIONEER Lobbies'. In addition to the best-in-class proposition, the program relies on service as the key differentiator and a holistic approach towards client experience. Its footprint is planned to be increased to 50 cities in FY21, doubling the Balance Sheet, AUM, and Revenues.



Being the best-in-class proposition in the market for the Affluent segment, 'PIONEER' has also been extended to NRI clients. Built on the values of trust, transparency, simplicity,

and superior service, inspired by the Indus Valley Civilisation, the 'PIONEER' programme has been crafted for the pioneers of today.

The Business Banking Group (BBG) which fulfils the financial needs of the Bank's MSME customers followed a cautious approach towards new customer acquisition during FY20, looking to the overall economic scenario. Increased emphasis was laid on portfolio granularity through expansion of the client base: 85% of the customers acquired during the year were of ticket size of less than ₹2 crores, and almost 50% of these were sourced through the Bank's own branch network.

The Bank enhanced its product offering for this segment with the launch of 'GST and Banking Secured Overdraft product' during Q3-FY2020. This is a score-based template product which relies on customer's banking and repayment behaviour, GST payments, and collateral, for making instant appraisal decisions.

Identification of SME clusters at nearby branches were a key focus for branch lead acquisition and this will continue in FY21, besides, greater use of digital applications to improve productivity and customer experience.

Besides fulfilling the entire banking needs of its SME customers, BBG also enhanced its focus on strengthening its overall client relationships by fulfilling all the banking needs of such business owners through offering the entire gamut of banking products including Personal Accounts, Investment Management, Insurance and Cash Management, thus increasing the overall wallet share and fee generation from such relationships.

Loan Against Property (LAP) business continued on its steady growth path, keeping the portfolio metrics robust. Both Loan Book yield and fresh acquisition yield remained strong despite a competitive market and downward rate-cycle. With consistent focus on leveraging the Branch distribution network and cross-sell opportunities, share of internal sourcing remained upwards of 40%. The Bank continues to distribute Home Loans in association with HDFC Ltd. and it remains one of the key Asset products distributed through the branch network providing lucrative cross-sell opportunities along with it.

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 46%, while exhibiting strong portfolio metrics. The product

has a live portfolio of more than 3 lakh accounts, with ~1.86 lakh accounts on-boarded in the year 2019-20. Cross-sell synergy with the Consumer Finance Team helped expand the footprint into new geographies and now contributes to a sizeable 24% of the Personal Loan Book, overall cross-sell book stands at 59%, the significant contributor being cross-sell to Savings Account clients, sourced and fulfilled completely using digital platforms.

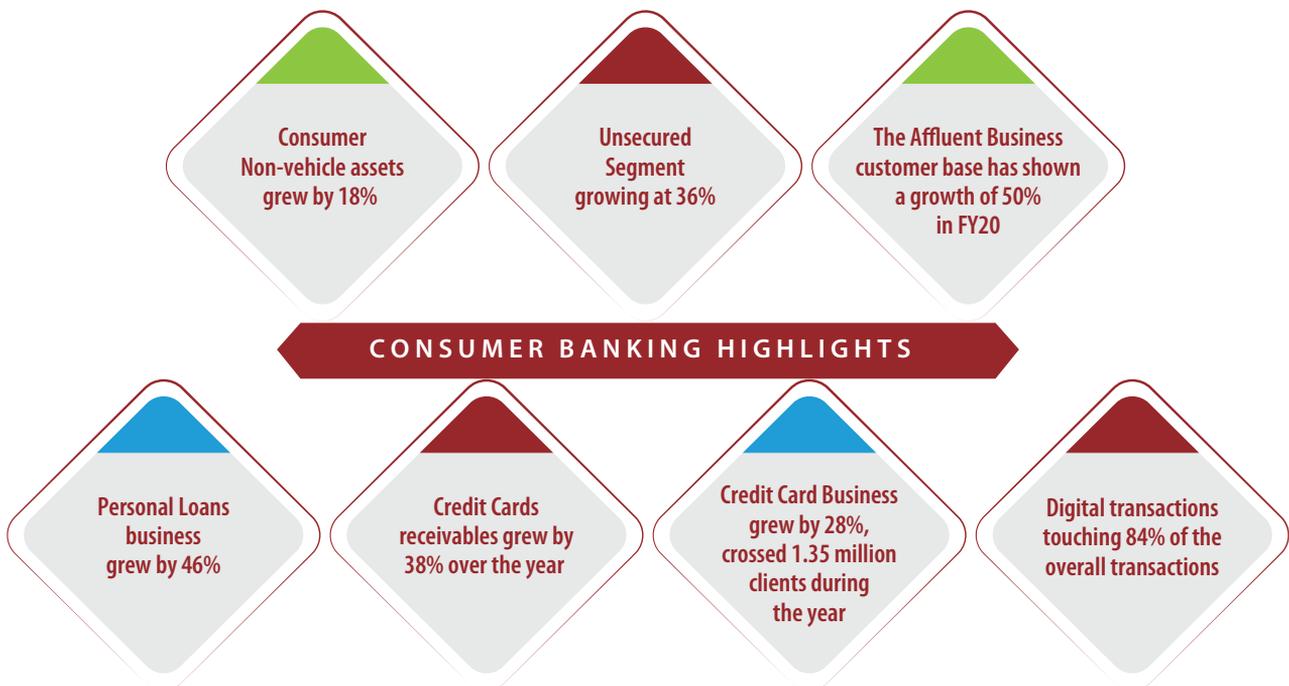
Credit Cards receivables grew by 38% over the year while maintaining a strong profitability and core portfolio fundamentals. The business significantly improved its cost efficiency during the last financial year with strong revenue momentum and effective cost management. The business saw a growth of 28% increase in Cards in force, and crossed 1.35 million clients during the year. The yield remained stable while the EMI Book grew by 65% during the year. India's first battery-powered Credit Card with functional buttons, the 'Nexxt' Credit Card, has been a key driver of the EMI business at the Point of Sale (POS), clearly showcasing the strong adoption of the new feature by customers who are using the EMI option for their big-ticket purchases. Fee income and interest income were robust and contributed in equal measure to the overall revenue. The business is being ramped up by the effective use of low cost digital channels, and creating platforms for straight-through customer journeys. The business continued to be the key growth area, with a strong focus on risk management and profitability. The business will continue its focus on driving the cross-sell agenda across the vast data pools of internal customers, through a process of pre-qualification of low-risk and high-profit clients.

The Commercial Card business, which provides payment solutions for corporates, continues to demonstrate growth in key metrics and has been a key product proposition for the Bank's corporate clients. In the last financial year, the spends on the commercial cards products grew by 18%. The business has diversified into new client segments and has deepened its existing client base by offering new products. The Bank has, in the last financial year, launched Contactless Corporate Cards for the Travel and Entertainment segment which is equipped with tap to pay feature to help faster payments at merchant outlets. Contactless payment is the latest in secure technology for safe online shopping and Point of Sale (POS) transactions. The Bank has also identified a new growth area strategy which focusses on payment solutions via partnerships with new age fin-tech players to offer technology platforms to reduce operational costs for the client.

The Bank had taken a conservative approach in growth in Business Loans (Unsecured SME) and shifted its focus to strengthen collections. As a result, Business Loan Book remained flat at ₹1,076 crores as of March 2020 against earlier reported y-o-y growth of 28%. With more focus on collection, the Bank was able to hold portfolio quality in FY20, even as the industry faced challenges with increased default in unsecured SME. This will also help the Bank to handle expected collection challenges faced in unsecured lending with better efficiency post COVID-19 in FY2020-21.

During the year, the Bank also entered into partnerships with fin-techs for digital lending under revenue-sharing and risk-sharing models and acquired about 2,000 new customers with negligible delinquencies in portfolio.





Retail Agriculture



The Retail Agriculture Business witnessed steady growth through expansion in rural and semi-urban locations, operational in 98 districts of Madhya Pradesh, Gujarat, Haryana, Punjab, Kerala, Rajasthan, Maharashtra and Chhattisgarh. More than 10,000 relationships with over 15,000 farmers have been created under the Indus Kisan Credit Card (KCC) product for taking up traditional Agricultural / Agri-allied activities, bringing nearly 12% growth in the Book over the previous year. As a part of the Bank's commitment towards improving digital literacy, all customers are made aware and empowered in making cashless transactions through RuPay Debit Card and Net / Mobile Banking.

Key focus remains on deepening the high-potential Agri markets and exploring opportunities in new markets. Loans have been extended to Small and Marginal Farmers, Women beneficiaries and other Weaker Sections, thus establishing the Bank's commitment to service these segments. The Bank's regular engagement with the Agri value chain stakeholders allows it to stay abreast with the latest developments and accordingly provide the best product offerings to its customers.

The Bank has built a highly diversified portfolio since its launch, ranging from funding for traditional agricultural activities to high-tech farming / Agri-allied activities, and has crossed the ₹1,670 crores mark as on March 2020.

The Bank's robust portfolio is backed by experienced Agri professionals, efficient processes and risk monitoring tools which enable to identify risks at early stages and take timely preventive measures.

IndusInd Bank is among the first commercial banks to offer Paperless approval for KCC, thereby underlining the 'Go Green' initiative of the Bank. As a part of financial awareness commitment towards its customers, the Bank offers a unique insurance which secures customers' loan liabilities in case of any death or disability, and educates them to avail the benefits of PMFBY (Crop Insurance) Scheme.



Client Experience



The FY2019-20 Customer Experience Strategy was to 'Redefine Convenience' through a customer-centric approach by embedding the key principles of 'Seamless, Easy, Fast and Transparent' (SEFT). The endeavour was to deliver superior customer experience with key principles of SEFT embedded in our culture, processes and technology solutions.

The Bank remained committed towards creating distinctive Customer Experience (CEX) as a source of sustainable competitive advantage in FY20. Client journeys were continually redefined and made client-centric through digitisation, artificial intelligence, process re-engineering and improved client communication. The Bank has invested in a state-of-the-art Customer Relationship Module (CRM) aiming to redefine client experience by significantly enhancing its servicing capability with redesign of client journeys through straight-through processing, definition of priority queues, personalisation of delivery and redefined client engagement and coverage principles.

The year saw a dramatic increase in digitisation of client journeys, with over 85% of Savings Accounts and over 60% of Current Accounts getting digitally acquired. Over 92% of the fixed deposits were instantly opened and over 97% of the wealth management clients got digitally on-boarded. Over 93% of service requests were resolved within the defined turnaround time and almost two-thirds of the surveyed clients gave the Bank top rating in surveys across client journeys.

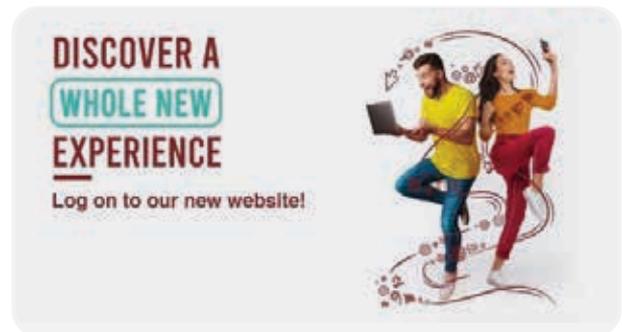
The customer experience strategy focusses on delivery of products and services through effective use of digital channels as well as through human interactions with enabled and experienced frontline staff. Dedicated Service Managers are introduced to offer personalised services to Bank's Resident and Non-Resident affluent clients. Technology is leveraged to execute personalised client engagement programs based on client offers of the most appropriate products and services to clients.

There has been an ever-growing focus on enhancing the technical and behavioural skills of the front line staff. The Bank had enabled both, face-to-face and electronic delivery of training modules to enhance the capability levels to improve the quality of interactions.

The Bank has continually monitored and set quantitative targets to improve customer satisfaction and experience standards. With the objective of assessing the efficacy of its service delivery standards, the Bank conducts real-time, continuing and independent surveys based on the type of interaction and channel used by the customer. The feedback

of the surveys is assessed to make further enhancements and innovate delivery platforms and internal processes.

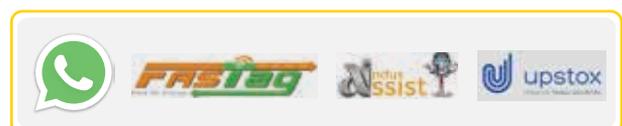
The Bank shall continue to focus on customer-centric initiatives and innovations to digitise, simplify and personalise its suite of products and services with an objective to increase the share of wallet and increase transaction intensity on the channel, as chosen by the client.



Innovation



New launches, viz., Virtual Debit Cards, NLP-based Banking on WhatsApp, AI Chat Bot IndusAssist ensured that the customers remained engaged with new technology-led innovations that the Bank has been at the forefront of. Partnerships with market leaders in industries ranging from fin-tech to transit were made live for value added services to our esteemed patrons. The Bank launched IndusStox, an industry-first, completely digital 3-in-1 trading savings account with Upstox, a leading online brokerage firm. On the transit side, the Bank now powers NHAI's UPI FASTag App to enable customer of any bank to procure and recharge their FASTag via UPI.



Distribution



Apart from opening 161 new branches and 85 new banking outlets, the ATM network expanded by setting up 255 new ATMs. The Bank has also partnered with White-Label ATM Operators to set up co-branded ATMs. The total number of branches as on March 31, 2020 stood at 1,911 (including 150 Business Correspondence Units).



Credit Cards



The Bank's Credit Cards business maintained a consistent and robust growth, fuelled by strong digitisation initiatives and data-driven portfolio actions. The quality of customer receivables has continued to be healthy, growing by 38%.

The Cards business crossed 1.35 million clients during the year. The asset quality is within acceptable risk and the yields on the portfolio remain stable. Fee and Interest contributed equally to the overall revenue. The business is ramping up using low cost digital channels which will enable the business to grow without compromising the Return on Assets.

The business continues to expand its distribution through the branch network and through the adoption of a strong cross-sell strategy. Increased focus on acquisitions through online and digital channels has also contributed to the growth, delivering scale and efficiency.

Under the Bank's instant, real-time credit card approval portal, branded as "Easy Credit", a new feature of issuing 'Card on Phone' was introduced. The portal caters to existing Savings Account holders who are pre-approved for Credit Cards, and this new functionality enabled customers to apply for Cards over phone.

With the revised regulations permitting performance of KYC through video, the Bank has already initiated the development of a Video KYC platform for Credit Card applicants in partnership with BankBazaar, the country's leading financial marketplace. This integration will provide a completely digital-fulfilment model for credit card

applications and is expected to be a pioneer in such capabilities in the credit cards space. The product suite has been further strengthened, with relevant offerings and luxury brand tie-ups, keeping in mind lifestyle preferences across various customer segments.

A new Credit Card product 'Celesta' was launched on the Amex network. A super-premium offering rich in lifestyle benefits, the product caters to the high-end customer segment. The product carries best-in-class features like unlimited domestic lounge access and a fixed complimentary number of games / lessons in golf, amongst others.

The Business Team continued to work with leading and emerging brands, both local and international, towards creating strong propositions for the Bank's customers. The business tied up with a new leading resort during the year, offering high-end luxury stay options to Card holders. Such tie-ups further complement the wide range of partnerships and tie-ups that the business has with leading brands. These tie-ups and partnerships go a long way in driving the customer spends agenda for the Cards business and towards making it a preferred method of payment for customers.

Re-crafting of the Bank's top PIONEER Heritage Card shall be done soon. The Card was launched in September 2018 as part of the Bank's PIONEER Banking Program to cater to the country's High Net Worth Individuals (HNIs). There is strong focus on shifting the fulfilment of key features and offerings to the digital mode through an online journey. The business has moved to NFC-enabled Contactless Credit Cards for all new Card issuances, to embrace the latest payment technology along with the highest level of security.

Consumer spends increased by 28% on the basis of strong customer engagement programs supported by alliances with prominent brands in key spend categories. With a focus on bringing differentiated, relevant and value-based products to customers, Business has continued to partner with leading local and international brands to bring best-in-class benefits and features to its customers. Adoption of convenient, secure and contactless payment technologies, such as, Visa Pay Wave, MasterCard Pay Pass and Samsung Pay have helped in delivering a seamless payment experience to customers.

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



CONSUMER FINANCE



The Consumer Finance Division (CFD) extends funding for a wide range of Vehicles / Equipment, which include Commercial Vehicles, viz., 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, Tipplers, Cranes, etc. Finance is extended for both, new and used assets in all the above segments. Housing loans to Low cost / affordable housing segment has also been launched in line with the accent on 'housing for all', focus by the Government of India.

Aggregate disbursements made during the year stood at ₹ 32,664 crores as against ₹34,706 crores in 2018-19, a drop of 6% caused by the slowdown in the overall vehicle and construction equipment sales, especially commercial vehicles which forms a significant portion of the Division's Loan Book. New Loan Accounts numbered 13.14 lakh loans as against 12.84 lakh in 2018-19. The focus during the year was optimising the product mix to maximize yields, while maintaining portfolio quality despite the industry sluggishness.

During the year 2019-20, loan disbursements towards purchase of new vehicles was ₹25,185 crores as against ₹28,398 crores in 2018-19, a 11% de-growth y-o-y, even as used vehicles disbursement was ₹6,776 crores as against ₹6,046 crores in 2018-19, an increase of 12% over the previous year.



Tractor funding, a major initiative towards Priority Sector Lending and Financial Inclusion, recorded disbursement of ₹2,871 crores as against ₹2,030 crores in 2018-19, up 41% over the previous year.

Disbursement under the Low Cost / Affordable Housing segment for the year 2019-20 was ₹703 crores as against ₹262 crores in 2018-19, a growth of 168%, and is trending towards higher growths in the coming years. Many of the beneficiaries under this segment qualify under the PMAY CLSS Scheme for Government interest subsidy.

This Division earned Commission Income of ₹71.39 crores through distribution of various third-party insurance products of Cholamandam MS General Insurance, the Bank's strategic partner for bancassurance in the General Insurance segment.

The operations of Consumer Finance Division are solidly 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 over 2.6 million loan bookings and closure transactions and over 50 million customer service / accounting transactions during the year 2019-20. The processing and vaulting facility at Karapakkam has state-of-the-art facilities in terms of data / equipment protection mechanisms and is equipped with access rights with sensors to facilitate monitoring of document movement within the Centre.

The Bank has a Data Centre within the Airtel Data Centre facility at Siruseri, on the outskirts of Chennai, with state-of-the-art security systems, with a backup at the Bank's G. N. Chetty Road premises, as part of Business Continuity Planning.

Sourcing of applications has been through Android Tablets for almost all products which has reduced the Turn-Around-Time (TAT) in the credit delivery process and enabled seamless credit and business approval process. Sourcing through Tablets for the Affordable Housing Segment is under implementation in a phased manner and will be completed by mid-2020-21. In order to be in line with the latest technology for handling collections, hand-held terminals have been replaced with mobile devices, and with the entire field collection team using the App on the Bank-supplied Android Mobiles, the deployment is one of the largest in the banking industry. These initiatives have led to improvement in process efficiencies and customer experience.

Aggregate disbursements rose to

₹32,664 crores

New Loan Accounts numbered

13.14 lakh loans

Used vehicles disbursement rose

₹6,776 crores

Commission Income through distribution of various insurance products

₹71.39 crores

CORPORATE AND COMMERCIAL BANKING GROUP



Corporate Banking



Corporate & Investment Banking provides Universal Banking Solutions to large Indian groups and multinational corporates. Over the years with continued addition of New to bank clients, the unit has become a banker to and developed deep relationships with almost all large corporate houses and large market cap companies in India.

PRODUCTS PROVIDED ARE



- ◆ This group has increased penetration in the top corporate groups through a variety of working capital and transactional facilities including trade products, foreign exchange products and Investment Banking activities.
- ◆ It has a strong reputation as a provider of innovative solutions for complex financing requirements. Structured solutions for Trade Finance and Foreign Exchange hedging have been developed by the group to suit unique client needs.
- ◆ Over the years the group has built a quality portfolio by minimising exposures to high risk industries.
- ◆ During the past financial year, the group has added over 150 New to Bank large corporate clients.
- ◆ The group's business grew well in both Assets and Liabilities. The group's deposit book has registered a good growth with renewed focus to enlarge the deposit base and grow granular deposits.
- ◆ To sharpen the focus on certain sectors the group created the following specialisations:
 - ◆ **Healthcare:** Specialised offering of banking products to the Indian healthcare industry consisting of:
 - **Hospitals:** Primary, secondary & Tertiary care units- Super & multi-speciality.
 - **Diagnostics:** Multi-location diagnostic chains augmenting medical diagnostics.
 - **Others:** Medical equipment/consumable manufacturing.
 - ◆ **Financial Services:** Offers products to Large landscape of Financial Services Players - NBFCs/HFCs/Insurance Companies/Mutual Funds/Institutions.
 - ◆ **Multinational Corporations:** Targets MNCs having large businesses in India with significant local banking requirements and Financial Sponsors who are active through M&As in India.

Investment Banking



With over 100 years of Financial Services Expertise (aggregate team experience), the business has developed significant underwriting and syndication abilities. The unit has showcased its structuring capabilities through its deep understanding across a variety of sectors. The Investment Banking offerings of the Bank are trusted by leading Indian business houses and it services clients in the fields of Infrastructure, Energy, Healthcare, Metals and Telecom.

Investment Banking unit provides Strategic advisory services to aid growth initiatives and offers Equity and Debt products to support a variety of funding structures and enables the Bank to partner with growth-oriented corporates throughout their lifecycles.

INVESTMENT BANKING BOUQUET OF SERVICES



Amongst the top Mandated Lead Arrangers (INR Borrowings) in India, the Bank achieved Rank 4 for CY 2019 with syndication volumes of ~INR 11,000 crores, bettering its position from Rank 5 in CY 2018. The Bank was ranked 2 when it comes to number of deals.

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 reputed Indian corporates.

Public Sector Group



The Public Sector 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 working capital facilities, structured banking solutions to the Public Sector companies and entities, besides long term asset finance, project finance, regular trade finance and forex solutions covering long term hedging / risk management advisory, cash management solutions and new age digital banking solutions. The group also sources liability products for the Bank, from the Public Sector companies.

Financial Institutions Group



Financial Institutions Group (FIG) manages relationships with Domestic and International Banks as well as Global Financial Institutions including Development Finance Institutions (DFIs) and Multilateral Financial Institutions (MFIs). In addition, the Group also manages and administers the entire correspondent banking network of the Bank and plays a key role in framing and managing the Counterparty Risk Policy of the Bank.

FIG continued its flagship performance during the year under review contributing handsomely to Bank's fee and float. Direct fee earning from FIG clients crossed ₹100 crores for the first time in FY20 making it a key milestone for the comparatively new Business Unit. FIG is also actively involved in raising liabilities for the Bank through inter-bank deposits, CDs as well as borrowings in the form of Syndicated Loans, Bilateral and Club Loans, Borrowing programmes with MFIs and DFIs, etc. During the year, FIG helped conclude borrowing deals in excess of USD 1.50 billion from global banks and financial institutions. FIG also acts as the single point of contact for the administration of the EMTN and Syndicated Loans. The Bank conducts its FI Business in strict conformity with applicable domestic and international laws and abides by various sanction provisions applicable from time to time.

In a short span of five years, 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 interbank domain.

Supply Chain Finance



Supply Chain Finance vertical provides comprehensive financing solution to dealers / vendors of large corporates across industries, key being, Auto & Auto OEMs, Steel, Consumer Durables, etc., by catering to their financing need through different product such as channel finance and vendor finance. Supply Chain finance product has enabled inroads into large corporate relationships. With a dedicated and experienced relationship team backed by strong product proposition and seamless services, IndusInd Bank has been recognised for 'Excellence in Sustainable & Operational Risk Management' and 'Best in Supply Chain Finance'. FY20 has seen one of the most challenging year for Auto industry which has impacted the entire supply chain. Our focus on portfolio quality has remained higher than ever and with stringent governance process and comprehensive portfolio monitoring tools, we have been able to maintain high portfolio quality. Our focus for the current year shall remain on strengthening the product proposition further through end-to-end digitisation of customer journey and innovative products and solutions.

Agricultural Business Group



Agricultural Business Group (ABG) follows value chain financing approach to cover complete Agri value chain from farmers to Agri corporates. ABG offers complete suite of banking products that helps the Bank gain significant wallet share of Agri customers. With presence across 17 States, 60 locations and 45 commodities, ABG has strong presence in core Agri markets with granular and diversified portfolio. ABG has widespread relationships with Collateral Managers to handle commodity-related risks. This Division has scaled up innovative products such as Agri Project Finance, Agri Trade Finance and Agri Infrastructure Finance. Currently, the vertical dominates the commodity funding space through its flagship Pledge finance product and has established itself as a significant player in Agri Infrastructure and Dairy financing segments. Food Financing Unit was introduced as a sub-vertical of ABG to bring sectorial focus and segment diversification. With customised bouquet offerings and focus towards dairy industry, the Bank is the one of the largest banker to India's dairy giant and other marquee clients. ABG is also one of the major PSL contributing divisions of the Bank with two-third portfolio classified as PSL. It also helps identify PSL deals across other CCBG divisions like Education, Logistics and Mid-Market. The impact of the pandemic has been relatively less on this group, with yields protected. The marquee relationships in this group has helped gain inroads into rural masses wherein we as a bank have been able to offer comprehensive suite of rural products to the rural population.

Agri Project Finance

Agri Trade Finance

Agri Infrastructure Finance

Inclusive Banking Group



Inclusive Banking Group has reached out to 94 lakhs women borrowers (72% rural). The footprint which was largely confined to Microfinance is slowly expanding into other product lines such as microenterprise loans which are of higher ticket size and to a segment above the microfinance segment. This apart from host of liability products/services such as Savings Bank Accounts, Micro Recurring Deposits, Remittances, etc. is contributing to our aspiration of comprehensive financial inclusion services to the unbanked / underbanked segments of the population. We believe that the key to success of financial inclusion is the last mile delivery that offers affordability, convenience and flexibility through low operational costs enabled by innovations in digital solutions and process improvements.

With a Portfolio Outstanding of ~₹25,000 crores as of end of FY2019-20 which accounts for ~11% market share in sustainable livelihood financing we are well positioned within the Microfinance industry which is largely dominated by Banks and Small Finance Banks. With the MFI industry Portfolio Outstanding at ₹2,38,000 crores and growing at a CAGR of 27%, and with Active customers at 5.8 crores we see a huge potential to tap this market further.

Our Business strategy is to expand the BC operations and include other loan products like Two wheelers and Retail loans to small businesses for which Pilot programs are being run. Through merger of BFIL we are confident of creating new opportunities and playing a meaningful role in rural India towards building financial inclusiveness and sustainability across unbanked and under-banked locations of the country. Simplifying credit underwriting process through a data driven approach is also on the cards and we are evaluating various models currently.

Environment & Social Management System Policy



To promote sustainable development through our investment activities, while conforming to international and national standards, a department-wide Environmental and Social Management System (ESMS) was instituted across Corporate Banking unit in FY18.

ESMS AT THE BANK HAS FOLLOWING OBJECTIVES



After successfully completing two years of implementation, the Bank hired external agency for ESMS Implementation Review and conducted several stakeholder discussions to identify gaps and strengthen the implementation strategy.

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 Corporate Banking department foster new partnerships with several development financial institutions such as ADB and OPIC; and international development agencies like USAID, among others.

GLOBAL MARKETS GROUP



THE GLOBAL MARKETS GROUP (GMG) COMPRISES THREE MAIN FUNCTIONS

01

Asset Liability Management (ALM);

02

Trading (Rates, Foreign Exchange and Derivatives);

03

Client Sales, comprising, 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) as prescribed by the Central Bank and other governing bodies. In addition, the Desk manages 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 Bank has leveraged its strengths in raising long term funds during the year, through issuance of E-MTN Bonds and Long Term Foreign Currency Loans.

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 Financial Markets Sales and Solutions team is instrumental in providing 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 a strict suitability and credit criteria. Besides the above OTC products, the Bank is also a Trading-cum-Clearing Member of NSE and BSE, which enables the Bank to offer a web-based platform across client segments for hedging their currency exposures in exchange-traded currency derivatives market.

During the year, GMG has increased its operations in the IFSC Banking Unit established in GIFT City, Gandhinagar, and also offers hedging solutions to clients and cover operations with international counterparties. During the year, the Bank had raised the first tranche of USD 400 million from the Euro-Medium Term Notes (E-MTN) programme of USD 1 billion, set up in the previous year and listed on the Singapore Stock Exchange and on the India International Exchange (IFSC) Limited (India INX).

The Bank has a well laid-out Front Office Policy guideline, Risk Management Policies, Client Suitability and Appropriateness 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 and Finance, Factoring, Global Remittances and continues to build a world class Transaction Banking product portfolio by leveraging the strengths of its Digital Banking platform.

The Bank continued to be one of the leading players facilitating India linked Cross Border Remittances. The Bank enjoys a significant share in Retail Outward Remittances from India, originating transactions from its branches as well as facilitating flows for other licensed AD II players. It also continues to be a preferred India Correspondent for Overseas Banks, Exchange Houses as well as MSBs / MTOs. The Bank continued to add new licensed partners under Rupee Drawing Arrangement Scheme of RBI as well as adding new Banking Partners for their India-bound remittances.

Under the umbrella of Cash Management Services (CMS), the Bank offers customised and differentiated products to its Corporate and Consumer Banking customers, to enhance efficiencies in their Payables and Receivables Management with increased digital focus through APIs, eNACH, Remote Cheque Scanning products. Apart from this, the Bank is steadily becoming a significant player in providing Digital Solutions to Government Departments across e-Tendering, eProcurement, GeM, PFMS and subsidy management services.

The Bank has emerged as one of the leading players in the Trade Finance segment among peer banks by differentiating itself through tailor-made solutions based upon thorough understanding of clients' business requirements. The Bank is reckoned as a Bank of First Choice for Trade Credit by leading business groups and institutions across segments in the country. The Bank also caters to client's trade finance requirements for their offshore business units through its GIFT City branch.

The Bank has launched critical initiatives that focus on trade digitisation for its clients on Connect Online - Corporate Internet Banking platform. These initiatives include, IDPMS / EDPMS Dashboards, Bill of Entry / Shipping Bill Regularisation and Direct Import Payment and Export Bill Lodgement with IDPMS / EDPMS Linkages.

In addition to the strengthening of the Corporate Internet Banking product suite, the Bank has also launched Synchronous APIs for Domestic Payments and Domestic Money Transfer business to complement the bouquet of asynchronous APIs managed till date. The focus is to drive efficiency in the API integration process so that the processing is instantaneous with transparency in payment status.

IndusInd Bank was one of the first banks to partner with Swift in the following digitisation initiatives:

Invoice Validation Services for effective risk mitigation; and

Automated e-Stamping for digitising Bank Guarantee issuance

The Bank's prowess in Transaction Banking is underlined by the multiple recognitions received by it from 'The Asset', an independent leading Asian Business Journal:

Best Structure Trade Finance Solution

Best Payments and Collections Solution - Financial Services

Best Payments and Collections Solution - New Economy

The Bank has also been recognised as Best Bank - Payments and Digital Initiative by World BFSI Congress and Awards 2020 CMO Global.

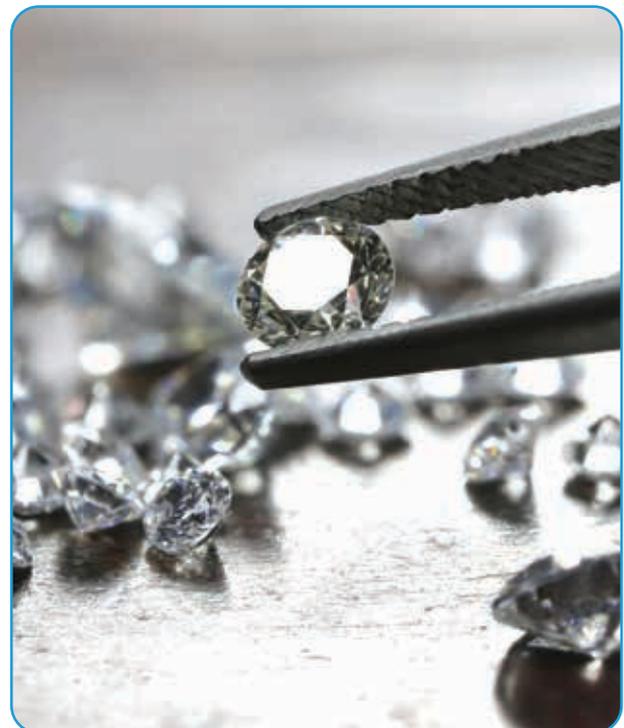
Gems and Jewellery Group



Gems and Jewellery industry contributes to about 16% to India's total merchandise exports and has grown at a CAGR of over 14.8% over the last 50 years. The industry in India is one of the largest in the world, contributing 27% to global jewellery consumption. India is one of the largest exporters of gems and Jewellery, and the industry is considered to play a vital role in the Indian economy as it contributes a major chunk to the total foreign reserves of the country. The sector contributes around 12% of total exports of the country, being

approximately USD 40 billion during 2019. The gems and jewellery market in India is home to more than 3,00,000 players, with the majority being MSME players. Apart from this, it also employs more than 5 million workers and artisans in the sector. As one of the fastest growing sectors, it is extremely export-oriented and labour intensive. 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.

IndusInd Bank is the industry leader in this Sector. 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 Bank finances more than 10% of the total finance extended to the sector in the country. The sector provides large cross-sell opportunities and contributes to the Bank's targets in Priority Sector Lending. The Portfolio has been mostly delinquency free and provided attractive returns during the year. The Bank has been spreading its portfolio in various segments apart from its core dominance in cut and polished diamond sector. The Bank has clientele base of some of the best known jewellery retailers in the country and is further extending finance to some of the biggest names in the diamond industry overseas, through GIFT City operations mostly backed by AIG credit guarantee.



PRIORITY SECTOR LENDING



The Bank's Priority Sector Lending portfolio is sourced from various business divisions from Corporate, Commercial and Consumer Banking Groups, to address the demands of various niche areas.

Increased focus on emerging markets that provide relevant solutions by leveraging technology within a well-developed risk framework will yield good results in building a healthy portfolio resilient to shocks and aid in long-term growth. Furthermore, the technology platforms are built to drive and

facilitate an inclusive society giving equal opportunities to all and empower women. Development of products under assets and liabilities - which are affordable, easily accessible, and flexible to the needs of the customers and their alignment to the evolving needs of customers, is in place. Moreover, the strategic decision to merge Bharat Financial Inclusion Ltd. with IndusInd Bank, was also driven by the need to create a stronger and more sustainable platform for Financial Inclusion and thereby build Priority Sector lending.

Approach to Priority Sector Lending



To address the demands of various niche areas, the Bank's PSL portfolio is sourced from various business divisions from Corporate, Commercial and Consumer Banking Groups.

The Bank identifies potential high-credit areas like micro-enterprises, agri-allied sectors, etc. and to achieve the stipulated targets for these segments, defined processes

have been set up including a committee which looks after identifying the gaps and oversees the PSL portfolio built up by contributing business divisions.

With the Bharat Financial Inclusion Limited (BFIL) merger and its portfolio largely comprising Agriculture and Small & Marginal Farmers, the Bank will be able to meet PSL targets.

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, we are happy to share that the Bank has executed necessary agreement with NeSL and submitted the required data to NeSL as per their guidelines.



RISK MANAGEMENT



Management of risks inherent in the Banking business in an effective and proactive manner is critical to sustainable growth. Banking is exposed to a wide range of risks and it is imperative that such risks are measured precisely, monitored on an on-going basis and managed effectively. A robust Enterprise-wide Risk Management (ERM) framework enables effective and proactive management of various risks, while supporting business growth. ERM helps to maintain earnings quality while aligning risk appetites with business strategies.

The Bank has an integrated Risk Management Department, independent of business functions, covering Credit Risk, Market Risk, Assets-Liabilities Management (ALM) and Operational Risk management. 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 transactions level as well as at portfolio level.

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 mentioned hereunder:

- Credit Risk policies are aligned with business strategies and the defined risk appetite. The policies are maintained in alignment 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 exposure limits prescribed for assuming exposures on counterparties (linked to internal rating of borrowers), industries, sectors, etc.
- Measurement of credit quality of Vehicle Finance portfolios by means of Behaviour Models;
 - Sector reviews are carried out to assess and evaluate potential risks and stress within such sectors for analysing the impact of stress on portfolio health and taking proactive actions to mitigate such risks;
 - 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, thus enabling initiation of appropriate risk mitigation measures.

Despite the challenging environment, the Bank has been able to achieve credit growth while maintaining quality of its portfolio, with its NPA being one of the lowest in the industry. 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, Weighted Average Credit Rating (WACR) of Credit Portfolio has remained stable.

The Bank has been introducing wider range of Retail products, 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.

The Coronavirus outbreak has triggered concerns in financial markets, economy and global trades. It has become evident that it will lead to global economic slowdown leading to GDP contraction. The extent of impact on global economies will depend on the duration of coronavirus and its effect of containment. The COVID-19 spread in India has resulted in country-wide lockdown resulting in almost complete halt in economic / business activities which has impacted various industries and borrowers with different degree of intensities. Reserve Bank of India and the Government of India have announced various measures and reliefs to support businesses and borrowers to overcome the difficult economic and operating environment. Considering these ongoing related developments, the Bank has been assessing COVID-19 impact on its business and credit and has been carrying out stress testing of credit portfolio at regular intervals so as to manage the credit quality and proactively determine the provisioning as a result of COVID-19 pandemic.

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 Market Risk Management Framework prescribed 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. The Market Risk Management system supports 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



The Bank's Asset-Liability Management (ALM) 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 Market Risk Measurement tools such as, VaR, P01 and other Risk Sensitivities 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 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 to be better equipped to meet stressed situations and have contingency funding plans in place.

The Bank has been regularly assessing the impact on COVID-19 and RBI financial measures on the liquidity position of the Bank, through stress test carried out on various stress scenarios.

Contingency Funding Plan



Contingency Funding Plan (CFP) has been developed to respond swiftly to any anticipated or actual stressed market conditions.

The Bank 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 basis contingency triggers for assessment of liquidity position and invocation of contingency if deemed appropriate. 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. The Bank carries out CFP testing to assess the effectiveness of the plan.

Interest Rate Risk on Banking Book



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

From an economic value perspective, it is the Bank's policy to minimise sensitivity to changes in interest rates on assets and liabilities. Interest Rate Risk is measured based on the re-pricing behaviour of each item 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 the necessary framework to measure and monitor Interest Rate Risk on Banking Book using the Duration Gap Approach as well as 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 an Operational Risk Management framework to effectively manage operational risk through several internal committees, viz., Operational Risk Management Committee (ORMC), Fraud Risk Management Committee and BCM Steering Committee.

With the objective to reinforce Operational Risk Management Framework in the Bank, EGRC system (Enterprise Governance Risk and Compliance) with following modules have been implemented:

- I. Incident Management Module** enables reporting and management of incidents (i.e., operational risks and fraud incidents), root cause analysis, internal escalations, action plan, resolutions, etc., which helps in mitigation of such risks.
- II. Issue and Action Module** enables tracking and monitoring issues emanating from Root Cause Analysis, Risk Assessment, Actionables relating to various operational risks, products / processes approvals, etc.

III. Key Risk Indicator (KRI) Module: enables reporting, monitoring, tracking, trend analysis of Key Risk Indicators. It has been designed to generate periodic reports for all concerned stakeholders (Function Heads, Department Heads, Business Heads) for necessary actions towards mitigation of such identified risks.

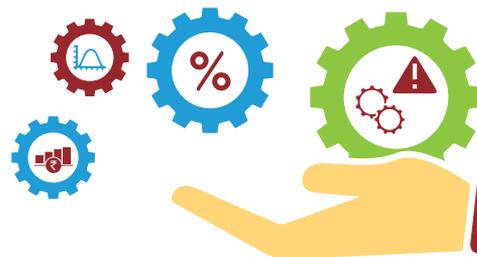
IV. Risk and Control Self-Assessment (RCSA) module: provides single platform enabling identification of operational risks, recording of such risks, assessment of residual risks and effectiveness / adequacy of corresponding controls, etc. RCSA module shall progressively reinforce assessment of operational risks and their mitigation. Status of operational risks, associated controls, Heat Map and Risk Index are generated by the system for concerned stakeholders (Operation Heads, Department Heads, Business Heads) to take appropriate action towards risk mitigation.

The Bank assesses new Products and Processes under Operational Risk Assessment Process (ORAP) Framework. An advanced ORAP system has been implemented to enhance the ORAP Framework.

In order to strengthen the existing Operational Risk Framework and make it more forward looking and assess resilience under stressed scenarios, the Bank has created Operational Risk Stress Testing Framework covering different operational risk scenarios. Stress tests are carried out to gauge the impact of stressed events on Profitability and Capital Adequacy of the Bank.

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

The Bank has adopted Business Continuity Policy (BCP) wherein critical processes and other enablers have been identified and appropriate recovery plans have been put in place for such critical processes to ensure timely recovery of Bank's critical operations and services in the event of crisis. BCP Framework ensures continuity of critical processes to extend essential services to the customers. Regular mock tests are carried out to ascertain BCP preparedness. With implementation of EGRC system, key components of BCP such as Business Impact Analysis (BIA), BCP Recovery Plan, BCP Testing, BCP Risk Assessment, Fire Drills are system-based, which ensures effective monitoring and management of Business Continuity.



Coping with COVID-19



Anticipating the disruption due to the spread of COVID-19, BCM Steering Committee of the Bank has reviewed readiness of the critical functions; decisions were taken and implemented swiftly to minimise disruption and provide critical banking services to customers. A Quick Response Team (QRT) was formed to handle the COVID-19 situation. Safeguarding health and safety of officials and customers of the Bank was accorded top-most priority. Multiple orders of the Central, State Governments and local law enforcement authorities were duly complied with. Work from Home (WFH) strategy was adopted for key officials. Resourcing was reviewed by Department. Heads and teams carrying out similar processes were bifurcated into Team 'A' and Team 'B'. Despite serious constraints due to complete stoppage of public transport, including buses, trains, metro, and requirement of curfew passes for using personal vehicles, the required minimum attendance was ensured at most of the Bank's branches and centralised operations. All inter-city and foreign travel was stopped and in-person meetings were cancelled.

Branch Operations



All officials at branches adopted usage of Masks, Sanitizers, Thermal Scanners. Critical Banking Services, namely, – Cash, Remittances, Clearing and Government business related services were provided to customers. 90% of the branches and ATMs were kept operational on most days.

Health and Safety initiatives



Sanitisers, Masks, Thermal Scanners were procured and provided to all Branches / Offices. Branches / Offices were sanitized on reporting of suspicious / confirmed COVID-19+ cases. As a proactive measure, large number of branches, offices and Currency Chests were sanitized. Suspected officials were advised to self-isolate, branches were sanitized and then only were operations resumed. SOPs were issued with procedures to resume full-fledged operations post lockdown, ensuring safety of employees at all establishments. Biometric devices were disabled for recording attendance at Offices. Guidelines were issued to cover aspects like, Personal Hygiene, handling of suspected cases, isolation and treatment, prevention of spread of COVID-19, and self-reporting.

IT Initiatives



Access to critical systems was provided to key officials through VPN. Proactive DR Drills for some very critical IT applications were carried out to ascertain the level of readiness and address the gaps, if any. 24*7 rigorous monitoring of network traffic was ensured by IT team. Specific do's and don'ts to avoid cyber frauds particularly under Work from Home (WFH) arrangement were reiterated through frequent communications to all employees

Customer Awareness Initiatives



Digital Channels, e.g., Mobile Banking, Internet Banking, chatbots were widely promoted through newspaper advertisements and social media campaigns. Posters, Standees, POP displaying awareness about COVID-19 were arranged for Branches / Offices. Awareness Videos about COVID-19 were widely released through branches and offices.

Despite the above proactive actions, a few officials were infected with COVID-19 which had temporary minor impact on the operations of the concerned departments and other departments occupying the same building, as these premises were required to be vacated and sanitized before reoccupying the same as per instructions of Government authorities.

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, Processes 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 subscribes to threat intelligence feeds from global security partners. The Bank also receives and acts on alerts from authorities and regulators that are analysed for

applicability to the Bank's environment. The Bank also conducts proactive assessments of its technology environment and security controls for early identification and remediation of risks, if any. The Bank has engaged external experts to assess the effectiveness of controls to handle cyber threats and frauds on digital channels. The Bank participates in security drills conducted by IDRBT and has a Crisis Management Plan in place. The Bank also subscribes to Cyber Insurance cover.

Considering the importance of Access Control, the Bank provides access to various information assets basis least privilege, need to know / use principles.

Awareness plays a very important role in mitigating cyber risks. Periodic Information Security Awareness is communicated to employees, contractors, third-parties and customers.

Exceptions to the policies and controls are reviewed and approved basis the risks and justifications.

Focusing on secure development life cycle helps reduce security vulnerabilities in the applications being developed and helps mitigate the risks due to insecure coding.

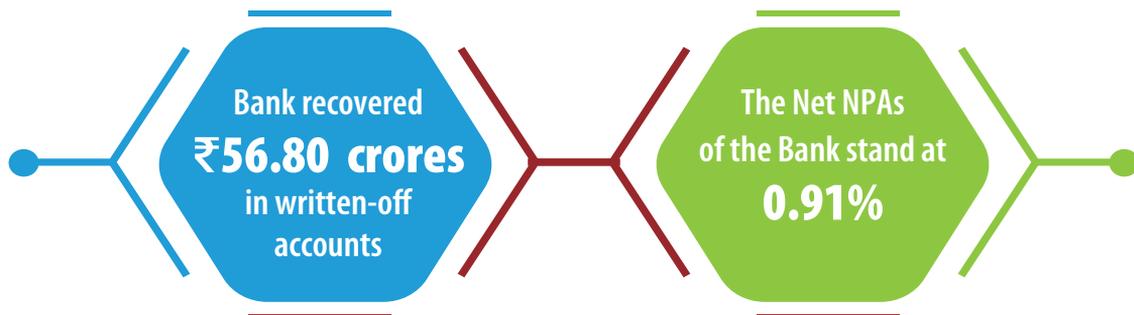
The Bank conducts quarterly VA and PT exercises for proactive identification and remediation of vulnerabilities. The Bank also conducts Red Team exercises to proactively identify potential issues and remediate.

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). Implementation of the Insolvency and Bankruptcy Code 2016 and NCLT activities has accelerated, especially with the Reserve Bank of India notifying mandatory filing in certain large value cases in a time-bound manner. The Bank has created a dedicated desk to handle and monitor IBC-related activities.

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 had recovered an amount of ₹56.80 crores in written-off accounts. Net NPAs of the Bank stand at 0.91% of Total Advances, while the ratio of Gross NPA as percentage of Total Advances is 2.45%.



GENERAL BANKING OPERATIONS



The Bank has strengthened the policy framework on “Know Your Customer” (KYC) norms and ‘Anti Money Laundering’ (AML) measures in line with regulations from time to time. The Bank has implemented a simplified procedure of ‘Know Your Customer’, which will make it easy for persons from the Low Income Group to open accounts with minimal documentation.

The Bank has implemented a state-of-the-art Workflow and Imaging System for Account Opening, for booking Term Deposits, processing Trade Finance transactions, for sale of Third-Party products and for 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 the process of Account Opening 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 Union Government, through the third amendment to Prevention of Money-laundering Rules, 2005 dated August 19, 2019 has permitted banks and similar financial institutions to accept KYC documents electronically. Further, with a view to leveraging the digital channels for Customer Identification Process (CIP) by Regulated Entities (REs), RBI has allowed Video-based Customer Identification Process (V-CIP) as a consent-based alternate method of establishing the customer’s identity, for on-boarding. The Bank accordingly introduced the Video-based Customer Identification Process, thus enabling customers to complete their KYC verification and account opening formalities from the comfort of their home to avail of banking facilities with zero paperwork.

The Bank is participating in Clearing through Cheque Truncation System (CTS). As on March 31, 2020, the Bank had 445 locations covered under the Grid Clearing, through its 3 CTS Centres at Mumbai, Chennai and Delhi.

The Bank has also started participating in National Automated Clearing House (NACH) 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 available on the Bank’s website.

The Bank has put in place the ‘Deposit Policy’ and the ‘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 customer due to deficiency in service to the extent mentioned 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 of the Grievance Redressal Mechanism for quick resolution of complaints and record-keeping. Further, in line with Reserve Bank of India’s directives, balances in unclaimed deposits and other accounts have been transferred to ‘Deposit Education and Awareness Fund’ (DEAF), with effect from June 2014. Details relating to Unclaimed Accounts are uploaded on the Bank’s website.

The Bank has formulated the ‘Customer Rights Policy’ and the same is hosted on the Bank’s website.

The Bank has framed the ‘Customer Protection Policy’ based on Reserve Bank of India’s guidelines aimed at providing safe, rational, superior and transparent service experience to the customers. The Policy aims to address customers’ 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 customers.



CORPORATE AND GLOBAL MARKETS OPERATIONS



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

The major focus of CGMO initiatives during the year was on: (a) generating efficiency; (b) enhancing customer experience; (c) proactive risk management; and (d) building people capability.

Enhancing efficiency through automation



CGMO has, for the past several years, focused on building centralised transaction processing capabilities, complemented by dedicated client service teams at branches. This enhanced economies of scale, standardised delivery and improved processing controls. During the year, the focus was on making the processes leaner and scalable, in order to expedite the delivery of products and services to customers and also generate greater operational efficiency. Several initiatives were launched to simplify and automate processes, through process re-engineering and greater leverage of system functionalities.

Building on the pilot automation initiatives in the previous years, CGMO has developed an agenda for high-end automation leveraging Robotic Process Automation (RPA) and Cognitive Machine Reading (CMR). These automation initiatives will yield long-term benefits in the coming years by way of significant improvement in Turn-Around Times (TAT) for voluminous operational activities. Additionally, this will help build the requisite scale to absorb higher volumes without cost linearity, and improve the risk profile.

Greater utilisation of system functionalities, specifically for Treasury Operations, helped improve operational efficiency, and enabled adherence to stringent timelines for regulatory reporting.

Following the introduction of new CMS products, the Bank continued the journey of upgrading critical systems, and re-platformed its Cash Management System by implementing Finnaxia.

Client Experience



Consistent delivery of superior customer experience continues to be a key focus area for CGMO, and various initiatives were implemented during the year to support this, over and above the servicing journeys launched in the previous year.

Implementation of the Finnaxia Cash Management system has led to enhanced customer experience through a range of new facilities, such as, Online Credit Posting with Core Banking System (CBS) integration, Dynamic Narration in Account Statement, and customisation of CBS posting as well as Auto-scheduling of key actions as per customers' requirements.

A significant process re-engineering was effected to enable immediate credit of inward remittances to client accounts. This step has enabled credits to customers' accounts in a near Straight Through manner, leading to enhanced client experience.

A process was implemented allowing clients to initiate certain Trade transactions via email directly to the Centralised Processing Centres, thereby eliminating the need for submission of physical documents at branches. This process has been implemented for regularisation of pending Shipping Bills and Bills of Entry. This facility enabled uninterrupted delivery of this service during the lockdown period.

Proactive Risk Management



Proactive management of Operational Risk continues to be a major focus for CGMO. The Operational Risk & Control (ORC) team compiles key reports and metrics to identify and monitor potential risk events. From a proactive risk management standpoint, the Risk & Control Self-Assessment Framework was implemented in a phased manner. Focused workshops were conducted for several key CGMO processes, and the mitigating actions arising from these workshops are in various stages of implementation. Resilience of the operating model was effectively tested during the year to ensure stability and Business Continuity during any exigency.

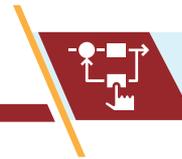
Building People Capability



Continuous enhancement of people capability is a core value of CGMO, and the focus is on building domain knowledge, equipping people with skillsets to deliver consistently high service, and develop them into strong Operations professionals. Thousands of man-hours of training were delivered during the year, covering product, process, operational risk, regulatory requirements, and key soft skills like communication, team effectiveness and leadership skills.

Empowering people to ideate and drive Continuous Improvement initiatives has been an abiding feature of People Engagement in CGMO. As part of this initiative, over 900 process improvement ideas were implemented by CGMO teams, resulting in improved client experience, greater efficiency, and stronger controls.

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). 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) has been constituted, comprising senior Functional Heads of the Bank and a few customers.

The Bank has also constituted a Customer Service Committee of the Board of Directors (CSCB) to review 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 has 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.

Intimation of Central Payments Fraud Information Registry to Committee



Reserve Bank of India have, vide Circular dated February 24, 2020 intimated that a Central Payments Fraud Information Registry would be created as per the Statement on Developmental and Regulatory Policies of the Third Bi-monthly Monetary Policy Statement for 2019-20 dated August 7, 2019.

Through this Registry, RBI will track the frauds perpetrated using Payments Systems and put in place a mechanism to prevent such frauds in the long run. Hitherto, all digital frauds were required to be updated by the Bank on CSITE platform with all the details, on quarterly basis.

As per the Circular dated February 24, 2020, RBI has advised all banks to commence reporting of payments frauds data on daily basis. Banks have to report the fraud and the closure of the same within 90 days of reporting of the transaction.

The Bank has implemented the same and reporting of data has commenced from March 23, 2020.

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 the 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 www.indusind.com providing for a 'Feedback Form', which gives an opportunity to all customers to air their grievances, in a simplified way and get their complaints redressed without delay. Further, customers can lodge their grievances by contacting their respective Branch Manager or call the Bank's Contact Centre on the toll-free number or send an email to the dedicated email IDs.

Details of the Nodal Officer / Regional Managers have been displayed. These details are also displayed at the Bank's branches. Details of the Banking Ombudsman Scheme, 2006 as amended up to July 1, 2017 are also displayed at branches and hosted on the Bank's website.

Internal Audit



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

In congruence with the Reserve Bank of India's Guidelines on Risk Based Internal Audit (RBIA), the Bank has adopted the Internal Audit Policy and the Internal Audit function undertakes a 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. An Independent IS Audit team within Internal Audit Department provides assurance on the management of Information Technology related risks.

In order to strengthen the Internal Audit function and to achieve the incessant real time supervision and control, critical units of the Bank are subjected to independent Concurrent Audit by reputed external audit firms.

The Head - Internal Audit functionally reports to the Audit Committee of the Board (ACB), ensuring his independence, and for administrative purpose, reports to the Managing Director & CEO. The ACB reviews the performance of Internal Audit Department, the effectiveness of controls laid down by the Bank, and compliance with regulatory guidelines, thus ensuring alignment with the global best practices on corporate governance.

Compliance



Compliance Risk is defined by the Basel Committee as "the risk of legal or regulatory sanctions, financial loss, or loss to reputation that a bank may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice". The Basel document includes the conduct of banking and financial business (including conflicts of interest), privacy and data protection, and in particular, provisions on the prevention of money-laundering and terrorist financing.



The Bank accords highest priority to compliance with laws, regulations and internal rules for all of its businesses and operations. It is the responsibility of each and every staff member to perform their functions within the framework of statutory and regulatory regime. Compliance is an integral part of doing business in the right way, and wherever felt necessary, proactive consultation with Compliance Function has been embedded in functioning of all businesses.

The Board of Directors, Audit Committee of the Board and the Top Management ensure effectiveness of the Bank's compliance risk management framework within the Bank. The Bank follows the ethos that Compliance starts from the top, in letter and in spirit. The strong compliance culture is ensured through detailed policies and guidelines, strong procedures, mechanism of regular reviews, monitoring and testing, regular messages from the Top Management on the importance of compliance and zero-tolerance towards non-compliance, and compliance awareness programmes.

The Bank has a robust Compliance Policy, charting out the compliance philosophy of the Bank and the roles and responsibilities of the Compliance function. The Compliance function plays a vital role in ensuring that the overall business of the Bank is conducted within the ambit of rules, regulations, laws and internal guidelines. The function assists the Board and Top Management in efficiently managing the compliance risk.

The Compliance function works as a nodal link between the Bank and the regulatory authorities, i.e., RBI, SEBI, DFS, UIDAI, IBA, IRDA, PFRDA, etc., and provides guidance to all verticals in the Bank on applicable regulatory framework, i.e., regulatory guidelines, statutes and advisory issued by the regulatory authorities. The Compliance function enjoys complete independence, and identifies, records and assesses compliance risks associated with the Bank's operations, including new products and practices, proposed establishment of new types of business, and material changes in the products and businesses.

The Bank has adopted three lines of defence: (a) approach with operations and business controls as first line of defence; (b) internal governance including Compliance Risk Management as the second line; and (c) Internal Audit being the third line of defence to ensure a strong compliance culture at all levels.

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.

The 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 complete synchrony with all statutory and regulatory guidelines on Vigil Mechanism to ensure a compliant, fraud-free and ethical work environment.



HUMAN RESOURCES



The Bank realises that its human capital is the most important business growth driver. Skilled, well-trained and motivated employees are the real champions for enabling the business growth theme.

The core focus of the Bank's Human Resources function is to be a strategic business partner and a business enabler by focussing on talent acquisition, talent development, talent management, retention, employee life cycle processes and compliance. The key HR agenda is to attract and retain quality talent, build desirable functional and behavioural competencies, sustain a high growth culture, reward and recognise talent, design aspirational career plans and be compliant with the regulatory and statutory guidelines.

The Bank believes in creating an environment of entrepreneurship, innovation and creativity, which helps employees achieve their potential. The Bank has several cutting edge HR processes that effectively enhance employee value proposition in terms of employee development, compensation, performance management, career planning, work-life balance, etc.

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

Key Highlights:

- Employee headcount of the Bank stood at 30,674 employees in FY20. The headcount increased by 2,935 employees in FY20 and new hires were mainly recruited for supporting new business initiatives, critical and specialised roles requiring domain expertise and new branches.

The Bank believes in hiring the 'best-in-class' and employs diversified hiring channels such as Employee Referral Scheme, job portals, consultants, campus hiring, social media and Hire-Train-Deploy Model for quality hiring. The social media (LinkedIn, Facebook) is continuously 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.

- Employee development is the core theme. Well-trained employees are catalysts for business growth and innovation. The Bank has a well-defined training process comprising training need identification, dissemination of training plan and delivery through classroom / e-learning modes. The training needs of our Bank are tailor-made to

the business requirements as outlined in the Business Planning Cycles. The key training programs seek to hone behavioural & functional competencies of employees and cover various areas of Orientation, Banking product and operational processes, technology platforms, behavioural & attitudinal skills.

During FY20, the Bank conducted 14,00,000 learning man-hours for over 5,77,000 participants with an emphasis on Leadership development, Selling skills, Managerial Effectiveness, Banking Products, Banking Operational Processes, Credit, Risk, Treasury, Compliance and Orientation programs.

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 key enabler for employee performance is the Bank's Performance Management process, which comprises Goal / SMART setting, and Annual review processes.

The Bank's business ambition based on stretch targets is captured in the Individual Goals / SMARTs, which are linked to the business plans of the Bank. Periodic performance reviews aim at identifying performance gaps and counselling employees to achieve the desired performance levels. Individual performance evaluation is based on tangible achievement of performance objectives. The Bank recognises and rewards individuals through monetary rewards, learning opportunities, horizontal / lateral career mobility, and also by showcasing top performers as role-models.

The Annual Performance Appraisal for FY19 was executed meticulously with an emphasis on linking rewards to performance, identifying future leaders for enhancing the Bank's business growth and devising course corrections to enhance performance and productivity.

- 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, be a competitive paymaster and offer market-linked performance-based compensation, build long-term employee ownership through ESOPs. The Bank ensured adherence and compliance to the regulatory guidelines on compensation practices on an ongoing basis.

- The Bank believes in employee connect and bonds with its employees through various employee engagement initiatives. Quarterly Webcasts by the MD & CEO helped to communicate the Bank's business direction and performance and emphasised on core values of compliance, integrity and desirable conduct.

Employee visits by HR and Line Managers is a regular feature and helps to understand employee issues, resolve employee complaints and grievances. Employee recreation programs such as marathons, sporting competitions, business off-sites, team get-togethers, outdoor training workshops, celebration of festivals help to energise the employees.

From end FY20 onwards, the Bank has prepared an effective response for prevention and containment of COVID-19 pandemic. The entire endeavour is to protect employees and customers through initiatives such as: issuance of comprehensive COVID-19 guidelines (sanitation, travel, hygiene), 'Work From Home' advisory, Virtual Branch visits, adherence to Government advisory, full support to all affected cases, etc.

- The Bank invests in Technology initiatives which continue to be the drivers in improving the efficiency of Employee Lifecycle processes. The theme remains digitisation and robotisation of HR operational processes. Launch of digital onboarding platform, internet based onboarding process are steps in the direction. 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 pursues "Discipline and Compliance" as its core values.

Every employee follows the Bank's Code of Conduct and any aberration or deviation is dealt with punitive action.

Compliance is an integral part of the SMARTs of employees. The Bank conducted several awareness programs on a pan Bank basis on compliance, prevention of sexual harassment, cyber security, etc., to prevent misconduct. The Bank also ensured 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 a number of shares upto 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 4,86,64,142 Options, comprising about 7% 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, mobile 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, Newspaper Advertisements, etc.

The Bank voluntarily sends SMS / e-mail messages to shareholders informing about Board meetings for Quarterly / Annual Financial Results, and providing snapshots of the Results.

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

Standees were kept / Banners were installed at the AGM venue conveying important shareholder-centric information.

The Bank has been at the forefront in "Green Initiatives", and aspires continually to graduate to paperless disclosures and compliances.

Shareholders have been requested to furnish their e-mail IDs at investor@indusind.com or by sending a request in writing at Secretarial & Investor Services office 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 Bank or made available by the Depository.

On account of prevailing COVID-19 situation and Circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India, the Bank had enabled a process with Link Intime India Pvt. Ltd., RTA of the Bank, for the limited purpose of registering contact details for receiving the Annual Report and Notice for the Annual General Meeting, allowing shareholders to update / modify their e-mail address and mobile number on a temporary basis by providing the basic credentials which may be asked for during the verification process. The link for updating the details is https://linkintime.co.in/emailreg/email_register.html.

The full text of the Annual Report shall also be made available in an easily navigable format on the website www.indusind.com under the link 'Investors / Investor Relations / 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 compliance with 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 7 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 that 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 to Members on May 23, 2020 in respect of the shares on which Dividend for FY2012-13 had remained Unpaid or Unclaimed for seven consecutive years or more, requesting them to claim such dividend on or before August 22, 2020 so as to avoid the corresponding shares from being transferred to the IEPF Authority.

Notice in this regard was also published in Financial Express (all editions) and Loksatta (Pune Region) on May 23, 2020.

The detailed procedure for claiming the shares / dividend amounts 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 Pvt. Ltd. (Contact details and Office Address given in the 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.

In Newspaper Advertisements for Board meetings, etc., message is added requesting shareholders to claim unclaimed dividends and which are not transferred to IEPF.

INFORMATION TECHNOLOGY



Technology in IndusInd Bank

IndusInd Bank has always been a pioneer in digital innovations such as its industry-first Alexa Voice Banking. It is the first Bank to launch a Video Branch and the first Duo Card which combines a debit and a credit card. Also, it is the first to allow customers to choose their account number and their choice of currency in ATMs. These innovations have stood the test of time and customers have great recall for them. The Bank has maintained the view that innovative and best-in-class solutions will be consistently launched to improve the experience of its customers through safe, convenient and reliable digital platforms. The technology function in the Bank has consistently been the recipient of numerous awards/accolades from leading industry bodies among its peers.

Some key transformation initiatives launched in FY 19-20 are

Superior customer experience - New Initiatives

SME Digital Lending Platform (DLP)

The Bank launched a comprehensive solution to address Bank's Business Loan and Loan Against Card Receivable products - through a digital lending platform to existing as well as to new customers. The platform facilitates disbursement instantly based on the organisation's profile and risk assessment. This follows real time loan application process, loan eligibility and disbursement with integrated underwriting process.

IndusStox for Online Trading

The Bank has launched an industry first partnership product called the 3-in-1 account. The Bank's partner Upstox has their broking platform through which IndusInd Bank offers a unique 3-in-1 product: An IndusInd Savings Account, an Upstox Demat Account and an Upstox Trading Account. It provides a convenient option for Bank's customers to upgrade to a full-fledged trading and Demat account.

Banking on WhatsApp with NLP

IndusInd Bank is the first bank to integrate Natural Language

Processing (NLP) on WhatsApp. The new rolled features allow customers to chat on WhatsApp in natural language. The Bank's agent has been trained to interpret natural language/English phrases such as 'balance' to make it simpler for customers to use the services with an economy of effort - whereas other banks provide mostly menu-based options. Service requests across CFD, CASA, NR customer base have gone live in FY2019-20.

Corporate Banking Digitisation Current Account Opening

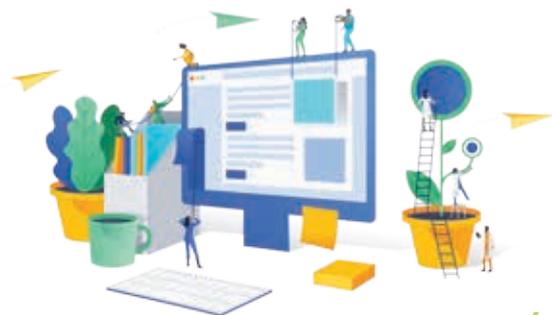
An assisted app-based platform (DIGICA) has been introduced to help our customers to open a Current Account in a digitally integrated - seamless and hassle-free manner.

ASPECT Interactive Voice Response (IVR) 7.3 Upgrade

Aspect IVR is an existing Contact Centre solution used for handling inbound calling. The upgrade to version 7.3 provides enhanced Performance and Manageability with increased recording scalability with fully integrated Aspect Quality Management, increased flexibility and visibility for defining workflow business rules and Skill Group enhanced dynamic routing.

CFD Loan Repayment (ClickPay)

An online platform for CFD loan repayment where the customer can make the payment for their loan dues. The platform can be used for making repayment for CFD loans through Debit Card, Net Banking, UPI (Both QR & Collect Request). Dynamic QR code and deep linking interface are integrated for the seamless transaction experience. This would provide an additional facility for the customers to make the online payment without visiting our office and would also promote digital transactions and help us in reducing cash volumes.



Unified Payments Interface (UPI) 2.0

Bank has aligned its PSPs with UPI 2.0 upgrade along with other major banks. Existing features includes Registration/ Deregistration, VPA Creation and Account Linkage, Real Time Account Balance, Transaction History, Send Money (VPA, Account + IFSC and Mobile MMID), Receive Money, Collect Request raise/Authorise, Payment Authorisation, Merchant Self Boarding.

GeM (Government e-MarketPlace)

GeM is an e-market place for online and end-to-end integrated e-procurement portal for products and services and has been designed keeping in mind the need for ease of doing business as well as transparency & efficiency. Government of India has made it mandatory for all Central Government entities to mandatorily start procurement through GeM portal and almost all State governments have signed MOU with GeM to start procurement. IndusInd Bank has sourced mandates for both challan and non-challan modes.

- IndusInd FASTag** - This enables automatic deduction of toll charges and lets customers pass through the toll plaza without stopping for the cash transaction, a perfect solution for a hassle-free trip on national highways. Under the NETC acquiring program, the Bank ties up with toll plazas and processes the transactions coming from NETC lanes. The Bank takes the toll file or online API message as input from the toll plazas, checks the validity of tags, performs toll fare calculation and send the transactions to NETC system. The Bank is responsible to collect funds from NETC settlement and post the funds in bank accounts of toll plazas.
- One Touch Insurance** - OneTouch is an online platform for Consumer Finance Department (CFD) customers to buy/renew insurance policy. Customers can buy insurance for Home, Renew their Health Insurance Policies or Standalone OD Policies for two wheelers and Private Cars. The target segment is CFD Customers and for the open market. Premium can be paid through insurer payment gateway or customer can opt for personal loan for the same. It is integrated with the Insurance manufacturer's core system for immediate policy issuance.
- Online Fixed Deposit Service** - IndusInd Bank has launched a platform for Fixed Deposit/ Savings Account Opening - to acquire new customers for the Bank and also for existing customers to open Deposits. Customers can book their Fixed Deposits online and enjoy the prevailing interest rate bank offers. The entire on-boarding of the customer takes less than 5 minutes. The portal was rolled out with a feature that bank can in real time on-board the customer through this digital platform. Basis Aadhaar + OTP authentication, EKYC is done for customers. This is expected to serve as one of the key customer acquisition tools to acquire customers and increase the liabilities book. It helps the Bank in reducing dependency on branches for being the primary sources for CASA accounts.

- IndusConnect** - IndusConnect is a portal for CFD Dealers. It facilitates dealers to boost their relationships, increase transparency and to bring efficiency. IndusConnect application provides below facilities to dealers:



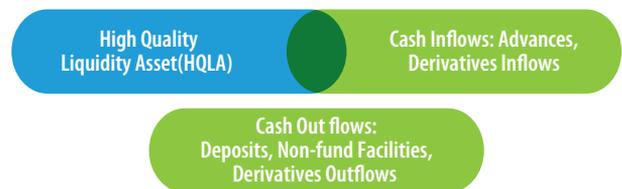
Superior risk management and operating efficiency

Enterprise Data Warehouse with Analytics & Power BI

Implementation of the Enterprise Data Warehouse on a high scalable Cloud/Azure platform along with the analytics & Power BI. The Enterprise Data warehouse built on cloud (Azure) integrates more than 50 banking systems, generates business dashboards and reports in a matter of few hours while dealing data in the volumes of terabytes. With this this initiative, we have utilised analytics across the Bank.

LCR Computation Automated System

Liquidity Coverage Ratio (LCR) is a regulatory ratio that indicates short-term liquidity resilience of the Bank. The Bank has completely automated the process of computation of LCR by integrating real time with the source systems for asset and liabilities. Under the current market scenario, the automated LCR Computation system is of significant importance given the importance of liquidity management and submissions to RBI. The components that make up LCR are:



Cash Management System

Cash Management System has been upgraded for a superior performance and an increased functionality for various functionalities like e-payments and e-collections. The new Cash Management System replaces existing Cash@Will system to handle the payment and collection products of the Bank. The product is implemented covering Collections, Payments and Printing. It supports cash processing for Receivables/ Collections, it is the latest stable version of the product and the technology supports almost all business and operations requirements. The implementation has been smooth considering no major changes in the recon process, less training efforts, easy & seamless migration of data.

Security, Risk & Internal Efficiency Initiatives

PCI-DSS Certification

Payment Cards Industry Data Security Standard is an information security standard for organisations that handle card payments. Bank's Applications and Operations for storing, processing or transmitting Debit, Credit and Prepaid Cards are now compliant with the controls defined in industry's benchmark PCIDSS standard. We have achieved this for both acquiring and issuing functions.

Aadhaar Vault Implementation

From a data privacy point of view, the Bank has implemented the Aadhaar Data Vault on a state-of-the-art HSM solution - it is a centralised storage for all the Aadhaar numbers collected by the Bank for specific purposes under Aadhaar Act and Regulations, 2016. It is a secure system inside IndusInd Bank infrastructure accessible only on need to know basis. All systems now only store the UID token and the Aadhaar number is not stored nor accessible within the Bank's applications.

RSA Adaptive Authentication

The Bank has implemented the RSA Risk Engine - which uses AI and Machine Learning techniques to profile the end user behavior. Based on the pattern of the user the system intelligently creates a step-up authentication using different factors or denies login.

Identity Access Management (IDAM) 2.0

The Bank has brought automation to its IT function - through use of robotics to handle user data validation, notifications, actions and reporting at a fraction of the manual effort and with higher accuracy.

Network Access Control (NAC) enhancements

The Bank has been a leader in implementing a NAC which follows a process by which all end points (users) are matched in real time to a standard set of conditions for compliance, the system is able to handle a complex set of constraints and apply locks to prevent unauthorised machines from accessing the network.



Technology Awards



IBA Banking Technology Awards 2020

Winner under category - Best Technology Bank



IndusInd Bank was awarded winner in the category 'Best Technology Bank', the Bank was recognised for executing an array of innovative technology initiatives focused on customer experience and accessibility.

Winner under category - Best Payment Initiative amongst private sector Banks



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 Corporate payments.

Winner under category - Best use of IT and Data Analytics for Business Outcome



IndusInd Bank was winner in the category 'Best use of IT & Data Analytics for Business Outcome', for realising business outcomes in Consumer, Corporate and MSME segment.

BankTech Awards 2020

IndusInd Bank has won the award for Best use of IT in Customer Experience category.

Finnoviti 2020 Awards



IndusInd Bank has won 'Spirit of Innovation' awards for the launch of Indus Corp, Duo and Nexxt Card and Data warehouse & Power BI Implementation projects at the 8th edition of the Finnoviti 2020 Conference & Awards.

BFSI Smart Tech Leadership Awards

IndusInd Bank has been the winner in the following categories:

- Best use of IT
- Best use of Data & Analytics
- Best Digital Launch
- Disruptive Innovation and Financial Services

CORPORATE SOCIAL RESPONSIBILITY



IndusInd Bank operates within an innovative sustainability strategy which leverages investment in natural, social & relationship capital, and human capital equally in response to rapidly changing social and environmental backdrops. The Bank's CSR mission is to emerge as a 'Best-in-Class' Bank committed to growth and development that benefits, not only the Bank and its customers but also, the natural environment and the community at large. To this end, the Bank is guided by the principles outlined in the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGSEE) and the UN Global Compact. In line with its CSR focus areas, the Bank has committed to various long-term and need-based projects. The Bank's CSR Policy and strategy directs and govern the Bank's activities in focus areas, as follows:

Environment



Watershed Management Programme

In its 2nd year of operations treated 5,576 hectares of land in 63 villages in the States of Madhya Pradesh, Maharashtra, Jharkhand and Odisha. This has resulted in creation of 7,15,154 cubic metres water storage capacity. The project carries out area and drainage line treatments in a watershed to capture rainwater and check soil erosion. It works with communities & farmers and build their capacities to adopt sustainable agricultural practices and judicious usage of water. A cadre of 5,460 members from 517 Self Help Groups, 580 members from Village Development Committees, and more than 100 Vasundhara Sevaks are on ground implementing the work.

Springshed Management

This intervention proposed in Rayagada, Kandhamal and Kalahandi districts of Odisha aims to conserve and utilise the perennial source of water through streams which otherwise would be untapped. In the 1st year of implementation i.e. in FY2019-20, the project benefited 170 households with 4 diversion based irrigation structures which will provide critical irrigation to the farmers and provide water for domestic purposes.

Rejuvenation of Urban Lakes/Ponds

Considering the severe water crisis building up across Indian cities, IndusInd Bank continues to focus on the restoration and the conservation of water bodies, particularly in urban & peri-urban centres. During FY2019-20, 22 lakes/ponds were taken up across 5 cities for rejuvenation benefitting close to 1.50 lakh people, treating 76 hectares of land and creating water capacity of 7,000 lakh litres.

Drain Restoration

Badshahpur drain, Gurugram was taken up to create public space, water conservation & recharge along with urban greening. This project also envisaged increasing the water table along with a collateral of creating public space and giving engagement opportunity to the Bank's employees. Over 5,000 trees were planted with about 200 man hours of employee engagement. This project has generated fantastic goodwill with people of the city and the corporation (MCG).

Roof Rain Water Harvesting

Seeing the impact in FY2018-19, this intervention was scaled up from 250 harvesting structures to 400 rain water harvesting structures in FY2019-20 in 30 villages impacting close to 40,000 beneficiaries. The intervention is expected to reduce women drudgery caused for making water available from long distances. Children can spend time in going to school instead of accompanying mothers to fetch water from long distances.

Urban Afforestation



Bank's Urban Afforestation Project (UAP) aims to address the issue of green and open spaces through its tree plantation activities. Continuing to meet Bank's commitment towards urban health and sustainability, IndusInd

Bank planted another 59,000 trees in FY2019-20. All these trees have been planted across 13 cities pan-India where space has been a premium. Apart from the traditional plantation, Miyawaki type of plantation was executed in this financial year, which is creation of Mini Forests. These plantations have carbon sequestration potential of 16,667 MT (over a period of 15 years).

Schools on Solar

The Bank has taken up 10 schools/institutions under 'Schools on Solar' project in FY2019-20 which cater to the education of the needy students coming from the lower strata of the society. The project has had significant impacts to date with 3.94 lakh electricity units generated, 323 metric tonnes of CO₂ reduced and ₹35 lakh saved in electricity bills. Over a period of 25 years the existing installations are expected to save over ₹6 crores and 5,600 metric tonnes of carbon.

Indus Oorja Solar Village

To provide consistent decentralised renewable supply of energy in one of the highly remote village on Kumirmari island of Sundarbans, the Bank initiated Solar-Based micro-grid project during FY2019-20. The solution proposed

is to set up two AC solar micro-grid system having a capacity of 30 kWp of electricity generation each which will further be connected to provide power to approx. 395 households and 10 rural institutions (Schools, Panchayat Office, Community Building, etc.) along with 40 street lights near embankments in two years and reducing carbon emission by approx. 34 tons per grid p.a.

Solar Street lights

IndusInd Bank carried out installation of Street Lights powered by solar panels in 38 villages in Rajasthan benefiting over 1,63,000 villagers through the installation of 2,000 such lights. The intervention has enhanced mobility of the villagers and has provided enhanced security for the villagers, women and children in particular.

Education



Enhanced Education

The Bank has partnered with Cashpor, to implement its enhanced education programme wherein it aims to cater to the issue of high drop-out rates and inability of students to pass 10th class without external aid or help. In FY2019-20, the programme has been scaled to another 317 centres totalling the educational centre count to 717. Over 18,000 students have enrolled from grade 1 to grade 10.



Early Learning Outcome

In FY2019-20, the Bank supported improving Early Learning Literacy (ELL) outcomes in Haryana. The beneficiaries will be 1,00,000 Grade 1 and Grade 2 students and about 7,000 teachers and teacher educators across 7 districts and 3,200 schools of Haryana. By the end of the programme, it is envisaged that the students will have fluency to read grade level text by the end of Grade 2.

Road to School Project

During FY2019-20, the Bank initiated "Road To School" project in partnership with Learning Links Foundation for bringing a change in delivering the education especially to the children from Government School. The programme addresses the issues of learning gaps amongst government primary & middle school students and builds a fundamental framework for development of the student. The programme reaches to 10,915 children and 125 Teachers in 42 Government Schools & 10,000+ community members in Khordha district of Odisha.

Mid-day Meal Programme

The Bank has partnered with The Akshaya Patra Foundation

with an aim to end classroom hunger, enhancing enrolments in school and improve nutritional levels. The programme, which incentivises children to attend school regularly, follows a two pronged approach – to not let any child go hungry to school and also to ensure the child is well fed that he concentrates on the studies for better academic performance. The Bank is supporting 50,000 children in more than 540 schools.

IndusInd FFE Scholars

This programme runs on a unique concept wherein every scholar undertakes a pledge to support education of at least two other students through a contribution to the Foundation whenever they are able. This 'pay-forward' model ensures the self-sustainability of the organisation. IndusInd Bank supports 31 scholars for 4 years from the engineering background.

Young India Fellowship

IndusInd Bank supports deserving meritorious students through the Young India Fellowship (YIF) programme in partnership with Ashoka University, a one year full-time residential programme renowned for creating next generation of leaders and change agents. IndusInd Bank supports the course fees for fellows who are from poor socio-economic background. 60% of the total pass-outs have joined the corporate sector, 30% are engaged in the not-for-profit sector and 10% have moved on to become entrepreneurs.

IndusInd Scholars for Purkal

IndusInd Bank has been supporting about 75 children from the Purkal School at Dehradun by giving opportunity for quality school education to the Lower Income Group. These are children with academic potential, who are predominantly from villages near Dehradun and other parts of Uttarakhand. The project implementation not just focuses on the regular curriculum, but also conducts a series of sessions and training for the students to enhance every possible life skill.



Single Teacher Schools Programme

The Bank supports 25 Single Teacher Schools in the districts of Coimbatore and Kanchipuram in Tamil Nadu benefiting 750 students in the villages. The purpose is to provide free quality primary education to the village children and thus eradicating illiteracy, child labour, and drop outs. 95% of the teachers running the schools are women.

Arts & Heritage

IndusInd Bank contributes to Sahapedia with Frames Photography Grant which actively encourages documentation of our cultural heritage. This grant is to support about 25 photographers giving an opportunity to document cultural spaces, themes, practices of their interest in subjects related to culture, arts and heritage.

Livelihood



Skill Development of drug rehabilitated youth

IndusInd Bank supports 'SUPPORT' an NGO offering long-term residential rehabilitation programme for substance abusing street children/youth. During FY2019-20, 216 youths underwent rehabilitation out of which 167 were trained (welding, carpentry, tailoring, wiremen) at the vocational training centre. The programme has placed 57 youth during FY2019-20 with salaries up to ₹10,000. This has given them immense confidence and motivation to lead a drug free life.

Stree Swabhiman Livelihood Programme

Under this initiative, around 4,500 girls were provided with supplies of sanitary pads in Madhya Pradesh through the Bank's business correspondent Samhita. During the project, the supply of the pads was a bigger challenge. To resolve this challenge, 350 Village Level Entrepreneurs (VLEs) were engaged to set up units to manufacture pads across 100 districts in 16 states. These manufacturing set-ups engaged 6-8 women thus creating livelihood for over 1,800-2,000 women.

Association of People with Disability (APD)

This programme supports training and placement of 266 young men and women (18 to 35 years) with disabilities from marginalised communities with or without schooling. This makes these individuals become economically & functionally independent and socially rehabilitated through domain based training opportunities in 13 districts of Karnataka. 81% trained youth were placed with salary in the range of ₹7,000 to ₹20,000.

Indus Saksham

IndusInd Bank initiated skills training programme in various trades at Guwahati, Assam where 400 local unemployed youth are being trained. The programme aims at 100% placement ensuring income of ₹12,000 to ₹18,000 per month. The programme aims to promote gainful employment for the youth to ensure stable livelihood through alternate employment/self-employment.

IndusInd Para Champions Programme

Encourages differently abled athletes through a sports scholarship program. 45 athletes are supported to cover their high performance need, travel, injury management, rehabilitation strength training, medical support needs, etc. During FY2019-20, these athletes have won 61 Gold, 30 Silver and 25 Bronze medals in various competition both national & international.

IndusInd Blind Cricket Programme

The Programme is implemented in association with the Cricket Association for the Blind in India (CABI), the cricketing arm of Samarthanam, who governs Indian cricket tournaments. IndusInd Bank is principal supporter for 26 players in the Indian Blind Cricket Team. During FY2019-20, the Team won bilateral ODI series against the West Indies and Nepal. Further, The Nagesh IndusInd trophy was started to identify more talents. 400 blind cricketers participated in this trophy and played 60 matches in 12 States.

IndusInd Girl Power Programme

The Bank supports 60 girl athletes from lower income families from all across India. They get access to world-class coaching and training facilities at the Inspire Institute of Sports (IIS) and are being groomed to become champions who will represent & win medals for India at international sporting events. In FY2019-20, these women athletes have won 112 medals which included 51 Gold, 25 Silver and 36 Bronze medals.



Nurturing Rural Champions Programme

In line with the Bank's excellence and inclusive approach for sports, 55 young athletes i.e. 15 national level and 40 state/district level athletes are being supported in Mann for their training, nutrition, medical care, injury and recovery management, etc. and enable them to compete at the international arena. The focus is on select disciplines, viz. Wrestling, Track and Field, Athletics and Hockey. At present, 9 dedicated trained coaches are a part of the programme.

Sports



The Bank's sports initiatives have been conferred '**Honourable mention**' by Ministry of Corporate Affairs under their 'Contribution to the National Priority Areas - Promotion of Sports'.



IndusInd Hockey for Her Excellence Programme

This programme which is being carried out at Bhubaneswar, Odisha, aims at nurturing talent through supporting the excellence in sports. Throughout the 3-year project, 40 high performing girls in the age group of 13-15 years will be further trained & their talent will be nurtured at the state-of-the-art 'Naval Tata Hockey Academy (NTHA)' excellence centre at Bhubaneswar along with building capacity of 10 coaches.



Healthcare

Mini-Health Clinics

IndusInd Bank has supported the setting up of 280 Mini Health Clinics (MHCs) in rural Uttar Pradesh, in partnership with Cashpor. These MHCs provide affordable primary healthcare to individuals from Poor and Lower Income Group families. The project now covers 5 States and 24 districts with an outreach of about six lakh & direct beneficiaries of over additional 85,000 people. 83,173 patients have been enrolled with various ailments. This project not only provides medical access to villages but also creates capacity of 3,000 women workforce.



Indus Aarogya Soukhyam (Cancer Care)

IndusInd Bank has partnered with TATA Trust to support an intervention on reducing cancer burden by providing care, treatment, awareness and prevention services under the bigger umbrella of Government of Assam's Cancer programme. The Bank has provided radiology equipments at Assam Medical College and Hospital, Dibrugarh.

Support for Cancer affected children

The Bank has been supporting treatment of the cancer affected children, in partnership with Bhagwan Mahaveer Cancer Hospital and Research Centre (BMCHC) in Jaipur, Rajasthan. These children, aged under 14, come from remote villages/towns of Rajasthan and have no access to medication or treatment. A total of 155 patients have been treated over 4 years until March 2020 out of which 106 children have completed their treatment & have been declared cancer free (cure rate of 68%) and are currently only on follow-up &/or supervision.

Support for Cataract Surgeries

The Bank supported cataract surgeries of 5,000 beneficiaries in 9 districts (including aspirational districts) across 7 States in partnership with Vision Foundation of India. These beneficiaries, which belonged to the marginalised strata of the society, were operated without any charges and were provided with lens, medicines, one day stay, food, and transportation. These beneficiaries include 2,600 females and 2,400 male patients.

Support for HIV infected

The Bank, in partnership with Lotus Medical Foundation, has been supporting treatment of HIV infected patients at Kolhapur. The support includes cost of treatment, meals, and medicines at subsidised rates at the care centre and also has Anti-Retroviral Therapy (ART) centre. More than 300 patients have been admitted for treatment during FY2019-20.

Projects in collaboration with Bharat Financial Inclusion Ltd (BFIL)

Bharat Sanjeevani

It is an indigenously implemented initiative wherein the project delivers qualified livestock care at the doorstep, eliminating the hassles and financial losses faced by small and marginal farmers. The project is implemented in 3 States i.e. Madhya Pradesh, Jharkhand and Uttar Pradesh.

Pragat - Holistic village development

Pragat works towards achieving better holistic growth in under-developed villages with lack of basic amenities and aims to eliminate the gaps and bring access to the services, on par with any urban facilities. The project works across 12 villages in Gulbarga, Karnataka addressing a population of 65,000. The key areas of intervention include Healthcare, Education and Water.

Sustainability

The Bank continues to deliver consistently greater value to the stakeholders while mainstreaming sustainability in to the business practices. The sustainability policy of the Bank lays out guidelines and targets in key areas of the environmental, social, economic and governance aspects. The Bank has voluntarily committed targets on Environmental, Social and Governance (ESG) aspects and continues to improve the sustainability performance to surpass the ESG targets. The Bank currently features in the 'A' list of CDP India Climate Change Rising Stars, a platform that is widely referred by global Investors. The Bank has been publishing the Integrated Report for the last three years, which aims to communicate how the Bank's Strategy, Governance, Performance and Prospects create value over time. The value creation story of the Bank articulated in the 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 latest 'Integrated Report' on its website at <https://www.indusind.com/in/en/sustainability.html>



MARKETING & COMMUNICATIONS

At IndusInd Bank, customers are always put First. It has been the Bank's constant endeavour to leverage the latest technology to build capabilities, and bring forth some of the most unique innovations that cater to the dynamic needs of the Bank's discerning customers. The Bank's marketing and communication strategy have always been aligned with this vision wherein campaigns are designed to understand stakeholders' interests and engage with them in their world.

2019 was a special year, as the Bank turned 25. In a bid to commemorate the milestone, the Bank announced the launch of a multimedia campaign - #Just25. The campaign drew inspiration from the 25-year-olds of today. Individuals who are innovators, who have made a difference, levelled the playing field or beaten the odds to take on the world. The campaign reflected the Bank's ethos of always being inspired by its customers and not rest on past laurels. The campaign highlighted the Bank's continued aspirations of being innovators, achievers with one cohesive goal of becoming India's most Convenient Bank.

The campaign comprised five TVCs showcasing a para-athlete who has overcome every possible challenge to achieve his goal, a green crusader aspiring to make the world

a better place to live, a beginner who's making an impact through innovative ideas, a rural housewife who is a successful entrepreneur as well as an individual who is living his dream of doing things differently; eventually reflecting upon the role that the Bank has played in the lives of millions of such individuals over the 25-year journey. Further, as part of the celebrations, the Bank organised two mega Town Halls in Mumbai and New Delhi which witnessed over 8,000 employees gracing the occasion, thereby making it a platform for them to engage with the senior management at a personal level. The theme for the Town Hall was **"celebrating the past, excited by the future"** which also resonates the spirit of 25-year-olds of today, and strives to build an identity of a brand which is youthful, modern and full of energy.

Going forward, the Bank aims to resonate the very same youthful spirit, and continue interacting with customers at multiple touch points by significantly leveraging traditional, digital as well as social media channels to reach out to the world at large.



Digital innovation at the heart of what is done



For the Bank, continuing to be relevant to diverse set of customers' means creating solutions that simplify their lives and the delivery of their banking requirements. Leveraging on innovations, to create differentiated products and platforms, will continue to be the key to the Bank's communication plank. As banking gets simplified, the communication too moves towards showcasing convenience and simplicity as important attributes that underpins the Bank's approach towards providing banking services. The Bank has been focussed on customer experience and the "customer first" mantra translates into meaningful and comprehensive product development, service and product delivery through digital means which in turn, means simplifying the process of adoption

#Just25 Campaign

The Bank launched a multimedia campaign to commemorate the completion of 25 years of operations. Christened '#Just25', the campaign took inspiration from the 25-year-olds of today and comprised five TVCs which reflected the role that the Bank has played in the lives of millions of such individuals over the 25-year journey. Nearly **95% of users** who engaged with the commercials on YouTube, have seen all the TVCs, which is significantly more than the Industry standard of 30% - 40%. The campaign garnered **over 270 million** impression across social media sites, while the TVCs alone fetched **over 15 million** views across platforms. The Bank also created a microsite for the campaign which witnessed 6 lakh visits.

Launch of the IndusInd Bank 'Celesta' Credit Card

The Bank announced the launch of a super-premium credit card - 'Celesta' which offers best-in-class rewards and benefits and has been created keeping the discerning needs of senior professionals and businessmen who are always on the go. The card provides this segment of customers with superior features, benefits and experiences specially put together to meet their travel, wellness and lifestyle needs. A press release was issued to the media to announce the launch which garnered 25 articles across print and online platforms.



Launch of PIONEER Banking

The Bank has also launched 'PIONEER' Banking, its wealth management platform, which caters to the high net worth segment of customers. Based on state-of-the-art research based capabilities of the Bank, this new service merges

bespoke wealth management solutions with a wide array of personal & commercial banking products, curated to suit the requirements of the discerning few. So far, the Bank has set up 7 PIONEER branches across Mumbai, Pune, Delhi and Gurugram. A mega digital and print campaign was executed to launch the PIONEER platform which garnered tremendous response. Additionally, 2 large-scale events were organised in Mumbai and Delhi for the wealth customers of the Bank to showcase the offerings of PIONEER.

Customer Engagement on Digital Platforms

During the year, the Bank started engaging with customers through digital platforms. It created a digital journey for new customers who are travelling overseas for leisure and looking for Forex. In a bid to cater to their forex needs, the Bank started a campaign named 'Always On' across all major digital marketing platforms. A similar campaign was also done for people who were looking for a savings bank account. Through such digital campaigns, the Bank has successfully on-boarded several new customers for Savings Account, Fixed Deposits, Forex Cards, Telegraphic Transfer and NRI Savings Account among others.

A New Website

During the year, the Bank has also engaged with new age technology platforms to enhance its corporate website. This website will offer a personalised experience to each customer basis their profile and relationship with the Bank. It will be equipped with latest technological updates that will provide a rewarding banking experience thereby, depicting the ethos of the Bank which is being young, relevant and modern.

Qualitative Research to evaluate the current Savings Account proposition

A large-scale qualitative research was commissioned at the beginning of the financial year to understand the reasons for opening and subsequently operating a Savings Bank Account, amongst both customers and non-customers. The research also aimed at understanding the relevance and usefulness of our USPs. The research which spanned over 2 months, helped the Bank in understating the savings account landscape better, threw light on how the innovative offerings provided by the Bank are perceived. The findings of the research is helping the Bank create a more robust and customer-centric products.

Issuance of FASTags

The Bank extensively promoted the usage of FASTags across all customer segments and launched campaigns highlighting free issuance of FASTags from IndusInd Bank. The Bank promoted this extensively across the country through print advertisements as well as all through its digital platforms and branches.

Beyond Banking

The Bank is committed to running its business in a way that generates sustainable value for its customers, clients, shareholders and employees. The Bank also recognises that since its sphere of activity and influence extends beyond the boundaries of the financial system, it needs to work through various CSR initiatives for social upliftment and environmental conservation. Placed below, are a slew of fascinating initiatives, which have spearheaded the Bank's efforts beyond the banking domain. The Marketing & Communications team has crafted customised messages for each of them to create awareness among all stakeholders.

'Ebar Pujo, Sobar Pujo'

It is a yearly activity undertaken by the East Zone during the Durga Puja festival. This year, the initiative was organised in association with 'Rotary Club of Calcutta Magnum' and 'Rotaract Club of Contemporary Kolkatans' wherein the Bank donated new clothes to over 1,200 underprivileged children at an event held in Kolkata. The event was graced by Mr. Harshavardhan Neotia, Chairman of the Ambuja Neotia Group and Mr. Alexandro Mendes Garcia, Chief Coach of Ques East Bengal.



Zonal Initiatives

Zonal teams undertook several initiatives to extensively promote social causes. Some of the prominent ones are Environment Day – aimed at spreading awareness on plantation of saplings and usage of paper bags instead of plastic, Flag making competition across 125 schools to commemorate Independence Day as well as activities to celebrate Earth Day. Through these activities, the Bank generated nearly 90,000 leads.

Mini Health Clinics

The Bank has partnered with Cashpor (a Section 8 Company) for setting up 177 Mini Health Clinics to serve as Primary Health Centres. These are spread across 20 backward districts across Uttar Pradesh, Bihar, Jharkhand and Madhya Pradesh and are expected to benefit about 2,00,000 patients per annum.

Hockey for Her Excellence Programme

In a bid to scout and nurture promising talent in the field of

Hockey, the Bank has partnered with Tata Trusts and the Government of Odisha to support 40 girl athletes to receive high-performance training and coaching. The goal is to create champions who can be a part of the national team and state teams, and can win laurels for the country. These athletes were selected from a pool of 2,000 girls and will be trained at the state-of-the-art Naval Tata Hockey Academy.

Rural Champions Programme

The Bank has partnered with the Mann Deshi Foundation to support the development of 55 young athletes (15 National Level and 40 State/District Level), to make them champions in their respective disciplines. These disciplines are Wrestling, Athletics and Hockey.



Alliances and 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.

Brand Partnerships for Debit and Credit Card Customers

This year, the Bank entered into various tactical alliances with over 50 brands to bring forth engaging value adds for its Debit and Credit Card customers. These partnerships are spread across an array of categories including Travel, Lifestyle, Food & Beverage, and Health & Wellness among others.

Branding Metro stations

Continuing with our pursuit to invest in strategic long term brand properties, the Bank signed up for a strategic branding initiative which included semi naming of two metro rail properties in Noida and Mumbai. Both properties have been taken up for a period of 5 years.

DDA Housing Scheme

The Bank was shortlisted by the Delhi Development Authority to collect booking amounts for their housing scheme of 2019. In order to generate interest amongst applicants, the Bank executed a radio campaign across the NCR region and amplified it further on digital media.

Employee engagements and activities



Internal stakeholders form an integral part of the Bank's success. They are considered as Brand Ambassadors of the organisation. Within the Bank, employee activities go beyond the realm of banking to extend to innumerable initiatives that explore and nurture their talent, passion and team-spirit. The Bank considers running as a holistic activity that contributes to life like none other. IndusInd Bank celebrates running as an activity that inspires those around. And this is the thought that the Bank believes in, which is why it sponsored more than 8,000 of its employees across 25 cities to run marathons, making them more aware about the benefits of a healthy body and healthy mind. To commemorate this milestone, the Bank created a film on running, featuring stories of some of its employees who have made running a part of their daily routine. Christened 'Get Set Run', the film garnered over 1.4 lakh impressions across social media platforms.



Activities to Reinforce Brand Image



The Bank has extended significant support to the field of art, music, sports and environment through sponsorships. To begin with, the Bank collaborated with Sanctuary Asia to organise their Annual Wildlife Awards. Music being another key area of focus, the Bank has been continuing to partner with Sahachari Foundation which brings together Ustad Zakir Hussain along with other musicians from around the globe on one platform. This year, the performance was held at the National Centre for the Performing Arts (NCPA) in Mumbai. Further, the Bank's association with Indradhanush Foundation and Uttung Sanskrutik has been offering significant support to musicians at the grassroot level. The association with Rajmata Vijaya Raje Scindia Centre for Development has also ensured that the age-old sport of Polo remains in its purest form through the Maharaja Jiwaji Rao Scindia Gold Cup. One of the biggest contributions of the Bank towards encouraging Fine Arts has been its association with 'Art for Concern' by Secure Giving Foundation. A charitable Exhibition cum Sale event organised by the Foundation helps in achieving dual purposes of promoting art and helping the underprivileged. Other associations include FICCI, Bombay Chamber of Commerce & Industry, Isha Utsav, Hindu Sindhi and Kochin Patrika.



BRANCH NETWORK AND INFRASTRUCTURE



With total network of **1,911** banking outlets and **2,760** ATMs, the Bank has presence in all 28 States and 6 out of the 8 Union Territories. In addition, the Bank also has Representative Offices in London, Dubai and Abu Dhabi.

Apart from expanding its pan-India network, the Bank has also refurbished/re-modelled 8 Branches, set up 5 Administrative offices, and relocated 13 branches and 1 Office towards better business prospects. A total of 637 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 Chest, one each in, Mumbai, Delhi, Chennai, Kolkata and Bengaluru. The Bank has set up 7 PIONEER branches in Mumbai (Juhu, Peddar Road & Lower Parel), Pune (Koregaon Park), Delhi (Defence Colony & Punjabi Baugh) and Gurugram (Palm Springs).

BHARAT FINANCIAL INCLUSION LTD.



(formerly known as IndusInd Financial Inclusion Ltd.), Bank's Wholly-owned Subsidiary

Microfinance



Microfinance business is primarily operated through our wholly owned subsidiary "Bharat Financial Inclusion Limited". We are the largest microfinance institution in India by number of borrowers, branches, districts and gross loan portfolio, as of March 31, 2019 according to data published by Sa-Dhan (Source: Bharat Microfinance Report 2019).



BHARAT
Financial Inclusion Ltd
Prayaas se pragati

A 100% subsidiary of IndusInd Bank Limited

We are primarily engaged in providing microfinance to low-income individuals in India. We have presence in 22 states in India, with 2,071 branches and 23,475 employees, as of March 31, 2020.

Our leadership in this business is further demonstrated by:

Unique operating model	Extensive Reach	1.Low cost producer	Pan-India presence with no unbalanced geographic sectoral exposure
Group lending 100%	No. of districts 431	Interest Rate Sub 20% lending rate	State Portfolio cap of 16%
Rural Customer base 80%	No. of branches 2,071		District Montly disbursement cap of 3% and portfolio Cap at 1%
Weekly meetings with customers 100%	Number of members 9.6 million		Branch Monthly disbursement cap of 1%

We continued to grow deeper in the existing 22 States with 2,071 branches as on March 31, 2020. Our borrower base grew by 9% to 8.1 million as on March 31, 2020. Disbursement for the year grew by 11% to ₹29,681 crores from ₹26,699 crores (FY2018-19). Gross advances for the year grew by 29% to ₹22,428 crores as on March 31, 2020 from ₹17,417 crores as on March 31, 2019.

Offering Savings and Deposits products for our microfinance customer base



In FY2019-20, we opened 3.1 million Savings accounts and 1.6 million Recurring Deposit accounts. The penetration of recurring deposit accounts to savings accounts is 51%. We expect full penetration of savings account among our customer base and a healthy penetration of recurring deposits, going forward. This strategy shall not only help us in building strong relationship with customers, but it shall also help in lower loan delinquency levels (as witnessed in pilots) and build individual lending products for our customers, based on their savings and deposits behaviour.

Door-Step-Banking through BharatMoney Stores



Last mile monetisation still remains a challenge. We are endeavouring to bridge this gap through “Bharat Money Stores (BMS)” programme. BMS (typically a neighbourhood Grocery store) are sub-business correspondents to IndusInd Bank Ltd and acts as transacting point offering gamut of banking services. They offer services such as cash deposits, cash withdrawals, bill payments, fund transfers, etc. The in-house developed technology platform enabled in BMS smartphone, leverages JAM (Jan Dan, Aadhaar, Mobile), by using AEPS (Aadhaar Enabled Payment System). These services are utilised not only by our microfinance customers, but also by other residents in these villages. BMS pilot was extended to Odisha, Maharashtra, Karnataka and Bihar and currently have 14,883 stores registered as on March 31, 2020. The volume of transaction for FY2019-20 was 3.1 mn with value amounting to ₹1,531 crores. Out of the total customers transacted, 22% was from our microfinance customers and rest 78% were from other residents in village.

Bank's in-house technology platform



The challenges are unique on account of deep geographical presence with thin internet connectivity, large feet-on-street requiring mobility solutions and high velocity of transactions, given the weekly collections model. These unique challenges were met, coupled with business expectations, by developing in-house technology solutions, given the unique customisation requirements (as outlined below).

Unique Challenges

- Deep geographical footprint with thin internet connectivity - **1,26,000** villages.
- Large feet-on-street workforce on the move - **14,720** loan officers travelling ~25kms every day.
- High Velocity of transactions - Avg. **1.7 mn** transactions with customers every day

Business Expectations

- Seamless and Paperless transactions with customers. Ex: Loan officer's 30 mins window with 30 customers covering attendance, collections, loan applications, disbursements, product financing.
- Cashless disbursements
- Real-time information on collections and disbursements
- Tracking Route maps of loan officers and center meeting efficiency.

In-House Developed Solutions

- Mobility driven Jandhan/ Aadhaar compliant (JAM) Lending Management Software (LOS & LMS).
- Hand-held device for field staff.
- JAM Compliant Agent Banking for Cashless transactions and Cross-Sell

DIRECTORS' REPORT

The Board of Directors of the Bank have pleasure in presenting the Twenty-sixth Annual Report covering business and operations of the Bank, together with the Audited Financial Statements for the year ended March 31, 2020.

The financial performance for the year ended March 31, 2020 is summarized as under:

(₹ in crores)

Particulars	As on March 31, 2020	As on March 31, 2019
Deposits	202,039.81	194,867.91
Advances	206,783.17	186,393.50
Operating Profit (before Depreciation and Provisions and Contingencies)	11,050.68	8,317.07
Net Profit	4,417.91	3,301.10

During the year under review, in spite of the continuing downtrend in the growth rate of the economy and the challenging macroeconomic environment, the growth momentum of the Bank continued for most part of the year. The "severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)", generally known as COVID-19, which was declared as a pandemic by the WHO on March 11, 2020, steadily engulfed the nation, with unprecedented level of disruption in the socio-economic front. Globally, countries and businesses were under lockdown, and the Government of India too imposed a country wide lockdown since March 25, 2020. The moratorium imposed by the RBI on a peer private sector bank on March 12, 2020 did impact the business sentiments. Consequent to the twin shocks, the growth during the last quarter of the year under review was muted.

On July 4, 2019, the Composite Scheme of Arrangement (Scheme) involving the merger of the erstwhile Bharat Financial Inclusion Limited (e-BFIL) became effective and as such, the results for the year 2019-20 are not comparable with that of the year 2018-19.

Operating Profit (before Depreciation and Provisions and Contingencies) for the year under review rose by 32.87% to ₹ 11,050.68 crores, as compared to ₹ 8,317.07 crores in the previous year. The Net Profit of the Bank, after considering all expenses and necessary Provisions and Contingencies, increased to ₹ 4,417.91 crores, as against ₹ 3,301.10 crores in the previous year registering a growth of 33.83% year on year.

Appropriations

The Directors recommend appropriation of Profit as under:

(₹ in crores)

Operating Profit before Depreciation and Provisions and Contingencies	11,050.68
Less: Depreciation on Fixed Assets	277.97
Less: Provisions and Contingencies inclusive of Income Tax	6,354.80
Net Profit	4,417.91
Profit Brought Forward	11,106.94
Additions on Amalgamation	443.33
Amount available for Appropriation	15,968.18
Transfer to Statutory Reserve	1,104.48
Transfer to Capital Reserve	164.13
Transfer from Investment Reserve Account	(40.53)
Transfer to Investment Fluctuation Reserve Account	203.78
Dividend (including Tax on Dividend) (25th Annual General Meeting of members held on August 16, 2019 approved the payment of Dividend for the year 2018-19 for the Equity Shares outstanding as on that date.)	626.52
Deduction during the year	426.14
Total Appropriations	2,484.52
Balance carried over to Balance Sheet	13,483.66

Dividend

The RBI vide its Circular No. DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020, has directed that banks shall not make any further dividend payouts from profits pertaining to the Financial Year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, while the Earnings per Share amounted to ₹ 63.75, the Board of Directors, have not proposed any dividend for the Financial Year ended March 31, 2020.

Pursuant to the Resolution passed in 25th Annual General Meeting, an amount of ₹ 626.52 crores was paid to Members towards Dividend for the year 2018-19. This amount consists of Dividend at the rate of ₹7.50 per equity share and applicable Dividend Distribution Tax to be paid by the Bank.

Financial Performance and state of the Affairs of the Bank

The year under review marked the end of the triennial Planning Cycle 4 (PC4) covering FY 2017-20. The underlying theme of PC4 was to "Digitize to Differentiate, Diversify and Create Domain Leadership" with a strategy to gain 'Market Share with Profitability (4D)'.

The Scheme involving, inter alia, the merger of e-BFIL, duly approved by the Board in October, 2017 and the Shareholders in December, 2018, became effective on July 4, 2019 (the Effective Date). On the Effective Date, e-BFIL was amalgamated with the Bank as a going concern, the Business Correspondent Undertaking contained in the amalgamated entity was transferred to the wholly owned subsidiary, IndusInd Financial Inclusion Limited (IFIL), as a going concern, and e-BFIL was liquidated without winding up. Further the name of the wholly owned subsidiary, IndusInd Financial Inclusion Limited was changed to Bharat Financial Inclusion Limited. The accounting effects for the Scheme were duly given during the year in compliance with the Scheme sanctioned by the Mumbai bench of the National Company Law Tribunal and the applicable accounting standards, and hence, the results for the year under review are not comparable with that of the previous year.

Backed by improved volumes, the Total Income of the Bank for the year under review grew by 28.04% to ₹ 35,734.14 crores from ₹ 27,907.87 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 36.32% to ₹12,058.74 crores from ₹8,846.18 crores while Non-Interest Income rose to ₹ 6,951.31 crores from ₹ 5,646.72 crores, registering growth of 23.10%.

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 14.17% to ₹ 5,785.83 crores from ₹ 5,067.57 crores earned during the previous year.

Yield on Advances increased to 11.87% during the year, as against 11.26% in the previous year, while the Cost of Deposits fell marginally to 6.51% from 6.58% in the previous year. Consequently, the Net Interest Margin improved to 4.14% during the year under review.

The Bank expanded its branch network steadily to reach 1,911 branches (including 150 banking outlets), as against 1,665 branches at the beginning of the year. Revenue per employee during the year improved to ₹62 lakhs.

The Net Non-Performing Assets ratio of the Bank improved to 0.91% as of March 31 2020 and the Provisioning Coverage Ratio (PCR) was higher at 63.34% as compared to 43.04% in the previous year.

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

- Mixed Business (Deposits plus Advances) crossed ₹ 4.09 trillion.
- The Bank established its first Euro Medium Term Notes Programme with a size of USD 1 billion on March 27, 2019. Under the programme, the Bank made a maiden issue with a tranche size of USD 400 million on April 15, 2019. The Notes are listed in Singapore Exchange Securities Trading Limited and India International Exchange (IFSC) Limited.
- The Scheme involving merger of e-BFIL, duly approved by the Board in October, 2017 and the Shareholders in December, 2018, became effective on July 4, 2019, pursuant to receipt of all regulatory, statutory and judicial approvals. On the Effective Date, e-BFIL was amalgamated with the Bank as a going concern, the Business Correspondent Undertaking contained in the amalgamated entity was transferred to the wholly owned subsidiary, IndusInd Financial Inclusion Limited (IFIL), as a going concern, and e-BFIL was liquidated without winding up. Further the name of IndusInd Financial

Inclusion Limited was changed to Bharat Financial Inclusion Limited. In consideration of merger, the shareholders of e-BFIL were allotted equity shares of the Bank in the swap ratio of 639 shares of the Bank for every 1,000 equity shares of e-BFIL. Accordingly, 8,96,17,781 equity shares of ₹ 10 each of the Bank were allotted to the Shareholders of e-BFIL. In consideration of the transfer of the Business Correspondent Undertaking to its wholly-owned subsidiary, the Bank was allotted 4,37,03,500 shares of ₹10 each fully paid. The Scheme included a Preferential Allotment of Share Warrants to the Promoters and upon payment of the subscription amount at 25% of the issue price of ₹1,709 per Share Warrant, the Promoters were allotted 1,57,70,985 Share Warrants, each convertible to one equity share.

- The Bank adhered to the COVID-19 Regulatory Package prescribed by the RBI, including offering a moratorium on payment of interest and repayment of principal for three months effective from March 1, 2020 to eligible borrowers. As the extent to which COVID-19 pandemic will impact the Bank's operations and financial results will be dependent on the future developments which are highly uncertain, the Bank created an additional countercyclical buffer / floating provision amounting to ₹260 crores, besides the regulatory minimum incremental provision of ₹23 crores.
- As of March 31, 2020, CKYC completion was at 97.60% of data submitted to CERSAI for the period January 1, 2017 to March 31, 2020.

Performance of Subsidiary and Associate Company

The Bank had incorporated a wholly-owned subsidiary during the Financial Year ended March 31, 2019, so that the Business Correspondent (BC) Undertaking, post-merger of e-BFIL, would be transferred to the subsidiary. Upon the Scheme becoming effective, on July 4, 2019, the BC Undertaking contained in the merged entity was transferred to the subsidiary and subsequently, its name was changed to Bharat Financial Inclusion Limited (BFIL), which was formerly incorporated as IndusInd Financial Inclusion Limited. BFIL, the subsidiary, then commenced commercial operations and during the year under review, earned a revenue of ₹881.63 crores as against NIL during the previous year. The Net Profit for the year under review amounted to ₹39.95 crores as against a marginal loss of ₹0.61 crores incurred in the previous year. BFIL had 23,475 employees on its rolls as on March 31, 2020.

IndusInd Marketing and Financial Services Private Limited (IMFS) is an Associate Company of the Bank as 30% of its share capital is held by the Bank. IMFS is engaged in the business of providing manpower services, and during the year under review, earned a revenue of ₹ 329.23 crores as against ₹285.43 crores earned in the previous year. The Net Profit earned by IMFS during the year under review amounted to ₹1.05 crores as against ₹0.90 crores earned in the previous year. IMFS had 12,976 employees on its rolls as on March 31, 2020.

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 Subsidiary Company and Associate Company, and such Consolidated Financial Statement is included in this Annual Report.

In accordance with the fourth proviso to Section 136(1) of the Companies Act, 2013, the Standalone Financial Statements and the Consolidated Financial Statement, including audited accounts of BFIL and IMFS and all other documents required to be attached thereto have been hosted on the website of the Bank at: <https://www.indusind.com/in/en/investors/investor-landing/investor-resources.html>

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

The Bank does not have any joint venture company and the subsidiary is not a material subsidiary in terms of SEBI (LODR) Regulations, 2015.

Share Capital

The Paid-up Equity Capital of the Bank as at March 31, 2020 consisted of 69,35,35,738 Equity Shares of ₹10/- each.

During the year under review, in accordance with the Scheme sanctioned by the Mumbai bench of the National Company Law Tribunal, 8,96,17,781 equity shares of ₹ 10 each of the Bank were allotted at par to 35,726 shareholders of e-BFIL pursuant to approval of Finance Committee of the Bank in their meeting held on July 6, 2019. Further, the Bank allotted 12,31,089 Equity Shares of ₹10 each pursuant to exercise of options by employees including that of the subsidiary, under Employees Stock Option Scheme, 2007 (ESOS 2007) and IBL Special Incentive ESOS for BFIL Merger 2018 (ESOS 2018).

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

Issue of Equity Shares on Preferential Basis during the Financial Year 2020-21

The Bank is undertaking an issue and allotment of certain Equity Shares, the proceeds of which will be primarily used to meet the needs of the growing business of the Bank, including long term capital requirements for pursuing growth plans and to enhance the Capital Adequacy Ratio, to increase the capacity of the Bank to lend, and for general corporate purposes.

Accordingly, the Board had pursuant to its Resolution passed on July 28, 2020, subject to the consent of the Members, approved the issue and allotment of up to:

- a) 4,76,29,768 (Four crores seventy-six lakhs twenty-nine thousand seven hundred and sixty-eight) Equity Shares of Face Value of ₹10 (Rupees Ten) each at an issue price of ₹524 (Rupees Five hundred and twenty-four) each (as determined by the Board in accordance with the pricing guidelines prescribed under Regulation 164(4) of Chapter V of the SEBI (ICDR) Regulations, 2018) as on the Relevant Date, i.e., July 24, 2020 to the below mentioned five Qualified Institutional Buyers in the manner as recorded by the Board ("Preferential Issue to QIBs"-Subscription Shares I)

S. No	Name of Qualified Institutional Buyer	Portion of the Subscription Shares I
1.	Route One Offshore Master Fund, L.P	1,06,93,264
2.	Route One Fund I, L.P.	71,59,788
3.	ICICI Prudential Life Insurance Company Limited	1,62,21,374
4.	Tata Investment Corporation Limited	57,25,190
5.	AIA Company Limited	78,30,152
	Total	4,76,29,768

- b) 1,51,17,477 (One crore fifty-one lakhs seventeen thousand four hundred and seventy-seven) Equity Shares of Face Value of ₹10 (Rupees Ten) each at an issue price of ₹524 (Rupees Five hundred and twenty-four) each (as determined by the Board in accordance with the pricing guidelines prescribed under Regulation 164B of Chapter V of the SEBI (ICDR) Regulations, 2018, as on the Relevant Date, July 24, 2020 to the below mentioned two Non-QIBs in the manner as recorded by the Board ("Preferential Issue to Non-QIBs- Subscription Shares II").

S. No	Name of the Allottee	Portion of the Subscription Shares II
1.	Hinduja Capital Limited	57,03,816
2.	IndusInd International Holdings Ltd.	94,13,661
	Total	1,51,17,477

In terms of Sections 23, 42 and 62(1)(c) of the Companies Act, 2013 and Regulation 160 of the SEBI (ICDR) Regulations, 2018, the Preferential Issue, to QIBs and Non QIBs (Preferential Issue) was approved by the Members by way of separate Special Resolutions passed in the Extraordinary General Meeting held on August 25, 2020.

Post the Preferential Issue, the Issued, Subscribed and Paid-Up Equity Share Capital of the Bank shall be 75,63,13,283 (Seventy-five crores sixty-three lakh thirteen thousand two hundred and eighty-three) Equity Shares. The Equity Shares created, offered, issued and allotted under the Preferential Issue shall rank *pari passu* with the existing Equity Shares of the Bank.

The necessary intimations to the Stakeholders shall be made upon completion of the Allotment of Equity Shares under the Preferential Issue.

Debentures

The Bank did not issue any debenture denominated in Indian Rupee during the year under review. On April 15, 2019, the Bank issued its maiden rated and listed Euro Medium Term Note for USD 400 million.

Compliance with SEBI Circular No.: SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018 on Fund raising by issuance of Debt Securities by Large entities is not applicable to the Bank, being a Scheduled Commercial Bank.

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, S. No. 94/95, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune – 411038, Maharashtra, India.
 Website : www.catalysttrustee.com
 E-mail : dt@ctltrustee.com

Trustee II:

Name of Debenture Trustees : Beacon Trusteeship Limited
 Address : 4C&D, Siddivinayak Chambers, Gandhi Nagar, Opp. MIG Club, Bandra (East), Mumbai – 400 051
 Website : www.beacontrustee.co.in
 E-mail : info@beacontrustee.co.in

Tier 2 Capital

The Bank did not issue any Tier 2 Capital instruments during the year. As on March 31, 2020, the value of outstanding Tier 2 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, 2013 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, 2020	March 31, 2019
i) Capital Adequacy Ratio (CRAR)	15.04%	14.16%
ii) CRAR- Common Equity Tier 1 Capital	13.22%	12.07%
iii) CRAR- Tier 1 Capital	14.57%	13.70%
iv) CRAR- Tier 2 Capital	0.47%	0.46%

Credit Ratings

Instruments	Rating	Rating Agency
Domestic Ratings		
Infra Bond Program	AA+	CRISIL
Additional Tier I Bond Program	AA	CRISIL
Certificates of Deposit Program	A1+	CRISIL
Short Term FD Program	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

Instruments	Rating	Rating Agency
International Ratings (assigned on June 2, 2020)		
Senior Unsecured MTN Program	Ba1	Moody's Investors Service

Bank's Directors

The Bank's Board comprised nine Directors as on March 31, 2020, viz., Mr. Arun Tiwari, Non-Executive, Non-Independent, Part-time Chairman, four Independent, Non-Executive Directors, viz., Mr. Shanker Annaswamy, Dr. T. T. Ram Mohan, Mrs. Akila Krishnakumar and Mr. Rajiv Agarwal, three Additional Directors in the category of Independent, Non-Executive, viz., Mr. Sanjay Asher, Mr. Sanjeev Kumar Asthana and Mrs. Bhavna Doshi, and Mr. Sumant Kathpalia, Managing Director & CEO, who is also an Additional Director.

Mr. Sanjeev Kumar Asthana has resigned from the Bank's Board with effect from the close of business hours on July 27, 2020, owing to his acceptance of a new role as the CEO of a corporate, impacting his being a Director in the Bank's Board with specialised knowledge / practical experience in Agriculture & Rural Economy, as laid down in the Banking Regulation Act, 1949.

(a) Non-Executive Independent Directors

All Non-Executive Independent Directors have submitted 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 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and based on these Declarations, the following Non-Executive Directors continue to be identified as Independent Directors as on March 31, 2020:

- (i) Dr. T. T. Ram Mohan
- (ii) Mrs. Akila Krishnakumar
- (iii) Mr. Rajiv Agarwal
- (iv) Mr. Shanker Annaswamy
- (v) Mr. Sanjay Asher (Additional)
- (vi) Mr. Sanjeev Kumar Asthana (Additional)
- (vii) Mrs. Bhavna Doshi (Additional)

In addition, the Bank's Board of Directors have pursuant to Regulation 25(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, obtained a Certificate from M/s Bhandari & Associates, Practicing Company Secretaries that the aforesaid Directors' meet the 'criteria of independence' and are independent of the Management.

(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. Akila Krishnakumar (DIN: 06629992), who joined the Board on August 10, 2018 and is a Non-Executive, Independent Woman Director, and Chairs some important Committees.

Mrs. Bhavna Doshi (DIN: 00400508), who joined the Board on January 14, 2020, was appointed as Additional Director in the category of Non-Executive, Independent Woman Director.

Mrs. Kanchan Chitale (DIN: 00007267), Non-Executive, Independent Woman Director of the Bank, retired on October 17, 2019, on completion of her tenure.

(c) Chairman of the Board

Mr. R. Seshasayee (DIN: 00047985), Non-Executive, Non-Independent, Part-time Chairman of the Bank, retired on July 24, 2019, on completion of his tenure.

Mr. Arun Tiwari (DIN: 05345547), has been appointed Non-Executive, Non-Independent, Part-time Chairman of the Bank with effect from January 31, 2020.

Reserve Bank of India had conveyed approval for the appointment of Mr. Arun Tiwari as a Non-Executive, Part-time Chairman for a period of 3 years from the date of his assuming charge as Chairman of the Bank.

Mr. Arun Tiwari assumed charge as Part-time Non-Executive Chairman of the Bank with effect from January 31, 2020, and shall hold office up to January 30, 2023.

Mr. Tiwari was earlier appointed as Independent, Non-Executive Director in the Board of the Bank, on August 10, 2018. Mr. Arun Tiwari's membership was reclassified as Non-Executive, Non-Independent with effect from October 15, 2019.

Approval of the shareholders is being requested by the Board for the appointment of Mr. Arun Tiwari as 'Non-Executive, Non-Independent, Part-time Chairman' of the Bank, at the ensuing Annual General Meeting of the Bank.

(d) Managing Director & CEO

Mr. Romesh Sobti (DIN: 00031034), Managing Director & CEO of the Bank, demitted office on March 23, 2020, on completion of his tenure.

Mr. Sumant Kathpalia (DIN: 01054434), has been appointed Managing Director & CEO of the Bank with effect from March 24, 2020.

Reserve Bank of India had conveyed their approval for appointment of Mr. Sumant Kathpalia for a period of 3 years, up to March 23, 2023.

Mr. Kathpalia has been with the Bank since 2008, and his previous role in the Bank was Head - Consumer Banking.

Mr. Sumant Kathpalia is a career banker with over three decades of experience in large multi-national banks such as Citibank, Bank of America and ABN AMRO, including his stint as Head – Consumer Banking in IndusInd Bank Ltd. Mr. Kathpalia has successfully held several leadership roles over his career, with a focus on driving business growth and innovation. He has experience across diverse functions, including Business Strategy, Sales & Distribution, Operations, Systems, Risk & Credit Management, and Financial Management.

Mr. Sumant Kathpalia is a Chartered Accountant, and a Commerce graduate from Hindu College, Delhi University.

Approval of the shareholders is being requested by the Board for the appointment of Mr. Sumant Kathpalia as Managing Director & CEO of the Bank, by passing of an Ordinary Resolution at the ensuing Annual General Meeting.

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

(i) Appointment

- **Mr. Sanjay Asher (DIN: 00008221)**, was appointed 'Additional Director' in the category of 'Independent, Non-Executive Director' in the Bank's Board on October 10, 2019.

Approval of the Shareholders is being requested by the Board for the appointment of Mr. Sanjay Asher as Independent, Non-Executive Director in the Board of the Bank by passing of an Ordinary Resolution at the ensuing Annual General Meeting.

- **Mrs. Bhavna Doshi (DIN: 00400508)**, was appointed 'Additional Director' in the category of 'Independent, Non-Executive Director' in the Bank's Board on January 14, 2020.

Approval of the shareholders is being requested by the Board for the appointment of Mrs. Bhavna Doshi as Independent, Non-Executive Director in the Board of the Bank, by passing of an Ordinary Resolution at the ensuing Annual General Meeting.

(ii) Re-appointment of Non-Executive, Independent Directors for a second term of 4 years

- **Mr. Shanker Annaswamy (DIN: 00449634)**, was appointed Director in the category of Non-Executive, Independent Director in the Board of the Bank on January 12, 2016 and approval of the shareholders was obtained in the 22nd AGM held on July 1, 2016, for a period of four years with effect from his original date of appointment, i.e., January 12, 2016. Accordingly, Mr. Shanker Annaswamy's term as Non-Executive, Independent Director had concluded on January 11, 2020.

The Board of Directors have, on the recommendation of the Nomination & Remuneration Committee approved, on January 10, 2020, the re-appointment of Mr. Shanker Annaswamy as Independent, Non-Executive Director for a second term of four years, with effect from January 12, 2020 until January 11, 2024.

Approval of the shareholders is being requested by the Board for the re-appointment of Mr. Shanker Annaswamy as Independent, Non-Executive Director by passing of a Special Resolution at the ensuing Annual General Meeting.

- **Dr. T. T. Ram Mohan (DIN: 00008651)**, was appointed Director in the category of Non-Executive, Independent Director in the Board of the Bank on May 12, 2016 and approval of the shareholders was obtained in the 22nd AGM held on July 1, 2016, for a period of four years with effect from his original date of appointment, i.e., May 12, 2016. Accordingly, Dr. T. T. Ram Mohan's term as Independent, Non-Executive Director had concluded on May 11, 2020.

The Board of Directors have, on the recommendation of the Nomination & Remuneration Committee approved on May 8, 2020, the re-appointment of Dr. T. T. Ram Mohan as, Independent, Non-Executive Director for a second term of four years, with effect from May 12, 2020 until May 11, 2024.

Approval of the shareholders is being requested by the Board for the re-appointment of Dr. T. T. Ram Mohan as Independent, Non-Executive Director by passing of a Special Resolution at the ensuing Annual General Meeting.

Statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the Independent Directors appointed during the year.

The Independent, Non-Executive Directors, appointed during the year were subject to the due-diligence by the Nomination and Remuneration Committee of the Board, based on parameters of qualification, expertise, track record, integrity and such other parameters as stipulated under applicable regulations. The Board based on recommendation of the Nomination and Remuneration Committee and on its own evaluation, was of the opinion that the Independent, Non-Executive Directors, possess the necessary integrity, expertise and experience.

(iii) 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 Bank.

In accordance with the provisions of the Companies Act, 2013, Mr. Arun Tiwari (DIN: 05345547), Non-Executive, Non-Independent, Part-time, Chairman of the Bank, shall be the Director liable to retire by rotation, and being eligible, offers himself for re-appointment at the ensuing AGM.

Approval of the shareholders is being requested by the Board for re-appointment of Mr. Arun Tiwari, who retires by rotation and being eligible offers himself for re-appointment.

As required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, particulars of the Directors seeking appointment, re-appointment, on retirement by rotation are given in the annexure to the Explanatory Statement attached to the Notice of the AGM.

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

The Board of Directors have obtained a Certificate from M/s Bhandari & Associates, Practicing Company Secretaries, pursuant to Regulation 34(3) read with Schedule V para C clause 10 (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors on the Board by SEBI, Ministry of Corporate Affairs or any other Statutory Authority.

(f) Cessation of Directorships

Mr. Yashodhan M. Kale (DIN: 00013782), Non-Independent, Non-Executive Director of the Bank, retired on April 16, 2019, on completion of his tenure.

Mr. R. Seshasayee (DIN: 00047985), Non-Executive, Part-time Chairman of the Bank, retired on July 24, 2019, on completion of his tenure.

Mr. Siraj Chaudhry (DIN: 00161853), Non-Executive, Independent Director of the Bank, resigned from the Board of the Bank on September 23, 2019, owing to acceptance of a new role as the Managing Director & CEO of a constituent having credit relationship with the Bank, impacting his professional commitment vis-a-vis applicable statutory provisions to his being a Director in the Bank's Board.

Mrs. Kanchan Chitale (DIN: 00007267), Non-Executive, Independent Director of the Bank, retired on October 17, 2019, on completion of her tenure.

Mr. Romesh Sobti (DIN: 00031034), demitted the Office of Managing Director & CEO of the Bank on March 23, 2020, on completion of his tenure.

The Board wishes to place on record its deep appreciation for the leadership and contribution made by Mr. Seshasayee as Chairman of the Board for a period of 12 years, and for the remarkable growth of the Bank during his tenure.

The Board wishes to place on record its appreciation for the valuable contributions made by Mr. Yashodhan M. Kale, Mr. Siraj Chaudhry, Mrs. Kanchan Chitale and Mr. Sanjeev Kumar Asthana, towards the deliberations in the meetings of the Board.

The Board also wishes to place on record its appreciation for Mr. Romesh Sobti, for his contribution for the Bank's growth from strength to strength during the 12 years under his stewardship, both in terms of growth as well as instituting of robust systems and enhancing compliance.

(g) Cessation of Director after the end of the year and upto the date of the Report

Mr. Sanjeev Kumar Asthana (DIN: 00048958), resigned from the Bank's Board with effect from the close of business hours on July 27, 2020, owing to acceptance of a new role as the CEO of a corporate, impacting his being Director in the Bank's Board with specialised knowledge / practical experience in Agriculture & Rural Economy, as laid down in the Banking Regulation Act, 1949.

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

Board and Committee Meetings

During the year, nine meetings of the Board of Directors and seven meetings of the Audit Committee of the Board 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. Sanjay Asher as Chairman, Mr. Arun Tiwari, and Mr. Shanker Annaswamy as Members. Mrs. Bhavna Doshi has been appointed as Member of the Audit Committee with effect from May 9, 2020.

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 attendances 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 as per Circular dated January 5, 2017.

The Board of Directors have, on the recommendation of the Nomination & Remuneration Committee, engaged an external Independent Professional for conducting the Performance Evaluation exercise.

The Board of Directors has carried out the annual evaluation of the performance of the Board as a whole, Individual Directors including Independent Directors, Non-Independent Directors, 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 accordance with the Policy on Performance Evaluation.

Mrs. Bhavna Doshi was inducted in the Board of the Bank on January 14, 2020. Considering her recent induction in the Bank's Board during FY 2019-20, Mrs. Doshi did not participate in the Performance Evaluation exercise.

Mr. Sumant Kathpalia assumed charge as Managing Director & CEO of the Bank on March 24, 2020. Considering Mr. Kathpalia's short tenure in the Bank's Board as Managing Director & CEO, during FY 2019-20, he was not part of the Performance Evaluation exercise.

The Board has formulated a Policy on Performance Evaluation which details the various aspects that are to be considered for evaluating the Directors including but not limited to attendance, participation in the meeting, contribution towards strategies of the Board etc.

The Policy provides a guideline for the individual Directors to evaluate the Board, its Committees and individual directors.

The Policy on Performance Evaluation is available on the website of the Bank at: <https://www.indusind.com/in/en/investors/investor-landing/investor-resources.html>

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.

Policy on Appointment & Selection of Directors

The Board of Directors are at the helm of the Bank and an enlightened Board creates a culture of leadership and provides a long-term policy approach to improve the quality of governance.

The Policy on Appointment & Selection of Directors has been framed in compliance with Section 178 of the Companies Act, 2013, and other applicable regulations under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Banking Regulation Act, 1949.

The Policy shall act as a guideline for the Nomination & Remuneration Committee for determining the qualifications, positive attributes, independence of Directors and matters related thereto to recommend appointment and removal of Directors to the Board of the Bank.

The Policy on Appointment & Selection of Directors is hosted on the website of the Bank at: <https://www.indusind.com/in/en/investors/investor-landing/investor-resources.html>

Familiarization Programs for Independent Directors

Various programs were undertaken for familiarizing the Independent Directors of the Bank, details of which are disclosed in the Corporate Governance Report, which forms part of this Report.

Change in Key Managerial Personnel

During the year, there was no change in Key Managerial Personnel, except for Managing Director & CEO of the Bank, the details of which are given in the para on 'Bank's Board' in this 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. 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

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 mentioned elsewhere in this Report. 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 forms part of the Balance Sheet and the Profit and Loss Account, which forms an integral part of this Report.

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, 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 integrated Risk Management Department covers Credit Risk, Market Risk, Assets-Liabilities Management (ALM) and Operational 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 Discussions and Analysis' Report which forms an integral part of this Annual Report.

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 issued by the 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'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:

<https://www.indusind.com/in/en/investors/investor-landing/investor-resources.html> >> Policies & Codes >> Whistle Blower Policy

Reporting of Fraud, by the Auditors

During the year under review, there were no instances of fraud reported by the Auditors pursuant to Section 143(12) of the Companies Act, 2013 to the Audit Committee or the Board of Directors.

Statutory Auditors

M/s Haribhakti & Co. LLP, Chartered Accountants were appointed the Statutory Auditors in the 25th Annual General Meeting held on August 16, 2019 for a period of one year, until the conclusion of the next Annual General Meeting. It is now proposed to reappoint M/s Haribhakti & Co. LLP, Chartered Accountants (ICAI Firm Registration Number 103523W / W100048) as Statutory Auditors of the Bank from the conclusion of this AGM until the conclusion of the next AGM. In terms of Section 30 of the Banking Regulation Act, 1949, the Bank has received the approval of the RBI, vide letter dated August 11, 2020, for the appointment of M/s Haribhakti & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Bank, for the financial year 2020-21. The proposal for their re-appointment is placed before the Shareholders for their approval at the ensuing AGM.

Independent Auditors' Report

M/s Haribhakti & Co. LLP, Statutory Auditors of the Bank, have audited the accounts of the Bank for the year 2019-20 and their Report is included elsewhere in the Annual Report. 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, Practicing Company Secretaries, to undertake Secretarial Audit of the Bank for the FY 2019-20. The Secretarial Audit Report submitted by M/s Bhandari & Associates is furnished at Annexure II, and forms an integral part of this Report.

The Secretarial Audit Report submitted by M/s Bhandari & Associates for FY 2019-20 does not contain any qualification, reservation or adverse remark.

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 a number of shares upto 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.

In accordance with the approval granted by the Shareholders in the NCLT-convened meeting held on December 11, 2018, the Bank instituted the IBL Special Incentive ESOS for BFIL Merger 2018 (ESOS 2018) with a pool of 57,50,000 options. The ESOS 2018 was adopted to ensure that the e-BFIL employees who became part of the Bank consequent to the merger, including such e-BFIL employees who were holding stock options under various e-BFIL Employee Stock Option Plans as of the Effective Date, were provided parity in relation to the stock options so held, as well as were adequately incentivized with further options.

An aggregate of 486,64,142 Options, comprising about 7% 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 made available on the website of the Bank, on the day of the AGM.

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

Statutory disclosures as mandated under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended, have been hosted on the website of the Bank at: <https://www.indusind.com/in/en/investors/investor-landing/investor-resources.html>

Disclosure on compliance with Secretarial Standards

The Bank has complied with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and has systems which are adequate and are operating effectively.

Maintenance of Cost Records

Being a Banking Company, the Bank is not required to maintain cost records as per sub-section (1) of Section 148 of the Companies Act, 2013.

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 year ended March 31, 2020, 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, 2020 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.

The Annual Return of the Bank in the prescribed Form MGT-7 is available on the website of the Bank and at: <https://www.indusind.com/in/en/investors/investor-landing/investor-resources.html>

Particulars of Employees

The Bank had 30,674 employees on its rolls as on March 31, 2020.

71 employees employed throughout the year, were in receipt of remuneration of ₹1.02 crores per annum or more and 24 employees employed for the part of the FY 2020 and are 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 Annexure may please send an email to the Company Secretary at investor@indusind.com.

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.

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 V and form an integral part of this Report.

Policy on Remuneration to Non-Executive Directors

In line with the guidelines contained in RBI Circular dated June 1, 2015 on compensation of Non-Executive Directors of Private Sector Banks, and the approval of the Board of Directors, the Shareholders and the Reserve Bank of India, wherever applicable, the Remuneration was paid to the Non-Executive Directors in the form of Profit-related Commission in addition to Sitting Fees for attending meetings of the Board and of various Board Committees.

Mr. R. Seshasayee, Part-time, Non-executive Chairman of the Bank, retired from the Bank's Board on July 24, 2019, on completion of his tenure.

Reserve Bank of India had, vide letter dated January 30, 2020, approved the appointment of Mr. Arun Tiwari, Non-Independent, Non-Executive Director, as Part-time, Non-Executive Chairman of the Bank for a period of three years.

Accordingly, Mr. Arun Tiwari assumed charge as Part-time, Non-Executive Chairman of the Bank with effect from January 31, 2020.

In line with the guidelines contained in RBI Circular dated June 1, 2015, on compensation of Non-Executive Directors of Private Sector Banks, the Nomination & Remuneration Committee and the Board of Directors, in their meeting held on December 4, 2019, subject to approval of Reserve Bank of India, approved payment of remuneration of ₹30 lakhs per annum to Mr. Arun Tiwari as Part-time, Non-Executive Chairman. The approval of RBI was received on January 30, 2020 for payment of remuneration with effect from the date of his assuming charge as Chairman of the Bank.

The Non-Executive Directors, other than the Part-time Chairman, shall continue to receive Profit-related-Commission not exceeding ₹10 lakhs per annum.

The annual remuneration payable to a single Non-Executive Director does not exceed 50% of the total annual remuneration payable to all Non-Executive Directors.

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

During the Financial Year 2019-20, the Board has reviewed and approved changes to the 'Policy on Remuneration to Non-Executive Directors'. The Policy is hosted on the Bank's website at the link given below:

<https://www.indusind.com/in/en/investors/investor-landing/investor-resources.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, which forms an integral part of this Report.

Particulars of Loans, Guarantees or Investments outstanding

Pursuant to Section 186(11) of the Companies Act, 2013, loans made, guarantees given, securities provided or acquisition of securities by a banking company in the ordinary course of its business are exempted from the disclosure requirement under Section 134(3)(g) of the Companies Act, 2013.

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, Subsidiary 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:

<https://www.indusind.com/in/en/investors/investor-landing/investor-resources.html>

Consolidated Financial Statements

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

In the preparation of the Consolidated Financial Statement, the Standalone Financial Statements of BFIL, the wholly-owned subsidiary for the year ended March 31, 2020, have been considered on a line by line basis by adding together like items of assets, liabilities, income and expenses, in accordance with Accounting Standard 21.

In accordance with Accounting Standard 23, the Standalone Financial Statements of IMFS, an associate in which the Bank has a 30% stake, has been considered in the Consolidated Financial Statement by adopting 'Equity Method'.

Indian Accounting Standards (Ind As)

The Reserve Bank of India (RBI) issued a Circular in February, 2016, requiring Scheduled Commercial Banks to implement Indian Accounting Standards (Ind AS) from April 1, 2018. RBI had, vide a press release dated April 5, 2018, deferred the implementation of Ind AS by one year. The legislative amendments recommended by the Reserve Bank towards implementation of Ind AS are still under consideration of the Government of India. Accordingly, RBI had, through a Notification dated March 22, 2019, deferred the Ind AS implementation till further notice.

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 had set up a Working Group under the guidance of the Steering Committee and has conducted Gap Assessment and identified 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. The Bank had engaged the services of a professional firm with international experience in the field, to assist in the project of implementation of Ind AS. The Bank has obtained licenses for IT systems to automate Expected Credit Losses and Effective Interest Rate calculations towards implementation of Ind AS and the project is currently under implementation. The Bank continues to organize trainings for its teams across business and support functions. The Audit Committee of the Board of Directors has an oversight on the progress of the Ind AS implementation.

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. at transition date will be recognized in equity or other components of equity.
- (b) The classification and measurement of financial assets will be driven by the business model of the Bank 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 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 accordance with RBI directions, the Bank has been submitting standalone pro forma Ind AS financial statements along with other computations to the RBI, from time to time.

Corporate Social Responsibility

In line with its CSR focus areas, the Bank is 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 look after the CSR initiatives. The Committee is headed by Mrs. Akila Krishnakumar as the Chairperson, Mr. Rajiv Agarwal, Mr. Sanjay Asher and Mr. Sumant Kathpalia as Members.

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

The Bank's CSR Policy and strategy directs and governs the Bank's activities in focus areas, namely Environmental Sustainability, Rural Development and Inclusiveness, Preventive Healthcare, Education and Sports.

In FY 2019-20, the Bank continued its flagship initiative under the water stewardship wherein it undertook water conservation through various interventions viz. watershed management, restoration of natural water bodies, springshed water management, roof rain water harvesting, and availability & accessibility of safe drinking water through installation of water ATMs.

Under the theme Education, the Bank implemented enhanced education programme, early learning literacy outcomes, and road to school project which is expected to change the way in which education is delivered. The Bank provided mid-day meals to children in Government and Government aided schools in Odisha and Delhi improving their nutritional status.

IndusInd Bank supported inclusiveness of the differently abled along with gender inclusiveness / equality in Sports. The Bank had a separate non-business vertical for Sports which undertook spreading the culture of inclusivity and excellence in sports within and outside the organization. Currently five excellence programmes namely IndusInd Para Champions, IndusInd Blind Cricket, IndusInd Girl Power, IndusInd Hockey for her Excellence and Nurturing Rural Champions are being supported.

Under the focus area Preventive Healthcare, IndusInd Bank supported an intervention on reducing cancer burden by providing care, treatment, awareness and prevention services with supply of radiology equipments. The Bank also supports the treatment of children with cancer in Rajasthan. IndusInd Bank has increased the number of Mini Health Clinics to provide affordable primary healthcare to individuals from poor & lower Income Group families. Under the Stree Swabhimaan initiative, school girls were provided with sanitary pads in the State of Madhya Pradesh. These pads were manufactured by trained Village

Level Entrepreneurs, thus encouraging their livelihoods as well. The initiative is driven by awareness and outreach to effect behaviour change towards the issue of menstrual hygiene in the community.

To promote livelihood, the Bank supports skill development of disabled from the marginalized communities in various districts of Karnataka. The Bank supports long term residential rehabilitation program for substance abusing street children/ youth. The two-pronged approach involves rehabilitation (medical and psychological) from substance abuse and thereby enhance skills for employability. The Bank also runs training programmes in BFSI, Hospitality and Retail at Assam for the local unemployed youth to create livelihood for them.

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

The Bank, on the basis of criteria prescribed under Section 135 of the Act, is required to spend at least two per cent of the Average Net Profits made during the three immediately preceding financial years in pursuance of their Corporate Social Responsibility Policy. Accordingly, the Bank spent ₹ 108.15 crores towards various CSR activities specified in Schedule VII of the Companies Act, 2013.

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

The CSR Policy is framed basis the activities permitted under Schedule VII of the Companies Act, 2013. Details of the CSR Policy and initiatives adopted by the Bank on CSR are available on Bank's website at the link given below:

<https://www.indusind.com/in/en/csr-policy.html>

Sustainability

The Bank continues to deliver consistently greater value to the stakeholders while mainstreaming sustainability in to the business practices. The sustainability policy of the Bank lays out guidelines and targets in key areas of the environmental, social, economic and governance aspects. The Bank has committed targets on Environmental, Social and Governance (ESG) aspects and continues to improve the sustainability performance to surpass the ESG targets.

The Bank recognizes the fact that incorporating ESG issues in its operations as well as investment practices contributes towards betterment of the environment and society at large and also presents a good business case. As a socially and environmentally responsible organization, the Bank seeks to specialize the lending portfolio by increasing investments in development sectors and contribute positively to the nation's developmental transformation in a sustainable manner.

In its endeavor to incorporating sustainability in to business, the Bank is meticulously setting up processes that reflect its long standing view – "Good Ecology is Good Economics". The Bank keeps abreast with latest research on corporate citizenship and responsible banking both globally and locally. The Bank has adopted various reporting schemes and guidance frameworks laid out by 'Standard Setters' such as International Integrated Reporting Council (IIRC), Global Reporting Initiative (GRI), Carbon Disclosure Project (CDP), Dow Jones Sustainability Index (DJSI) etc. for assessment and accountability in sustainability performance.

The Bank consistently works to mitigate and reduce the impact of its business activities on the natural environment. The Bank continues to invest in energy efficiency, water conservation and greening the IT systems. The Bank promotes sustainable and ethical procurement practices through selection and on-boarding criteria for vendors and suppliers and emphasizes the importance of sustainability performance including human rights, labour laws adherence to standardised environmental social and governance norms by the upstream and downstream supply chain partners.

<https://www.indusind.com/in/en/sustainability.html>

Business Responsibility Report (BRR)

The Securities and Exchange Board of India (SEBI) 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, BRR has been hosted on the Bank's website at:

<https://www.indusind.com/in/en/sustainability.html>

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 the workings.

The Bank continues to focus on better, complete and timely disclosures to the Stock Exchanges for dissemination to the Stakeholders. Detailed disclosures regarding Corporate Governance are provided in the Corporate Governance Report, which forms an integral part of this Annual Report.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report, as prescribed under Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of the Annual Report.

Significant and Material Orders passed by the Regulators or Courts

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

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 Bank to which the Financial Statements relate and the date of this Report.

For the impact of COVID-19 on the performance of the Bank and the Group, please refer to "Note No. 5.13 of Schedule 18 – Notes forming part of the Accounts" of the Financial Statements of the Bank and "Note No. 12 of Schedule 18 – Notes forming part of the Accounts" of the Consolidated Financial Statements of the Bank.

On August 25, 2020, an Extra-ordinary General Meeting of the Bank was convened wherein the Shareholders had approved, by way of a Special Resolution, the proposal to allot upto 6,27,47,245 equity shares of the Bank at a price of ₹ 524 per equity share, to a select group of investors including one of the Promoter entities of the Bank.

Awards and Accolades

The year has been quite rewarding for the Bank, with many accolades and awards coming the Bank's way. The Bank has been bestowed with many awards for excellence in managing IT and Data Analytics for Business Outcome, Payment Initiative amongst Private Sector Banks, Payment and Collection Solution, Technology Solutions to provide a suite of services enabling a superior customer experience, Innovative Use of Technology in Customer Service, and Best Corporate Social Responsibility Practices (CSR).

The Bank won the Best Bank Award in the mid-sized bank category at the 24th edition of the Business Today - Money Today Financial Awards. Mr. Romesh Sobti, Former Managing Director & CEO, was honoured with the 'Lifetime Achievement Award' at the Financial Express India's Best Banks Awards 2019. The Bank was also awarded the Spirit of Innovation award for the launch of its IndusCorp, Duo Card, Nexxt Credit Card and Data Warehouse & Power BI Implementation Projects, at the 8th Edition of the Finnoviti 2020 Conference & Awards.

Abridged details of the awards feature in the initial pages and Management Discussion and Analysis Report, which is an integral part of this Annual Report.

Cautionary Statement

Certain statements in the Directors' Report and in the Management Discussion and Analysis document 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.

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

The Bank has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The disclosures relating to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is included in the Corporate Governance Report, which forms an integral part of this Report.

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 : August 26, 2020

Arun Tiwari
Chairman
(DIN: 05345547)

CORPORATE GOVERNANCE

(The Report on Corporate Governance forms part of the Directors' Report for the Financial Year ended March 31, 2020)

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 philosophy has been strengthened through various Policies and Codes adopted by the Bank, which are regularly reviewed and updated on need basis and to keep aligned with the Regulations.

The Bank's Board consists of eminent individuals having, on an average, industry experience of more than 30 years, with diversified skills, experience and expertise. The Board 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 Secretary, on compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations forms part of this Report and is enclosed as **Annexure VII**.

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, 2020 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, and all personnel one level below the Executive Directors, including all Functional 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, 2020. 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, 2020, is enclosed as **Annexure VIII** 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 by enhancing the sustainability of the organisation and emerge as India's most convenient Bank with financial metrics amongst the best in the industry."

VISION

"IndusInd Bank will be:

- A relevant business and banking partner to its clients.
- Engaged with all our stakeholders and will deliver sustainable and compliant growth and returns.
- 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 productivity, efficiency and profitability.
- A change agent for financial inclusion in India"

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 & Rural Economy, Business Development and Management, Small-Scale Industry, etc. The Board is constituted in compliance with the Banking Regulation Act, 1949, Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 provisions of the Banking Regulation Act, 1949, Companies Act, 2013 and Regulation 17 of the Listing Regulations and all other applicable laws.

As on March 31, 2020, the Bank's Board comprised nine Directors, viz., Mr. Arun Tiwari, Non-Executive, Non-Independent, Part-time Chairman, Mr. Sumant Kathpalia, Managing Director & CEO, and seven Directors in the category of Non-Executive Independent, viz., Mr. Shanker Annaswamy, Dr. T. T. Ram Mohan, Mrs. Akila Krishnakumar, Mr. Rajiv Agarwal, Mr. Sanjay Asher, Mr. Sanjeev Kumar Asthana and Mrs. Bhavna Doshi.

A Resolution seeking Shareholders' approval for appointment of Mr. Arun Tiwari as Non-Executive, Non-Independent, Part-time Chairman and re-appointment of Mr. Shanker Annaswamy and Dr. T. T. Ram Mohan, forms part of the Notice of the Annual General Meeting of the Members of the Bank scheduled on September 25, 2020.

During the year under review, the Board had appointed the following Additional Directors, viz., Mr. Sanjay Asher, Mr. Sanjeev Kumar Asthana, Mrs. Bhavna Doshi and Mr. Sumant Kathpalia. Approval of the Shareholders for the appointment of the Additional Directors as Directors in the Board is being requested at the ensuing Annual General Meeting. The composition of the Board represents an optimal mix of professionalism, knowledge, and experience.

During the year under review:

Mr. Yashodhan M. Kale (DIN: 00013782): Mr. Yashodhan M. Kale, who had been 'Non-Executive, Non-Independent Director' in the Board since April 16, 2015 ceased to hold office with effect from April 16, 2019 upon completion of his tenure.

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

Mr. R. Seshasayee (DIN: 00047985): Mr. R. Seshasayee, who had been 'Non-Executive Part-time Chairman' of the Board since July 24, 2007, ceased to hold office with effect from July 24, 2019, upon completion of his tenure.

The Directors wish to place on record their deep appreciation for the leadership and contribution made by Mr. Seshasayee as Chairman of the Board for a period of 12 years, and for the remarkable growth of the Bank during his tenure.

Mr. Siraj Chaudhry (DIN: 00161853): Mr. Siraj Chaudhry, who was appointed in the Bank's Board on January 3, 2019, resigned as 'Non-Executive, Independent Director' with effect from the close of business hours on September 23, 2019, owing to his taking up the position of Managing Director & CEO with a constituent of the Bank, attracting statutory provisions to his continuance as Director in the Bank's Board.

The Bank had received a confirmation from Mr. Siraj Chaudhry that there were no other material reasons for his resignation other than the aforesaid.

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

Mr. Sanjay Asher (DIN: 00008221): Mr. Sanjay Asher was appointed as 'Additional Director' in the category of 'Non-Executive, Independent Director' by the Board on October 10, 2019.

Mrs. Kanchan Chitale (DIN: 00007267): Mrs. Kanchan Chitale, who had been 'Non-Executive, Independent Director' since October 18, 2011 ceased to hold office with effect from October 17, 2019, upon completion of her second term which had commenced on October 18, 2015.

The Board of Directors wish to place on record their deep appreciation for the valuable contributions made by Mrs. Kanchan Chitale towards the deliberations in the Board meetings during her tenure as Director of the Bank.

Mr. Sanjeev Kumar Asthana (DIN: 00048958): Mr. Sanjeev Asthana was appointed as 'Additional Director' in the category of 'Non-Executive, Independent Director' by the Board on December 4, 2019.

Mr. Sanjeev Asthana has resigned from the Bank's Board with effect from the close of business hours on July 27, 2020, owing to acceptance of a new role as the CEO of a corporate, impacting his being a Director in the Bank's Board with specialised knowledge / practical experience in Agriculture & Rural Economy, as laid down in the Banking Regulation Act, 1949.

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

Mr. Shanker Annaswamy (DIN: 00449634): Mr. Shanker Annaswamy was appointed as 'Non-Executive, Independent Director' in the Board on January 12, 2016 for a period of four years. His tenure had accordingly concluded on January 11, 2020.

The Board approved the re-appointment of Mr. Shanker Annaswamy for a further period of four years effective, January 12, 2020 until January 11, 2024.

Mrs. Bhavna Doshi (DIN: 00400508): Mrs. Bhavna Doshi was appointed as 'Additional Director' in the category of 'Non-Executive, Independent Director' by the Board on January 14, 2020.

Mr. Arun Tiwari (DIN: 05345547): Mr. Arun Tiwari was appointed as 'Non-Executive, Independent Director' in the Bank's Board on August 10, 2018. The Bank's Shareholders had, in their meeting held on August 16, 2019 approved his appointment as 'Non-Executive, Independent Director' for a period of four consecutive years from the date of his appointment.

The Board of Directors, in their meeting held on October 30, 2019, took note of the change in the classification in the Directorship of Mr. Arun Tiwari from 'Non-Executive, Independent Director' to 'Non-Executive, Non-Independent Director' with effect from October 15, 2019, since Mr. Arun Tiwari did not continue to meet the criteria of 'Independence' specified under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Reserve Bank of India had, vide their letter dated January 30, 2020, conveyed approval for the appointment of Mr. Arun Tiwari as 'Non-Executive, Part-time Chairman' of the Board of the Bank. Mr. Arun Tiwari assumed charge as 'Non-Executive, Part-time Chairman' of the Bank with effect from January 31, 2020, for a period of three years i.e., upto January 30, 2023.

A Resolution seeking approval of the Shareholders for appointment of Mr. Arun Tiwari as 'Non-Executive, Non-Independent, Part-time Chairman' of the Board for a period of three years, from January 31, 2020 upto January 30, 2023, forms part of the Notice of the Annual General Meeting of the Bank scheduled for September 25, 2020.

Mr. Romesh Sobti (DIN: 00031034): Mr. Romesh Sobti, who had been 'Managing Director & CEO' of the Bank since February 1, 2008, demitted office on March 23, 2020, on completion of his tenure.

The Board wishes to place on record its appreciation for Mr. Romesh Sobti, for his contribution for the Bank's growth from strength to strength during the 12 years under his stewardship, both in terms of growth as well as instituting of robust systems and enhancing compliance.

Mr. Sumant Kathpalia (DIN: 01054434): The Board of Directors had, based on the recommendations of the Nomination & Remuneration Committee, approved the appointment of Mr. Sumant Kathpalia as 'Managing Director & CEO' of the Bank with effect from March 24, 2020. Accordingly, an application was made to Reserve Bank of India for approval of the same.

Mr. Sumant Kathpalia had been part of the Bank's Core Executive Team since February 2008, and had held the position of Head - Consumer Banking, in his earlier role.

Mr. Sumant Kathpalia was appointed as 'Additional Director', designated as 'Managing Director & CEO' for a period of three years, with effect from March 24, 2020.

Reserve Bank of India have, vide letter dated February 27, 2020, conveyed approval for the appointment of Mr. Sumant Kathpalia as 'Managing Director & CEO' for three years, effective March 24, 2020 until March 23, 2023.

Resolution seeking approval of the Shareholders for appointment of Mr. Sumant Kathpalia as Managing Director & CEO of the Bank for a period of three years with effect from March 24, 2020 forms part of the Notice of the Annual General Meeting of the Bank scheduled for September 25, 2020.

None of the Directors of the Bank are related to each other.

Core Skills / Expertise / Competence identified by Board of Directors required for Bank's business:

The Board of Directors in line with Section 10 A (2) and other relevant provisions of the Banking Regulation Act, 1949 and Circular: DBR.Appt.BC.No.38/29.39.001/2016-17, issued by RBI have identified the following core skills / experience / special knowledge / competencies required in the context of its businesses and sectors for the Bank to function effectively. The same are:

1. Accountancy;
2. Agriculture and Rural economy;
3. Banking;
4. Cooperation;
5. Economics;
6. Finance;
7. Law;
8. Small-Scale Industry;
9. Information Technology;
10. Payment & Settlement Systems; and
11. any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to a bank.

Professional information including skill / expertise / competencies / practical knowledge in respect of each of the Directors is furnished below:

Name of Director*	DIN	Nature of Directorship	Special Knowledge / Practical Experience	Occupation/ Previous Employment
Mr. Arun Tiwari	05345547	Non-Executive, Non-Independent, Part-time Chairman	Banking	Professional Former CMD of Union Bank of India
Mr. Shanker Annaswamy ¹	00449634	Non-Executive, Independent	Information Technology	Professional Former Managing Director of IBM India Pvt. Ltd.
Dr. T. T. Ram Mohan ²	00008651	Non-Executive, Independent	Banking & Finance	Professor – Finance & Accounting, IIM, Ahmedabad
Mrs. Akila Krishnakumar	06629992	Non-Executive, Independent	Information Technology and Payments Systems	Self-employed
Mr. Rajiv Agarwal	00336487	Non-Executive, Independent	Small Scale Industry	Industrialist
Mr. Sanjay Asher	00008221	Additional Director (Non-Executive, Independent)	Accountancy & Law Practising Advocate	Practising Advocate. Senior Partner with M/s Crawford Bayley & Co.
Mr. Sanjeev Kumar Asthana ³	00048958	Additional Director (Non-Executive, Independent)	Agriculture and Rural Economy	Professional
Mrs. Bhavna Doshi	00400508	Additional Director (Non-Executive, Independent)	Accountancy	Consultant: Advisory Services in the field of Taxation, Accounting, Corporate and regulatory matters
Mr. Sumant Kathpalia	01054434	Additional Director, designated as Managing Director & CEO	Banking	Managing Director & CEO

Note:

- * Details of Appointment / Retirement / Resignation of Directors during the year under review are mentioned under the head 'Board Composition' in this Report.
- 1 Mr. Shanker Annaswamy's first tenure concluded on January 11, 2020, and he was re-appointed by the Board for a further period of four years effective from January 12, 2020.
 - 2 Dr. T. T. Ram Mohan's tenure completed on May 11, 2020, and he was re-appointed by the Board for a further period of four years effective from May 12, 2020.
 - 3 Mr. Sanjeev Kumar Asthana has resigned from the Bank's Board with effect from the close of business hours on July 27, 2020, owing to acceptance of a new role as the CEO of a corporate, impacting his being a Director in the Bank's Board with specialised knowledge / practical experience in Agriculture & Rural Economy, as laid down in the Banking Regulation Act, 1949.

ii. Attendance of Directors at meetings of the Board and Annual General Meeting

During the year ended March 31, 2020, nine meetings of the Board were held: On May 22, 2019, June 19, 2019, July 12, 2019, August 16, 2019, October 10, 2019, October 22, 2019, October 30, 2019, December 4, 2019, and January 14, 2020.

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, 2020 are as follows:

Name of the Director*	Attendance at Board meetings (No. of meetings attended #)	Attendance at the AGM held on August 16, 2019	Number of other Directorships		No. of Committees of other companies in which Member \$ %	No. of Committees of other companies in which Chairpersonships \$ %
			Indian Public Limited Companies	Other Companies / LLPs~		
Mr. R. Seshasayee	3/3	-	-	-	-	-
Mr. Arun Tiwari	9/9	✓	4	-	-	-
Mrs. Kanchan Chitale	5/5	✓	-	-	-	-
Mr. Yashodhan M. Kale	-	-	-	-	-	-
Mr. Shanker Annaswamy	9/9	✓	2	-	2	-
Dr. T. T. Ram Mohan	7/9	Absent	1	-	1	-
Mrs. Akila Krishnakumar	8/9	✓	3	1	4	1
Mr. Siraj Chaudhry	4/4	✓	-	-	-	-
Mr. Rajiv Agarwal	8/9	✓	-	3	-	-
Mr. Sanjay Asher	3/4	-	6	6	3	3
Mr. Sanjeev Asthana	0/1	-	7	-	-	-
Mrs. Bhavna Doshi	-	-	7	2	2	4
Mr. Romesh Sobti	9/9	✓	-	-	-	-
Mr. Sumant Kathpalia	-	-	1	-	-	-

Notes:

- * Details of Appointment / Retirement / Resignation of Directors during the year under review are mentioned under the head 'Board Composition'.
- # Includes attendance through video conference.
- ~ Includes Directorships 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 Members / Chairpersons, 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.

Disclosure of Inter-se relationship:

None of the Bank's Directors are related inter-se.

Other Listed Entities in which the Bank's Directors hold Directorships and the category of their Directorships as on March 31, 2020:

Name of Directors	Other Listed Entities in which he / she is a Director	Category of Directorship
Mr. Arun Tiwari	--	--
Mr. Shanker Annaswamy	Healthcare Global Enterprises Ltd.	Non-Executive Independent Director
Dr. T. T. Ram Mohan	--	--
Mrs. Akila Krishnakumar	Heidelberg Cement India Ltd.	Chairperson, Non-Executive Independent Director
	ABB Power Products and Systems (India) Ltd.	Non-Executive Independent Director
	Matrimony.com Ltd.	Non-Executive Independent Director
Mr. Rajiv Agarwal	--	--
Mr. Sanjay Asher	Sonata Software Ltd.	Non-Executive Independent Director
	Deepak Nitrite Ltd.	Non-Executive Independent Director
	Sudarshan Chemical Industries Ltd.	Non-Executive Independent Director
	Repro India Ltd.	Non-Executive Independent Director
	Ashok Leyland Ltd.	Non-Executive Independent Director
	Tribhovandas Bhimji Zaveri Ltd.	Non-Executive Independent Director
Mr. Sanjeev Asthana	--	--
Mrs. Bhavna Doshi	Sun Pharma Advanced Research Company Ltd.	Non-Executive Independent Director
	Everest Industries Ltd.	Non-Executive Independent Director
	Torrent Power Ltd.	Non-Executive Independent Director
Mr. Sumant Kathpalia	--	--

iii. Remuneration to Non-Executive Directors

During the year under review, all Non-Executive Directors, including the Non-Executive, Non-Independent, 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) Committee of Directors	50,000	For every meeting attended.
(d) Risk Management Committee	50,000	For every meeting attended.
(e) For all other Board Committees	20,000	For every meeting attended.

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 ¹	7,88,043	8,50,000
Mr. Arun Tiwari ²	13,35,165	31,70,000
Mrs. Kanchan Chitale ³	5,46,196	9,00,000
Mr. Yashodhan M. Kale ⁴	41,209	20,000
Mr. Shanker Annaswamy	10,00,000	16,40,000
Dr. T. T. Ram Mohan	10,00,000	23,50,000
Mrs. Akila Krishnakumar	10,00,000	11,60,000
Mr. Siraj Chaudhry ⁵	4,80,978	6,70,000
Mr. Rajiv Agarwal	10,00,000	10,80,000
Mr. Sanjay Asher ⁶	4,75,543	9,70,000
Mr. Sanjeev Asthana ⁷	3,26,087	-
Mrs. Bhavna Doshi ⁸	2,14,286	-

Notes:

1. Mr. R. Seshasayee, ceased to be 'Non-Executive, Part-time Chairman' of the Board w.e.f. July 24, 2019, upon completion of his tenure.
 2. Mr. Arun Tiwari was appointed 'Non-Executive Non-Independent, Part-time Chairman' of the Board w.e.f. January 31, 2020. Mr. Tiwari received remuneration in the form of Commission: (i) ₹ 8,32,418/- (April 1, 2019 to January 30, 2020) as Director at ₹ 10 lakhs per annum; and (ii) ₹ 5,02,747/- (January 31, 2020 to March 31, 2020) as Chairman, at ₹ 30 lakhs per annum.
 3. Mrs. Kanchan Chitale ceased to be Director on October 17, 2019, upon completion of her tenure.
 4. Mr. Yashodhan M. Kale ceased to be Director on April 16, 2019, on completion of his tenure.
 5. Mr. Siraj Chaudhry resigned from the position of Director w.e.f. close of business hours of September 23, 2019, owing to his taking up of new role as MD & CEO of a constituent having borrowing relationship with the Bank.
 6. Mr. Sanjay Asher was appointed 'Additional Director' by the Board on October 10, 2019 in the category of 'Non-Executive, Independent Director'.
 7. Mr. Sanjeev Asthana was appointed 'Additional Director' by the Board on December 4, 2019 in the category of 'Non-Executive, Independent Director'. No meetings were attended by him during the year ended March 31, 2020, and therefore no Sitting Fees were paid to him.
 8. Mrs. Bhavna Doshi was appointed 'Additional Director' by the Board on January 14, 2020 in the category of 'Non-Executive Independent Director'. No meetings were attended by her during the year ended March 31, 2020, and therefore no Sitting Fees were paid to her.
- 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.

iv. Compensation to Whole-time Directors

Appointment / Re-appointment of the Managing Director and compensation paid to him is with the prior approval of the Reserve Bank of India and of Shareholders of the Bank.

Mr. Romesh Sobti, Managing Director & CEO upto March 23, 2020:

Mr. Romesh Sobti had been 'Managing Director & CEO' of the Bank with effect from February 1, 2008.

Reserve Bank of India had approved the appointment of Mr. Romesh Sobti as Managing Director and CEO of the Bank upto March 23, 2020.

Details of Remuneration paid to Mr. Romesh Sobti during the Financial Year 2019-20 are as follows:

Salary ₹209.92 lakhs, Other Allowances ₹236.30 lakhs, facility of company-leased and furnished accommodation, Provident Fund at 12% of Salary, Gratuity at one months' Salary, Pension at two months' Salary, Medical Expenses - reimbursement up to ₹2.09 lakhs, Leave Fare Concession of ₹2.09 lakhs, Mediclaim for self and family members, Personal Accident Insurance, Membership of two Clubs and official car with driver.

During FY 2019-20, Mr. Sobti had exercised an aggregate of 2.31 lakhs Options.

Mr. Sumant Kathpalia, Managing Director & CEO, with effect from March 24, 2020:

Mr. Sumant Kathpalia has been appointed as 'Managing Director & CEO' of the Bank with effect from March 24, 2020.

Details of Remuneration paid to Mr. Sumant Kathpalia during the Financial Year 2019-20 are as follows:

Salary ₹3.59 lakhs, Other Allowances ₹11.69 lakhs, Provident Fund at 12% of Salary, Gratuity at half months' Salary, Mediclaim for self and family members, Personal Accident Insurance, Membership of One Club.

v. Directors' Shareholding

Details of the Bank's Equity Shares held by the Directors, including the Managing Director & CEO, as on March 31, 2020, are given below:

(i)	Dr. T. T. Ram Mohan	: 3,800 shares (0.00%)
(ii)	Mr. Sanjay Asher	: 5,600 shares (0.00%)
(iii)	Mr. Sumant Kathpalia	: 5,28,818 shares (0.08%)

Mr. Romesh Sobti held 9,06,000 shares (0.13%) as on March 23, 2020, i.e., the date of completion of his tenure.

None of the Directors of the Bank hold shares in the Bank for other persons on a beneficial basis. Further, no Director holds any other security issued by the Bank.

vi. Details of Directors seeking Appointment / Re-appointment / Resignation / Directors retiring by rotation at the forthcoming AGM

(a) Retirement by Rotation

In accordance with the provisions of the Companies Act, 2013, Mr. Arun Tiwari (DIN: 05345547), Non-Executive Non-Independent, Part-time Chairman of the Bank retires by rotation, and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM).

(b) Appointment of Mr. Arun Tiwari (DIN: 05345547) as Non-Executive, Non-Independent, Part-time Chairman of the Bank.

(c) Appointment of Mr. Sumant Kathpalia (DIN: 01054434) as Managing Director & CEO of the Bank.

(d) Re-appointment of Directors:

Mr. Shanker Annaswamy (DIN: 00449634)

Dr. T. T. Ram Mohan (DIN: 00008651).

(e) Appointment of Additional Directors as Directors in the Board:

Mr. Sanjay Asher (DIN: 00008221)

Mrs. Bhavna Doshi (DIN: 00400508)

Mr. Sumant Kathpalia (DIN: 01054434).

A Resolution seeking Shareholders' approval for the aforesaid appointments / re-appointments forms part of the Notice of the ensuing Annual General Meeting of the Bank scheduled on September 25, 2020.

Details of Directors seeking appointment / reappointment are mentioned in the 'Board Composition' section forming part of this Report.

As required under Regulation 36(3) of the Listing Regulations, particulars of the Directors seeking appointment / re-appointment / retirement by rotation are given in the Explanatory Statement to the Notice of the Annual General Meeting scheduled for September 25, 2020.

vii. 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 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 the brief summary of discussions held in Committee meetings. Minutes of Committee meetings are circulated to the Board.

The terms of reference of the Committees are reviewed by the Board periodically and are amended to ensure synchrony with regulatory changes and business requirements.

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) Powers:

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;
5. To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.

(B) Role:

1. Oversight of the company's Financial Reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible;
2. Recommendation to the Board for appointment, remuneration and terms of appointment of Auditors;
3. Approval of payment to Statutory Auditors for any other services rendered by them;
4. Reviewing, with the Management, the annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's 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;
 - (b) Changes, if any, in Accounting Policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by Management;
 - (d) Significant adjustments made in the Financial Statements arising out of audit findings;
 - (e) Compliance with Listing and other Legal requirements relating to Financial Statements;
 - (f) Disclosure of any Related Party Transactions;
 - (g) Modified opinion(s) 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. Reviewing and monitoring the Auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the listed entity 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, 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 there on;
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 Chief Financial Officer 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;
21. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
22. Reviewing all matters as specified by RBI in the Circular on Calendar of Reviews as per RBI Circular dated November 2010 and notifications, if any, issued from time to time in this regard;
23. Reviewing Concurrent Audit System of the Bank (including appointment of Concurrent Auditor(s) and their tenure, Scope of Audit, Remuneration to external concurrent auditors);
24. Quarterly review containing important features brought out during concurrent audits, finding and an annual appraisal/report of the audit system;
25. To provide directions on any penal action to be initiated, in case of any violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Code of Conduct formulated under the said Code by any person;
26. To note and take on record the status reports, as submitted by the Compliance Officer at least once in a financial year;

27. Regularly review compliance functions in strict accordance with extant guidelines on the subject;
28. Review Report containing cases of attempted fraud involving ₹25 lakhs or more;
29. Yearly consolidated review of attempted fraud cases detected during the year as on March 31 every year within three months from the end of the relative year;
30. Review of quarterly audit notes on KYC / AML;
31. Review of wilful default cases;
32. In case of investment in shares, the surveillance and monitoring of investment by way of review of the total exposure of the Bank to capital market both fund based and non-fund based, in different forms and ensure that adequate risk management and internal control systems are in place;
33. To keep the Board informed about the overall exposure to capital market, the compliance with the Reserve Bank and Board guidelines, adequacy of risk management and internal control systems;
34. Quarterly review of Legal Audits of Title Documents in respect of Large Value Loan Accounts (Exposure of ₹5 crore and above);
35. Refer to the Internal Ombudsman in respect of cases mentioned under Clause 8(2)(a) of the Ombudsman Scheme pertaining to complaints related to frauds and misappropriation.

(C) Review of following information (Scope):

1. Management Discussion and Analysis of financial condition and results of operations;
2. Review the financial statements, in particular, the investments made by the unlisted subsidiary;
3. Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by Management;
4. Management Letters / Letters of Internal Control weaknesses issued by the Statutory Auditors;
5. Internal Audit Reports relating to internal control weaknesses;
6. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee;
7. Statement of deviations:
 - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (Listing of Obligations and Disclosure Requirements), 2015 ('LODR');
 - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of LODR.

Composition : As on March 31, 2020, the Committee comprised three members, viz., Mr. Sanjay Asher (Chairman), Mr. Shanker Annaswamy, and Mr. Arun Tiwari.

Meetings : The Committee met seven times during the financial year 2019-2020: On May 21, 2019, July 12, 2019, July 26, 2019, October 10, 2019, December 3, 2019, January 14, 2020 and February 24, 2020.

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
Mrs. Kanchan Chitale	4/4	Ceased to be Chairperson of the Committee upon completion of her tenure in the Bank's Board on October 17, 2019.
Mr. Yashodhan M. Kale	-	Ceased to be member of the Committee, upon completion of his tenure in the Bank's Board on April 16, 2019.
Mr. Shanker Annaswamy	7/7	-
Mr. Arun Tiwari	7/7	-
Mr. Siraj Chaudhry	3/3	Ceased to be member of the Committee upon his resignation from the Bank's Board on September 23, 2019.
Mr. Sanjay Asher	3/3	Inducted as member in the Committee on October 22, 2019. Appointed Chairman of the Committee with effect from January 14, 2020.

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 : As on March 31, 2020, the Committee comprised four members, viz., Mr. Arun Tiwari (Chairman), Dr. T. T. Ram Mohan, Mr. Sanjay Asher and Mr. Sumant Kathpalia.

Meetings : The Committee met thirty-two times during the financial year 2019-2020: On April 16, 2019, April 30, 2019, May 10, 2019, May 17, 2019, June 4, 2019, June 7, 2019, June 18, 2019, June 28, 2019, June 29, 2019, July 23, 2019, August 7, 2019, August 23, 2019, August 26, 2019, September 11, 2019, September 20, 2019, September 27, 2019, September 30, 2019, October 24, 2019, November 4, 2019, November 19, 2019, December 3, 2019, December 11, 2019, December 19, 2019, December 23, 2019, December 27, 2019, December 30, 2019, December 31, 2019, February 4, 2020, February 27, 2020, March 6, 2020, March 13, 2020, and March 20, 2020.

The attendance details of the members are as under:

Members	Number of meetings attended (includes attendance through videoconference)	Remarks
Mr. R. Seshasayee	9/10	Ceased to be Chairman of the Committee upon completion of his tenure in the Bank's Board on July 24, 2019.
Dr. T. T. Ram Mohan	26/32	Chaired the Committee meetings held between July 25, 2019 and February 3, 2020.
Mr. Arun Tiwari	29/32	Appointed as the Chairman of the Committee with effect from February 4, 2020.
Mr. Sanjay Asher	7/12	Inducted as a member in the Committee on December 4, 2019.
Mr. Romesh Sobti	21/32	Ceased to be member of the Committee upon completion of his tenure in the Bank's Board on March 23, 2020.
Mr. Sumant Kathpalia	-	Inducted as a member in the Committee on March 24, 2020.

3. Compensation Committee

Terms of reference : The Committee's role is to make recommendations on the issuance of Bank's shares to its employees under the Employees Stock Option Scheme, 2007.

Composition : As on March 31, 2020, the Committee comprised three members, viz., Mrs. Akila Krishnakumar (Chairperson), Mr. Rajiv Agarwal, and Mr. Sanjay Asher.

Meetings : The Committee met three times during the financial year 2019-2020: On May 22, 2019, October 10, 2019 and January 14, 2020.

The attendance details of the members are as under:

Members	Number of meetings attended	Remarks
Mrs. Kanchan Chitale	2/2	Ceased to be Chairperson of the Committee upon completion of her tenure in the Bank's Board on October 17, 2019.
Mr. R. Seshasayee	1/1	Ceased to be member of the Committee upon completion of his tenure in the Bank's Board on July 24, 2019.
Mr. Siraj Chaudhry	1/1	Ceased to be member of the Committee upon his resignation from the Bank's Board on September 23, 2019.
Mrs. Akila Krishnakumar	2/3	Appointed as Chairperson of the Committee on October 22, 2019.
Mr. Rajiv Agarwal	2/2	Inducted as a member in the Committee on October 7, 2019.
Mr. Sanjay Asher	1/1	Inducted as a member in the Committee on October 22, 2019.

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 : As on March 31, 2020, the Committee comprised five members, viz., Dr. T. T. Ram Mohan (Chairman), Mrs. Akila Krishnakumar, Mr. Rajiv Agarwal, Mr. Sanjeev Asthana, and Mr. Sumant Kathpalia.

Meetings : The Committee met twice during the financial year 2019-2020: On November 13, 2019 and March 2, 2020.

The attendance details of the members are as under:

Members	Number of meetings attended (includes attendance through videoconference)	Remarks
Dr. T. T. Ram Mohan	2/2	-
Mr. Yashodhan M. Kale	-	Ceased to be member of the Committee upon completion of his tenure in the Bank's Board on April 16, 2019.
Mrs. Akila Krishnakumar	2/2	-
Mr. Rajiv Agarwal	2/2	Inducted as member in the Committee on May 22, 2019.
Mr. Sanjeev Asthana	-	Inducted as member in the Committee on March 13, 2020.
Mr. Romesh Sobti	0/2	Ceased to be member of the Committee upon completion of his tenure in the Bank's Board on March 23, 2020.
Mr. Sumant Kathpalia	-	Inducted as member in the Committee on March 24, 2020.

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 : As on March 31, 2020, the Committee comprised four members, viz., Mrs. Akila Krishnakumar (Chairperson), Mr. Rajiv Agarwal, Mr. Sanjay Asher and Mr. Sumant Kathpalia.

Meetings : The Committee met once during financial year 2019-2020: On January 28, 2020.

The composition of the 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:

<https://www.indusind.com/in/en/csr-policy.html>

The attendance details of the members are as under:

Members	Number of meetings attended (includes attendance through videoconference)	Remarks
Mrs. Akila Krishnakumar	1/1	Appointed as the Chairperson of the Committee on October 22, 2019.
Mr. Rajiv Agarwal	1/1	Inducted as member in the Committee on May 22, 2019.
Mrs. Kanchan Chitale	-	Ceased to be Chairperson of the Committee upon completion of her tenure in the Bank's Board on October 17, 2019.
Mr. Yashodhan M. Kale	-	Ceased to be member of the Committee upon completion of his tenure in the Bank's Board on April 16, 2019.
Mr. Sanjay Asher	0/1	Inducted as member in the Committee on October 22, 2019.
Mr. Romesh Sobti	0/1	Ceased to be member of the Committee upon completion of his tenure in the Bank's Board on March 23, 2020.
Mr. Sumant Kathpalia	-	Inducted as member in the Committee on March 24, 2020.

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 : As on March 31, 2020, the Committee comprised four members, viz., Mr. Rajiv Agarwal (Chairman), Mr. Arun Tiwari, Mrs. Bhavna Doshi, and Mr. Sumant Kathpalia.

Meetings : The Committee met twice during the financial year 2019-2020: On April 15, 2019 and July 6, 2019.

The attendance details of the members are as under:

Members	Number of meetings attended (includes attendance through videoconference)	Remarks
Mr. R. Seshasayee	1/2	Ceased to be Chairman of the Committee upon completion of his tenure in the Bank's Board on July 24, 2019.
Mr. Yashodhan M. Kale	1/1	Ceased to be member of the Committee upon completion of his tenure in the Bank's Board on April 16, 2019.
Mr. Romesh Sobti	1/2	Ceased to be member of the Committee upon completion of his tenure in the Bank's Board on March 23, 2020.
Mrs. Kanchan Chitale	1/1	Inducted as member in the Committee on May 22, 2019. Ceased to be member of the Committee upon completion of her tenure in the Bank's Board on October 17, 2019.
Mr. Arun Tiwari	1/1	Inducted as member in the Committee on May 22, 2019.
Mr. Rajiv Agarwal	1/1	Inducted as member in the Committee on May 22, 2019. Appointed as the Chairman of the Committee on October 22, 2019.
Mrs. Bhavna Doshi	-	Inducted as member in the Committee on March 13, 2020.
Mr. Sumant Kathpalia	-	Inducted as member in the Committee on March 24, 2020.

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: As on March 31, 2020, the Committee comprised three members, viz., Mr. Shanker Annaswamy (Chairman), Mrs. Akila Krishnakumar and Mr. Sumant Kathpalia.

Meetings: The Committee met thrice during the financial year 2019-2020: On July 22, 2019, November 14, 2019, and January 28, 2020.

The attendance details of the members are as under:

Members	Number of meetings attended (includes attendance through videoconference)	Remarks
Mr. Shanker Annaswamy	3/3	-
Mr. R. Seshasayee	1/1	Ceased to be member of the Committee upon completion of his tenure in the Bank's Board on July 24, 2019.
Mrs. Akila Krishnakumar	3/3	-
Mr. Romesh Sobti	2/3	Ceased to be member of Committee upon completion of his tenure in the Bank's Board March 23, 2020.
Mr. Sumant Kathpalia	-	Inducted as member in the Committee on March 24, 2020.

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 examine the qualification, knowledge, skillsets and experience and identify persons who are qualified to be appointed / re-appointed as Director vis-à-vis the Bank's requirements and their effectiveness to the Board;
2. To review the structure, size, composition, diversity of the Board and make necessary recommendations to the Board;
3. Formulate and review the Policy on Board Diversity;
4. To evaluate the succession planning process adopted by the Bank and suggest suitable course of action, if any, relating to vacancies that would be required to be filled at Board level on account of retirement / resignation / expiry of term of Directors, including Chairman;
5. To formulate criteria and specify the manner for effective evaluation of performance of the Board, its Committees and individual Directors; to be carried out either by the Board, the Nomination & Remuneration Committee or by an external independent agency and review its implementation and compliance;
6. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
7. To determine whether to extend or continue the tenure of appointment of the Independent Directors, on the basis of the report of Performance Evaluation of Independent Directors;
8. 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;
9. To identify persons who may be appointed in Senior Management position of the Bank, in accordance with the criteria laid down along with all remuneration, in whatever form, payable to senior management and recommend their appointment and removal for the approval of the Board;
10. To confirm that the Directors recommended to the Board for appointment in the category of 'Non-Executive Independent Director' fulfill the conditions specified under the Companies Act, 2013 and the Listing Regulations and that they are independent of the management;
11. To determine the quantum of the "Directors and Officers Insurance" (D and O insurance) and risks for all Directors (including Independent Directors) and recommend to the Board of Directors for approval.

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 review the talent management and succession policy and processes in the Bank for ensuring business continuity, especially at the levels of Managing Director & CEO, and Senior Management, and other key roles of the Bank;
4. Policy for Top-level Executives, one level below the Managing Director and Chief Executive Officer (Members of the Core Executive Team); and

- To review the HR strategy, Performance Appraisal process, fundamental changes in the Organization Structure, Training and the overall HR function.

Composition : As on March 31, 2020, the Committee comprised five members, viz., Mrs. Akila Krishnakumar (Chairperson), Mr. Arun Tiwari, Mr. Rajiv Agarwal, Mr. Sanjay Asher, and Mr. Sanjeev Asthana.

Meetings : The Committee met eight times during the financial year 2019-2020: On April 25, 2019, May 22, 2019, July 12, 2019, August 16, 2019, October 9, 2019, October 30, 2019, December 4, 2019 and January 13, 2020.

The attendance details of the members are as under:

Members	Number of meetings attended (includes attendance through videoconference)	Remarks
Mr. R. Seshasayee	2/3	Ceased to be member of the Committee upon completion of his tenure in the Bank's Board on July 24, 2019.
Mrs. Kanchan Chitale	5/5	Ceased to be Chairperson of the Committee upon completion of her tenure in the Bank's Board on October 17, 2019.
Mr. Arun Tiwari	8/8	-
Mr. Siraj Chaudhry	4/4	Ceased to be member of the Committee upon his resignation from the Bank's Board on September 23, 2019.
Mrs. Akila Krishnakumar	4/4	Inducted as member in the Committee on October 7, 2019. Appointed as the Chairperson of the Committee on October 22, 2019.
Mr. Sanjay Asher	3/3	Inducted as member in the Committee on October 22, 2019.
Mr. Rajiv Agarwal	3/3	Inducted as member in the Committee on October 22, 2019.
Mr. Sanjeev Asthana	-	Inducted as member in the Committee on March 13, 2020.

9. Risk Management Committee

Terms of reference :

- Frame, implement, monitor and review the Enterprise-wide Risk Management Framework for the Bank;
- Periodically review and annually update the Risk Management policies covering Credit Risk, Market Risk, Assets-Liabilities Management, Operational Risk, and other risk management policies, including triggers or stop-losses for traded and accrual portfolios;
- Develop and establish risk management practices that include measures around likelihood and impact and risk categories in alignment with Bank's policies;
- Credit Portfolio Management Analysis;
- Development and implementation of Credit Risk models, Market Risk models, and the effectiveness of all systems used for calculating Market Risk;
- Implementation of Risk practices in line with Basel II / III;
- Development and implementation of Operational Risk Management Framework and related models;
- Development and implementation of ALM frameworks in Bank, namely, Structural Liquidity Statements, Liquidity Coverage Ratio - Interest Rate Risk in Banking Book, etc.;

9. Setting policies and guidelines for Liquidity Risk and Interest Rate Risk Management and ensuring that the processes are aligned with Bank's policies;
10. Develop Stress Testing and Back Testing frameworks and carrying out stress testing and back testing;
11. Review status of Risk Management in the Bank and of the risk appetite of the Bank, and in terms of the notifications / guidelines issued by RBI or any other regulators; and
12. Cyber Security Management and related matters.

Composition : As on March 31, 2020, the Committee comprised five members, viz., Dr. T.T. Ram Mohan (Chairman), Mr. Shanker Annaswamy, Mr. Arun Tiwari, Mrs. Bhavna Doshi, and Mr. Sumant Kathpalia.

Meetings : The Committee met five times during the financial year 2019-2020: On July 22, 2019, November 13, 2019, January 13, 2020, February 24, 2020 and March 13, 2020.

The attendance details of the members are as under:

Members	Number of meetings attended (includes attendance through videoconference)	Remarks
Dr. T. T. Ram Mohan	5/5	-
Mr. Shanker Annaswamy	5/5	-
Mr. Arun Tiwari	5/5	-
Mr. Romesh Sobti	3/5	Ceased to be member of the Committee upon completion of his tenure in the Bank's Board on March 23, 2020.
Mrs. Bhavna Doshi	-	Inducted as member in the Committee on March 13, 2020.
Mr. Sumant Kathpalia	-	Inducted as member in the Committee on March 24, 2020.

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 : As on March 31, 2020, the Committee comprised four members, viz., Mr. Sumant Kathpalia (Chairman), Mrs. Akila Krishnakumar, Mr. Sanjeev Asthana, and Mrs. Bhavna Doshi.

Meetings : During the financial year 2019-20, no meeting of Review Committee was held.

Members	Number of meetings attended	Remarks
Mr. Romesh Sobti	-	Ceased to be Chairman of the Committee upon completion of his tenure in the Bank's Board on March 23, 2020.
Mr. Sumant Kathpalia	-	Inducted as Chairman of the Committee on March 24, 2020.
Mr. Arun Tiwari	-	Stepped down as a member of the Committee with effect from March 13, 2020.
Mrs. Akila Krishnakumar	-	-
Mr. Sanjeev Asthana	-	Inducted as member in the Committee on March 13, 2020.
Mrs. Bhavna Doshi	-	Inducted as member in the Committee on March 13, 2020.

11. Stakeholders' Relations Committee

Terms of Reference :

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer / transmission of shares, non-receipt of Annual Report, non-receipt of declared Dividends, issue of new / duplicate Share Certificates, General Meetings etc.
2. Review for measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. Review of initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of Dividend Warrants / Annual Report / statutory Notices by shareholders of the company.
5. Specifically look into various aspects of interest of shareholders, debenture-holders and other security holders.

Composition : As on March 31, 2020, the Committee comprised three members, viz., Mrs. Akila Krishnakumar (Chairperson), Mr. Rajiv Agarwal and Mr. Sumant Kathpalia.

Meetings : The Committee met once during the financial year 2019-2020: On January 13, 2020.

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. Yashodhan M. Kale	-	Ceased to be member upon completion of his tenure in the Bank's Board on April 16, 2019.
Mrs. Akila Krishnakumar	1/1	Appointed as the Chairperson of the Committee on August 16, 2019.
Mr. Rajiv Agarwal	1/1	Inducted as member in the Committee on October 22, 2019.
Mrs. Kanchan Chitale	-	Inducted in the Committee on May 22, 2019; and Ceased to be Director upon completion of her tenure in the Bank's Board on October 17, 2019.
Mr. Romesh Sobti	0/1	Ceased to be member of the Committee upon completion of his tenure in the Bank's Board on March 23, 2020.
Mr. Sumant Kathpalia	-	Inducted as member in the Committee on March 24, 2020.

Mr. Haresh Gajwani, Company Secretary, discharges the responsibility of the Compliance Officer.

During the year, 67 complaints were received from investors / shareholders and the same were resolved within the time permitted by regulations.

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 : As on March 31, 2020, the Committee comprised five members, viz., Mr. Sanjay Asher (Chairman), Mr. Shanker Annaswamy, Mr. Rajiv Agarwal, Mrs. Akila Krishnakumar and Mr. Sumant Kathpalia.

Meetings : The Committee met once during the financial year 2019-2020: On January 13, 2020.

The attendance details of the members are as under:

Members	Number of meetings attended (includes attendance through videoconference)	Remarks
Mr. Sanjay Asher	1/1	Inducted as Chairman of the Committee on October 22, 2019.
Mr. Shanker Annaswamy	1/1	-
Mrs. Akila Krishnakumar	1/1	Inducted as member of the Committee on October 7, 2019.
Mr. Rajiv Agarwal	1/1	Inducted as member in the Committee on May 22, 2019.
Mr. Siraj Chaudhry	-	Ceased to be member of the Committee upon his resignation from Bank's Board on September 23, 2019.
Mrs. Kanchan Chitale	-	Ceased to be Chairperson of the Committee upon completion of her tenure from Bank's Board on October 17, 2019.
Mr. Yashodhan M. Kale	-	Ceased to be member upon completion of his tenure in the Bank's Board on April 16, 2019.
Mr. Romesh Sobti	0/1	Ceased to be member of the Committee upon completion of his tenure in the Bank's Board on March 23, 2020.
Mr. Sumant Kathpalia	-	Inducted as member in the Committee on March 24, 2020.

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 : As on March 31, 2020, the Committee comprised of four members, viz., Mrs. Akila Krishnakumar (Chairperson), Mr. Sanjay Asher, Mr. Sanjeev Asthana and Mr. Sumant Kathpalia.

Meetings : The Committee met once during the financial year 2019-2020: On January 13, 2020.

The attendance details of the members are as under:

Members	Number of meetings attended (includes attendance through videoconference)	Remarks
Mrs. Akila Krishnakumar	1/1	Appointed as the Chairperson of the Committee on October 22, 2019.
Mr. Sanjay Asher	1/1	Inducted as member in the Committee on October 22, 2019.
Mrs. Kanchan Chitale	-	Ceased to be Chairperson of the Committee upon completion of her tenure in the Bank's Board on October 17, 2019.
Mr. Sanjeev Asthana	-	Inducted as member in the Committee on March 13, 2020.
Mr. Romesh Sobti	0/1	Ceased to be member of the Committee upon completion of his tenure in the Bank's Board on March 23, 2020.
Mr. Sumant Kathpalia	-	Inducted as member in the Committee on March 24, 2020.

Separate meeting of Independent Directors

During the year under review, three meetings of Independent Directors were held, without the attendance of Non-Independent Directors and members of the Management: on July 12, 2019, October 10, 2019 and October 22, 2019.

In terms of Schedule IV to the Companies Act, 2013 and SEBI Listing Regulations, at least one meeting of Independent Directors is required to be held every year. The Bank has obtained cover for all Independent Directors under the Directors and Officers Insurance Policy ('D and O Insurance') of requisite quantum and risks determined by the Board.

In the aforesaid meetings, 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	1/2	Ceased to be Director upon completion of her tenure on October 17, 2019.
Mr. Shanker Annaswamy	3/3	-
Dr. T. T. Ram Mohan	3/3	-
Mrs. Akila Krishnakumar	3/3	-
Mr. Arun Tiwari	2/2	Change in classification to Non-Independent Director with effect from October 15, 2019.
Mr. Siraj Chaudhry	1/1	Ceased to be Director upon his resignation from the Bank's Board on September 23, 2019.
Mr. Rajiv Agarwal	3/3	-
Mr. Sanjay Asher	0/1	Appointed 'Additional Director' by the Board on October 10, 2019, in the category of 'Non-Executive, Independent Director'.
Mr. Sanjeev Asthana	-	Appointed 'Additional Director' by the Board on December 4, 2019, in the category of 'Non-Executive, Independent Director'.
Mrs. Bhavna Doshi	-	Appointed 'Additional Director' by the Board on January 14, 2020, in the category of 'Non-Executive, Independent Director'.

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 and are independent of the management.

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:

<https://www.indusind.com/in/en/investors/investor-landing/investor-resources.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.

The Board of Directors have, on the recommendation of the Nomination & Remuneration Committee, approved the engagement of an external professional agency for conducting the Performance Evaluation exercise.

Annual Performance Evaluation exercise for FY 2019-20 had been carried out by engagement of an external professional agency, which is specialised in Board evaluation processes and provided the convenience of mutual evaluation, along with anonymity.

Mrs. Bhavna Doshi was inducted in the Board of the Bank on January 14, 2020. Considering her recent induction in the Bank's Board during FY 2019-20, Mrs. Doshi did not participate in the Performance Evaluation exercise.

Mr. Sumant Kathpalia assumed charge as Managing Director & CEO of the Bank on March 24, 2020. Considering Mr. Kathpalia's short tenure in the Bank's Board as Managing Director & CEO, during FY 2019-20, he was not part of the Performance Evaluation exercise.

Under the Guidance of the professional agency that specialise in Board Evaluation:

- The Nomination & Remuneration Committee evaluated the performance of the Individual Directors, the Board as a Whole, Committees of the Board and the Chairman of the Bank.
- Performance of Independent Directors including fulfilment of Independence criteria as specified under Listing Regulations and their independence from the management and of the Chairman was evaluated by the entire Board, excluding the Director being evaluated.
- Performance of the entire Board was evaluated 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, taking into account the independent report of the external agency and significant highlights, learning's and action points with respect to the evaluation exercise were discussed among the Board members.

In accordance with Section 178 of the Companies Act, 2013, the Board has framed a Policy on Performance Evaluation of the Board and a Policy on Appointment & Selection of Directors which is also hosted on the Bank's website at: <https://indusind.com/in/en/investors/investor-landing/investor-resources.html>

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 and facilitate active participation in managing of the Bank.

Further, as part of Agenda of Board / Committee Meetings, presentations are made to the Independent Directors on an ongoing basis 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.

Details of the Familiarisation Programme for Independent Directors are available on the Bank's website at <https://www.indusind.com/in/en/investors/investor-landing.html> and then follow the mentioned path: Investor > Investor Relations > Corporate Governance > Familiarisation Programme for Independent Directors

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 Board Diversity is available on the Bank's website, at the link mentioned below: <https://www.indusind.com/in/en/investors/investor-landing/investor-resources.html>

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:

<https://www.indusind.com/in/en/investors/investor-landing/investor-resources.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.

Penalties or strictures imposed on the Bank by Reserve Bank of India:

During the FY2019-20, no penalty or strictures were imposed on the Bank by RBI.

During the FY 2018-19, RBI had levied monetary penalty of ₹10 million on the Bank for delay in implementation of Nostro reconciliation (SWIFT).

During FY2017-18, RBI had imposed monetary penalty of ₹30 million on the Bank for non-compliance with RBI directions on Income Recognition and Asset Classification (IRAC) norms and regulatory restrictions pertaining to non-fund based facilities to non-constituent borrowers.

The Bank has taken corrective measures and strengthened the controls to mitigate the risk of such occurrences in future.

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:

<https://www.indusind.com/in/en/investors/investor-landing/investor-resources.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 is placed at **Annexure IX** to the Report and is also hosted on the Bank's website at: <https://www.indusind.com/in/en/investors/investor-landing/investor-resources.html>

Details of the three previous Annual General Meetings:

AGM	Day and Date	Time	Venue	Whether Special Resolution Passed
25 th	Friday, August 16, 2019	2.00 p.m.	Hotel Sheraton Grand, Raja Bahadur Mill Road, Pune – 411001.	Yes
24 th	Thursday, July 26, 2018	2.00 p.m.	Hotel Sheraton Grand, Raja Bahadur Mill Road, Pune – 411001.	Yes
23 rd	Wednesday, July 26, 2017	2.00 p.m.	Hotel Sheraton Grand, 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
25 th Annual General Meeting	August 16, 2019	Resolution No. 9: Issue of Long-Term Bonds / Non-Convertible Debentures on Private Placement Basis
24 th Annual General Meeting	July 26, 2018	Resolution No. 7: Borrowing of monies pursuant to Section 180(1)(c) of the Companies Act, 2013, and other applicable provisions.
		Resolution No. 8: Issue of Long-Term Bonds / Non-Convertible Debentures on Private Placement Basis.
		Resolution No. 9: Increase in the shareholding limit for Registered Foreign Institutional Investors ("FIIs") / Foreign Portfolio Investors ("FPIs") upto an aggregate limit of 74% of the Paid-up Equity Share Capital of the Bank.
23 rd 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.

Postal Ballot

During the Financial Year 2019-20, no matter was transacted through Postal Ballot.

At present, there is no proposal to pass any Special Resolution through Postal Ballot.

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.

Accounting Standards: In the preparation of Financial Statements for the year 2019-20, 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.

Disqualification of Directors: As on March 31, 2020, none of the Directors of the Bank were disqualified under Section 164(2) of the Companies Act, 2013.

Certificate dated July 20, 2020 by Mr. S. N. Bhandari Partner, M/s. Bhandari & Associates, Company Secretaries in Practice has been received confirming that none of the Directors in the Board of the Bank have been debarred or disqualified from being appointed or continuing as directors of the Bank by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such authority.

Copy of the Certificate is annexed to the Report as **Annexure X**.

Confirmation by Board of Independence of Directors:

The Bank's Board of Directors reviewed the Declarations submitted by Dr. T. T. Ram Mohan, Mr. Shanker Annaswamy, Mrs. Akila Krishnakumar, Mr. Rajiv Agarwal, Mr. Sanjay Asher, Mr. Sanjeev Kumar Asthana, and Mrs. Bhavna Doshi, and concluded from the Declarations that the said Directors met the criteria of independence specified under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors confirm that the aforesaid Directors, based on their submissions are all Independent of the Management and that there exist no circumstances or situation or external influences that could impact or impair their ability to discharge their duties with objective and independent judgment.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank has zero tolerance for sexual harassment at workplace and has adopted the 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 Bank's Policy on 'Prevention, Prohibition and Redressal of Sexual Harassment at Workplace' aims to provide protection to women employees at the workplace and prevent and redress complaints of sexual harassment and matters connected with or incidental thereto, with the objective of providing a safe working environment.

The Bank has complied with the provisions relating to the constitution of Internal Complaints Committees under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, 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 2019-20. 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

Fees paid to Statutory Auditors:

The total fees paid by the Bank and its subsidiary, on a consolidated basis, for the services rendered by Statutory Auditors and the Firm's affiliate entities is as below:

(₹ in crores)

Particulars	FY 2019-2020
Audit Fees	2.47
Non Audit Fees / Reimbursement of Expenses	0.11
Total	2.58

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 Report 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 and is also entitled for Remuneration in the form of Profit-related Commission as per the applicable laws.
- 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.

Prevention of Insider Trading

SEBI had, vide Notification dated December 31, 2018, amended certain provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 ('the Regulations'), effective April 1, 2019.

The Bank had accordingly amended the undermentioned Codes to align with the standards prescribed under the Schedules of the Regulations:

- Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons in Securities of the Bank ('the Insider Trading Code'); and
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ('Fair Disclosure Code').

The Bank has also formulated the 'Policy on procedures to be conducted while conducting an inquiry in the event of leak or suspected leak of Unpublished Price Sensitive Information (UPSII)'

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 and its subsidiaries.

In order to promote e-governance within the Bank, the Bank has implemented 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 the Regulations.

The ESS Module allows employees to submit online disclosures pertaining to transactions in securities of the Bank, viz., acquiring shares by exercise of Options / sale of Shares / Invocation of Pledge on Bank's shares / Release of Pledge / Off-Market Transactions / Gift, etc.

The ESS Module facilitates reporting of transactions with nil paperwork and in quick time. It also enables employees to report the transactions in Bank's securities from any place, with the help of the Internet and can also be accessed using any Smartphone.

The Fair Disclosure Code has been hosted on the website of the Bank.

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' (Mumbai, Delhi, Pune, Bangalore, Chennai, Hyderabad editions), 'Financial Express' (Mumbai, Chennai, Delhi, Kolkata, Bengaluru, Ahmedabad, Hyderabad, Pune, Chandigarh, Kochi & Lucknow editions), 'Business Standard' (Mumbai, Delhi, Kolkata, Bengaluru, Chennai, Hyderabad, Ahmedabad, Lucknow, Chandigarh, Kochi, Pune & Bhubaneswar editions), 'Mint' (Mumbai, Delhi, Kolkata, Bengaluru, Chennai, Hyderabad & Ahmedabad editions), in English and in 'Maharashtra Times' (Pune edition) & Loksatta (Pune edition) 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 / Calls are organized, during which the Results are announced to the media and Press Releases are issued. Regular interviews with electronic channels on the awareness of Results and other available opportunities are arranged for the Managing Director and members of the Core Management Team.

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 2019-20 forms part of this Annual Report.

Subsidiary Company

A wholly-owned subsidiary was incorporated with the name of IndusInd Financial Inclusion Limited on August 6, 2018 as a part of the Scheme of the merger of the erstwhile Bharat Financial Inclusion Limited with the Bank. On July 4, 2019 when the Scheme became effective, the BC Undertaking contained in the merged entity was transferred to the subsidiary as a going concern, and the subsidiary thus commenced its commercial operations. Later, in accordance with the Scheme duly sanctioned by the NCLT Mumbai, the name of the subsidiary was changed to Bharat Financial Inclusion Limited.

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

Regulation 34(2)(f) of Listing Regulations, stipulates that the Annual Report of Top 500 Listed Entities shall contain a 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 the Board.

Detailed Business Responsibility Report is available at: <https://www.indusind.com/in/en/sustainability.html>

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 sixth 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 Sustainability, Rural Development and Inclusiveness, Preventive Healthcare, Education 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.

General Information for Shareholders

Registration No.	: 076333
CIN	: L65191PN1994PLC076333
Financial Year	: 2019-2020
Board meeting for adoption of Audited Financial Accounts	: April 27, 2020
Posting of Annual Report 2019-20- electronically in accordance with Ministry of Corporate Affairs (MCA) circular no. 20/2020 dated May 5, 2020	: Thursday, September 3, 2020
Day, Date and Time of 26th Annual General Meeting	: Friday, September 25, 2020 at 11:00 a.m.
Venue	: AGM will be conducted through Video Conferencing in accordance with Ministry of Corporate Affairs (MCA) circular no. 20/2020 dated May 5, 2020.
Financial Calendar	: April 1 to March 31
Book Closure	: -
Date of Dividend Payment	: In accordance with RBI Notification dated April 17, 2020, all banks were directed not to make dividend pay-outs pertaining to the Financial Year ended March 31, 2020, until further instructions from RBI, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank has not proposed any Dividend for the year ended March 31, 2020.
Bank's Website	: www.indusind.com
Bank's Branches	: https://www.indusind.com/in/en/personal/locate-us.html
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

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 email 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

AGM webcast Link: <https://www.evoting.nsdl.com>

Distribution of Shareholding as on March 31, 2020

Range – Shares	No. of Folios	Percentage of Folios	No. of Shares	Percentage of Shares
Upto 1,000	3,04,177	97.62	2,47,23,040	3.56
1,001 - 5,000	5,773	1.85	1,15,92,607	1.67
5,001 - 10,000	603	0.19	42,79,033	0.62
10,001 - 50,000	529	0.17	1,20,30,588	1.73
50,001 & above	511	0.17	64,09,10,470	92.42
TOTAL	3,11,593	100.00	69,35,35,738	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, 2020, the Bank has 6,34,81,464 GDRs (equivalent to 6,34,81,464 Equity Shares) outstanding, which constituted 9.15% 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.

Pursuant to the Composite Scheme of Arrangement amongst Bharat Financial Inclusion Ltd (BFIL), the Bank, IndusInd Financial Inclusion Ltd (IFIL) and their respective shareholders and creditors, which came into effect from July 4, 2019, the Bank on July 6, 2019 allotted 1,57,70,985 Share Warrants on preferential basis to the Promoters of the Bank, each convertible into 1 (one) share of the Bank. The warrants can be exercised by the Promoters of the Bank within 18 months from the date of allotment.

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 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.

Details of utilisation of funds raised through Preferential Allotment or Qualified Institutions Placement as Specified under Regulation 32(7A):

The Bank has not raised any fund through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the SEBI (LODR) Regulations, 2015, during the financial year ended March 31, 2020.

Shareholding as on March 31, 2020**i. Distribution of shareholding**

	Category	No. of shares held	% of shareholding
A.	Promoters' holding	9,03,75,939	13.03
B.	Non-Promoters' holding	60,31,59,799	86.97
	(i) Institutional Investors		
	a. Mutual Funds and UTI	7,44,04,394	10.73
	b. Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-government Institutions)	2,22,65,272	3.21
	c. Alternate Investment Funds	9,66,239	0.14
	d. FIIs / Foreign Portfolio Investor	33,75,74,370	48.67
	Sub Total (B) (i)	43,52,10,275	62.75

	Category	No. of shares held	% of shareholding
(ii)	Global Depository Receipts (B) (ii)	6,34,81,464	9.15
(iii)	Others		
	a. Central Government / State Government	273	0.00
	b. Private Corporate Bodies	2,70,62,933	3.90
	c. Indian Public*	4,92,36,873	7.10
	d. NRIs / OCBs / Foreign Nationals / Foreign Bank / Foreign Company	72,78,096	1.05
	e. Clearing Members	97,20,891	1.40
	f. Trusts	89,81,812	1.30
	g. Hindu Undivided Family	9,22,068	0.13
	h. Investor Education Protection Fund**	12,27,464	0.18
	i. NBFC registered with RBI	37,650	0.01
	Sub Total (B) (iii)	10,44,68,060	15.07
	Grand Total (A + B) (i+ii+iii)	69,35,35,738	100.00

* 'Indian Public' includes 5,38,218 shares held by Resident Directors.

** 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.	6,65,75,939	9.60
2	The Bank of New York Mellon (GDR-Depository)	6,34,81,464	9.15
3	IndusInd Limited	2,38,00,000	3.43
4	BNP Paribas Arbitrage	2,18,27,809	3.15
5	Route One Offshore Master Fund L.P.	2,04,21,039	2.94
6	Bridge India Fund	1,91,82,000	2.77
7	DVI Fund Mauritius Ltd	1,75,14,126	2.53
8	SBI-ETF Nifty 50	1,59,76,147	2.30
9	Route One Fund I, L.P.	1,36,84,293	1.97
10	Dragsa India Equities III LP	1,35,71,530	1.96
11	Government of Singapore	1,31,82,476	1.90
12	Sfspvi Ltd	1,29,03,921	1.86
13	Life Insurance Corporation of India	1,06,58,555	1.54
14	UTI – Equity Fund	99,00,137	1.43
15	Reliance Capital Trustee Co Ltd-A/C Nippon India ETF Bank Bees	96,08,269	1.39
16	Tybourne Long Opportunities Master Fund	91,17,143	1.31
17	Afrin Dia	90,96,463	1.31
18	Tybourne Equity Master Fund	90,74,202	1.31
19	Kotak Banking ETF	89,34,902	1.29
20	UBS Principal Capital Asia Ltd	87,57,163	1.26

Sr. No.	Name of Shareholders	No. of shares held	% of shareholding
21	NPS Trust - A/C UTI Retirement Solutions Pension Fund Scheme – State Govt.	86,85,895	1.25
22	Mirae Asset Large Cap Fund	71,41,248	1.03
23	New Leaina Investments Limited	69,80,964	1.01
24	ICICI Prudential Life Insurance Company Limited	69,50,260	1.00
25	Composite Capital Master Fund LP	69,43,000	1.00

iii. Total Foreign Shareholding

Particulars	No. of shares held	% of shareholding
Total foreign shareholding	49,70,30,617	71.67
of which GDRs	6,34,81,464	9.15

Details of complaints received and resolved from April 1, 2019 to March 31, 2020

Complaints	Received	Attended to	Pending
Non-Receipt of Share Certificate	15	15	0
Non-Receipt of Dividend Warrants	9	9	0
Non-Receipt of Annual Report	0	0	0
Non-Receipt of Rejected DRF	29	29	0
Non-Receipt of Exchanged Certificates	0	0	0
Others	0	0	0
Stock Exchanges	0	0	0
SEBI	14	14	0
Total	67	67	0

During the year, 67 complaints were received from investors / shareholders and the same have been resolved within time stipulated by law.

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.	5 th 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
India International Exchange	1st Floor, Unit No. 101, The Signature Building No.13B, Road 1C, Zone 1, GIFT SEZ, GIFT CITY, Gandhinagar - GJ 382355	1100027
Singapore Stock Exchange	11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589	-

The Bank has paid Annual Listing Fees on its Securities for FY2019-2020.

Notes:

1. Equity shares of the Bank are listed on the National Stock Exchange of India Ltd. and BSE Ltd.
2. Global Depository Receipts are listed on Luxembourg Stock Exchange.
3. Bonds are listed on the National Stock Exchange of India.
4. Medium Term Notes are listed on the India International Exchange and Singapore Stock Exchange.

List of all Credit Ratings obtained by the Bank:

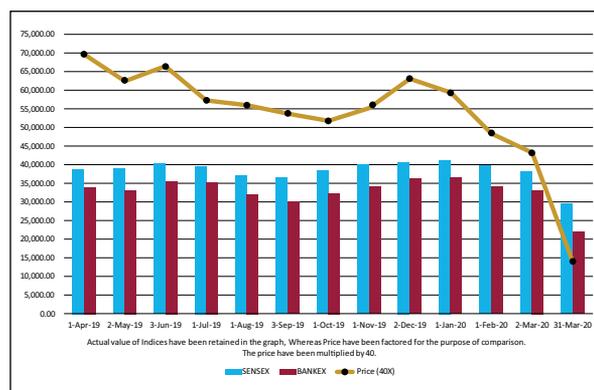
The details of credit ratings obtained by the Bank during the financial year is included in the Directors' Report, which forms an integral part of this Annual Report.

Market Price Data of the Bank's shares

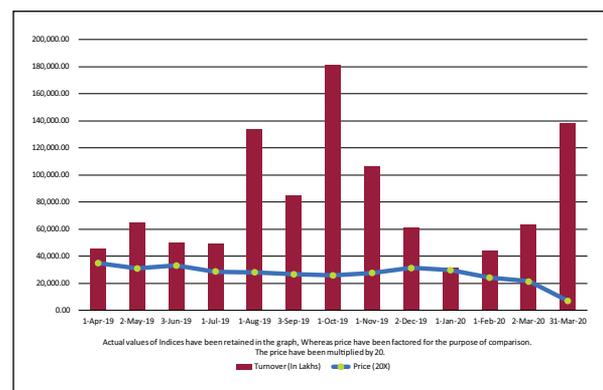
i. National Stock Exchange of India Ltd.

Date	Price of Shares				Turnover in ₹ Lakhs	Nifty	Bank Nifty
	Open (₹)	High (₹)	Low (₹)	Close (₹)			
1-Apr-19	1797.00	1799.00	1739.05	1743.05	45518.92	11669.15	30326.50
2-May-19	1601.15	1617.60	1551.50	1561.30	64457.47	11724.75	29708.60
3-Jun-19	1600.10	1667.00	1589.70	1662.65	49895.76	12088.55	31653.65
1-Jul-19	1427.90	1442.15	1416.35	1433.60	49234.19	11865.60	31372.20
1-Aug-19	1390.10	1435.00	1365.00	1398.65	133971.60	10980.00	28367.25
3-Sep-19	1380.00	1387.95	1335.60	1343.95	84401.86	10797.90	26824.15
1-Oct-19	1397.00	1410.20	1188.05	1298.05	180862.88	11359.90	28725.50
1-Nov-19	1328.00	1385.85	1316.20	1379.85	106426.73	11890.60	30330.55
2-Dec-19	1592.00	1596.55	1561.20	1576.00	61538.08	12048.20	31871.45
1-Jan-20	1512.00	1523.95	1480.80	1484.30	31907.33	12182.50	32102.90
1-Feb-20	1249.95	1262.75	1195.20	1211.10	43552.86	11661.85	29820.90
2-Mar-20	1130.00	1136.95	1070.05	1079.25	63603.73	11132.75	28868.40
31-Mar-20	398.00	399.00	330.75	351.30	137771.62	8597.75	19144.00

Share Price comparison with Nifty and Bank Nifty



Share Price comparison with Turn Over (in Lakhs)

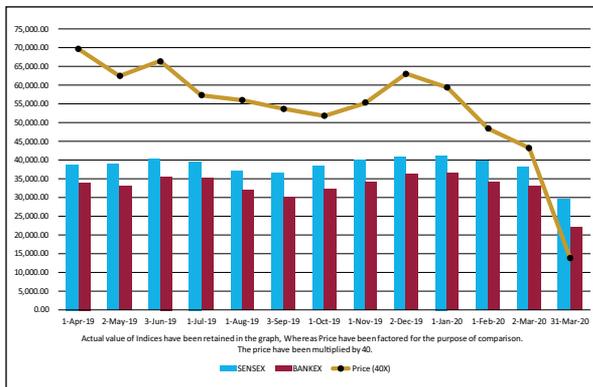


ii. BSE Ltd.

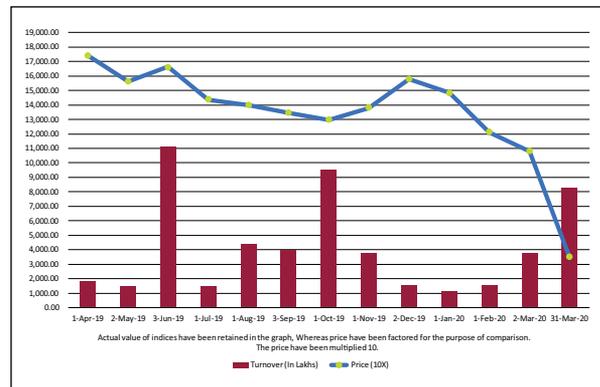
Share Price comparison with SENSEX and BANKEK

Date	Price of Shares				Turnover in ₹ Lakhs	SENSEX	BANKEK
	Open (₹)	High (₹)	Low (₹)	Close (₹)			
1-Apr-19	1797.00	1799.40	1738.45	1742.55	1826.87	38871.87	34057.50
2-May-19	1610.00	1616.95	1555.00	1562.60	1467.87	38981.43	33139.24
3-Jun-19	1593.00	1667.35	1590.40	1663.85	11082.36	40267.62	35547.39
1-Jul-19	1425.05	1441.00	1416.70	1433.20	1476.36	39686.50	35214.72
1-Aug-19	1398.00	1434.90	1365.00	1399.70	4419.91	37018.32	32101.01
3-Sep-19	1380.00	1387.75	1335.40	1344.15	4006.95	36562.91	30196.76
1-Oct-19	1395.00	1413.80	1225.20	1294.60	9494.32	38305.41	32378.56
1-Nov-19	1328.50	1385.05	1318.45	1379.45	3781.43	40165.03	34208.65
2-Dec-19	1590.10	1596.35	1561.55	1576.20	1548.09	40802.17	36164.48
1-Jan-20	1510.60	1523.55	1481.15	1484.60	1113.90	41306.02	36574.19
1-Feb-20	1250.00	1263.45	1195.95	1210.90	1528.12	39735.53	34161.38
2-Mar-20	1130.00	1135.10	1070.05	1079.95	3774.36	38144.02	33117.26
31-Mar-20	411.55	411.55	329.25	351.15	8291.83	29468.49	22050.02

Share Price comparison with SENSEX and BANKEK



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. 99.36% of the Bank's shares are in dematerialised form and the rest are in physical form.

Particulars	No. of Shares	Percentage (%)
In Dematerialised form	68,90,99,224	99.36
In Physical form	44,36,514	0.64
Total	69,35,35,738	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

Standardization and simplification of procedure for Transmission of Securities

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 on Friday, as and when required.

The amendment to Regulation 40 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide Gazette notification dated June 8, 2018 has mandated that transfer of securities would be carried out in dematerialized form only and vide their notification dated November 30, 2018, extended this date up to March 31, 2019. Restriction for effecting transfer of securities shall not be applicable in case of transmission or transposition of securities or deletion of name of deceased shareholder. Shareholders are requested to contact the Bank's Secretarial Team or the Registrar & Share Transfer Agent, Link Intime India Pvt. Ltd. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

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

Pursuant to Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Practising Company Secretary has examined the records relating to Share Transfer Deeds, Registers and other related documents on a half-yearly basis and has certified compliance with the provisions of the above Regulation. The Certificates are forwarded to BSE and NSE where the Bank's Equity Shares are listed.

As required by SEBI, Share Capital Audit is conducted by a Practising Company Secretary (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 Auditor's Certificate in this regard has been submitted to BSE Ltd. and the National Stock Exchange of India Ltd. on quarterly basis.

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

E-mail: 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 / 2361

E-mail: investor@indusind.com

For IEPF related matters:

Mr. Haresh K. Gajwani, Nodal Officer

Mr. V. Ravi Kumar Reddy, Deputy Nodal Officer

Ms Hiral Thakkar, Deputy Nodal Officer

IndusInd Bank Ltd.

Tel: 022 6641 2487 / 2361 / 2359

E-mail: 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, their correct Bank Account Number, including 9 Digit MICR Code and 11 digit IFSC Code, E- Mail ID and Mobile No(s). This will facilitate the remittance of the dividend amount directly in the Bank Account of the Shareholder electronically.

In case dividend payment by electronic mode is not executed for any reason, the Bank shall issue a Dividend Warrant.

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, 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 accordance with RBI notification dated April 17, 2020, the Board of Directors of the Bank have not recommended any dividend.

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://iepf.gov.in/IEPF/corporates.html>, or to contact the Secretarial and Investor Services Cell for assistance. Unclaimed Dividends upto the Financial Year 2011-12 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 2012-13 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
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
2017-18	Final	July 26, 2018	August 30, 2025
2018-19	Final	August 16, 2019	September 19, 2026

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 remaining Unpaid or Unclaimed for seven consecutive years or more are required to be transferred to the IEPF Authority.

In this connection, the Bank has sent Intimation Letters to members on May 23, 2020 in respect of the shares on which Dividend had remained Unpaid or Unclaimed for seven consecutive years or more since 2012-13, 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 Financial Express (all editions) in English language and in Loksatta newspaper, Pune edition in Marathi language on May 24, 2020, failing which the shareholders whose name appears in the list on August 22, 2020 their shares shall be transferred to the IEPF Authority within 30 days from 'Due Date', viz. August 22, 2020.

The Bank has transferred the Unclaimed Dividends / Equity Shares for the period 2009-10, 2010-11 and 2011-12 to the IEPF Authority.

Members are also requested to note that the dividend declared for the financial years 2017-18 and 2018-2019, against the shares already transferred to the IEPF Authority, has been credited to IEPF authority.

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/IEPF/corporates.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, 2020, are as follows:

Particulars	Number of Shareholders / Folios	Shares
Opening Balance as on April 1, 2019	185	68,526
Add: Transfer during the year 2018-19	0	0
Less: Claim received and shares transferred*	14	3,450
Less : Shares transferred to Investor Education Protection Fund	34	11,094
Closing Balance as on March 31, 2020**	137	53,982

* Number of shareholders who approached the Bank for the transfer of shares from the suspense account.

** The voting rights on the aforesaid shares shall remain frozen until the rightful owner claims the shares.

Other disclosures:

During the year under review, there were no instances of recommendations made that were mandatorily within the terms of reference of the Committees of the Board were not adopted by the Board.

For IndusInd Bank Limited

Sumant Kathpalia
Managing Director & CEO
(DIN: 01054434)

Place: Mumbai
Date: August 26, 2020

ANNEXURE - I TO THE DIRECTORS' REPORT**CERTIFICATE ON DECLARATION OF INDEPENDENCE OF DIRECTORS****[Pursuant to Regulation 25(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

To,
The Members of
IndusInd Bank Limited
 2401, Gen. Thimmayya Road,
 Cantonment,
 Pune - 411001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of IndusInd Bank Limited having CIN L65191PN1994PLC076333 and having registered office at 2401, Gen. Thimmayya Road, Cantonment, Pune - 411001 (hereinafter referred to as 'the Bank'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 25(9) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and verifications as considered necessary and explanations furnished to us by the Bank & its officers and according to the declarations received from the Independent Directors under Section 149 (6) and (7) of the Companies Act, 2013 and Regulation 16(1)(b) and Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we hereby certify that the Independent Directors on the Board of the Bank as stated below for the Financial Year ended March 31, 2020 fulfill the criteria of Independence as specified in Section 149 of the Companies Act, 2013 and Regulation 16 and 25 of the Listing Regulations.

Sr. No.	Name of Director	DIN	Date of appointment in the Bank
1.	Mr. Shanker Annaswamy	00449634	12/01/2016
2.	Dr. T. T. Ram Mohan	00008651	12/05/2016
3.	Mrs. Akila Krishnakumar	06629992	10/08/2018
4.	Mr. Rajiv Agarwal	00336487	15/03/2019
5.	Mr. Sanjay Asher	00008221	10/10/2019
6.	Mr. Sanjeev Kumar Asthana	00048958	04/12/2019
7.	Mrs. Bhavna Doshi	00400508	14/01/2020

Ensuring the eligibility of for the appointment / continuity of every Independent Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank. This Certificate is issued at the request of the Bank, for the internal use.

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner
 FCS No: 761; C P No. : 366

Mumbai | July 20, 2020

ANNEXURE - II TO THE DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[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, 2020 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, 2020 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, 2018;
 - 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, 2018# ;# 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 than 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. The Bank has made allotment of Medium Term Notes on April 15, 2019 for a tenor of three years having an issue size of USD 400 million issued under Medium Term Note Programme of the Bank. The Notes are listed on India International Exchange (IFSC) Limited and Singapore Exchange Securities Trading Limited.
2. The Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT) had approved the Composite Scheme of Arrangement amongst IndusInd Bank Limited (Amalgamated Company), Bharat Financial Inclusion Limited (Amalgamating Company), IndusInd Financial Inclusion Limited (Transferee Company) and their respective Shareholders and Creditors pursuant to Section 230 to 232 and other applicable provisions of the Companies Act, 2013 (Scheme) vide its Order dated June 10, 2019. The Scheme was made effective on July 4, 2019. In accordance with the Scheme:
 - (i) The Bank allotted 89,617,781 Equity Shares to the eligible equity shareholders of erstwhile Bharat Financial Inclusion Limited on July 6, 2019.
 - (ii) The Bank allotted 15,770,985 Share Warrants on preferential basis to the Promoters of the Bank convertible into 1 (one) Equity Share each on July 6, 2019.
 - (iii) Bharat Financial Inclusion Limited (erstwhile IndusInd Financial Inclusion Limited) allotted 437,03,500 equity shares to the Bank on July 4, 2019.
3. Member's approval has been obtained at the 25th Annual General Meeting held on August 16, 2019, for approval for borrowings/raising 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 Infrastructure Bonds, Non-Convertible Debentures or Bonds or Medium Term Notes or any other listed debt security eligible to be included as Additional Tier I and Tier II Capital of the Bank aggregating upto an amount not exceeding ₹ 20,000 crores on Private Placement basis.

**For Bhandari & Associates
Company Secretaries**

**S. N. Bhandari
Partner**

FCS No: 761; C P No. : 366

Mumbai | July 20, 2020

ICSI UDIN: F000761B000460110

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 Members,
INDUSIND BANK LIMITED
CIN: L65191PN1994PLC076333

Our Secretarial Audit Report for the Financial Year ended on March 31, 2020 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. Where ever 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

Mumbai| July 20, 2020

ICSI UDIN: F000761B000460110

ANNEXURE - III TO THE DIRECTORS' REPORT

Statutory Disclosures Regarding ESOPs (Forming part of the Directors' Report for the year ended March 31, 2020)

Sl. No.	Particulars	ESOP 2007 Scheme				ESOP 2018 Scheme	
		ESOP 2007 & 2018 (Upto March 31, 2020)	ESOP 2007 granted on May 22, 2019	ESOP 2007 granted on October 10, 2019	ESOP 2007 granted on January 14, 2020	ESOP 2018 granted on July 4, 2019	ESOP 2018 granted on July 12, 2019
1	No. of options granted	4,86,64,142	10,44,500	1,00,536	3,40,000	30,01,266	22,86,540
2	No. of options surrendered (cancelled)	26,26,298	50,500	0	0	1,17,934	98,380
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	4,09,32,201	9,500	0	0	20,68,465	0
5	No. of options Exercised	3,19,20,817	0	0	0	7,643	0
6	No. of shares arising as a result of exercise of options	3,19,20,817	0	0	0	7,643	0
7	Options Lapsed	7,830	0	0	0	0	0
8	Variation in terms of ESOP	N.A.	NA	NA	NA	NA	NA
9	Money realised by exercise of options (₹ In Lakhs)	52,862	0	0	0	0	0
10	Total No. of Options in force	1,41,09,197	9,94,000	1,00,536	3,40,000	28,75,689	21,88,160
11	Employee-wise details of options granted to:	No options granted to KMP during the year					
	(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)	48,77,000	-	-	-	-	-
	(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 ₹ 63.52					
13	Where the company has calculated the employee 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 ₹ 0.37 crores to the Profit and Loss account being the intrinsic value of stock options granted for the year ended March 31, 2020. Had the Bank adopted the Black Scholes model based fair valuation, compensation cost for the year ended March 31, 2020, would have increased by ₹ 73.01 crores and the proforma profit after tax would have been lower by ₹ 54.64 crores. On a proforma basis, the basic and diluted earnings per share would have been ₹ 62.97 and ₹ 62.73 respectively.					

ANNEXURE - IV TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

[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 E-mail: 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 E-mail: 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	Section 2(6) of the Companies Act, 2013
2	Bharat Financial Inclusion Limited (formerly known as IndusInd Financial Inclusion Limited) Address: One Indiabulls Centre, Tower 1, Floor 8, 841 Senapati Bapat Marg, Elphinstone, Mumbai – 400013, Maharashtra.	U65999MH2018PLC312539	Subsidiary	100	Section 2(87) of the Companies Act, 2013

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, 2019)				No. of Shares held at the end of the year (March 31, 2020)				% 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.	9,03,75,939	0	9,03,75,939	15.00	9,03,75,939	0	9,03,75,939	13.03	(1.97)
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):-	9,03,75,939	0	9,03,75,939	15.00	9,03,75,939	0	9,03,75,939	13.03	(1.97)
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	9,03,75,939	0	9,03,75,939	15.00	9,03,75,939	0	9,03,75,939	13.03	(1.97)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds / UTI	4,46,84,223	800	4,46,85,023	7.41	7,44,04,394	0	7,44,04,394	10.73	3.32
b) Banks / FI	18,55,536	337	18,55,873	0.31	38,46,930	337	38,47,267	0.55	0.24
c) Central Government	50	0	50	0	273	0	273	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	45,50,882	0	45,50,882	0.76	1,84,18,005	0	1,84,18,005	2.66	1.90
g) FIs / FPIs	28,79,93,710	0	28,79,93,710	47.78	33,75,74,370	0	33,75,74,370	48.67	0.89
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Alternate Investment Fund	13,62,321	0	13,62,321	0.23	9,66,239	0	9,66,239	0.14	(0.09)
j) Others (specify) Foreign Banks	42	0	42	0	42	0	42	0	0.00
Sub-total (B)(1):-	34,04,46,764	1,137	34,04,47,901	56.49	43,52,10,253	337	43,52,10,590	62.75	6.26

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2019)				No. of Shares held at the end of the year (March 31, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	4,95,09,330	1,42,919	4,96,52,249	8.24	2,69,53,614	1,09,319	2,70,62,933	3.90	(4.34)
ii) Overseas	3,76,000	5,44,000	9,20,000	0.15	3,76,000	5,09,000	8,85,000	0.13	(0.02)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,48,62,554	38,42,323	2,87,04,877	4.75	3,25,17,340	31,34,011	3,56,51,351	5.14	0.39
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,02,29,883	26,247	1,02,56,130	1.70	1,30,21,057	26,247	1,30,47,304	1.88	0.18
c) Others (specify)									
i) NBFCs registered with RBI	9,41,572	0	9,41,572	0.16	37,650	0	37,650	0.01	(0.15)
ii) Clearing Member	22,61,168	0	22,61,168	0.38	97,20,891	0	97,20,891	1.40	1.02
iii) Hindu Undivided Family	7,12,374	0	7,12,374	0.12	9,21,968	100	9,22,068	0.13	0.01
iv) Non Resident Indians (REPAT)	19,52,377	6,96,100	26,48,477	0.44	19,32,078	6,43,800	25,75,878	0.37	(0.07)
v) Non Resident Indians (NON REPAT)	19,52,306	14,700	19,67,006	0.33	16,65,552	13,700	16,79,252	0.24	(0.09)
vi) Foreign Nationals	437	0	437	0.00	5,276	0	5,276	0.00	0.00
vii) Directors / Relatives	7,34,800	0	7,34,800	0.12	5,38,218	0	5,38,218	0.08	(0.04)
viii) Trusts	72,23,046	0	72,23,046	1.20	89,81,812	0	89,81,812	1.30	0.10
ix) IEPF	11,59,428	0	11,59,428	0.19	12,27,464	0	12,27,464	0.18	(0.01)
x) Foreign Companies	0	0	0	0	21,32,648	0	21,32,648	0.31	0.31
Sub-Total (B) (2) :-	10,19,15,275	52,66,289	10,71,81,564	17.78	10,00,31,568	44,36,177	10,44,67,745	15.07	(2.71)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	44,23,62,039	52,67,426	44,76,29,465	74.27	53,52,41,821	44,36,514	53,96,78,335	77.82	3.55
C. Shares held by Custodian for GDR's & ADR's	6,46,81,464	0	6,46,81,464	10.73	6,34,81,464	0	6,34,81,464	9.15	(1.58)
Grand Total (A+B+C)	59,74,19,442	52,67,426	60,26,86,868	100.00	68,90,99,224	44,36,514	69,35,35,738	100.00	

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year: (April 1, 2019)			Shareholding at the end of the year: (March 31, 2020)			% 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	6,65,75,939	11.05	0	6,65,75,939	9.60	0	(1.45)#
2	IndusInd Limited	2,38,00,000	3.95	0	2,38,00,000	3.43	100	(0.52)#*
	Total	9,03,75,939	15.00	0	9,03,75,939	13.03	100	(1.97)

The shareholding of Promoters have 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, IBL Special Incentive ESOS for BFIL Merger-2018, and Pursuant to the Scheme of Arrangement amongst Bharat Financial Inclusion Ltd (BFIL), the Bank and IndusInd Financial Inclusion Ltd (IFIL) approved by the Hon'ble NCLT, Mumbai Bench during the year ended March 31, 2020.

* Release of pledge on April 1, 2020, by Citibank, London on full repayment of the Loan availed in September 2016 by IndusInd Ltd., Mauritius on March 31, 2020.

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, 2019)		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	01.04.2019	6,65,75,939	11.05	6,65,75,939	11.05
	Date-wise Increase / Decrease in Promoters Shareholding 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	31.03.2020	N.A.	N.A.	6,65,75,939#	9.60
2	INDUSIND LIMITED	At the beginning of the Year	01.04.2019	2,38,00,000	3.98	2,38,00,000	3.98
	Date-wise Increase / Decrease in Promoters Shareholding 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	31.03.2020	N.A.	N.A.	2,38,00,000	3.43*

*** (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 Promoters have 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, IBL

Special Incentive ESOS for BFIL Merger-2018, and Pursuant to the Scheme of Arrangement amongst Bharat Financial Inclusion Ltd (BFIL), the Bank and IndusInd Financial Inclusion Ltd (IFIL) approved by the Hon'ble NCLT, Mumbai Bench during the year ended March 31, 2020.

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 (April 1, 2019)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
1	BNP PARIBAS ARBITRAGE	At the beginning of the year	01.04.2019	90,09,508	1.49	90,09,508	1.49
		Decrease	05.04.2019	(4,56,273)	(0.07)	85,53,235	1.42
		Decrease	12.04.2019	(2,78,963)	(0.04)	82,74,272	1.38
		Decrease	19.04.2019	(37,887)	(0.01)	82,36,385	1.37
		Increase	26.04.2019	27,288	0.00	82,63,673	1.37
		Increase	03.05.2019	3,03,612	0.05	85,67,285	1.42
		Increase	10.05.2019	3,49,591	0.06	89,16,876	1.48
		Increase	17.05.2019	11,82,054	0.20	1,00,98,930	1.67
		Increase	24.05.2019	11,74,297	0.19	1,12,73,227	1.87
		Increase	31.05.2019	62,334	0.01	1,13,35,561	1.88
		Increase	07.06.2019	6,43,246	0.11	1,19,78,807	1.99
		Increase	14.06.2019	1,82,482	0.03	1,21,61,289	2.02
		Increase	21.06.2019	16,01,845	0.27	1,37,63,134	2.28
		Increase	29.06.2019	2,90,319	0.05	1,40,53,453	2.33
		Decrease	05.07.2019	(5,46,446)	(0.09)	1,35,07,007	2.24
		Increase	12.07.2019	18,82,791	0.27	1,53,89,798	2.22
		Decrease	19.07.2019	(10,06,538)	(0.15)	1,43,83,260	2.08
		Increase	26.07.2019	2,97,396	0.04	1,46,80,656	2.12
		Decrease	02.08.2019	(67,021)	(0.01)	1,46,13,635	2.11
		Decrease	09.08.2019	(7,61,643)	(0.11)	1,38,51,992	2.00
		Decrease	16.08.2019	(29,600)	(0.01)	1,38,22,392	1.99
		Decrease	23.08.2019	(6,24,400)	(0.09)	1,31,97,992	1.90
		Decrease	30.08.2019	(1,68,219)	(0.02)	1,30,29,773	1.88
		Decrease	06.09.2019	(6,54,000)	(0.09)	1,23,75,773	1.79
		Increase	13.09.2019	1,16,430	0.02	1,24,92,203	1.81
		Increase	20.09.2019	25,010	0.00	1,25,17,213	1.81
		Decrease	27.09.2019	(5,39,772)	(0.08)	1,19,77,441	1.73
		Increase	30.09.2019	3,520	0.00	1,19,80,961	1.73
		Increase	04.10.2019	13,33,174	0.19	1,33,14,135	1.92
		Increase	11.10.2019	2,78,577	0.04	1,35,92,712	1.96

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Increase	18.10.2019	5,46,981	0.08	1,41,39,693	2.04
		Increase	25.10.2019	72,651	0.01	1,42,12,344	2.05
		Decrease	01.11.2019	(3,48,814)	(0.05)	1,38,63,530	2.00
		Decrease	08.11.2019	(2,74,185)	(0.04)	1,35,89,345	1.96
		Decrease	15.11.2019	(3,12,578)	(0.05)	1,32,76,767	1.91
		Decrease	22.11.2019	(85,422)	(0.01)	1,31,91,345	1.90
		Decrease	29.11.2019	(7,79,500)	(0.11)	1,24,11,845	1.80
		Decrease	06.12.2019	(12,51,100)	(0.18)	1,11,60,745	1.62
		Increase	13.12.2019	8,41,380	0.12	1,20,02,125	1.74
		Increase	20.12.2019	73,544	0.01	1,20,75,669	1.75
		Decrease	27.12.2019	(3,24,144)	(0.05)	1,17,51,525	1.70
		Decrease	31.12.2019	(4,34,000)	(0.06)	1,13,17,525	1.64
		Decrease	10.01.2020	(5,30,100)	(0.08)	1,07,87,425	1.56
		Decrease	17.01.2020	(6,20,450)	(0.09)	1,01,66,975	1.47
		Increase	24.01.2020	17,53,844	0.25	1,19,20,819	1.72
		Increase	31.01.2020	22,84,800	0.33	1,42,05,619	2.05
		Increase	07.02.2020	10,86,740	0.16	1,52,92,359	2.21
		Increase	14.02.2020	1,36,450	0.02	1,54,28,809	2.23
		Increase	21.02.2020	10,31,487	0.15	1,64,60,296	2.38
		Increase	28.02.2020	21,45,812	0.31	1,86,06,108	2.69
		Increase	06.03.2020	2,28,300	0.03	1,88,34,408	2.72
		Increase	13.03.2020	34,41,439	0.50	2,22,75,847	3.22
		Decrease	20.03.2020	(2,170)	(0.00)	2,22,73,677	3.22
		Increase	27.03.2020	16,12,932	0.23	2,38,86,609	3.45
		Decrease	31.03.2020	(20,58,800)	(0.30)	2,18,27,809	3.15
		At the end of the year	31.03.2020	N.A.	N.A.	2,18,27,809	3.15
2	ROUTE ONE OFFSHORE MASTER FUND L.P.	At the beginning of the year	01.04.2019	37,98,370	0.63	37,98,370	0.63
		Increase	05.04.2019	32,957	0.01	38,31,327	0.64
		Increase	10.05.2019	10,389	0.00	38,41,716	0.64
		Increase	05.07.2019	18,236	0.00	38,59,952	0.64
		Increase	12.07.2019	50,87,884	0.73	89,47,836	1.29
		Increase	02.08.2019	1,12,955	0.02	90,60,791	1.31
		Increase	09.08.2019	30,758	0.00	90,91,549	1.31
		Increase	30.08.2019	3,23,572	0.05	94,15,121	1.36
		Increase	06.09.2019	1,72,912	0.02	95,88,033	1.38

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Increase	13.09.2019	64,076	0.01	96,52,109	1.39
		Increase	18.10.2019	1,69,295	0.02	98,21,404	1.41
		Increase	25.10.2019	38,644	0.01	98,60,048	1.42
		Increase	01.11.2019	2,06,935	0.03	1,00,66,983	1.45
		Increase	08.11.2019	1,89,578	0.03	1,02,56,561	1.48
		Increase	22.11.2019	93,524	0.01	1,03,50,085	1.49
		Increase	07.02.2020	4,32,460	0.06	1,07,82,545	1.55
		Increase	14.02.2020	66,138	0.01	1,08,48,683	1.56
		Increase	28.02.2020	4,59,880	0.07	1,13,08,563	1.63
		Increase	06.03.2020	8,50,395	0.12	1,21,58,958	1.75
		Increase	13.03.2020	11,53,704	0.17	1,33,12,662	1.92
		Increase	20.03.2020	13,49,705	0.19	1,46,62,367	2.11
		Increase	27.03.2020	52,24,252	0.75	1,98,86,619	2.86
		Increase	31.03.2020	5,34,420	0.08	2,04,21,039	2.94
		At the end of the year	31.03.2020	N.A.	N.A.	2,04,21,039	2.94
3	BRIDGE INDIA FUND	At the beginning of the year	01.04.2019	2,02,75,458	3.36	2,02,75,458	3.36
		Decrease	29.06.2019	(1,15,834)	(0.02)	2,01,59,624	3.34
		Decrease	05.07.2019	(1,09,000)	(0.02)	2,00,50,624	3.32
		Decrease	12.07.2019	(2,76,624)	(0.04)	1,97,74,000	2.85
		Decrease	26.07.2019	(2,95,000)	(0.04)	1,94,79,000	2.81
		Decrease	09.08.2019	(2,75,000)	(0.04)	1,92,04,000	2.77
		Decrease	13.09.2019	(22,000)	0.00	1,91,82,000	2.77
		At the end of the year	31.03.2020	N.A.	N.A.	1,91,82,000	2.77
4	DVI FUND MAURITIUS LTD	At the beginning of the year	01.04.2019	86,45,300	1.43	86,45,300	1.43
		Decrease	05.04.2019	(4,97,900)	(0.08)	81,47,400	1.35
		Increase	29.06.2019	10,602	0.00	81,58,002	1.35
		Decrease	05.07.2019	(8,38,300)	(0.14)	73,19,702	1.21
		Increase	02.08.2019	5,14,939	0.07	78,34,641	1.13
		Increase	09.08.2019	1,680	0.00	78,36,321	1.13
		Increase	30.08.2019	7,29,879	0.11	85,66,200	1.24
		Decrease	30.09.2019	(2,03,215)	(0.03)	83,62,985	1.21
		Decrease	04.10.2019	(2,05,700)	(0.03)	81,57,285	1.18
		Decrease	03.01.2020	(7,23,679)	(0.10)	74,33,606	1.08
		Increase	21.02.2020	6,53,600	0.09	80,87,206	1.17

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Increase	13.03.2020	22,09,348	0.32	1,02,96,554	1.49
		Increase	20.03.2020	28,24,000	0.41	1,31,20,554	1.90
		Increase	31.03.2020	43,93,572	0.63	1,75,14,126	2.53
		At the end of the year	31.03.2020	N.A.	N.A.	1,75,14,126	2.53
5	SBI-ETF NIFTY 50	At the beginning of the year	01.04.2019	85,15,234	1.41	85,15,234	1.41
		Decrease	05.04.2019	(51,536)	(0.01)	84,63,698	1.40
		Increase	12.04.2019	3,326	0.00	84,67,024	1.40
		Increase	19.04.2019	1,270	0.00	84,68,294	1.40
		Decrease	26.04.2019	(1,23,203)	(0.02)	83,45,091	1.38
		Increase	03.05.2019	1,35,133	0.02	84,80,224	1.40
		Increase	10.05.2019	63,340	0.01	85,43,564	1.41
		Decrease	17.05.2019	(62,340)	(0.01)	84,81,224	1.40
		Increase	24.05.2019	77,854	0.01	85,59,078	1.41
		Increase	31.05.2019	63,731	0.01	86,22,809	1.42
		Increase	07.06.2019	5,56,364	0.09	91,79,173	1.51
		Decrease	14.06.2019	(63,786)	(0.01)	91,15,387	1.50
		Increase	21.06.2019	53,733	0.01	91,69,120	1.51
		Increase	29.06.2019	1,15,207	0.02	92,84,327	1.53
		Increase	05.07.2019	3,15,329	0.05	95,99,656	1.59
		Increase	12.07.2019	4,38,401	0.06	1,00,38,057	1.45
		Increase	19.07.2019	1,05,384	0.02	1,01,43,441	1.46
		Increase	26.07.2019	4,82,861	0.07	1,06,26,302	1.53
		Increase	02.08.2019	1,28,347	0.02	1,07,54,649	1.55
		Increase	09.08.2019	65,640	0.01	1,08,20,289	1.56
		Increase	16.08.2019	40,931	0.01	1,08,61,220	1.57
		Increase	23.08.2019	49,906	0.01	1,09,11,126	1.57
		Increase	30.08.2019	1,19,873	0.02	1,10,30,999	1.59
		Increase	06.09.2019	5,54,414	0.08	1,15,85,413	1.67
		Increase	13.09.2019	22,082	0.00	1,16,07,495	1.67
		Increase	20.09.2019	41,504	0.01	1,16,48,999	1.68
		Increase	27.09.2019	1,37,253	0.02	1,17,86,252	1.70
		Increase	30.09.2019	9,32,347	0.13	1,27,18,599	1.83
		Increase	04.10.2019	40,939	0.01	1,27,59,538	1.84
		Increase	11.10.2019	70,118	0.01	1,28,29,656	1.85
		Increase	18.10.2019	80,421	0.01	1,29,10,077	1.86
		Increase	25.10.2019	53,735	0.01	1,29,63,812	1.87

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Increase	01.11.2019	1,23,691	0.02	1,30,87,503	1.89
		Increase	08.11.2019	1,29,358	0.02	1,32,16,861	1.91
		Increase	15.11.2019	76,390	0.01	1,32,93,251	1.92
		Increase	22.11.2019	83,246	0.01	1,33,76,497	1.93
		Increase	29.11.2019	83,138	0.01	1,34,59,635	1.94
		Decrease	06.12.2019	(1,042)	0.00	1,34,58,593	1.94
		Increase	13.12.2019	1,08,460	0.02	1,35,67,053	1.96
		Increase	20.12.2019	1,52,341	0.02	1,37,19,394	1.98
		Increase	27.12.2019	1,44,088	0.02	1,38,63,482	2.00
		Increase	31.12.2019	1,02,761	0.01	1,39,66,243	2.01
		Increase	03.01.2020	32,733	0.00	1,39,98,976	2.01
		Increase	10.01.2020	30,834	0.00	1,40,29,810	2.01
		Increase	17.01.2020	32,190	0.00	1,40,62,000	2.01
		Decrease	24.01.2020	(4,567)	0.00	1,40,57,433	2.01
		Increase	31.01.2020	51,920	0.01	1,41,09,353	2.02
		Increase	07.02.2020	37,443	0.01	1,41,46,796	2.03
		Increase	14.02.2020	8,436	0.00	1,41,55,232	2.03
		Increase	21.02.2020	18,184	0.00	1,41,73,416	2.03
		Increase	28.02.2020	1,76,088	0.03	1,43,49,504	2.06
		Increase	06.03.2020	2,56,016	0.04	1,46,05,520	2.10
		Increase	13.03.2020	1,57,550	0.02	1,47,63,070	2.12
		Increase	20.03.2020	5,70,654	0.08	1,53,33,724	2.20
		Increase	27.03.2020	3,87,138	0.06	1,57,20,862	2.26
		Increase	31.03.2020	2,55,285	0.04	1,59,76,147	2.30
		At the end of the year	31.03.2020	N.A.	N.A.	1,59,76,147	2.30
6	ROUTE ONE FUND I, L.P.	At the beginning of the year	01.04.2019	27,42,239	0.46	27,42,239	0.46
		Decrease	05.04.2019	(27,716)	0.00	27,14,523	0.46
		Decrease	03.05.2019	(10,365)	0.00	27,04,158	0.46
		Decrease	05.07.2019	(18,248)	0.00	26,85,910	0.39
		Increase	12.07.2019	35,40,355	0.51	62,26,265	0.90
		Increase	02.08.2019	47,857	0.01	62,74,122	0.91
		Increase	30.08.2019	2,23,329	0.03	64,97,451	0.94
		Decrease	06.09.2019	(65,840)	(0.01)	64,31,611	0.93
		Increase	13.09.2019	42,984	0.01	64,74,595	0.94
		Increase	18.10.2019	1,13,424	0.02	65,88,019	0.96
		Increase	25.10.2019	25,890	0.00	66,13,909	0.96

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Increase	01.11.2019	1,38,643	0.02	67,52,552	0.98
		Increase	08.11.2019	1,26,944	0.02	68,79,496	1.00
		Increase	22.11.2019	62,606	0.01	69,42,102	1.01
		Increase	07.02.2020	2,89,702	0.04	72,31,804	1.05
		Increase	14.02.2020	44,293	0.01	72,76,097	1.06
		Increase	28.02.2020	3,07,981	0.04	75,84,078	1.10
		Increase	06.03.2020	5,69,430	0.08	81,53,508	1.18
		Increase	13.03.2020	7,72,310	0.11	89,25,818	1.29
		Increase	20.03.2020	9,03,519	0.13	98,29,337	1.42
		Increase	27.03.2020	34,97,206	0.50	1,33,26,543	1.92
		Increase	31.03.2020	3,57,750	0.05	1,36,84,293	1.97
		At the end of the year	31.03.2020	N.A.	N.A.	1,36,84,293	1.97
7	DRAGSA INDIA EQUITIES III LP	At the beginning of the year	01.04.2019	N.A.	N.A.	N.A.	N.A.
		Increase	14.02.2020	19,61,704	0.28	19,61,704	0.28
		Increase	21.02.2020	7,65,636	0.11	27,27,340	0.39
		Increase	28.02.2020	30,81,120	0.44	58,08,460	0.84
		Increase	06.03.2020	30,06,003	0.43	88,14,463	1.27
		Increase	13.03.2020	20,81,667	0.30	1,08,96,130	1.57
		Increase	20.03.2020	26,75,400	0.39	1,35,71,530	1.96
		At the end of the year	31.03.2020	N.A.	N.A.	1,35,71,530	1.96
8	GOVERNMENT OF SINGAPORE	At the beginning of the year	01.04.2019	1,12,84,217	1.87	1,12,84,217	1.87
		Increase	05.04.2019	3,43,005	0.06	1,16,27,222	1.93
		Decrease	12.04.2019	(4,145)	0.00	1,16,23,077	1.93
		Decrease	26.04.2019	(25,663)	0.00	1,15,97,414	1.93
		Decrease	03.05.2019	(2,51,848)	(0.04)	1,13,45,566	1.89
		Increase	10.05.2019	7,735	0.00	1,13,53,301	1.89
		Decrease	17.05.2019	(6,97,687)	(0.12)	1,06,55,614	1.77
		Decrease	24.05.2019	(12,51,588)	(0.21)	94,04,026	1.56
		Decrease	31.05.2019	(6,68,999)	(0.11)	87,35,027	1.45
		Decrease	07.06.2019	(9,52,577)	(0.16)	77,82,450	1.29
		Decrease	14.06.2019	(3,87,338)	(0.06)	73,95,112	1.23
		Decrease	21.06.2019	(47,360)	(0.01)	73,47,752	1.22

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Decrease	29.06.2019	(1,66,693)	(0.03)	71,81,059	1.19
		Decrease	12.07.2019	(1,26,205)	(0.02)	70,54,854	1.17
		Decrease	26.07.2019	(34,341)	0.00	70,20,513	1.01
		Increase	02.08.2019	5,30,247	0.08	75,50,760	1.09
		Increase	09.08.2019	7,51,555	0.11	83,02,315	1.20
		Increase	16.08.2019	14,12,111	0.20	97,14,426	1.40
		Increase	23.08.2019	9,10,169	0.13	1,06,24,595	1.53
		Increase	30.08.2019	11,82,627	0.17	1,18,07,222	1.70
		Increase	06.09.2019	6,64,568	0.10	1,24,71,790	1.80
		Increase	13.09.2019	7,136	0.00	1,24,78,926	1.80
		Decrease	20.09.2019	(1,09,243)	(0.02)	1,23,69,683	1.78
		Decrease	27.09.2019	(1,74,548)	(0.03)	1,21,95,135	1.75
		Increase	11.10.2019	3,31,034	0.05	1,25,26,169	1.80
		Increase	18.10.2019	1,93,403	0.03	1,27,19,572	1.83
		Decrease	25.10.2019	(89,822)	(0.01)	1,26,29,750	1.82
		Increase	01.11.2019	1,87,842	0.03	1,28,17,592	1.85
		Increase	15.11.2019	50,089	0.01	1,28,67,681	1.86
		Increase	22.11.2019	4,505	0.00	1,28,72,186	1.86
		Decrease	13.12.2019	(1,77,952)	(0.03)	1,26,94,234	1.83
		Increase	20.12.2019	60,979	0.01	1,27,55,213	1.84
		Increase	10.01.2020	9,887	0.00	1,27,65,100	1.84
		Increase	17.01.2020	37,617	0.01	1,28,02,717	1.85
		Increase	24.01.2020	1,29,522	0.02	1,29,32,239	1.87
		Increase	07.02.2020	3,89,008	0.06	1,33,21,247	1.93
		Increase	13.03.2020	99,976	0.01	1,34,21,223	1.94
		Decrease	20.03.2020	(2,38,747)	(0.04)	1,31,82,476	1.90
		At the end of the year	31.03.2020	N.A.	N.A.	1,31,82,476	1.90
9	SFSPVI LTD.	At the beginning of the year	01.04.2019	N.A.	N.A.	N.A.	N.A.
		Increase	30.08.2019	31,38,975	0.45	31,38,975	0.45
		Increase	06.09.2019	28,95,354	0.42	60,34,329	0.87
		Increase	27.09.2019	14,877	0.00	60,49,206	0.87
		Decrease	04.10.2019	(11,44,461)	(0.17)	49,04,745	0.70
		Decrease	11.10.2019	(2,334)	0.00	49,02,411	0.70

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Decrease	18.10.2019	(13,969)	0.00	48,88,442	0.70
		Increase	25.10.2019	2,00,000	0.03	50,88,442	0.73
		Increase	01.11.2019	5,25,489	0.08	56,13,931	0.81
		Increase	08.11.2019	8,54,422	0.12	64,68,353	0.93
		Increase	15.11.2019	5,74,264	0.08	70,42,617	1.01
		Increase	22.11.2019	4,67,634	0.07	75,10,251	1.08
		Increase	29.11.2019	11,71,693	0.17	86,81,944	1.25
		Increase	06.12.2019	28,55,730	0.41	1,15,37,674	1.66
		Decrease	13.12.2019	(20,172)	0.00	1,15,17,502	1.66
		Decrease	03.01.2020	(25,217)	0.00	1,14,92,285	1.66
		Increase	10.01.2020	15,623	0.00	1,15,07,908	1.66
		Decrease	17.01.2020	(14,11,369)	(0.20)	1,00,96,539	1.46
		Increase	07.02.2020	3,00,071	0.04	1,03,96,610	1.50
		Increase	21.02.2020	19,47,400	0.28	1,23,44,010	1.78
		Increase	28.02.2020	5,46,079	0.08	1,28,90,089	1.86
		Increase	06.03.2020	10,116	0.00	1,29,00,205	1.86
		Decrease	13.03.2020	(72,301)	(0.01)	1,28,27,904	1.85
		Increase	20.03.2020	37,737	0.00	1,28,65,641	1.85
		Increase	27.03.2020	38,280	0.01	1,29,03,921	1.86
		At the end of the year	31.03.2020	N.A.	N.A.	1,29,03,921	1.86
10	LIFE INSURANCE CORPORATION OF INDIA	At the beginning of the year	01.04.2019	44,03,549	0.63	44,03,549	0.63
		Increase	09.08.2019	2,81,150	0.04	46,84,699	0.67
		Increase	16.08.2019	5,37,178	0.08	52,21,877	0.75
		Increase	23.08.2019	6,05,224	0.09	58,27,101	0.84
		Increase	30.08.2019	9,02,113	0.13	67,29,214	0.97
		Increase	06.09.2019	5,98,058	0.09	73,27,272	1.06
		Increase	13.09.2019	2,32,377	0.03	75,59,649	1.09
		Increase	20.09.2019	5,83,165	0.08	81,42,814	1.17
		Increase	27.09.2019	3,77,100	0.05	85,19,914	1.22
		Increase	30.09.2019	1,84,500	0.03	87,04,414	1.25

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Increase	04.10.2019	4,66,263	0.07	91,70,677	1.32
		Increase	11.10.2019	3,18,289	0.05	94,88,966	1.37
		Increase	18.10.2019	1,37,375	0.02	96,26,341	1.39
		Increase	25.10.2019	3,30,012	0.05	99,56,353	1.44
		Increase	17.01.2020	27,008	0.00	99,83,361	1.44
		Increase	24.01.2020	25,800	0.00	1,00,09,161	1.44
		Increase	31.01.2020	2,10,655	0.03	1,02,19,816	1.47
		Increase	07.02.2020	3,78,739	0.06	1,05,98,555	1.53
		Increase	14.02.2020	60,000	0.01	1,06,58,555	1.54
		At the end of the year	31.03.2020	N.A.	N.A.	1,06,58,555	1.54

Notes:

- *(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 and 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 (April 1, 2019)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Dr. T. T. Ram Mohan, Director		3,800	0.00	3,800	0.00
	At the end of the year (31-03-2020)		N.A.	N.A.	3,800	0.00
2	Mrs. Kanchan Uday Chitale*		1,000	0.00	1,000	0.00
	At the end of the year (17-10-2019)		N.A.	N.A.	1,000	0.00
3	Mr. Sanjay Khatau Asher**		NIL	N.A.	NIL	N.A.
	Market Purchase		5,600	0.00	5,600	0.00
	At the end of the year (31-03-2020)		N.A.	N.A.	5,600	0.00
4	Mr. Romesh Sobti, Managing Director & CEO***		7,30,000	0.12	7,30,000	0.12
	Add – 11.04.2019	ESOP Allotment	1,70,000	0.03	9,00,000	0.15
	Less – 08.11.2019	Market Sale	(25,000)	(0.02)	8,75,000	0.13
	Less – 20.11.2019	Market Sale	(50,000)	(0.01)	8,25,000	0.12
	Less – 04.12.2019	Market Sale	(1,00,000)	(0.01)	7,25,000	0.11
	Less – 16.12.2019	Market Sale	(50,000)	(0.01)	6,75,000	0.10
	Add – 29.01.2020	ESOP Allotment	2,31,000	0.03	9,06,000	0.13
	At the end of the year (23-03-2020)		N.A.	N.A.	9,06,000	0.13
5	Mr. Sumant Kathpalia, Managing Director & CEO****		5,28,818	0.08	5,28,818	0.08
	At the end of the year (31-03-2020)		N.A.	N.A.	5,28,818	0.08
6	Mr. S.V. Zaregaonkar, Chief Financial Officer		12,700	0.00	12,700	0.00
	28.02.2020	ESOP Allotment	37,950	0.01	50,650	0.01
	At the end of the year (31-03-2020)		N.A.	N.A.	50,650	0.01
7	Mr. Hareesh K. Gajwani, Company Secretary		NIL	N.A.	NIL	N.A.
	Add - 20.06.2019	ESOP Allotment	1,040	0.00	1,040	0.00
	Less - 20.06.2019	Market Sale	(1,000)	0.00	40	0.00
	Less - 21.06.2019	Market Sale	(40)	0.00	0	0.00
	At the end of the year (31-03-2020)		N.A.	N.A.	NIL	NIL

* Mrs. Kanchan Chitale ceased to hold office with effect from October 17, 2019 upon completion of her tenure.

** Mr. Sanjay Asher was appointed as 'Additional Director' in the category of 'Non-Executive Independent Director' by the Board on October 10, 2019. The shares were held by him prior to his appointment in the Bank.

*** Mr. Romesh Sobti retired as Bank's Managing Director & CEO on March 23, 2020.

**** Mr. Sumant Kathpalia was appointed as 'Managing Director & CEO' effective from March 24, 2020.

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	-	242,189	-	242,189
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	1,184	-	1,184
Total (i+ii+iii)	-	243,373	-	243,373
Net Change in Indebtedness during the financial year:				
i. Addition	-	20,697	-	20,697
ii. Reduction	-	-	-	-
Total (i+ii)	-	20,697	-	20,697
Indebtedness at the end of the financial year:				
i. Principal Amount	-	262,793	-	262,793
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	1,277	-	1,277
Total (i+ii+iii)	-	264,070	-	264,070

* As the Bank is governed by the Banking Regulation Act, 1949 and is 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 upto March 23, 2020
1	Gross Salary	
	a. Salary as per provisions contained in Section 17(1) of IT Act, 1961.	4,48,30,368
	b. Value of perquisites under Section 17(2) of IT Act, 1961.	91,68,148
	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)	25,19,037
6	Total #	5,65,17,553
7	Ceiling as per the Companies Act, 2013 \$	-

B. Remuneration to Managing Director, Whole-time Directors and / or Manager:

(in ₹)

Sr. No.	Particulars of Remuneration	Mr. Sumant Kathpalia, Managing Director & CEO w.e.f. March 24, 2020
1	Gross Salary d. Salary as per provisions contained in Section 17(1) of IT Act, 1961. e. Value of perquisites under Section 17(2) of IT Act, 1961. f. Profits in lieu of salary under Section 17(3) of IT Act, 1961.	15,27,781 852 -
2	Stock Option*	-
3	Sweat Equity	-
4	Commission - As % of profit - Others	- -
5	Others, please specify (PF, Medical)	43,024
6	Total #	15,71,657
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.

C. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Sitting Fees for attending Board / Committee meetings (in ₹)	Commission (in ₹)	Others, (please specify)	Total (in ₹)
(A)	Independent Directors:				
(1)	Mrs. Kanchan Chitale ¹	9,00,000	5,46,196	-	14,46,196
(2)	Mr. Shanker Annaswamy	16,40,000	10,00,000	-	26,40,000
(3)	Dr. T.T. Ram Mohan	23,50,000	10,00,000	-	33,50,000
(4)	Mrs. Akila Krishnakumar	11,60,000	10,00,000	-	21,60,000
(5)	Mr. Siraj Chaudhry ²	6,70,000	4,80,978	-	11,50,978
(6)	Mr. Rajiv Agarwal	10,80,000	10,00,000	-	20,80,000
(7)	Mr. Sanjay Asher ³	9,70,000	4,75,543	-	14,45,543
(8)	Mr. Sanjeev Asthana ⁴	-	3,26,087	-	3,26,087
(9)	Mrs. Bhavna Doshi ⁵	-	2,14,286	-	2,14,286
	Total (A)	87,70,000	60,43,090	-	1,48,13,090
(B)	Other Non-Executive Directors:				
(1)	Mr. R. Seshasayee ⁶	8,50,000	7,88,043	-	16,38,043
(2)	Mr. Arun Tiwari ⁷	31,70,000	13,35,165	-	45,05,165
(3)	Mr. Yashodhan M. Kale ⁸	20,000	41,209	-	61,209
	Total (B)	40,40,000	21,64,417	-	62,04,417
	Total Remuneration (A+B)	1,28,10,000	82,07,507	-	2,10,17,507

Notes:

1. Mrs. Kanchan Chitale ceased to be Director on the Bank's Board on October 17, 2019, upon completion of her tenure.
2. Mr. Siraj Chaudhry resigned as a Director with effect from the close of business hours on September 23, 2019, owing to his taking up of new role as MD & CEO of a constituent having a banking relationship with the Bank.
3. Mr. Sanjay Asher was appointed as 'Additional Director' in the category of 'Non-Executive Independent Director' by the Board on October 10, 2019.
4. Mr. Sanjeev Asthana was appointed as 'Additional Director' in the category of 'Non Executive Independent Director' by the Board on December 4, 2019. No meetings were attended by him, Hence, no sitting fees was paid to him.
5. Mrs. Bhavna Doshi was appointed as 'Additional Director' in the category of 'Non-Executive Independent Director' by the Board on January 14, 2020. No meetings were attended by her, hence no sitting fees was paid to her.
6. Mr. R. Seshasayee, ceased to be Non-Executive Part-time Chairman of the Bank's Board on July 24, 2019, upon completion of his tenure.
7. Mr. Arun Tiwari was appointed as Non-Executive Part-time Chairman of the Bank's Board with effect from January 31, 2020.
Hence, he received remuneration in the form of commission: (i) ₹ 8,32,418/- (April 1, 2019 to January 30, 2020 as Director at ₹ 10 lakhs per annum; and (ii) ₹ 5,02,747/- (January 31, 2020 to March 31, 2020 as Chairman, at ₹ 30 lakhs per annum).
8. Mr. Yashodhan M. Kale ceased to be a Director on April 16, 2019, on completion of his tenure.
 - 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.
 - As per the Bank's Policy, no Stock Options were granted to the Non-Executive Directors.

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

(in ₹)

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.	1,00,91,321	5,13,08,866	6,14,00,187
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961.	32,400	12,00,000	12,32,400
	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	-	-	-
5.	Others, please specify (PF, Medical)	3,44,400	14,40,000	17,84,400
	Total#	1,04,68,121	5,39,48,866	6,44,16,987

* 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

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 2019-20, is given below:

Name	Ratio
Mr. Romesh Sobti, Managing Director & CEO	130x
Mr. Sumant Kathpalia, current Managing Director & CEO	3.8x
Mr. R. Seshasayee, Non-Executive Part – time Chairman	1.9x
Mr. Arun Tiwari, current Non-Executive Part – time Chairman	3.22x

Notes:

- Mr. Romesh Sobti (DIN: 00031034)**, Managing Director & CEO of the Bank, demitted office on March 23, 2020, on completion of his tenure.
- Mr. Sumant Kathpalia (DIN: 01054434)**, has been appointed as the Managing Director & CEO of the Bank with effect from March 24, 2020.
- Mr. R. Seshasayee (DIN: 00047985)**, Non-Executive Part-time Chairman of the Bank, retired on July 24, 2019, on completion of his tenure. Mr. Seshasayee was entitled for remuneration of ₹ 25 lakhs p.a. in the form of Profit-related Commission, as approved by the Reserve Bank of India, and by the Shareholders in the 22nd AGM of the Bank held on July 1, 2016.
- Mr. Arun Tiwari (DIN: 05345547)**, has been appointed as Non-Executive, Non-Independent Part-time Chairman of the Bank for a period of three years, with effect from January 31, 2020, by the Board with the approval of the Reserve Bank of India at a remuneration of ₹ 30,00,000 p.a. in the form of Profit-related Commission.

Approval of the Shareholders is being requested by the Board for the appointment of Mr. Arun Tiwari as 'Non-Executive, Non-Independent Part-time Chairman' of the Bank, at the ensuing Annual General Meeting of the Bank.
- The ratio pertains to the fixed remuneration of the Directors to the median fixed remuneration of the Bank's employees for FY20.
- The ratio of remuneration paid to Mr. R. Seshasayee and Mr. Arun Tiwari, is based on payment of Profit-related Commission, 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.

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 ₹ 10,00,000 per annum, in line with RBI Guidelines and on the basis of Members' approval.

The ratio of remuneration (excluding Sitting Fees) paid to Non-Executive Directors to the median remuneration of the employees of the Bank for the financial year 2019-20 is mentioned below:

Name of the Non- Executive Director	Ratio
Mrs. Kanchan Chitale	1.32x
Mr. Yashodhan M. Kale	0.10x
Mr. Shanker Annaswamy	2.41x
Dr. T. T. Ram Mohan	2.41x
Mrs. Akila Krishnakumar	2.41x

Name of the Non- Executive Director	Ratio
Mr. Siraj Chaudhry	1.16x
Mr. Rajiv Agarwal	2.41x
Mr. Sanjay Asher	1.15x
Mr. Sanjeev Kumar Asthana	0.79x
Mrs. Bhavna Doshi	0.52x

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

Name	Percentage
Mr. Romesh Sobti, Managing Director & CEO ¹	6%
Mr. Sumant Kathpalia, current Managing Director & CEO ²	-
Mr. S. V. Zaregaonkar, Chief Financial Officer	11%
Mr. Hareesh Gajwani, Company Secretary	29%

Notes:

- 1. Mr. Romesh Sobti (DIN: 00031034)**, Managing Director & CEO of the Bank, demitted office on March 23, 2020, on completion of his tenure.
- 2. Mr. Sumant Kathpalia (DIN: 01054434)** has been appointed as the Managing Director & CEO of the Bank with effect from March 24, 2020.

- **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 8.8%.

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 30,674 employees on the rolls of the Bank as on March 31, 2020.

- 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.

ANNEXURE - VI 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 project or programs.
	Remarks
	<p>The Bank's CSR Policy</p> <p>CSR Mission Statement</p> <p>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.</p> <p>Guiding Principles</p> <p>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.</p> <p>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.</p> <p>In line with our CSR Policy, the Bank has implemented several large scale projects in Environment, Rural Development, Preventive Healthcare, Education and Sports.</p> <p>The Bank's CSR Policy, CSR Projects, CSR Committee of the Board and relevant details can be viewed at the web link: https://www.indusind.com/in/en/csr-policy.html</p> <p>Details on the Bank's CSR Projects and Sustainability Initiatives are given in our latest Integrated Report and can be viewed at the web link: https://www.indusind.com/in/en/sustainability.html</p>

	<p>CSR Projects as per Focus Areas</p>  <div style="display: flex; justify-content: space-between;"> <div data-bbox="263 712 480 1110" style="background-color: #e91e63; color: white; padding: 10px;"> <p>Rural Development & Inclusiveness</p> <ul style="list-style-type: none"> ▪ Water resource development ▪ Waste management in villages ▪ Employment led skill training ▪ Livestock healthcare programme </div> <div data-bbox="496 712 713 1110" style="background-color: #4caf50; color: white; padding: 10px;"> <p>Environmental Sustainability</p> <ul style="list-style-type: none"> ▪ Urban Afforestation Project ▪ Solar powered institutions, street lights, villages ▪ Restoration of lakes, ponds and drains </div> <div data-bbox="729 712 917 1110" style="background-color: #ff9800; color: white; padding: 10px;"> <p>Preventive Healthcare</p> <ul style="list-style-type: none"> ▪ Accessibility to Primary Care ▪ Specialised care (cancer, cataract, HIV, congenital heart diseases) </div> <div data-bbox="933 712 1134 1110" style="background-color: #ffc107; color: white; padding: 10px;"> <p>Education</p> <ul style="list-style-type: none"> ▪ Enhancing academic learning (Road to school, Early Language Learning, Assisted learning) ▪ Nutritional support with Midday meals ▪ Scholarship for excellence </div> <div data-bbox="1150 712 1358 1110" style="background-color: #2196f3; color: white; padding: 10px;"> <p>Promoting Inclusiveness through Sports</p> <ul style="list-style-type: none"> ▪ Para Champions Programme ▪ Blind Cricket Programme ▪ Girl Power Programme ▪ Nurturing Rural Champions </div> </div>
2	<p>The Composition of the CSR Committee.</p> <ol style="list-style-type: none"> 1. Mrs. Akila Krishnakumar, Chairperson of the CSR Committee 2. Mr. Rajiv Agarwal 3. Mr. Sanjay Asher 4. Mr. Sumant Kathpalia (Managing Director & CEO)
3	<p>Average Net Profit of the Company for last three Financial Years.</p> <p>₹ 5405.62 crores</p>
4	<p>Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)</p> <p>₹ 108.11 crores</p>
5	<p>Details of CSR spent during the financial year:</p> <ol style="list-style-type: none"> a) Total amount to be spent for the financial year – ₹ 108.11 crores b) Amount unspent – Nil 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.	Urban Afforestation, Solar powered institutions, street lights, Restoration of water bodies like Lakes, Ponds & Drains	Ensuring Environment Sustainability	Pan-India	1539	1539	6354	Both Direct and through Implementing Partners (EFI, CERE, Ambuja Foundation, lamGurgaon)
2.	Access to primary healthcare services. Providing specialised care including for Cancer, Cataract, Congenital Heart Diseases, HIV	Promoting Healthcare	Pan-India	2909	2909	3577	Assam Cancer Care Foundation, BMCHRC, Cashpor MicroCredit, CSC Academy, Lotus Medical Foundation, Samhita Development Network, Sri Sathya Sai Health & Education Trust, Vision Foundation of India
3.	Waste Management in villages, Solar lit Villages, Water Resource Development through watershed & Springshed management & rejuvenation of traditional water harvesting structures, Employment-led skill training of youth and entrepreneurship	Enhancing Vocational Skills, Promoting Sanitation, Environment Sustainability and Conservation of Natural Resources	Pan-India	2687	2687	5290	Ambuja Foundation, Department of Panchayati Raj, Every ULB Technologies, Piramal Sarvajal, SUPPORT, WOTR, Anirban Rural Welfare Society, APD, CSC eGovernance.
4.	Para Champions Programme Girl Power Programme Blind Cricket Program Nurturing Rural Champions	Paralympic Sports, Sports for the Differently Abled	Pan-India	874	874	2409	Through Implementing partners (CABI-Samarthanam, Go-Sports Foundation, JSW Foundation, Mann Deshi Foundation)

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
5.	Nutritional support with Mid-day meals Enhancing Academic learning (Assisted learning, Road to School, Early Language Learning) Scholarship for Excellence in Education	Education	Pan-India	1747	1747	3434	Through Implementing partners (Akshaya Patra Foundation, Samhita Development Network, Ashoka University, Nalandaway Foundation, Cashpor, Sahapedia, Foundation for Excellence India Trust, Learning Links Foundation, Language & Learning Foundation, Purkal Youth Development Society)
6.	Donations	Donations	Pan-India	824	824	2798	Direct
7.	Awareness & Capacity Building	Awareness & Capacity Building	Pan-India	235	235	762	Direct
	Total			10815	10815	24624	

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.**

During the year, the Bank has met the CSR spend requirement and spent an amount of ₹ 108.15 crores towards CSR initiatives through various projects in the areas of Environment (Watershed Development, Afforestation, Lake / Pond Rejuvenation), Education, Rural Development and Inclusiveness, Skill Development, Preventive Healthcare and Sports.

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 in the Financial Year 2019-20 and I hereby acknowledge that this is in compliance with the CSR Policy and objectives.

Sumant Kathpalia
Managing Director & CEO
(DIN: 01054434)

Akila Krishnakumar
Chairperson – CSR Committee
(DIN: 06629992)

ANNEXURE - VII TO THE CORPORATE GOVERNANCE 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 31st March, 2020, 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

Mumbai | July 20, 2020
ICSI UDIN: F000761B000460132

ANNEXURE - VIII 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, 2020.

For IndusInd Bank Limited

Place: Mumbai
Date: August 26, 2020

Sumant Kathpalia
Managing Director & CEO
(DIN: 01054434)

ANNEXURE - IX TO THE CORPORATE GOVERNANCE REPORT

DIVIDEND DISTRIBUTION POLICY

Distribution of Dividend by a Company depends upon various factors, such as Capital needed for business sustenance and growth, investment plans, impact on Debt – Equity Ratio, ability to improve the Return on Capital Employed, Regulatory requirements pertaining to Capital Adequacy of the company, and mandatory Reserves stipulations, among others.

Declaration of Dividend by a Banking Company is governed by provisions of the Companies Act, 2013 and the Rules made thereunder, as well as by the provisions of the Banking Regulation Act, 1949 and the Guidelines issued by the RBI from time to time.

Provisions of the Companies Act, 2013 and Rules thereunder

Section 123 to 127 of the Companies Act, 2013 mandates provisions with respect to declaration and payment of Dividend. Besides the statutory provisions, certain rules have been prescribed under the Companies (Declaration and payment of Dividend) Rules, 2014. In terms of provisions of Section 123 (1), Dividend is allowed to be declared or paid by a company for any financial year out of the profits of the Company for that year arrived at after providing for depreciation.

As per the Companies Act, 2013, in case of inadequacy or absence of profits in any year, a company is permitted to declare Dividend out of the accumulated profits earned by it in any previous financial years and transferred to Reserves, but such declaration of Dividend shall not exceed the average of the rates at which Dividend was declared by it in the three years immediately preceding that year.

However, under the Rules prescribed, no Company is allowed to declare Dividend unless carried over previous losses and depreciation not provided in previous year are set off against profit of the company of the current year.

Provisions of the Banking Regulation Act, 1949

The relevant provisions of the Banking Regulation Act, 1949 for declaration of Dividend are summarised below:

Section 15 of the Banking Regulation Act provides that the Banking Company shall not pay any Dividend on its shares until all its capitalised expenses have been completely written-off in addition to other provisions.

Section 17 of the Banking Regulation Act provides that the Bank shall transfer a sum equivalent to not less than twenty percent of the profit as disclosed in the Profit and Loss Account prepared under Section 29 to the Reserve Fund or Share Premium Account.

While Companies Act, 2013, permits declaration of Dividend out of reserves, there are restrictions under Banking Regulation Act, 1949 and payment of Dividend is not allowed out of past reserves.

Reserve Bank of India, vide their Circular No. RBI/2004-05/451 DBOD.NO.BP.BC.88/21.02.067/2004-05 dated May 4, 2005, have provided detailed guidelines on the eligibility criteria for declaration of Dividend out of current year's profit, Quantum of Dividend payable, Matrix of criteria for maximum permissible range of Dividend Payout Ratio and Reporting format for Banks declaring Dividend.

Eligibility criteria for declaration of Dividend

Only those banks which comply with the following minimum prudential requirements would be eligible to declare Dividends;

- i. The Banks should have:
 - CRAR of at least 9% for preceding two completed years and the accounting year for which it proposes to declare Dividend.
 - Net NPA less than 7%.

In case any Bank does not meet the above CRAR norm, but is having CRAR of at least 9% of the Accounting Year for which it proposes to declare Dividend, it would be eligible to declare Dividend provided its Net NPA ratio is less than 5%.

- ii. The Bank should comply with the provisions of Section 15 and 17 of the Banking Regulation Act, 1949.
- iii. The Bank should comply with the prevailing regulations / guidelines issued by RBI, including creating adequate provisions for impairment of assets and staff retirement benefits, transfer of profits to Statutory Reserves, etc.
- iv. The proposed Dividend should be payable out of the current year's profit.
- v. The Reserve Bank should not have placed any explicit restrictions on the bank for declaration of Dividends.

In case any Bank does not meet the above eligibility criteria, no special dispensation shall be available from the Reserve Bank.

Quantum of Dividend payable

Banks, which fulfil the eligibility criteria set out at paragraph 3 above, may declare and pay Dividends, subject to the following;

- i. The Dividend-Payout-Ratio shall not exceed 40% and shall be as per the matrix furnished.

Matrix of Criteria for maximum permissible range of Dividend Payout Ratio

Category	CRAR	Net NPA Ratio			
		Zero	More than 0 but less than 3%	From 3% to Less than 5%	From 5% to less than 7%
		Range of Dividend Payout-Ratio			
A	11% or more for each of the last 3 years	Up to 40	Up to 35	Up to 25	Up to 15
B	10% or more for each of the last 3 years	Up to 35	Up to 30	Up to 20	Up to 10
C	9% or more for each of the last 3 years	Up to 30	Up to 25	Up to 15	Up to 05
D	9% or more in the Current year	Up to 10		Up to 5	Nil

Notes:

Banks should have CRAR of at least 9% for preceding two completed years and the accounting year for which it proposes to declare Dividend and Net NPA less than 7% to be eligible to declare Dividends. In case any bank does not meet the above CRAR norm, but is having a CRAR of at least 9% for the Accounting Year for which it proposes to declare Dividend, it would be eligible to declare Dividend provided its Net NPA ratio is less than 5%.

[Dividend-Payout-Ratio shall be calculated as a percentage of 'Dividend payable in a year' (excluding Dividend Tax) to 'Net Profit during the year'.]

- ii. In case the Profit for the relevant period includes any extra-ordinary profits / income, the payout ratio shall be computed after excluding such Extra-Ordinary Items for reckoning compliance with the prudential payout ratio.
- iii. The Financial Statements pertaining to the financial year for which the bank is declaring a Dividend should be free of any qualifications by the statutory auditors, which have an adverse bearing on the profit during that year. In case of any qualification to that effect, the net profit should be suitably adjusted while computing the Dividend-Payout-Ratio.

In terms of the above guidelines, banks are allowed maximum permissible Dividend-Payout-Ratio of upto 40%.

Information on Dividends paid in the last five years including Dividend Yield and Payout Ratio will be made available on the Bank's website.

Policy Rationale

Our Bank has consistently shown a profit growth at 25-30% per year and the Business Plan has been formulated with a strategic intent to cover market share with profitability and in terms of branch network and customer base. While the profit growth is significantly higher than the overall banking industry, current market share of our Bank is about 1% of the banking system, and there is certainly a significant scope for expansion. Capital is one of the most essential drivers of growth, and in order to take care of expanded business as well as to meet requirements in light of Basel III Guidelines, it is always felt desirable to conserve the capital by placing a cap on Dividend Payouts and develop a Policy on declaration of Dividend accordingly.

Capital-raising is an intensive activity involving significant managerial bandwidth as well as considerable costs; a higher Dividend payout would lead to more frequent capital-raising.

Keeping in mind interest of the small shareholders, who prefer Dividend cash flows as well as plough-back of capital for the purpose of business, it is appropriate to link declaration of Dividend to total payout rather than rate of Dividend.

Having regard to the RBI guidelines, track record and various dimensions outlined above, the Bank considers a payout ratio of 14% - 17% of the Net Profit earned during the year. This cap includes taxes, if any, relating to distribution of Dividend.

ANNEXURE - X TO THE CORPORATE GOVERNANCE REPORT

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
IndusInd Bank Limited
 2401, Gen. Thimmayya Road,
 Cantonment,
 Pune - 411001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of IndusInd Bank Limited having CIN L65191PN1994PLC076333 and having Registered Office at 2401, Gen. Thimmayya Road, Cantonment, Pune - 411001 (hereinafter referred to as 'the Bank'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below for the Financial Year ended on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in the Bank
1.	Mr. Arun Tiwari	05345547	10/08/2018
2.	Mr. Shanker Annaswamy	00449634	12/01/2016
3.	Dr. T. T. Ram Mohan	00008651	12/05/2016
4.	Mrs. Akila Krishnakumar	06629992	10/08/2018
5.	Mr. Rajiv Agarwal	00336487	15/03/2019
6.	Mr. Sanjay Asher	00008221	10/10/2019
7.	Mr. Sanjeev Kumar Asthana	00048958	04/12/2019
8.	Mrs. Bhavna Doshi	00400508	14/01/2020
9.	Mr. Sumant Kathpalia	01054434	24/03/2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of 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
 ICSI UDIN: F000761B000460143

Mumbai | July 20, 2020

Independent Auditors' Report

To the Members of IndusInd Bank Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **IndusInd Bank Limited** ("the Bank"), which comprise the Standalone Balance Sheet as at March 31, 2020, the Standalone Profit and Loss Account and the Standalone Cash Flow Statement for the year then ended and notes to the standalone financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") 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, 2020, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
Information Technology (IT) Controls Framework	
<p>The Bank has a complex IT architecture to support its day-to-day business operations. The volume of transactions processed and recorded is huge. Moreover, a transaction may be required to be recorded across multiple applications depending upon the process and each application has different rules and a different set of user access and authority matrix. These applications are interlinked using different technologies so that data transfer happens in real time or at a particular time of the day; in batches or at a transaction level and in an automated manner or manually. The Core Banking Solution (CBS) itself has many interfaces. All these data streams directly affect the financial accounting and reporting process of the Bank.</p>	<p>IT audit specialists are an integral part of our engagement team. Our approach of testing IT General Controls (ITGC) and IT Application Controls (ITAC) is risk based and business centric.</p> <p>As a part of our IT controls testing, we have tested ITGC as well as ITAC. The focus of testing of ITGCs was based on the parameters such as Completeness, Validity, Identification/Authentication and Authorization, Accuracy, Integrity and Accountability. On the other hand, focus of testing automated controls from applications was whether the controls prevent or detect unauthorized transactions and support financial objectives including completeness, accuracy, authorization and validity of transactions.</p> <p>We gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.</p>

Key audit matters	How our audit addressed the key audit matter
<p>The Bank has a process for identifying the applications where these controls are embedded. It also has a process to ensure that systems, processes and controls remain relevant. The Bank's IT control framework includes automated, semi-automated and manual controls designed to address identified risks. IT controls are stated in Entity Level Controls (ELC), IT General Controls (ITGC) and IT Application Controls (ITAC).</p> <p>We have identified IT Controls Framework as a Key Audit Matter as the Bank's business is highly dependent on information technology, the IT environment is complex and the design and operating effectiveness of IT controls have a direct impact on a financial reporting process. Review of these controls allows us to provide assurance on the integrity and completeness of data processed through various IT applications which are used for the preparation of financial reports.</p>	<p>In ITGC testing, we reviewed control areas such as User Management, Change Management, Systems Security, Incident Management, Physical & Environmental Security, Backup and Restoration, Business Continuity and Disaster Recovery, Service Level Agreement.</p> <p>For ITAC, we carried out on sample basis, compliance tests of system functionality in order to assess the accuracy of system calculations. We also carried out procedures such as validations and limit checks on data entered into applications, approvals, process dependencies and restriction on time period in which transactions may be recorded.</p> <p>We tested the control environment using various techniques such as inquiry, review of documentation/record/reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our tests.</p> <p>Wherever deviations were noted either the same were explained to our satisfaction or we tested compensating controls and performed alternate procedures, where necessary, to draw comfort.</p>
<p>Classification and Provisioning for Advances (Refer to the accounting policies in note 1.3 and 5 of Schedule 17 and note 5.1, 5.13 and 5.14 of schedule 18 to the standalone financial statements)</p>	
<p>The Bank's portfolio of loans and advances to customers amounts to ₹ 2,06,783.17 crore (Net of Provisions) as at March 31, 2020 comprising of wholesale banking and Retail banking customer. As required under Income Recognition, Asset Classification and provisioning norms (IRAC norms) issued by the Reserve Bank of India (RBI), guidelines on COVID 19 related Regulatory Package dated March 27, 2020 and April 17, 2020 issued by the RBI ('Regulatory Package') and other relevant circulars, notifications and directives issued by the RBI, the Bank classifies advances into performing and non-performing advances (NPA) which consists of Standard, Sub-standard, Doubtful and Loss and makes appropriate provisions.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <p>Provisions for Corporate Advances against specific individual loans (Wholesale Banking Customer)</p> <ol style="list-style-type: none"> 1. Tested the key controls over borrower risk grading for wholesale loans (larger customer exposures that are monitored individually) for classification of such loans as performing or non-performing advances. <ul style="list-style-type: none"> • Tested on sample basis, the approval of new lending facilities against the Bank's credit policies, the performance of annual loan assessments, and controls over the monitoring of credit quality. • Assessed the process for classification by the Management including identification of non-performing assets. • Tested on sample basis loans to form our own assessment as to whether impairment events had occurred and to assess whether impairment had been identified in a timely manner.

Key audit matters	How our audit addressed the key audit matter
<p>The Bank is also required to apply its judgment:</p> <ol style="list-style-type: none"> a) to determine the identification and provisions required against NPA by applying quantitative as well as qualitative factors. b) to determine the potential impact of unprecedented COVID 19 pandemic on quality of assets of the Bank; and c) to identify sectors wherein the Bank perceives stress and make higher provisions. <p>Classification and Provisioning for Advances is a Key Audit Matter as the Bank has significant credit risk exposure to a large number of borrowers across a wide range of borrowers, products, industries and geographies and there is a high degree of complexity, uncertainty and judgment involved in recoverability of advances and estimation of provisions thereon.</p> <p>The same resulted in significant audit effort to address the risks around loan recoverability and the determination of related provisions.</p>	<ul style="list-style-type: none"> • For the selected non-performing advances, we assessed Management’s forecast and inputs of recoverable cash flows, comments of auditors’ of the borrowers in the audit report, valuation of underlying security and collaterals, estimate of recoverable amounts on default and other sources of repayment. • Held specific discussions with the Credit and Risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which need to be considered as NPA. <p>This included testing controls over the identification of exposures showing signs of stress, either due to internal factors specific to the borrower or external macroeconomic factors, and testing the timeliness of and the accuracy of risk assessments and risk grading against the requirements of the Bank’s lending policies and IRAC norms issued by RBI.</p> <ol style="list-style-type: none"> 2. Performing credit assessments of a sample of corporate loans managed by a specific group assessed as higher risk or impaired, focusing on larger exposures assessed by the Bank as showing signs of deterioration, or in areas of emerging risk (assessed against external market conditions). We challenged the Bank’s risk grading of the loan, their assessment of loan recoverability and the impact on the credit provision. To do this, we used the information on the Borrowers loan file, discussed the case with the concerned officials and senior management, and performed our own assessment of recoverability. <p>Provisions for Retail advances against specific individual loans (Retail Banking Customer)</p> <ol style="list-style-type: none"> 1. For retail loans (smaller customer exposures not monitored individually), tested controls over the systems which record lending arrears, delinquency buckets based on the number of days loans overdue, and calculate individual provisions. 2. Tested automated calculations and change management controls and evaluated the Bank’s oversight of the portfolios, with a focus on controls over delinquency statistics monitoring. 3. Tested on a sample basis the level of provisions held against different loan products based on the delinquency profile and challenged assumptions made in respect of expected recoveries, primarily from collateral held.

Key audit matters	How our audit addressed the key audit matter
	<p>Provisions estimated across loan portfolios (collective provision)</p> <ol style="list-style-type: none"> 1. Tested the Bank's processes for making collective provision; 2. Validated the parameters used to calculate collective provisions with reference to IRAC norms, and Regulatory Package; 3. Tested the completeness and accuracy of data transferred from underlying source systems used for computing collective provision; 4. Re-performed, for a sample of retail and wholesale portfolios, the calculation of collective provisions, to determine the accuracy of the same; 5. Reviewed the Bank's process for granting moratorium to borrowers as per the Regulatory Package announced by the RBI. We tested the completeness and accuracy of the data used for computing general provision in line with Regulatory package issued by RBI. With respect to additional provision made by the Bank on account of the impact of Covid-19 pandemic, we broadly reviewed the underlying assumptions and estimates used by the management for the same but as the extent of impact is dependent on future developments which are highly uncertain, we primarily relied on those assumptions and estimates. These assumptions and estimates are a subject matter of periodic review by the Bank. <p>Disclosure</p> <p>We assessed the appropriateness and adequacy of disclosures against the relevant RBI requirements relating to NPAs including the additional disclosures required to be made in accordance with the Regulatory Package.</p>

Emphasis of Matter

We draw attention to Note 5.13 to the standalone financial statements which explains that the extent to which COVID-19 pandemic will impact the Bank's operations and financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Other Information

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report and Management Discussion and Analysis and other elements forming part of the Annual Report, but does not include the standalone financial statements, consolidated financial statements and our auditor's report thereon and the Pillar III Disclosures under the New Capital Adequacy Framework (Basel III disclosures). The other information is expected to be made available to us after the date of this report.

Our opinion on the standalone financial statements does not cover the other information and the Basel III disclosures and accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information of annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that 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 prescribed under Section 133 of the Act, read with the relevant rules issued thereunder, provision of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this standalone financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant

doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The audit of standalone financial statements for the year ended March 31, 2019, was carried out and reported by S. R. Batliboi & Co. LLP, vide their unmodified audit report dated May 22, 2019, whose report has been furnished to us by the management and which has been relied upon by us for the purpose of our audit of the standalone financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- (1) The Standalone Balance Sheet and the Standalone Profit and Loss Account have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 and section 133 of the Act read with the relevant rules issued thereunder.
- (2) As required by section 143(3) of the Act and section 30(3) 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 purpose of our audit and have found them to be satisfactory;
 - b. In our opinion, transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
 - c. The financial accounting systems of the Bank are centralized and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches; we have visited 67 branches for the purpose of our audit;
 - 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 Standalone Balance Sheet, the Standalone Profit and Loss Account and the Standalone 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 prescribed under section 133 of the Act read with relevant rules issued thereunder to the extent they are not inconsistent with the accounting policies prescribed by RBI;

- g. On the basis of the written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to standalone financial statements of the Bank and the operating effectiveness of such controls, refer to our separate report in "Annexure";
- i. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act;

In our opinion and to the best of our information and according to the explanations given to us, requirements prescribed under Section 197 of the Act is not applicable by virtue of Section 35B(2A) of the Banking Regulation Act, 1949.

- j. With respect to the other matters to be included in the Auditor's 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 Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Schedule 12 and Schedule 18 - Note 10.4 on Contingent Liabilities to the standalone financial statements;
 - (ii) The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Schedule 18 - Note 4 and 10.5 to the standalone financial statements; and
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Purushottam Nyati

Partner

Membership No. 118970

UDIN:- 20118970AAAABH6161

Place: Mumbai
Date: April 27, 2020

Annexure to the Independent Auditor's Report

[Referred to in paragraph 2 (h) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of IndusInd Bank Limited on the standalone financial statements for the year ended March 31, 2020]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of IndusInd Bank Limited ("the Bank") as of March 31, 2020 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

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (the "Guidance Note") 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls 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 standalone financial statements, whether due to fraud or error.

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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Bank's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Purushottam Nyati

Partner

Membership No. 118970

UDIN:- 20118970AAAABH6161

Place: Mumbai

Date: April 27, 2020

Balance Sheet as at March 31, 2020

	Schedule	As at 31.03.2020	Rupees in '000s As at 31.03.2019
CAPITAL AND LIABILITIES			
Capital	1	693,53,57	602,68,69
Employee Stock Options Outstanding	18 (Note 11.2)	9,47,82	11,18,84
Share Warrants Subscription Money	18 (Note 2.1)	673,81,53	-
Reserves and Surplus	2	33329,66,29	26072,09,81
Deposits	3	202039,81,29	194867,90,69
Borrowings	4	60753,54,94	47321,12,24
Other Liabilities and Provisions	5	9557,69,82	8944,41,55
TOTAL		307057,55,26	277819,41,82
ASSETS			
Cash and Balances with Reserve Bank of India	6	13675,25,37	9961,17,40
Balances with Banks and Money at Call and Short Notice	7	2328,39,72	4822,22,67
Investments	8	59979,94,35	59266,15,80
Advances	9	206783,16,69	186393,50,14
Fixed Assets	10	1820,11,32	1710,01,16
Other Assets	11	22470,67,81	15666,34,65
TOTAL		307057,55,26	277819,41,82
Contingent Liabilities	12	967595,58,41	952668,44,61
Bills for Collection		22573,29,23	32971,50,77
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 LIMITED

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No: 103523W/W100048

per Purushottam Nyati

Partner

Membership No: 118970

Arun Tiwari

Chairman

DIN: 05345547

Sanjay Asher

Director

DIN: 00008221

S. V. Zaregaonkar

Chief Financial Officer

Sumant Kathpalia

Managing Director

DIN: 01054434

Bhavna Doshi

Director

DIN: 00400508

Haresh Gajwani

Company Secretary

M. No. ACS - 18225

Place : Mumbai

Date : April 27, 2020

Profit and Loss Account for the year ended March 31, 2020

	Schedule	Year ended 31.03.2020	Rupees in '000s Year ended 31.03.2019
I. INCOME			
Interest Earned	13	28782,82,99	22261,15,05
Other Income	14	6951,30,95	5646,71,89
TOTAL		35734,13,94	27907,86,94
II. EXPENDITURE			
Interest Expended	15	16724,08,56	13414,96,68
Operating Expenses	16	8237,34,50	6404,68,36
Provisions and Contingencies	18 (Note 13.1)	6354,79,60	4787,12,11
TOTAL		31316,22,66	24606,77,15
III. PROFIT			
Net Profit for the year		4417,91,28	3301,09,79
Profit brought forward		11106,94,39	9311,49,42
Additions on Amalgamation	18 (Note 1)	443,32,77	-
TOTAL		15968,18,44	12612,59,21
IV. APPROPRIATIONS			
a) Transfer to Statutory Reserve		1104,47,82	825,27,45
b) Transfer to Capital Reserve		164,12,88	39,53,24
c) Transfer from Investment Reserve Account		(40,52,98)	-
d) Transfer to Investment Fluctuation Reserve Account		203,78,18	115,11,90
e) Dividend paid including tax on dividend [Refer Schedule 18(Note 13.4)]		626,51,82	542,93,85
f) Deductions (Net) during the year [Refer Schedule 18((Note 13.2 b) & 13(5))]		426,14,43	(17,21,62)
		2484,52,15	1505,64,82
Balance carried over to the Balance Sheet		13483,66,29	11106,94,39
TOTAL		15968,18,44	12612,59,21
V. EARNINGS PER EQUITY SHARE (Face value of ₹ 10/- per share)			
Basic (₹)	18 (Note 12.5)	63.75	54.90
Diluted (₹)	18 (Note 12.5)	63.52	54.46
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 LIMITED

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No: 103523W/W100048

Arun Tiwari
Chairman
DIN: 05345547

Sumant Kathpalia
Managing Director
DIN: 01054434

per Purushottam Nyati
Partner
Membership No: 118970

Sanjay Asher
Director
DIN: 00008221

Bhavna Doshi
Director
DIN: 00400508

Place : Mumbai
Date : April 27, 2020

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary
M. No. ACS - 18225

Cash Flow Statement for the year ended March 31, 2020

	Year ended 31.03.2020	Rupees in '000s Year ended 31.03.2019
A. Cash Flow from Operating Activities		
Net Profit before taxation	6120,60,79	4980,57,25
Adjustments for :		
Depreciation on Fixed assets	277,96,99	228,85,18
Depreciation on Investments	474,93,09	173,47,21
Employees Stock Option expenses	36,53	30,33
Loan Loss and Other Provisions	4177,17,16	2934,17,44
Amortisation of premium on HTM investments	457,76,37	294,40,10
(Profit) / Loss on sale of fixed assets	8,60,28	1,17,50
Operating Profit before Working Capital changes	11517,41,21	8612,95,01
Adjustments for :		
(Increase) / Decrease in Advances	(20943,63,44)	(44374,01,80)
(Increase) / Decrease in Investments	(1602,57,66)	(9657,31,37)
(Increase) / Decrease in Other Assets	(6153,82,10)	(2980,21,85)
Increase / (Decrease) in Deposits	7325,02,22	43228,73,26
Increase / (Decrease) in Other Liabilities	(119,70,02)	1105,36,64
Cash generated from / (used in) Operations	(9977,29,79)	(4064,50,11)
Direct Taxes paid (net of refunds)	(2061,36,36)	(2324,44,76)
Net Cash generated from / (used in) Operating Activities	(12038,66,15)	(6388,94,87)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (including WIP)	(403,68,64)	(643,46,44)
Proceeds from sale of Fixed Assets	4,09,34	5,52,73
Net Cash used in Investing Activities	(399,59,30)	(637,93,71)
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares (net of issue expenses)	60,60,09	100,54,25
Dividends paid	(626,51,82)	(542,93,85)
Proceeds from Perpetual Debt instruments	-	1489,90,00
Proceeds from issue of share warrants	673,81,53	-
Increase / (Decrease) in Borrowings	12624,79,71	7542,14,42
Net Cash generated from / (used in) Financing Activities	12732,69,51	8589,64,82
Effect of foreign currency translation reserve	20,98,16	4,76,09
Net Increase / (Decrease) in Cash and Cash Equivalents	315,42,22	1567,52,33
Cash and Cash Equivalents at the beginning of the year	14783,40,07	13215,87,74
Cash and Cash Equivalents acquired on Merger (Net of transfer to wholly owned subsidiary)	904,82,80	-
Cash and Cash Equivalents at the end of the year	16003,65,09	14783,40,07

Notes:

- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements.
- Figures in bracket indicate cash outflow.
- 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 INDUSIND BANK LIMITED

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No: 103523W/W100048

per Purushottam Nyati

Partner

Membership No: 118970

Arun Tiwari

Chairman

DIN: 05345547

Sanjay Asher

Director

DIN: 00008221

S. V. Zaregaonkar

Chief Financial Officer

Sumant Kathpalia

Managing Director

DIN: 01054434

Bhavna Doshi

Director

DIN: 00400508

Haresh Gajwani

Company Secretary

M. No. ACS - 18225

Place : Mumbai

Date : April 27, 2020

Schedules

	As at 31.03.2020	Rupees in '000s As at 31.03.2019
SCHEDULE - 1 CAPITAL		
Authorised Capital		
85,70,00,000 (Previous year 70,00,00,000) equity shares of ₹ 10 each	857,00,00	700,00,00
Issued, Subscribed and Called Up Capital		
69,35,35,738 (Previous year 60,26,86,868) equity shares of ₹ 10 each	693,53,57	602,68,69
Paid up Capital		
69,35,35,738 (Previous year 60,26,86,868) equity shares of ₹ 10 each [Refer Schedule 18(Note 2.1)]	693,53,57	602,68,69
TOTAL	693,53,57	602,68,69
SCHEDULE - 2 RESERVES AND SURPLUS		
I Statutory Reserve		
Opening balance	4649,54,14	3824,26,69
Additions on Amalgamation [Refer Schedule 18(Note 1)]	524,20,19	-
Additions during the year	1104,47,82	825,27,45
	6278,22,15	4649,54,14
II Share Premium Account		
Opening balance	9572,91,89	9471,15,41
Additions on Amalgamation [Refer Schedule 18(Note 1)]	2791,72,88	-
Additions during the year	61,44,54	101,76,48
	12426,09,31	9572,91,89
III General Reserve		
Opening balance	1,35,57	1,35,57
Additions during the year	6,97,27	-
	8,32,84	1,35,57
IV Capital Reserve		
Opening balance	262,90,04	223,36,80
Additions during the year	164,12,88	39,53,24
	427,02,92	262,90,04
V Investment Allowance Reserve		
Opening balance	1,00,00	1,00,00
Deductions during the year	(1,00,00)	-
	-	1,00,00
VI Investment Reserve Account		
Opening balance	40,52,98	40,52,98
Deductions during the year	(40,52,98)	-
	-	40,52,98
VII Investment Fluctuation Reserve		
Opening balance	115,11,90	-
Additions during the year	203,78,18	115,11,90
	318,90,08	115,11,90

Schedules (Contd.)

	As at 31.03.2020	Rupees in '000s As at 31.03.2019
VIII Revaluation Reserve		
Opening balance	325,55,16	362,20,33
Reduction during the year	-	(29,69,37)
Deductions during the year	(5,97,27)	(6,95,80)
	319,57,89	325,55,16
IX Foreign Currency Translation Reserve		
Opening balance	(3,76,26)	(8,52,35)
Credits during the year	20,98,16	4,76,09
	17,21,90	(3,76,26)
X Amalgamation Reserve		
Opening balance	-	-
Additions on Amalgamation [Refer Schedule 18(Note 1)]	50,62,91	-
	50,62,91	-
XI Balance in the Profit and Loss Account	13483,66,29	11106,94,39
TOTAL	33329,66,29	26072,09,81
SCHEDULE - 3 DEPOSITS		
A I Demand Deposits		
i) From Banks	351,26,32	597,47,82
ii) From Others	28088,75,08	28986,99,87
II Savings Bank Deposits	53129,82,68	54485,66,51
III Term Deposits		
i) From Banks	12814,76,45	8781,87,79
ii) From Others	107655,20,76	102015,88,70
TOTAL	202039,81,29	194867,90,69
B Deposits of Branches		
I In India	202039,81,29	194867,90,69
II Outside India	-	-
TOTAL	202039,81,29	194867,90,69
SCHEDULE - 4 BORROWINGS		
I Borrowings in India		
i) Reserve Bank of India	515,00,00	-
ii) Other Banks	6140,35,86	1715,54,93
iii) Other Institutions and Agencies	27214,87,19	20468,73,76
iv) Long Term Infrastructure Bonds	2000,00,00	2000,00,00
v) Unsecured Non-Convertible Perpetual Non-Cumulative Bonds (Subordinated Additional Tier 1 Capital)	3489,90,00	3489,90,00
II Borrowings outside India	21393,41,89	19646,93,55
TOTAL	60753,54,94	47321,12,24
Secured borrowings, other than Market repo borrowings, including tri-party repo, and borrowings from RBI under Liquidity Adjustment Facility / Marginal Standing Facility	-	-

Schedules (Contd.)

		As at 31.03.2020	Rupees in '000s As at 31.03.2019
SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS			
I	Inter-office Adjustments (Net)	94,06,52	274,81,49
II	Bills Payable	476,89,93	573,66,27
III	Interest Accrued	1276,60,46	1184,36,65
IV	Others [Refer Schedule 18(Note 5.11) for Standard Assets Provisions]	7710,12,91	6911,57,14
	TOTAL	9557,69,82	8944,41,55
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I	Cash in hand (including foreign currency notes)	1401,03,16	964,47,15
II	Balances with Reserve Bank of India		
	i) In Current Account	12274,22,21	8996,70,25
	ii) In Other Accounts	-	-
	TOTAL	13675,25,37	9961,17,40
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I	In India		
	i) Balances with Banks		
	a) In Current Accounts	97,23,83	650,43,54
	b) In Other Deposit Accounts	1000,49,62	1954,75,00
	ii) Money at Call and Short Notice - Banks / Other Institutions	-	-
	TOTAL	1097,73,45	2605,18,54
II	Outside India		
	i) In Current Accounts	1064,19,97	1387,18,13
	ii) In Other Deposit Accounts	-	-
	iii) Money at Call and Short Notice	166,46,30	829,86,00
	TOTAL	1230,66,27	2217,04,13
	GRAND TOTAL	2328,39,72	4822,22,67
SCHEDULE - 8 INVESTMENTS			
I	In India		
	Gross Value	61189,72,32	59648,21,79
	Less : Aggregate of provision / depreciation	1361,10,97	382,05,99
	Net value of Investments in India	59828,61,35	59266,15,80
	Comprising :		
	i) Government securities *	52596,92,97	48644,76,19
	ii) Other approved securities	-	-
	iii) Shares	617,67,42	129,36,45
	iv) Debentures and bonds	2685,86,89	5290,03,44
	v) Subsidiaries and / or Joint Ventures	43,70,35	0
	vi) Others - Certificate of Deposits, Commercial Papers, Security Receipts, Pass Through Certificates, Units of schemes of Mutual Funds, Venture Capital Funds and Others	3884,43,72	5201,99,72

Schedules (Contd.)

	As at 31.03.2020	Rupees in '000s As at 31.03.2019
II Outside India		
Gross Value	151,33,00	-
Less : Aggregate of provision / depreciation	-	-
Net value of Investments outside India	151,33,00	-
Comprising :		
i) Government securities	151,33,00	-
TOTAL	59979,94,35	59266,15,80
* Includes securities of ₹ 1,091.20 crores (Previous year ₹ 1,105.22 crores) pledged for clearing facility and margin requirements		
SCHEDULE - 9 ADVANCES		
A		
i) Bills Purchased and Discounted	1230,30,17	587,37,01
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	53125,34,19	58066,82,92
iii) Term Loans	152427,52,33	127739,30,21
TOTAL	206783,16,69	186393,50,14
B		
i) Secured by Tangible Assets (including advances against book debts)	154018,90,39	146489,54,88
ii) Covered by Bank / Government Guarantees (including advances against L/Cs issued by Banks)	2880,88,06	2459,80,00
iii) Unsecured	49883,38,24	37444,15,26
TOTAL	206783,16,69	186393,50,14
C		
I Advances in India		
i) Priority Sector	66350,94,50	60348,94,68
ii) Public Sector	3537,15,08	6603,98,65
iii) Banks	-	-
iv) Others	130602,44,90	114893,16,77
TOTAL	200490,54,48	181846,10,10
II Advances Outside India	6292,62,21	4547,40,04
TOTAL	206783,16,69	186393,50,14
SCHEDULE - 10 FIXED ASSETS		
I Premises		
i) At cost, as at the beginning of the year	874,15,74	575,64,31
ii) Revaluation during the year	-	(29,69,37)
iii) Additions on amalgamation	-	-
iv) Additions during the year	-	329,56,52
	874,15,74	875,51,46
v) Less : Deductions on transfer to wholly owned subsidiary	-	-
vi) Less : Deductions during the year	-	1,35,71
vii) Less : Depreciation to date [Refer Schedule 18(Note 10.13)]	104,57,62	91,22,68
TOTAL	769,58,12	782,93,07

Schedules (Contd.)

	As at 31.03.2020	Rupees in '000s As at 31.03.2019
II Other Fixed Assets (including furniture and fixtures)		
i) At cost, as at the beginning of the year	2222,34,53	1945,09,81
ii) Additions on amalgamation	44,67,41	-
iii) Additions during the year	347,12,22	317,39,35
	2614,14,16	2262,49,16
iv) Less : Deductions on transfer to wholly owned subsidiary	47,08,86	-
v) Less : Deductions during the year	102,80,36	40,14,63
iv) Less : Depreciation to date [Refer Schedule 18(Note 10.13)]	1491,72,49	1317,21,21
TOTAL	972,52,45	905,13,32
III Capital Work in Progress	78,00,75	21,94,77
GRAND TOTAL	1820,11,32	1710,01,16
SCHEDULE - 11 OTHER ASSETS		
I Interest Accrued	2641,65,30	1748,67,24
II Tax paid in advance / Tax deducted at source (net of provisions)	1510,71,84	1240,88,58
III Stationery and Stamps	81,20	51,34
IV Non-banking assets acquired in satisfaction of claims [Refer Schedule 18(Note 13.5)]	365,34,57	368,87,55
V Others [including Deferred Tax Assets (Refer Schedule 18(Note 12.6))]	17952,14,90	12307,39,94
TOTAL	22470,67,81	15666,34,65
SCHEDULE - 12 CONTINGENT LIABILITIES		
I Claims against the Bank not acknowledged as debts	486,83,21	395,63,94
II Liability on account of outstanding Forward Exchange Contracts	423526,41,59	473430,65,55
III Liability on account of outstanding Derivative Contracts	457580,52,38	402254,88,57
IV Guarantees given on behalf of constituents		
- In India	58064,59,89	49676,58,49
- Outside India	611,00,00	783,23,73
V Acceptances, Endorsements and Other Obligations	26029,47,25	23398,38,34
VI Other Items for which the Bank is contingently liable	1296,74,09	2729,05,99
TOTAL	967595,58,41	952668,44,61

Schedules (Contd.)

	Year ended on 31.03.2020	Rupees in '000s Year ended on 31.03.2019
SCHEDULE - 13 INTEREST EARNED		
I Interest / Discount on Advances / Bills	24008,24,57	18256,67,91
II Income on Investments	4282,19,28	3677,34,05
III Interest on Balances with Reserve Bank of India and other inter-bank funds	192,02,49	102,02,71
IV Others	300,36,65	225,10,38
TOTAL	28782,82,99	22261,15,05
SCHEDULE - 14 OTHER INCOME		
I Commission, Exchange and Brokerage	4614,99,93	4072,96,41
II Profit / (Loss) on Sale of Investments (Net)	552,56,14	115,11,90
III Profit / (Loss) on Sale of Land, Buildings and Other Assets (Net)	(8,60,28)	(1,17,50)
IV Profit on exchange transactions / Derivatives (Net)	1598,73,18	1359,31,10
V Income earned by way of dividend from companies in India	30,02	33,88
VI Miscellaneous Income	193,31,96	100,16,10
TOTAL	6951,30,95	5646,71,89
SCHEDULE - 15 INTEREST EXPENDED		
I Interest on Deposits	12907,94,14	10609,04,13
II Interest on Reserve Bank of India / Inter-Bank Borrowings	802,44,52	611,46,53
III Other Interest	3013,69,90	2194,46,02
TOTAL	16724,08,56	13414,96,68
SCHEDULE - 16 OPERATING EXPENSES		
I Payments to and Provisions for Employees	2208,47,88	1853,51,34
II Rent, Taxes and Lighting (includes operating lease rentals)	468,66,90	408,58,52
III Printing and Stationery	85,23,87	72,72,42
IV Advertisement and Publicity	58,04,92	40,46,82
V Depreciation on Bank's Property	277,96,99	228,85,18
VI Directors' Fees, Allowances and Expenses	3,77,63	3,67,92
VII Auditors' Fees and Expenses	2,41,44	196,03
VIII Law Charges	68,55,79	67,35,21
IX Postage, Telegrams, Telephones, etc.	149,91,34	141,56,69
X Repairs and Maintenance	360,28,32	335,62,77
XI Insurance	255,56,31	194,69,47
XII Service Provider Fees	592,69,01	459,97,54
XIII Other Expenditure	3705,74,10	2595,68,45
TOTAL	8237,34,50	6404,68,36

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 and accrual basis of accounting 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 the relevant provisions of the Act read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act 2013 and Companies (Accounting Standard) Amendment Rules 2016 in so far as they apply to the Bank 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 held under AFS and HFT categories are valued at the closing price on a recognised stock exchange, in accordance with the RBI guidelines. 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 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 recognized. Profit or loss on settlement of the short position is recognized 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.
- (xvii) Out of net profits earned during the year, transfer is made to Investment Fluctuation Reserve, for an amount not less than the lower of the (a) net profit on sale of investments during the year (b) net profit for the year less mandatory appropriations, till the balance in such Investment Fluctuation Reserve reaches a level of at least 2% of the aggregate HFT and AFS portfolio. Draw down, if any, from the Investment Fluctuation Reserve shall be in accordance with the applicable RBI guidelines.

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 Forward Contracts, Interest Rate Swaps, Currency Swaps, Cross Currency Interest Rate Swaps, Forward Rate Agreements, Interest Rate Futures, FX Futures, Currency Futures, etc. 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 market quotes 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 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 A general provision on standard assets is made in accordance with RBI guidelines. Such provision towards standard assets include a provision made on the standard advances of customers having Unhedged Foreign Currency Exposure (UFCE), which requires an assessment of the UFCE of a customer and estimation of the extent of loss likely to be suffered by the customer on account of the same. In respect of stressed advances which are not yet classified non-performing, contingent provisions are made prudentially. Provision made against standard assets is included in 'Other Liabilities and Provisions'.
- 5.3 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.
- 5.4 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.
- 5.5 Advances are disclosed in the Balance Sheet, net of specific provisions and interest suspended for non-performing advances, and floating provisions.
- 5.6 Advances exclude derecognised securitised advances, inter-bank participation certificates issued and bills rediscounted.
- 5.7 Amounts recovered during the year against bad debts written off in earlier years are recognised in the Profit and Loss account. 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 Further to the provisions held according to the asset classification status, provision is held in accordance with RBI guidelines for individual country exposures (other than for home country exposure), where the net funded exposure of a country is one percent or more of the total assets. Provision held for country risk is included under 'Other Liabilities and Provisions'.

6. Securitisation transactions, direct assignments and other transfers

- 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 securitization transactions are without recourse to the Bank. The transferred loans and such securitized receivables are de-recognized 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 recognized 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 recognized 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 securitization 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 recognized at the lower of redemption value of SR and the Net Book Value (NBV) of the financial asset sold, and the surplus is recognized 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 recognized in the Profit and Loss account.
- 6.5 The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

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. In case of revalued / impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised asset values. In case of premises, which are carried at revalued amounts, the depreciation on the excess of revalued amount over historical cost is transferred from Revaluation Reserve to General Reserve annually.
- 7.3 Depreciation, including amortisation of intangible assets, 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.

Non-banking assets:

Non-Banking Assets (NBAs) acquired in satisfaction of claims are carried at lower of net book value and net realisable value. Further, the Bank creates provision on non-banking assets as per specific RBI directions.

- 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 The Bank in accordance with RBI circular FIDD.CO.Plan. BC.23/ 04.09.01/2015-16 dated April 7, 2016, trades in priority sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

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 recognized 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 recognized 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, under defined benefit plan 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.

Provident Fund contributions, under defined contribution plan, as required by the statute made to the government provident fund or to a fund set up by the Bank and administered by a board of trustees is debited to the Profit and Loss account when an employee renders the related service. The Bank has no further obligations.

In respect of employees who opted for contribution to the National Pension System (NPS) regulated by the Pension Fund Regulatory and Development Authority (PFRDA), the Bank contributes certain percentage of the basic salary, under a defined contribution plan, to identified pension fund management companies. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year in which it is incurred.

- 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.
 - (e) **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 recognized, 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 is unabsorbed depreciation and / or carry forward of losses under tax laws, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realized against future taxable income. Unrecognized 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 year. 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 recognized 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 recognized 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 recognized 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 recognized 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.

18. Corporate Social Responsibility

- 18.1 Expenditure incurred towards corporate social responsibility obligations in accordance with Companies Act, 2013, is recognised in the Profit and Loss account.

Schedule 18 Notes forming part of the Financial Statements

1. **Merger of Bharat Financial Inclusion Limited ('BFIL')**

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.

BFIL was a company incorporated under the Companies Act 1956, and licensed by the RBI to operate as a Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI). BFIL was publicly held and was engaged primarily in providing micro finance services to women in the rural areas of India who are enrolled as members and organized as Joint Liability Groups (JLG), with operations spread across 16 states of India.

IndusInd Financial Inclusion Limited (IFIL) was incorporated on August 6, 2018 under the Companies Act, 1956 as a wholly owned subsidiary of the Bank after obtaining requisite RBI approval.

The Board of Directors of the Bank and BFIL at their respective meetings held on October 14, 2017 approved a Composite Scheme of Arrangement (Scheme), governed by (a) Section 230 – 232 of the Companies Act, 2013 (b) the RBI Master Direction on Amalgamation of Private Sector Banks that inter alia covers the amalgamation of an NBFC with a Banking Company, (c) regulations and guidelines of the Securities Exchange Board of India (SEBI) and (d) other applicable laws, rules and regulations. The Scheme contemplated, inter alia, the merger of BFIL with the Bank, a preferential allotment of Share Warrants to the Promoters, creation of a new Employee Stock Option Scheme to be granted to eligible BFIL employees, and a simultaneous transfer of Business Correspondent (BC) Undertaking contained in BFIL to a wholly owned subsidiary of the Bank. The Scheme was approved by the Competition Commission of India, the RBI, the Securities and Exchange Board of India / Stock Exchanges, and the respective Shareholders and Creditors. In accordance with the order passed by the Mumbai bench of the National Company Law Tribunal (NCLT) on June 10, 2019, the Scheme became effective on July 4, 2019 with Appointed date as January 1, 2018.

On July 4, 2019, the Effective Date, BFIL was amalgamated with the Bank as a going concern, the BC Undertaking contained in the amalgamated entity was transferred to IFIL as a going concern, and the erstwhile BFIL (e-BFIL) was liquidated without winding up. Further the name of the wholly owned subsidiary i.e. IndusInd Financial Inclusion Limited was changed to Bharat Financial Inclusion Limited.

According to the Scheme, upon its coming into effect, from the Appointed Date i.e. January 1, 2018, the entire undertaking of BFIL including its assets, liabilities and reserves and surplus stood transferred / deemed to be transferred to and vested in the Bank. In consideration of the transfer and vesting of the undertaking of BFIL, 639 equity shares of the Bank of the face value of ₹ 10 each fully paid was issued to shareholders of BFIL for every 1,000 equity shares of the face value of ₹ 10 each held by them on the record date i.e. July 4, 2019. Accordingly 8,96,17,781 equity shares of ₹ 10 each of the Bank were allotted at par to the shareholders of BFIL pursuant to approval of Finance Committee of the Bank, in their meeting held on July 6, 2019. The excess of the paid up value of equity shares of BFIL over the paid up value of equity shares issued as consideration amounting to ₹ 50.63 crore has been transferred to Amalgamation Reserve as per the Scheme of Amalgamation.

The amalgamation has been accounted using the pooling of interest method under Accounting Standard 14 – Accounting for amalgamation (AS 14). The assets, liabilities and reserves and surplus of e-BFIL were recorded by the Bank at their carrying amounts as on January 1, 2018 except for adjustments which were made to bring uniformity of accounting policies as required under AS 14. The impact of these adjustments was ₹ 270.44 crores which has been adjusted in the balance of Profit and Loss account. Timing differences, if any, arising on these adjustments have been accounted with corresponding adjustment to Deferred Tax Asset.

The results for the year ended March 31, 2020 are not comparable with that of the corresponding period of the previous year.

2. **Capital**

2.1 **Capital Issue**

Pursuant to the Scheme discussed in Note 1 becoming effective, on July 4, 2019, the authorised share capital of the Bank increased to ₹ 857.00 crores consisting of 85,70,00,000 equity shares of ₹ 10 each (Previous year ₹ 700.00 crores consisting of 70,00,00,000 equity shares of ₹ 10 each).

On July 6, 2019, pursuant to the approval of the Finance Committee, 8,96,17,781 equity shares of ₹ 10 each fully paid aggregating to an amount of ₹ 89.62 crores were allotted to the eligible equity shareholders of e-BFIL at the Share Exchange Ratio of 639:1000, as approved in the Scheme.

Further, in accordance with the Scheme, on July 6, 2019, pursuant to the approval of the Finance Committee, the Bank allotted 1,57,70,985 Share Warrants to the Promoters of the Bank on receipt of the subscription amount at 25% of the Share Warrant price of ₹ 1,709 per warrant, totalling to ₹ 673.82 crores. Each Share Warrant is convertible to one equity share of the Bank fully paid, upon exercise of the option by paying the remaining 75% within 18 months of allotment.

During the year, 12,31,089 equity shares of ₹ 10 each fully paid (Previous year 24,63,681 equity shares of ₹ 10 each fully paid) aggregating to an amount of ₹ 60.60 crores (Previous year ₹ 100.54 crores) which includes the share capital and share premium, were allotted on various dates to the employees who exercised their stock options.

2.2 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 10.875%) including Capital Conversion Buffer (CCB) at 1.875% (Previous year 1.875%), of the total risk weighted assets (RWA). Out of the MTC, at least 7.375% (Previous year 7.375%) of RWA, which includes 1.875% (Previous year 1.875%) 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)	
	March 31, 2020	March 31, 2019
1. Common Equity Tier 1 capital ratio	13.22%	12.07%
2. Tier 1 capital ratio	14.57%	13.70%
3. Tier 2 capital ratio	0.47%	0.46%
4. Total Capital ratio (CRAR)	15.04%	14.16%
5. Percentage of shareholding of the Government of India in public sector banks	0%	0%
6. Amount of equity capital raised	2,941.95	100.54
7. Amount of Additional Tier 1 capital raised, of which:	-	1,489.90
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI)	-	1,489.90
8. Amount of Tier 2 capital raised, of which:	-	-
Debt capital instruments	-	-
Preference share capital instruments [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-	-

Amount of equity capital raised during the year ended March 31, 2020 includes an amount ₹ 2,881.35 crores added to Equity Share Capital and Share Premium pursuant to the allotment of 8,96,17,781 equity shares to the shareholders of e-BFIL on July 6, 2019 in accordance with the Scheme.

3. Investments

3.1 Details of Investments

(₹ in crores)

	March 31, 2020	March 31, 2019
(1) Value of Investments		
(i) Gross value of Investments	61,341.05	59,648.22
(a) In India	61,189.72	59,648.22
(b) Outside India	151.33	-
(ii) Provisions for Depreciation	1,361.11	382.06
(a) In India	1,361.11	382.06
(b) Outside India	-	-
(iii) Net value of Investments	59,979.94	59,266.16
(a) In India	59,828.61	59,266.16
(b) Outside India	151.33	-
(2) Movement of provisions held towards depreciation on Investments		
(i) Opening balance	382.06	208.59
(ii) Add: Provision made during the year	979.05	173.47
(iii) Less: Write-off / (write-back) of excess provisions during the year	-	-
(iv) Closing balance	1,361.11	382.06

3.2 Category-wise details of Investments (Net of provision for depreciation)

(₹ in crores)

	As at March 31, 2020				As at March 31, 2019			
	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
i) Government securities	45,125.06	7,623.20	-	52,748.26	40,347.87	8,296.89	-	48,644.76
ii) Other approved securities	-	-	-	-	-	-	-	-
iii) Shares	3.75	613.92	-	617.67	3.75	125.62	-	129.37
iv) Debentures and bonds	-	2,685.87	-	2,685.87	-	5,290.03	-	5,290.03
v) Subsidiaries and / or Joint Ventures	43.70	-	-	43.70	0.00	-	-	0.00
vi) Others - Security Receipts, Pass Through Certificates, investment in units of Mutual Funds, Commercial Paper, Venture Capital, etc.	223.45	3,660.99	-	3,884.44	186.80	5,015.20	-	5,202.00
TOTAL	45,395.96	14,583.98	-	59,979.94	40,538.42	18,727.74	-	59,266.16

3.3 Details of Repo / Reverse Repo including Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) (in face value terms)

(₹ in crores)

	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, 2020				
Securities sold under repo				
i) Government Securities	11.00	8,288.11	687.66	4,762.97
ii) Corporate Debt Securities	3,670.00	3,670.00	50.14	3,670.00
iii) Any Other Securities	-	-	-	-
Securities purchased under reverse repo				
i) Government Securities	25.00	13,517.05	1,990.53	898.82
ii) Corporate Debt Securities	-	-	-	-
iii) Any Other Securities	-	-	-	-
Year ended March 31, 2019				
Securities sold under repo				
i) Government Securities	118.02	3,574.47	313.97	1,840.08
ii) Corporate Debt Securities	-	-	-	-
iii) Any Other Securities	-	-	-	-
Securities purchased under reverse repo				
i) Government Securities	4.80	7,900.00	624.10	1,800.00
ii) Corporate Debt Securities	-	-	-	-
iii) Any Other Securities	-	-	-	-

In respect of tri-party repo / reverse repo transactions, amount of funds borrowed or lent have been disclosed in the table above. The days on which there were Nil outstanding have been ignored while arriving at the amount of minimum outstanding during the year.

3.4 Issuer composition of Non-SLR investments as at March 31, 2020

(₹ in crores)

No.	Issuer	Amount ⁽¹⁾	Extent of private placement	Extent of 'below investment grade' securities ⁽³⁾	Extent of 'unrated' securities	Extent of 'unlisted' securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Sector Undertakings	269.99	269.99	-	-	-
2	Financial Institutions	1,034.12	1,034.12	-	-	-
3	Banks	1,836.09	1,836.09	-	-	-
4	Private corporates	3,839.33	3,084.69	693.85	-	-
5	Subsidiaries / Joint Ventures	43.70	43.70	-	-	-
6	Others	1,569.56	1,569.56	-	34.64	-
7	Provision held towards depreciation	(1,361.11)	-	-	-	-
	Total	7,231.68	7,838.15	693.85	34.64	-

Issuer composition of Non-SLR investments as at March 31, 2019

(₹ in crores)

No.	Issuer	Amount ⁽¹⁾	Extent of private placement	Extent of 'below investment grade' securities ⁽³⁾	Extent of 'unrated' securities	Extent of 'unlisted' securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Sector Undertakings	328.66	229.57	-	-	-
2	Financial Institutions	658.94	658.94	-	-	-
3	Banks	3,175.41	3,175.41	-	-	-
4	Private corporates	5,228.29	3,867.69	-	-	-
5	Subsidiaries / Joint Ventures	0	-	-	-	-
6	Others	1,612.16	1,612.16	-	2.99	-
7	Provision held towards depreciation	(382.06)				
Total		10,621.40	9,543.77	-	2.99	-

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) Amounts reported under columns 4, 5, 6 and 7 are not mutually exclusive.
- (3) Does not include investment in Security Receipts.

3.5 Non-performing Non-SLR investments

(₹ in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	73.01	28.98
Additions during the year	638.00	44.36
Reductions / Redemption during the year	-	0.33
Closing balance	711.01	73.01
Total provisions held	711.00	71.76

3.6 Sale / transfer from HTM category

During the year ended March 31, 2020 and year ended March 31, 2019, 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.

4. Derivatives

4.1 Interest Rate Swaps, Forward Rate Agreements and Cross Currency Swaps:

(₹ in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Notional principal of swap agreements	445,699.40	386,427.12
(ii) Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	5,383.92	2,740.61
(iii) Collateral required by the Bank upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps – With banks	78.93%	76.65%
(v) Net Fair value of the swap book	1,227.38	595.98

The nature and terms of Interest Rate Swaps (IRS) outstanding as on March 31, 2020 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	4	358.46	EURIBOR	Fixed Payable vs Floating Receivable
Trading	35	85.18	EURIBOR	Fixed Receivable vs Floating Payable
Trading	10	9.34	EURIBOR	Floating Payable vs Fixed Receivable
Trading	279	53,203.16	LIBOR	Fixed Payable vs Floating Receivable
Trading	320	46,270.54	LIBOR	Fixed Receivable vs Floating Payable
Trading	43	9,760.79	LIBOR	Floating Payable vs Floating Receivable
Trading	1,487	91,328.40	MIBOR	Fixed Payable vs Floating Receivable
Trading	1,797	86,529.34	MIBOR	Fixed Receivable vs Floating Payable
Trading	752	57,270.00	MIFOR	Fixed Payable vs Floating Receivable
Trading	904	62,890.00	MIFOR	Fixed Receivable vs Floating Payable
Trading	1	1,134.98	LIBOR	Fixed Payable vs Floating Receivable (Collar)
Trading	1	41.39	EURIBOR	Fixed Payable vs Floating Receivable (Cap)

The nature and terms of IRSs outstanding as on March 31, 2019 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	7	443.96	EURIBOR	Floating Receivable vs Fixed Payable
Trading	30	426.85	EURIBOR	Fixed Receivable vs Floating Payable
Trading	27	20.49	EURIBOR	Fixed Receivable vs Floating Payable
Trading	200	27,650.75	LIBOR	Floating Receivable vs Fixed Payable
Trading	317	30,827.88	LIBOR	Fixed Receivable vs Floating Payable
Trading	32	5,878.18	LIBOR	Floating Receivable vs Floating Payable
Trading	1,707	106,011.03	MIBOR	Floating Receivable vs Fixed Payable
Trading	1,818	99,712.79	MIBOR	Fixed Receivable vs Floating Payable
Trading	607	43,895.00	MIFOR	Floating Receivable vs Fixed Payable
Trading	637	41,760.00	MIFOR	Fixed Receivable vs Floating Payable

The nature and terms of Cross Currency Swaps (CCS) outstanding as on March 31, 2020 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	8	19.26	EURIBOR	Fixed Payable vs Floating Receivable (Cross Currency Swap)
Trading	3	308.99	EURIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	48	8,981.89	LIBOR	Fixed Payable vs Floating Receivable (Cross Currency Swap)
Trading	6	2,137.41	LIBOR	Floating Payable vs Fixed Receivable (Coupon Only Swap)
Trading	213	9,820.81	LIBOR	Floating Payable vs Fixed Receivable (Cross Currency Swap)
Trading	14	1,420.62	LIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	7	148.21	MIBOR	Floating Payable vs Fixed Receivable (Cross Currency Swap)
Trading	20	5,844.46	MIBOR	Floating Payable vs Fixed Receivable (Cross Currency Swap)
Trading	1	453.99	MIFOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	2	129.72	NA	Fixed Payable vs Fixed Receivable (Coupon Only Swap)
Trading	92	4,407.55	NA	Fixed Payable vs Fixed Receivable (Cross Currency Swap)
Trading	16	1,665.60	NA	Fixed Payable vs Fixed Receivable (Principal Only Swap)
Merchant & Cover	4	722.68	NA	Fixed Payable vs Fixed Receivable (Cross Currency Swap)

The nature and terms of CCS outstanding as on March 31, 2019 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	1	7.36	EURIBOR	Floating Receivable vs Fixed Payable (Cross Currency Swap)
Trading	46	8,100.55	LIBOR	Floating Receivable vs Fixed Payable (Cross Currency Swap)
Trading	3	2,002.82	LIBOR	Fixed Receivable vs Floating Payable (Coupon Only Swap)
Trading	137	6,508.23	LIBOR	Fixed Receivable vs Floating Payable (Cross Currency Swap)
Trading	14	1,301.25	LIBOR	Floating Receivable vs Floating Payable (Cross Currency Swap)
Trading	6	69.52	MIBOR	Fixed Receivable vs Floating Payable (Cross Currency Swap)

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	19	5,002.48	MIBOR	Floating Receivable vs Floating Payable (Cross Currency Swap)
Trading	1	414.93	MIFOR	Floating Receivable vs Floating Payable (Cross Currency Swap)
Trading	2	126.46	NA	Fixed Receivable vs Fixed Payable (Coupon Only Swap)
Trading	85	3,628.82	NA	Fixed Receivable vs Fixed Payable (Cross Currency Swap)
Trading	13	1,434.73	NA	Fixed Receivable vs Fixed Payable (Principal Only Swap)
Trading	2	81.88	NA	Floating Receivable vs Fixed Payable (Principal Only Swap)
Merchant & Cover	4	833.76	NA	Fixed Receivable vs Fixed Payable (Cross Currency Swap)
Trading	3	287.40	EURIBOR	Floating Receivable vs Floating Payable (Cross Currency Swap)

The nature and terms of Forward Rate Agreement (FRA) outstanding as on March 31, 2020 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	2	756.65	LIBOR	Fixed Payable vs Floating Receivable

4.2 Exchange Traded Interest Rate Derivatives

The details of Exchange Traded Interest Rate Derivatives undertaken during the year ended March 31, 2020 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)	FutureBond/717GS2028/25/04/2019	100.00
b)	FutureBond/645GS2029/26/03/2020	0.04
c)	FutureBond/645GS2029/27/02/2020	52.96
d)	FutureBond/645GS2029/26/12/2019	500.00
e)	FutureBond/726GS2029/25/07/2019	0.04
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2020 (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, 2019 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)	FutureBond/717GS2028/26/07/2018	146.08
b)	FutureBond/717GS2028/30/08/2018	713.55
c)	FutureBond/717GS2028/25/10/2018	9.47
d)	FutureBond/717GS2028/31/01/2019	0.04
e)	FutureBond/717GS2028/28/03/2019	0.20
f)	FutureBond/717GS2028/25/04/2019	98.21
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2019 (instrument-wise)	
a)	FutureBond/717GS2028/25/04/2019	98.21
(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)	-

4.3 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:

- Monitoring 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
- Review of collaterals that 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.

Refer Note 17.4 for accounting policy on derivatives.

The Bank has a policy on assessing the collateral required for undertaking derivative transactions with clients as well as counterparty banks. The credit appraisal process determines the collateral requirements. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

The following table presents quantitative disclosures relating to Derivatives:

(₹ in crores)

Sr. No	Particulars	March 31, 2020		March 31, 2019	
		Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
1	Derivatives (Notional Principal Amount) (Note 1)	471,468.72	409,638.22	519,058.62	356,626.92
	a) For hedging	-	-	-	-
	b) For trading	471,468.72	409,638.22	519,058.62	356,626.92
2	Marked to Market Positions (Note 2)				
	a) Asset (+)	7,950.78	4,923.50	5,279.58	2,790.58
	b) Liability (-)	(6,012.93)	(4,654.49)	(3,966.38)	(2,440.42)
3	Credit Exposure (Note 3)	19,457.69	7,810.90	17,939.11	6,052.65
4	Likely impact of one percentage change in interest rate (100*PV01) (Note 4)				
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	25.19	19.40	82.02	91.73
5	Maximum and Minimum of (100*PV01) observed during the year (Note 5)				
	a) on hedging	-	-	-	-
	b) on trading				
	Maximum	87.56	107.72	108.52	108.03
	Minimum	2.13	1.95	59.04	40.01

Note 1: Outstanding Notional principal amount of exchange traded currency future trades was ₹ 302.91 crores as at March 31, 2020 (Previous year ₹ 7.77 crores).

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, aggregate of net PV01 shall remain smaller as there are opposite positions in Currency Derivatives and Interest Rate Derivatives that will get netted off.

Note 7: Currency derivative include forex, currency options and cross currency swaps and interest rate derivatives include interest rate swaps, forward rate agreements and interest rate caps and floors.

5. Asset Quality

5.1 Non-Performing Assets

The details of movement of gross non-performing assets (NPAs), net NPAs and provisions during the year ended March 31, 2020 and the year ended March 31, 2019 are given below:

	(₹ in crores)	
	March 31, 2020	March 31, 2019
(i) Net NPAs to Net Advances (%)	0.91%	1.21%
(ii) Movement of Gross NPAs		
a) Opening balance	3,947.41	1,704.91
b) Additions on amalgamation	50.26	-
c) Additions during the year	5,779.61	5,386.83
d) Reductions during the year		
(i) Upgradations	862.26	273.54
(ii) Recoveries (excluding recoveries made from upgraded accounts)	1,229.47	947.81
(iii) Technical / Prudential write-offs	45.01	-
(iv) Write-offs other than those under (iii) above	2,493.80	1,922.98
(v) Sub-total	4,630.54	3,144.33
e) Closing balance	5,146.74	3,947.41
(iii) Movement of Net NPAs		
a) Opening balance	2,248.28	745.67
b) Additions on amalgamation	9.98	-
c) Additions during the year	1,377.55	2,535.71
d) Reductions during the year	1,749.23	1,033.10
e) Closing balance	1,886.58	2,248.28
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	1,699.13	959.24
b) Additions on amalgamation	40.28	-
c) Provisions made during the year	4,402.05	2,851.12
d) Write-off / write back of excess provisions	2,881.30	2,111.23
e) Closing balance	3,260.16	1,699.13

Notes:

- 1) Recoveries include sale to SC / RC.
- 2) Amounts include impact of NPAs and provisions as assessed by RBI in their Supervisory Programme for Assessment of Risk and Capital.

5.2 Provision coverage ratio

Provision coverage ratio as at March 31, 2020 is 63.34% (Previous year 43.04%).

5.3 Details of technical write-offs and recoveries made thereon

(₹ in crores)

Items	March 31, 2020	March 31, 2019
Opening balance of technical / prudential written off accounts	-	-
Add: Technical / prudential write-offs during the year	45.01	-
Sub-total	45.01	-
Less : Recoveries made from previously technical / prudential written-off accounts during the year	0.40	-
Closing balance of technical / prudential written-off accounts	44.61	-

5.4 Divergence in Asset Classification and Provisioning for NPAs

RBI vide its circular no. DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and DBR.BP.BC.No.32/21.04.018/2018-19 dated April 01, 2019, has directed that banks shall make suitable disclosures, wherever either (a) the additional provisioning requirements assessed by RBI exceeds 10 percent of the reported profit before provisions and contingencies for the reference period or (b) the additional Gross NPAs identified by RBI exceed 15 percent of the published incremental Gross NPAs for the reference period, or both. Based on the criteria mentioned in RBI circular, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI Supervisory Programme for Assessment of Risk and Capital completed during the year pertaining to the year ended March 31, 2019 and during the previous year pertaining to the year ended March 31, 2018.

5.5 Sector-wise advances

(₹ in crores)

Sr. No.	Sector	March 31, 2020			March 31, 2019		
		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	19,732.41	461.81	2.34%	19,264.34	262.14	1.36%
2	Advances to industries sector eligible as priority sector lending	6,042.37	141.12	2.34%	5,340.14	64.41	1.21%
	Of which: (refer note below:						
a)	Gems and Jewellery	1,251.38	-	-	1,063.87	-	-
b)	Construction (Other than Infrastructure)	-	-	-	17.34	-	-
c)	Infrastructure	12.10	0.29	2.40%	18.80	-	-

(₹ in crores)

Sr. No.	Sector	March 31, 2020			March 31, 2019		
		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
d)	Basic Metal and Metal Products	681.66	3.97	0.58%	706.82	3.00	-
e)	Other Industries	1,598.62	19.26	1.20%	-	-	-
3	Services	40,281.31	725.63	1.80%	35,620.87	396.24	1.11%
4	Personal loans	807.12	12.95	1.60%	417.43	10.88	2.61%
Sub-total (A)		66,863.21	1,341.51	2.01%	60,642.78	733.67	1.21%
B	Non Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry	40,166.56	1,070.76	2.67%	37,960.01	1,528.27	4.03%
	Of which: (refer note below):						
a)	Gems and Jewellery	5,790.04	5.00	0.09%	5,202.33	104.30	2.00%
b)	Construction (Other than Infrastructure)	-	-	-	1,107.63	2.13	0.19%
c)	Infrastructure	9,526.51	641.19	6.73%	12,813.09	1,250.42	9.76%
d)	Basic Metal and Metal Products	6,654.63	0.18	-	4,985.71	0.30	0.01%
e)	Other Industries	3,373.71	141.03	4.18%	-	-	-
3	Services	88,505.50	2,362.60	2.67%	78,980.07	1,412.81	1.79%
4	Personal loans	14,508.06	371.87	2.56%	10,509.77	272.66	2.59%
Sub-total (B)		1,43,180.12	3,805.23	2.66%	1,27,449.85	3,213.74	2.52%
Total (A+B)		2,10,043.33	5,146.74	2.45%	1,88,092.63	3,947.41	2.10%

Note:

Segments contributing in excess of 10% of the Sector as at March 31, 2020 are individually listed; Construction (Other than Infrastructure) constituted less than 10% as on March 31, 2020 and Other Industries constituted less than 10% as on March 31, 2019.

5.6 Details of Loan Assets subjected to Restructuring as on March 31, 2020

(₹ in crores)

Sr No	Type of Restructuring→ Asset Classification→ Details→	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total					
		Stan- dard	Sub- stan- dard	Doubt- ful	Loss	Total	Stan- dard	Sub- stan- dard	Doubt- ful	Loss	Total	Stan- dard	Sub- stan- dard	Doubt- ful	Loss	Total	Stan- dard	Sub- stan- dard	Doubt- ful	Loss	Total	
1	Restructured Accounts as on 01/04/2019	2	-	-	-	2	3,788	-	-	-	3,788	5	1	1	-	7	3,795	1	1	-	-	3,797
	Amount outstanding	32.88	-	-	-	32.88	131.36	-	-	-	131.36	1.59	0.23	108.99	-	110.81	165.83	0.23	108.99	-	-	275.05
	Provision thereon	2.10	-	-	-	2.10	0.18	-	-	-	0.18	-	0.08	81.74	-	81.82	2.28	0.08	81.74	-	-	84.10
2	Fresh restructuring during the year	-	-	-	-	-	2	-	-	-	2	133	-	-	-	133	135	-	-	-	-	135
	Amount outstanding	0.59	-	-	-	0.59	19.17	-	-	-	19.17	99.61	-	2.86	-	102.47	119.37	-	2.86	-	-	122.23
	Provision thereon	-	-	-	-	-	4.54	-	-	-	4.54	10.11	-	13.33	-	23.44	14.65	-	13.33	-	-	27.98
3	Upgradation to restructured standard category during the FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-1	-	-	-	-1	-	-	-	-	-	-	-	-	-	-	-1	-	-	-	-	-1
	Amount outstanding	-7.96	-	-	-	-7.96	-	-	-	-	-	-	-	-	-	-	-7.96	-	-	-	-	-7.96
	Provision thereon	-1.00	-	-	-	-1.00	-	-	-	-	-	-	-	-	-	-	-1.00	-	-	-	-	-1.00
5	Downgradations of restructured accounts during the FY	-	-	-	-	-	-1,224	1,224	-	-	-	-4	4	-	-	-	-1,228	1,228	-	-	-	-
	Amount outstanding	-	-	-	-	-	-28.78	28.78	-	-	-	-87.09	87.09	-	-	-	-115.87	115.87	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-8.39	8.39	-	-	-	-8.39	8.39	-	-	-	
6	Write-offs of restructured accounts during the FY 2019-20	-0.31	-	-	-	-0.31	-62.23	-28.78	-	-	-2,187	-2	-5	-	-	-7	-965	-1,229	-	-	-	-2,194
	Amount outstanding	-	-	-	-	-	-1.93	-	-	-	-91.01	-0.49	-87.32	-	-	-87.81	-63.03	-116.10	-	-	-	-179.13
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-0.03	-8.47	-	-	-	-1.96	-8.47	-	-	-	-10.43
7	Restructured Accounts as on 31/03/2020 (closing figure)	1	-	-	-	1	1,603	-	-	-	1,603	132	-	1	-	133	1,736	-	1	-	-	1,737
	Amount outstanding	25.20	-	-	-	25.20	59.52	-	-	-	59.52	13.62	-	111.85	-	125.47	98.34	-	111.85	-	-	210.19
	Provision thereon	1.10	-	-	-	1.10	2.79	-	-	-	2.79	1.69	-	95.07	-	96.76	5.58	-	95.07	-	-	100.65

1. Provision includes diminution / FITL / NPA provision, wherever applicable.

2. Sr. No. 2 includes cases restructured by the Bank under restructuring in natural calamities amounting to ₹ 12.51 crores (provision ₹ 1.72 crores), restructured in MSME ₹ 14.64 crores (provision ₹ 1.17 crores) and additions to existing restructured accounts of ₹ 5.13 crores (provision ₹ 3.37 crores).

3. Sr. No. 6 includes reductions in existing restructured accounts amounting to ₹ 63.02 crores (provision ₹ 1.96 crores) due to repayments, OTS, sold to ARC, and restructuring failures.

4. In case of NPAs, outstanding reported is net of unrealised interest.

5.6 Details of Loan Assets subjected to Restructuring as on March 31, 2019

(₹ in crores)

Sr No	Type of Restructuring → Asset Classification → Details →	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total		
		Stan dard	Sub- Stan dard	Doubt ful	Loss	Total	Stan dard	Sub- Stan dard	Doubt ful	Loss	Total	Stan dard	Sub- Stan dard	Doubt ful	Loss	Total
1	Restructured Accounts as on 01/04/2018	3	-	-	-	3	2	-	-	2	-	-	-	2	-	7
	Amount outstanding	82.51	-	-	-	82.51	0.17	-	-	0.17	-	-	-	219.04	-	301.72
	Provision thereon	6.89	-	-	-	6.89	0.17	-	-	0.17	-	-	-	92.35	-	99.41
2	Fresh restructuring during the year	-	-	-	-	-	4.415	-	-	4.415	5	1	-	6	4,420	4,421
	Amount outstanding	0.16	-	-	-	0.16	169.40	-	-	169.40	1.59	0.23	-	1.82	171.15	171.38
	Provision thereon	-	-	-	-	-	0.21	-	-	0.21	0.08	0.21	-	33.49	0.21	33.70
3	Upgradation to restructured standard category during the FY	-1	-	-	-	-1	-	-	-	-	-	-	-	-	-	-1
	Amount outstanding	-38.34	-	-	-	-38.34	-	-	-	-	-	-	-	-38.34	-	-38.34
	Provision thereon	-3.20	-	-	-	-3.20	-	-	-	-	-	-	-	-3.20	-	-3.20
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	-	-	-	-	-	-68	-	-	-68	-	-	-	-	-68	-
	Amount outstanding	-	-	-	-	-	-2.66	-	-	-2.66	-	-	-	-2.66	-	-
	Provision thereon	-	-	-	-	-	0.20	-	-	0.20	-	-	-	0.20	-	-
6	Write-offs of restructured accounts during the FY 2018-19	-	-	-	-	-	-561	-	-	-629	-	-	-	-1	-561	-630
	Amount outstanding	-11.45	-	-	-	-11.45	-35.55	-	-	-38.21	-	-	-	-110.05	-47.00	-159.71
	Provision thereon	-1.59	-	-	-	-1.59	-0.20	-	-	-0.20	-	-	-	-44.02	-1.59	-45.81
7	Restructured Accounts as on 31/03/2019 (closing figure)	2	-	-	-	2	3,788	-	-	3,788	5	1	1	7	3,795	3,797
	Amount outstanding	32.88	-	-	-	32.88	131.36	-	-	131.36	1.59	0.23	108.99	110.81	165.83	275.05
	Provision thereon	2.10	-	-	-	2.10	0.18	-	-	0.18	-	0.08	81.74	81.82	2.28	84.10

- Provision includes diminution / FITL / NPA provision, wherever applicable.
- Sr. No. 2 includes loan assets restructured by the Bank on account of relief to borrowers affected by natural calamities amounting to ₹ 170.87 crores (provision ₹ 0.18 crores), and additions to existing restructured accounts amounting to ₹ 0.28 crores (provision ₹ 33.41 crores).
- Sr. No. 6 includes reductions in existing restructured accounts amounting to ₹ 141.85 crores (provision ₹ 27.95 crores) due to repayments, CDR exit, OTS, sold to ARC, and restructuring failures.
- In case of NPAs, outstanding reported is net of unrealised interest.

- 5.7 In accordance with the Prudential Framework for Resolution of Stressed Assets issued by RBI vide a circular dated June 07, 2019, 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, 2020				
Classified as Standard	22.45	14.60	7.85	7.07
Classified as NPA	-	-	-	-
As at March 31, 2019				
Classified as Standard	35.27	20.53	14.74	7.07
Classified as NPA	-	-	-	-

- b) Details of cases under Flexible Structuring of Existing Loans: Nil (Previous year Nil)
- c) Details of cases under Strategic Debt Restructuring Scheme (SDR) (accounts which are currently under the stand-still period): Nil (Previous year Nil)
- d) Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period) as at March 31, 2020: Nil (Previous year Nil)
- e) Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period) as at March 31, 2020: Nil (Previous year Nil)
- f) Details of MSME account restructured :

(₹ in crores)

Year ended	No. of accounts restructured	Amount
March 31, 2020*	2	14.64
March 31, 2019	-	-

* MSME accounts restructured are part of details of loan assets subjected to restructuring (Refer Note 5.6 of Schedule 18)

- 5.8 a) **Details of financial assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for asset reconstruction :**

(₹ in crores)

	March 31, 2020	March 31, 2019
1) No. of accounts	34,858	1,252
2) Aggregate value (net of provisions) of accounts sold to SC / RC	527.76	548.80
3) Aggregate consideration	496.91	571.24
4) Additional consideration realized in respect of accounts transferred in earlier years	5.72	8.07
5) Aggregate gain / (loss) over net book value	(25.13)	30.51

b) Details of book value of investment in security receipts (SRs) :

(₹ in crores)

Particulars	March 31, 2020	March 31, 2019
Backed by NPAs sold by the Bank as underlying	1,104.12	804.28
Backed by NPAs sold by the other Banks / Financial Institutions / Non-Banking Financial Companies as underlying	4.12	-
Total	1,108.24	804.28

c) Details of Investment in Security Receipts (SRs) :

(₹ in crores)

Particulars	As at March 31, 2020			As at March 31, 2019		
	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	1,013.33	90.79	-	734.94	69.34	-
Provision held against (i)	312.12	71.08	-	186.27	36.13	-
(ii) Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	4.12	-	-	-	-	-
Provision held against (ii)	-	-	-	-	-	-
Total (i) + (ii)	1,017.45	90.79	-	734.94	69.34	-

(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 ₹ Nil)

d) Details of Securitization transactions:

Amount of securitized transactions outstanding at the end of the year is Nil (Previous Year Nil).

5.9 During the year ended March 31, 2020, there has been no individual purchase / sale of non-performing financial assets from / to other banks (Previous year Nil).

5.10 During the year ended March 31, 2020, there was no sale of assets through securitization except sale of assets to SC/RC (Previous year Nil).

5.11 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 general provisions towards certain sectoral exposures and 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, 2020	March 31, 2019
Provision held for Standard Assets [Including ₹ 59.00 crores towards Unhedged Foreign Currency Exposure of clients (Previous year ₹ 52.00 crores)]	966.55	819.72

5.12 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, 2020, included an amount of ₹ 59.00 crores (Previous year ₹ 52.00 crores) towards UFCE. Further, capital held under Basel III Capital Regulations, as of March 31, 2020, includes an amount of ₹ 135.61 crores (Previous year ₹ 169.29 crores) on account of UFCE, computed at the applicable risk weights.

5.13 Floating provision

(₹ in crores)		
Items	March 31, 2020	March 31, 2019
Opening balance	70.00	70.00
Provisions made during the year	260.00	-
Draw-down made during the year	-	-
Closing balance	330.00	70.00

The "severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)", generally known as COVID-19, which was declared as a pandemic by the WHO on March 11, 2020, continues to spread across India and there is an unprecedented level of disruption on socio-economic front across the country. Globally, countries and businesses are under lockdown. Considering the severe health hazard associated with COVID-19 pandemic, the Government of India declared a lock down effective from March 25, 2020 which was initially till April 14, 2020 and extended till May 3, 2020. There is a high level of uncertainty about the duration of the lockdown and the time required for things to get normal. The extent to which COVID-19 pandemic will impact the Bank's operations and financial results is dependent on the future developments, which are highly uncertain. In this backdrop, during the year ended March 31 2020, a counter cyclical buffer / floating provision of ₹ 260 crores has been made.

5.14 Following are the details of loan accounts to which a moratorium on instalments and interest was extended during the year ended March 31, 2020 in accordance with RBI Circulars dated March 27, 2020 and April 17, 2020:

(₹ in crores)

Items	March 31, 2020
Amount of Advances that are SMA or overdue as of Feb 29, 2020, where the moratorium / deferment was extended	25,702.15
Amount of Advances where asset classification benefit was extended	450.16
Provision made during the year	23.00
Provision adjusted during the respective accounting periods against slippages	-
Residual provisions	23.00

5.15 During the year, the Bank implemented a Resolution Plan in respect of one borrower having an outstanding of ₹19.32 crores, in accordance with the RBI Circular dated June 7, 2019 on Prudential Revised Framework for Resolution of Stressed Assets ("Framework"). In respect of three other borrowers having an outstanding of ₹ 176.04 crores, the Resolution Plan could not be completed within the Review Period (180 days) envisaged under the Framework, and the Bank made an additional specific provision towards NPA amounting to ₹ 26.10 crores and a general provision amounting to ₹ 9.10 crores. In respect of two other borrowers with an outstanding of ₹ 123.45 crores, as at March 31, 2020, the Resolution Plan was within the 180 day Review Period, and there was no requirement to consider an extension of time as envisaged in the RBI Circular dated April 17, 2020 on COVID-19 Regulatory Package - Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets.

As on March 31, 2019, 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.

6. Business ratios

Ratio	March 31, 2020	March 31, 2019
i) Interest income as a percentage to working funds	10.06%	9.38%
ii) Non-interest income as a percentage to working funds	2.43%	2.38%
iii) Operating profit as a percentage to working funds	3.77%	3.41%
iv) Return on assets	1.54%	1.39%
v) Business (deposits plus gross advances) per employee (₹ in lakhs)	1,300.51	1,346.77
vi) Profit per employee (₹ in lakhs)	14.40	11.90

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) Return on Assets is computed with reference to average working funds.
- (3) Business per employee (deposits plus gross advances) is computed after excluding Inter-bank deposits.

7. Asset Liability Management

7.1 Maturity Pattern of certain items of Assets and Liabilities

Assets and liabilities are classified in the maturity buckets as per the guidelines issued by the RBI.

As at March 31, 2020:

(₹ in crores)

	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	1,118.39	5,854.27	5,867.72	6,688.49	8,946.19	13,758.00	24,176.54	35,526.12	35,407.06	20,208.18	44,488.85	2,02,039.81
Loans & Advances*	824.04	6,140.43	3,348.82	4,113.29	7,175.97	7,880.79	20,538.94	33,698.61	69,400.96	24,980.48	29,937.84	2,08,040.17
Investments	14,515.62	1,400.84	1,739.97	1,945.93	1,563.66	2,699.46	5,870.57	8,933.34	8,919.26	4,545.61	7,845.68	59,979.94
Borrowings	5.57	5,261.66	501.19	945.81	5,773.47	7,445.51	6,636.54	9,157.18	20,038.24	3,176.26	1,812.12	60,753.55
Foreign currency assets	1,342.12	469.55	1,120.69	1,134.89	1,870.19	1,849.81	986.41	1,196.13	1,493.70	2,018.22	2,672.83	16,154.54
Foreign currency liabilities	225.46	647.02	660.06	1,421.00	2,914.31	2,952.65	5,155.12	8,097.14	7,915.61	3,932.97	614.26	34,535.60

- Loans & Advances include an amount of ₹ 1,257 crores of bills rediscounted under Bill Re-Discounting Scheme.
- Pursuant to the RBI circular dated March 27, 2020 on the COVID-19 – Regulatory Package, the Bank offered a moratorium of loan installment's and interest payable to eligible borrowers. Accordingly, while drawing the maturity pattern, contractual inflows pertaining to Loans & Advances have been adjusted to the extent considered necessary.

As at March 31, 2019:

(₹ in crores)

	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	923.45	6,051.36	5,978.91	6,060.89	8,505.78	14,875.82	14,587.96	42,167.18	27,520.15	19,323.50	48,872.91	1,94,867.91
Loans & Advances*	856.13	8,494.75	3,710.29	7,145.65	5,528.39	8,686.43	11,241.67	23,006.57	68,294.44	24,983.41	27,145.77	1,89,093.50
Investments	12,095.71	1,677.29	3,059.38	932.33	1,817.61	2,886.09	6,689.27	9,500.86	8,537.38	3,791.74	8,278.50	59,266.16
Borrowings	0.51	2,910.54	-	3,070.48	5,717.72	1,970.47	4,018.96	7,231.34	15,283.74	4,756.86	2,360.50	47,321.12
Foreign currency assets	1,016.56	1,197.64	1,124.46	585.66	1,754.50	2,431.07	1,320.18	1,099.66	797.38	2,392.13	1,136.81	14,856.05
Foreign currency liabilities	84.59	1,308.67	59.49	3,223.67	147.87	1,400.86	2,705.05	5,654.11	8,592.58	3,209.64	1,779.85	28,166.38

* Loans & Advances include an amount of ₹ 2,700 crores of bills rediscounted under Bill Re-Discounting Scheme.

7.2 Liquidity Coverage Ratio (LCR)

Liquidity Coverage Ratio (LCR) standard aims to ensure that Bank maintains adequate unencumbered High Quality Liquid Assets (HQLAs) that are convertible into cash under significantly severe liquidity stress scenario lasting for a 30- day time horizon. 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 calculated by dividing Bank's stock of HQLA by its total net cash outflows over a 30-day stress period. Bank maintains HQLA in terms of Cash, G-Sec in excess of minimum SLR, MSF and FALLCR as permitted by RBI, excess of cash reserve requirement and high rated corporate bonds and commercial papers issued by entities other than financial institutions. Cash outflows and inflows in next 30 days are considered and are multiplied by prescribed run-off factors for the purpose of computation of LCR.

Bank has adopted the Basel III framework on liquidity standards, prescribed by RBI, and has put in place requisite systems and processes to enable automated computation and generation of LCR. In line with RBI guidelines, the quarterly disclosures of LCR are computed as simple average on daily observations over a period of 90 days.

Bank has maintained LCR above the minimum requirement of 100% during the FY 2019-20. The average LCR for the quarter ended March 31, 2020 was at 112.30% and at 111.39% for the quarter ended March 31, 2019. The average HQLA for the quarter ended March 31, 2020 was ₹ 51,432 crores, as against ₹ 39,426 crores for the quarter ended March 31, 2019.

The prime drivers of LCR are the level of surplus SLR held by the Bank and the proportion of retail and wholesale funding sources. Bank has consistently maintained a robust and stable funding profile with sources being diversified across sources and tenors.

Asset Liability Committee (ALCO) is a decision-making unit responsible for implementing the liquidity and interest rate risk management strategies of the Bank in line with its risk management objectives and ensures adherence to the risk tolerance / limits set by the Board. Liquidity Risk Management of the Bank is centralised and is undertaken by the Asset Liability Management Function in the Global Markets Group in accordance with the Board approved policies. The Risk Management Department measures and monitors the liquidity profile of the Bank with reference to the Board approved limits and regulatory limits and undertakes liquidity stress testing periodically.

All significant outflows and inflows determined in accordance with RBI guidelines are included in the LCR computation under the prescribed template.

Quantitative disclosure:

Following is the quantitative disclosures relating to LCR for the year ended March 31, 2020, wherein the amounts are average of daily positions during the quarter:

(₹ in crores)

	June 2019		September 2019		December 2019		March 2020	
	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)		46,041.44		52,588.32		52,725.72		51,431.60
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	6,086.38	304.33	6,369.18	318.46	6,710.43	335.52	7,928.25	396.41
(ii) Less stable deposits	46,288.84	4,628.88	49,799.02	4,979.90	54,228.60	5,422.86	54,659.14	5,465.91
3 Unsecured wholesale funding, of which:								
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	78,820.32	39,931.14	86,268.10	43,486.46	88,492.71	46,066.59	92,195.07	47,110.23
(iii) Unsecured debt	-	-	-	-	-	-	-	-
4 Secured wholesale funding		-		-		-		-
5 Additional requirements, of which								
(i) Outflows related to derivative exposures and other collateral requirements	24,253.29	24,253.29	7,056.73	7,056.73	2,901.34	2,901.34	2,856.75	2,856.75
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6 Other contractual funding obligations	4,284.10	4,284.10	3,490.36	3,490.36	2,497.52	2,497.52	3,739.64	3,739.64
7 Other contingent funding obligations	65,201.67	2,308.86	71,692.27	2,612.71	70,073.34	2,489.04	71,466.58	2,517.23
8 Total Cash Outflows		75,710.60		61,944.62		59,712.87		62,086.17
Cash Inflows								
9 Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	37,898.48	34,052.44	22,310.82	15,892.84	18,354.85	13,284.17	21,758.03	16,257.12
11 Other cash inflows	-	-	-	-	16.03	8.02	60.44	30.22
12 Total Cash Inflows		34,052.44		15,892.84		13,292.19		16,287.34
13 Total HQLA		46,041.44		52,588.32		52,725.72		51,431.60
14 Total Net Cash Outflows		41,658.16		46,051.78		46,420.68		45,798.83
15 Liquidity Coverage Ratio (%)		110.52%		114.19%		113.58%		112.30%

The above information is provided as per MIS for internal reporting purpose and relied upon by the auditors.

Following is the quantitative disclosures relating to LCR for the year ended March 31, 2019, wherein the amounts are average of daily positions during the quarter:

(₹ in crores)

	June 2018		September 2018		December 2018		March 2019	
	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)	29,741.09	32,786.20	37,104.72	39,425.68			
Cash Outflows								
2	Retail deposits and deposits from small business customers, of which:							
(i)	Stable deposits	4,507.26	225.36	4,669.40	233.47	4,877.34	243.87	5,406.12
(ii)	Less stable deposits	32,497.88	3,249.79	33,056.86	3,305.69	36,196.45	3,619.65	41,245.19
3	Unsecured wholesale funding, of which:							
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	62,781.55	31,623.44	66,099.16	33,461.20	71,635.86	37,117.65	75,681.46
(iii)	Unsecured debt	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-
5	Additional requirements, of which							
(i)	Outflows related to derivative exposures and other collateral requirements	51,172.05	51,172.05	27,150.87	27,150.87	27,640.36	27,640.36	59,124.00
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-
6	Other contractual funding obligations	1,970.64	1,970.64	3,724.26	3,724.26	3,773.13	3,773.13	3,231.19
7	Other contingent funding obligations	56,888.42	2,009.54	64,193.62	2,342.26	64,983.91	2,356.08	63,933.20
8	Total Cash Outflows	90,250.82	70,217.75	74,750.74	108,448.15			
Cash Inflows								
9	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	68,566.48	61,914.93	45,875.51	38,811.39	44,525.48	38,427.68	79,299.76
11	Other cash inflows	-	-	10.33	5.16	-	-	164.17
12	Total Cash Inflows	61,914.93	38,816.55	38,427.68	73,052.58			
13	Total HQLA	29,741.09	32,786.20	37,104.72	39,425.68			
14	Total Net Cash Outflows	28,335.89	31,401.20	36,323.06	35,395.57			
15	Liquidity Coverage Ratio (%)	104.96%	104.41%	102.15%	111.39%			

The above information is provided as per MIS for internal reporting purpose and relied upon by the auditors.

8. Exposures

8.1 Exposure to Real Estate Sector

(₹ in crores)		
Particulars	March 31, 2020	March 31, 2019
(a) Direct exposure		
(i) Residential Mortgages - of which housing loans eligible for inclusion in priority sector advance ₹ 1,035.07 crores (Previous year ₹ 379.03 crores)]	8,593.01	11,039.75
(ii) Commercial Real Estate	29,433.90	20,509.03
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized 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)	4,844.76	5,206.11
Total Exposure to Real Estate Sector	42,871.67	36,754.89

Direct exposure to Commercial Real Estate includes ₹ 100 crores (Previous year Nil) invested in a Venture Capital Fund. In terms of RBI Guidelines, the said amount forms part of Exposure to Capital Market also.

8.2 Exposure to Capital Market

(₹ in crores)		
Particulars	March 31, 2020	March 31, 2019
(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	977.26	197.87
(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	338.75	258.45
(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	3,843.86	5,576.64
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	1,905.01	1,446.23
(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	136.00	-

(₹ in crores)

Particulars	March 31, 2020	March 31, 2019
(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)	243.45	186.79
(xi) Irrevocable payment commitments issued by custodian banks in favour of stock exchanges	-	-
Total Exposure to Capital Market	7,444.33	7,665.98

During the year ended March 31, 2020 and the year ended March 31, 2019, no debt has been converted to equity as a part of strategic debt restructuring which is exempt from CME limit.

8.3 Risk Category-wise exposure to country risk

(₹ in crores)

Risk category	March 31, 2020		March 31, 2019	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	4,174.44	-	3,220.82	-
Low	7,858.04	-	7,018.25	-
Moderate	669.83	-	332.13	-
High	1,141.43	-	525.93	-
Very High	443.13	-	295.56	-
Restricted	-	-	241.76	-
Off Credit	-	-	0.03	-
Total	14,286.87	-	11,634.48	-

8.4 Single Borrower limit and Group Borrower Limit

During the year ended March 31, 2020 and year ended March 31, 2019, the Bank's credit exposures to single borrowers and group borrowers were within the prudential limits prescribed by RBI.

8.5 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 ₹ 49,883.38 crores (Previous year ₹ 37,444.15 crores) as disclosed in Schedule 9B (iii) are without any collateral or security.

8.6 Details of factoring exposure

The factoring exposure of the Bank as at March 31, 2020 is ₹ 274.32 crores (Previous year ₹ 138.95 crores).

9. Concentration of Deposits, Advances, Exposures and NPAs

9.1 Concentration of Deposits

(₹ in crores)

	As at March 31, 2020	As at March 31, 2019
Total Deposits of twenty largest depositors	46,135.17	47,378.61
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	22.83%	24.31%

9.2 Concentration of Advances

(₹ in crores)

	As at March 31, 2020	As at March 31, 2019
Total Advances to twenty largest borrowers	45,557.23	44,361.94
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	9.97%	14.58%

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.

9.3 Concentration of Exposures

(₹ in crores)

	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest borrowers / customers	45,557.49	44,362.21
Percentage of Exposure of twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	9.77%	14.07%

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.

9.4 Concentration of NPAs

(₹ in crores)

	As at March 31, 2020	As at March 31, 2019
Total Exposure to top four NPA accounts	1,694.75	2,055.83

Note: The Exposure herein is Funded Exposure, net of unrealised interest.

9.5 Intra-Group Exposure

(₹ in crores)

	As at March 31, 2020	As at March 31, 2019
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	-	-

9.6 Priority Sector Lending Certificates (PSLC)

(₹ in crores)

	Year ended March 31, 2020		Year ended March 31, 2019	
	PSLC Sold	PSLC Purchased	PSLC Sold	PSLC Purchased
1) PSLC Agriculture	-	-	-	800.00
2) PSLC Small Farmers / Marginal Farmers	4,665.00	-	500.00	775.00
3) PSLC Micro Enterprises	7,790.00	-	4,525.00	-
4) PSLC General	4,736.50	12,134.00	7,800.00	10,575.00

10. Miscellaneous

10.1 Amount of Provisions for taxation during the year

	(₹ in crores)	
	As at March 31, 2020	As at March 31, 2019
Current tax	1,953.21	1,972.76
Incremental deferred tax asset net of deferred tax liability (Refer Note 12.6)	(250.51)	(293.29)
Total	1,702.70	1,679.47

10.2 Penalties imposed by RBI

No penalty was imposed by the RBI during the year, in exercise of powers vested under Section 47(A)(1)(c) read with section 46(4)(i) of the Banking Regulation Act, 1949.

During the year ended March 31, 2019, RBI imposed a penalty of ₹ 1.00 crore for non-compliance with direction issued in respect of time-bound implementation and strengthening of SWIFT-related operational controls in exercise of powers vested under Section 47(A)(1)(c) read with section 46(4)(i) of the Banking Regulation Act, 1949. This penalty was duly paid by the Bank.

10.3 Fixed Assets

10.3.1 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 ₹ 1.44 crores (Previous year ₹ 1.48 crores) and has filed a suit for the same.

10.3.2 Computer software

The movement in fixed assets capitalized as computer software is given below:

	(₹ in crores)	
Particulars	March 31, 2020	March 31, 2019
At cost at the beginning of the year	467.69	389.71
Addition during the year	82.36	78.01
Deduction during the year	-	0.03
Accumulated depreciation as at the end of the year	379.34	315.74
Closing balance as at the end of the year	170.71	151.95
Depreciation charge for the year	63.60	55.27

The Scheme described in Note 1 was given accounting effects in July 2019. On July 4, 2019 e-BFIL was merged with the Bank and the Business Correspondent Undertaking contained in e-BFIL was transferred to IFIL at net book value. An amount of Computer Software capitalized in the books of e-BFIL that got vested with the Bank pursuant to the Merger and transferred simultaneously to IFIL having book value of ₹ 8.01 crores is not included in the above table.

10.4 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. Claims against the Bank not acknowledged as debts comprise of tax demands of ₹ 122.40 crores (Previous year ₹ 89.41 crores) in respect of which the Bank is in appeal, and legal cases sub judice of ₹ 364.43 crores (Previous year ₹ 306.22 crores). The Bank carries a provision of ₹ 4.52 crores (Previous year ₹ 4.52 crores) against cases sub judice. The amount of contingent liabilities is based on management's estimate, and it is not probable that any liability is expected to arise out of the same.

The Judgment of the Hon'ble Supreme Court dated February 28, 2019, in the matter of The Regional Provident Fund Commissioner (II) West Bengal vs. Vivekananda Vidyamandir and Ors sets out principles for computation of contribution towards Provident Fund where "basic wage" includes all emoluments paid to an employee as per the terms of his / her contract of employment. The Judgment has also laid down the standards applicable to determine "basic wage" as the amount that is payable to all employees uniformly and is to be included within the definition of "basic wage". A review petition against this decision filed before the Hon'ble Supreme Court has been dismissed on August 28, 2019. The Bank has implemented the direction given in the decision for computation of contribution towards Provident Fund, with effect from April 1, 2019. As the Bank has been considering the reckonable components of salary for computation of contribution to Provident Fund in a liberal manner even prior to the decision, the Bank is of the view that there is no liability pertaining to earlier years and consequently no effect has been given in the financial statement.

10.5 The Bank has a process to assess periodically all long term contracts (including derivative contracts), for material foreseeable losses. At the year end, the Bank has reviewed and adequate provision as required under any law or an accounting standard for material foreseeable losses on such long term contracts (including derivative contracts), has been made.

10.6 Overseas Asset, NPAs and Revenue

During the year, the Bank earned a revenue of ₹ 347.54 crores through overseas assets (Previous year ₹ 305.53 crores). The overseas assets as at March 31, 2020 amounted to ₹ 6,292.62 crores (Previous year ₹ 4,547.40 crores) and NPAs of ₹ 381.52 crores (Previous year Nil). Assets for this purpose is defined to include client advances.

10.7 The Bank does not have any Off-Balance Sheet SPVs which are required to be consolidated as per accounting standards (Previous year Nil).

10.8 Transfers to Depositor Education and Awareness Fund (DEAF)

Particulars	(₹ in crores)	
	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance of amounts transferred to DEAF	29.06	23.63
Add: Amounts transferred to DEAF during the year	11.21	5.92
Less: Amounts reimbursed by DEAF towards claims	0.53	0.49
Closing balance of amounts transferred to DEAF	39.74	29.06

10.9 There is no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank (Previous year Nil).

10.10 Corporate Social Responsibility (CSR)

Amount required to be spent by the Bank on CSR during the year ₹ 108.11 crores (Previous year ₹ 88.62 crores).

Amount spent towards CSR during the year and recognised as expense in the statement of Profit and Loss on CSR related activities is ₹ 108.15 crores (Previous year ₹ 55.46 crores), which comprise of following:

	Year ended March 31, 2020			Year ended March 31, 2019		
	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
Construction / acquisition of any asset	-	-	-	-	-	-
On purpose other than above	105.80	2.35	108.15	55.46	-	55.46
Total	105.80	2.35	108.15	55.46	-	55.46

10.11 Drawdown from Reserves

During the year ended March 31, 2020 and year ended March 31, 2019, the Bank did not draw down from the reserves.

10.12 Credit Default Swaps

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended March 31, 2020 (Previous year Nil).

10.13 Movement in depreciation of Fixed Assets

	(₹ in crores)	
Depreciation	2019-20	2018-19
Premises		
At the beginning of the year	91.23	82.15
Transferred from Revaluation Reserve	-	6.03
Charge for the year	13.35	3.25
Deduction during the year	-	0.20
Depreciation to date	104.58	91.23
Other Fixed Assets		
At the beginning of the year	1,317.21	1,125.28
Charge for the year	264.62	225.60
Deduction during the year	90.11	33.67
Depreciation to date	1,491.72	1,317.21

10.14 Bancassurance business

Commission, Exchange and Brokerage in Schedule 14 include the following fees earned on Bancassurance business:

	(₹ in crores)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
For selling life insurance policies	129.61	121.32
For selling non-life insurance policies	97.62	99.78
For selling mutual fund products	36.90	85.96
Others	-	-
Total	264.13	307.06

11. Employee Stock Option Scheme

11.1 The shareholders of the Bank approved Employee Stock Option Scheme (ESOS 2007) on September 18, 2007. ESOS 2007 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.

In accordance with the Scheme discussed in Note 1, the shareholders of the Bank approved IBL Special Incentive ESOS for BFIL Merger 2018 (ESOS 2018) on December 11, 2018. The ESOS 2018 was adopted to ensure that the e-BFIL employees who would become part of the Bank upon merger and held options outstanding under various

e-BFIL Employee Stock Option Plans on the Effective Date were provided parity in relation to the stock options so held as well as adequately incentivized with further options. Accordingly, the ESOS 2018 was approved with a pool of 57,50,000 options, that are equity settled where the eligible e-BFIL employees would receive one equity share per stock option. In respect of eligible e-BFIL employees who held options outstanding (vested and unvested) on the Effective Date, the number of options and the exercise price were adjusted to reflect the share exchange ratio of 639 equity shares of the Bank for every 1,000 shares of e-BFIL. In respect of eligible e-BFIL employees who were incentivized with new options under ESOS 2018, 50% of the same would vest over a period of three years from the grant date and the remaining 50% of the same would vest over a period of three years from the first anniversary of the grant date, and such options shall be exercised over a period of five years from vesting.

ESOS 2007 and ESOS 2018 are, hereinafter, collectively referred to as ESOS.

As at March 31, 2020, the Compensation Committee of the Bank has granted a total of 4,86,64,142 options that includes 4,33,76,336 options granted under ESOS 2007 and 52,87,806 options granted under ESOS 2018, as set out below:

ESOS 2007:

Sr. No	Date of grant	2019-20		2018-19	
		No of options	Range of exercise price (₹)	No of options	Range of exercise price (₹)
1.	18-Jul-08	1,21,65,000	48.00 - 50.60	1,21,65,000	48.00 - 50.60
2.	17-Dec-08	34,56,000	38.95	34,56,000	38.95
3.	05-May-09	8,15,500	44.00	8,15,500	44.00
4.	31-Aug-09	3,18,500	100.05	3,18,500	100.05
5.	28-Jan-10	7,47,000	48.00 - 140.15	7,47,000	48.00 - 140.15
6.	28-Jun-10	13,57,450	196.50	13,57,450	196.50
7.	14-Sep-10	73,500	236.20	73,500	236.20
8.	26-Oct-10	1,43,500	274.80	1,43,500	274.80
9.	17-Jan-11	25,00,000	228.70	25,00,000	228.70
10.	07-Feb-11	20,49,000	95.45 - 220.45	20,49,000	95.45 - 220.45
11.	24-Jun-11	21,54,750	253.60	21,54,750	253.60
12.	16-Aug-11	89,500	254.90	89,500	254.90
13.	30-Sep-11	2,61,000	262.25	2,61,000	262.25
14.	21-Dec-11	9,20,000	231.95	9,20,000	231.95
15.	29-Feb-12	1,95,000	304.05	1,95,000	304.05
16.	19-Apr-12	1,40,500	345.60	1,40,500	345.60
17.	25-May-12	1,34,500	304.55	1,34,500	304.55
18.	10-Jul-12	2,67,000	343.25	2,67,000	343.25
19.	29-Aug-12	1,14,000	319.05	1,14,000	319.05
20.	10-Oct-12	23,500	365.75	23,500	365.75
21.	09-Jan-13	30,000	433.75	30,000	433.75
22.	18-Apr-13	12,500	419.60	12,500	419.60
23.	20-Jun-13	1,75,000	478.45	1,75,000	478.45
24.	18-Jul-13	18,35,000	453.90	18,35,000	453.90
25.	23-Sep-13	75,000	411.50	75,000	411.50
26.	29-Oct-13	22,000	412.25	22,000	412.25
27.	29-Jan-14	7,67,500	300.00 - 389.85	7,67,500	300.00 - 389.85
28.	25-Mar-14	1,76,500	490.30	1,76,500	490.30

Sr. No	Date of grant	2019-20		2018-19	
		No of options	Range of exercise price (₹)	No of options	Range of exercise price (₹)
29.	15-May-14	65,500	537.05	65,500	537.05
30.	02-Jun-14	32,69,500	533.95	32,69,500	533.95
31.	09-Jul-14	33,000	551.10	33,000	551.10
32.	13-Oct-14	74,500	623.25	74,500	623.25
33.	17-Jan-15	47,500	831.85	47,500	831.85
34.	23-Feb-15	48,000	876.80	48,000	876.80
35.	30-Mar-15	11,000	880.75	11,000	880.75
36.	22-May-15	52,600	848.20	52,600	848.20
37.	24-Jul-15	16,30,000	949.80	16,30,000	949.80
38.	21-Sep-15	1,93,000	918.65	1,93,000	918.65
39.	04-Nov-15	93,500	911.85	93,500	911.85
40.	12-Jan-16	10,33,500	886.75 – 936.75	10,33,500	886.75 – 936.75
41.	12-May-16	13,500	1,053.75	13,500	1,053.75
42.	11-Jul-16	25,000	1,126.70	25,000	1,126.70
43.	23-Aug-16	2,76,000	1,186.75	2,76,000	1,186.75
44.	10-Oct-16	18,51,000	1,220.85	18,51,000	1,220.85
45.	16-Nov-16	33,500	1,093.10	33,500	1,093.10
46.	27-Jan-17	21,500	1,265.40	21,500	1,265.40
47.	24-Mar-17	49,000	1,383.90	49,000	1,383.90
48.	19-Apr-17	16,000	1,431.75	16,000	1,431.75
49.	09-May-17	69,000	1,424.85	69,000	1,424.85
50.	19-Jun-17	38,500	1,498.90	38,500	1,498.90
51.	11-Jul-17	35,000	1,560.35	35,000	1,560.35
52.	12-Oct-17	69,000	1,717.25	69,000	1,717.25
53.	11-Jan-18	43,000	1,734.10	43,000	1,734.10
54.	27-Mar-18	15,23,000	1,759.75	15,23,000	1,759.75
55.	08-May-18	64,000	1,889.80	64,000	1,889.80
56.	28-Sep-18	1,09,000	1,682.00	1,09,000	1,682.00
57.	20-Mar-19	85,000	1,725.20	85,000	1,725.20
58.	22-May-19	10,44,500	1,447.75		
59.	10-Oct-19	1,00,536	1,308.65		
60.	14-Jan-20	3,40,000	1,539.65		

ESOS 2018:

Sr. No	Date of grant	2019-20	
		No of options	Range of exercise price (₹)
1.	04-Jul-19	30,01,266	688.00 – 1,864.00
2.	12-Jul-19	22,86,540	1,541.25

11.2 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 recognized 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 closing price prior to the date of the meeting of the Compensation Committee in which stock options are granted, available on the stock exchange on which the shares of the Bank are listed. 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.

11.3 Stock option activity under ESOS 2007 is set out below

	2019-20		2018-19	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	89,84,273	992.08	1,13,16,874	854.18
Granted during the year	14,85,036	1,459.37	2,58,000	1,747.78
Forfeited / surrendered during the year	1,97,975	1,658.63	1,24,610	1,591.98
Exercised during the year	12,23,446	488.93	24,63,681	408.10
Expired during the year	2,540	279.62	2,310	253.60
Outstanding at the end of the year	90,45,348	1,122.47	89,84,273	992.08
Options exercisable at the end of the year	69,50,562	994.55	68,40,698	816.40

The weighted average market price of options exercised during the year is ₹ 1,437.49 (Previous year ₹ 1,554.61).

Stock option activity under ESOS 2018 is set out below

	2019-20	
	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	-	-
Granted during the year	52,87,806	1,518.28
Forfeited / surrendered during the year	2,16,314	1,519.22
Exercised during the year	7,643	1,024.05
Expired during the year	-	-
Outstanding at the end of the year	50,63,849	1,518.98
Options exercisable at the end of the year	20,68,465	1,479.80

The weighted average market price of options exercised during the year is ₹ 1,376.97 (Previous year Nil).

Following table summarizes the information about stock options outstanding as at March 31, 2020:

ESOS 2007:

Date of grant	2019-20			2018-19		
	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
17-Jan-11	-	-	-	228.70	1,70,000	-
24-Jun-11	-	-	-	253.60	17,620	0.23
21-Dec-11	231.95	1,73,600	0.25	231.95	2,53,000	0.73
29-Feb-12	-	-	-	304.05	34,000	0.92
19-Apr-12	345.60	14,500	0.05	345.60	29,000	1.05
25-May-12	304.55	1,360	0.15	304.55	3,093	1.15
10-Jul-12	343.25	74,800	0.28	343.25	1,47,400	1.28
10-Oct-12	-	-	-	365.75	2,700	1.53
20-Jun-13	478.45	6,100	1.22	478.45	27,000	2.22
18-Jul-13	453.90	79,367	0.92	453.90	1,46,480	2.30
23-Sep-13	-	-	-	411.50	10,000	2.48
29-Oct-13	412.25	880	1.58	412.25	2,560	2.58
29-Jan-14	389.85	2,030	1.50	389.85	2,030	2.84
29-Jan-14 A	300.00	4,69,000	1.34	300.00	7,00,000	2.84
25-Mar-14	490.30	100,250	1.25	490.30	1,25,000	2.99
15-May-14	537.05	3,000	1.47	537.05	3,000	3.13
02-Jun-14	533.95	11,18,950	1.32	533.95	13,66,510	3.18
09-Jul-14	551.10	1,700	2.27	551.10	1,700	3.28
13-Oct-14	623.25	14,715	1.94	623.25	20,100	3.54
17-Jan-15	831.85	37,000	1.81	831.85	37,000	3.80
23-Feb-15	-	-	-	876.80	1,040	3.90
30-Mar-15	880.75	7,680	2.18	880.75	8,380	4.00
22-May-15	848.20	5,000	2.15	848.20	5,000	4.15
24-Jul-15	949.80	6,84,850	2.42	949.80	7,85,210	4.32
21-Sep-15	918.65	11,000	2.49	918.65	11,000	4.48
04-Nov-15	911.85	9,690	2.95	911.85	58,580	4.60
12-Jan-16	936.75	1,190	3.79	936.75	2,345	4.79
12-Jan-16	886.75	10,00,000	2.80	886.75	10,00,000	4.79
12-May-16	1,053.75	3,275	4.10	1,053.75	3,275	5.12
11-Jul-16	1,126.70	11,500	3.38	1,126.70	16,890	5.28
23-Aug-16	1,186.75	1,89,500	3.73	1,186.75	1,99,180	5.40
10-Oct-16	1,220.85	17,33,000	3.61	1,220.85	17,83,680	5.53
16-Nov-16	1,093.10	4,540	4.09	1,093.10	6,520	5.64
27-Jan-17	1,265.40	12,550	4.04	1,265.40	16,550	5.83
24-Mar-17	1,383.90	44,330	4.04	1,383.90	47,990	5.99
19-Apr-17	1,431.75	12,010	4.15	1,431.75	14,020	6.06
09-May-17	1,424.85	69,000	4.12	1,424.85	69,000	6.11
19-Jun-17	1,498.90	32,750	4.38	1,498.90	33,420	6.22
11-Jul-17	1,560.35	35,000	4.29	1,560.35	35,000	6.28
12-Oct-17	1,717.25	65,000	4.55	1,717.25	65,000	6.54
11-Jan-18	1,734.10	41,000	4.80	1,734.10	43,000	6.79

Date of grant	2019-20			2018-19		
	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
27-Mar-18	1,759.75	13,29,220	5.00	1,759.75	14,23,000	6.99
08-May-18	1,889.80	50,975	4.87	1,889.80	64,000	7.11
28-Sep-18	1,682.00	93,500	5.51	1,682.00	1,09,000	7.50
20-Mar-19	1,725.20	67,000	5.98	1,725.20	85,000	7.98
22-May-19	1,447.75	9,94,000	6.16			
10-Oct-19	1,308.65	1,00,536	6.54			
14-Jan-20	1,539.65	3,40,000	6.80			

ESOS 2018:

Date of grant	2019-20		
	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
04-Jul-19	668.00- 1,864.00	28,75,689	4.39
12-Jul-19	1,541.25	21,88,160	6.29

11.4 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:

	2019-20	2018-19
Average dividend yield	0.49 - 0.57%	0.40 - 0.45%
Expected volatility	24.78 - 28.08%	22.51 - 28.30%
Risk free interest rates	6.11 - 6.93%	6.91 - 8.09%
Expected life of options (in years)	4.82	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, 2020 is ₹ 0.37 crores (Previous year ₹ 0.30 crores). Had the Bank adopted the Black-Scholes model based fair valuation, compensation cost for the year ended March 31, 2020, would have increased by ₹ 73.01 crores (Previous year ₹ 91.80 crores) and the *pro forma* profit after tax would have been lower by ₹ 54.64 crores (Previous year ₹ 59.72 crores). On a *pro forma* basis, the basic and diluted earnings per share would have been as follows:

Particulars	March 31, 2020	March 31, 2019
<i>Pro forma</i> basis		
Basic earnings per share ₹	62.97	53.90
Diluted earnings per share ₹	62.73	53.47

The weighted average fair value of options granted during the year 2019-20 is ₹ 508.22 (Previous year ₹ 594.84).

12. Disclosures – Accounting Standards

12.1 Employee Benefits (AS-15)

Gratuity:

Gratuity is a defined benefit plan. The Bank has obtained qualifying insurance policies from insurance companies approved by the IRDA. The following table presents a summary of the components of net expenses recognized in the Profit and Loss account and funded status and amounts recognized in the Balance Sheet, on the basis of actuarial valuation.

	(₹ in crores)	
	March 31, 2020	March 31, 2019
Changes in the present value of the obligation		
1. Opening balance of Present Value of Obligation	110.52	89.48
2. Interest Cost	7.87	6.31
3. Current Service Cost	22.51	17.94
4. Benefits Paid	(13.20)	(11.43)
5. Actuarial loss / (gain) on Obligation	11.71	8.22
6. Closing balance of Present Value of Obligation	139.41	110.52
Reconciliation of opening and closing balance of the fair value of the Plan Assets		
1. Opening balance of Fair value of Plan Assets	116.97	93.52
2. Adjustment to Opening Balance	0.79	0.26
3. Expected Return on Plan assets	9.32	7.01
4. Expenses	-	-
5. Contributions	36.03	29.46
6. Benefits Paid	(13.20)	(11.43)
7. Actuarial gain / (loss) on Plan Assets	(2.86)	(1.85)
8. Closing balance of Fair Value of Plan Assets	147.05	116.97
Profit and Loss – Expenses		
1. Current Service Cost	22.51	17.94
2. Interest Cost	7.87	6.31
3. Expected Return on Plan assets	(9.32)	(7.01)
4. Expenses	-	-
5. Net Actuarial loss recognised in the year	14.57	10.07
6. Expenses recognised in the Profit and Loss account	35.63	27.31
Funded status	100% insurance managed funds	100% insurance managed funds
Actuarial Assumptions		
1. Discount Rate	6.84 - 6.90%	7.50 - 7.68%
2. Expected Rate of Return on Plan Assets	6.48 - 8.00%	4.22 - 8.00%
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

Particulars	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Defined Benefit Obligations	139.41	110.52	89.48	75.31	61.67
Plan Assets	147.05	116.97	93.52	81.53	65.34
Surplus / (Deficit)	7.64	6.45	4.04	6.21	3.67
Experience Adjustments on Plan Liabilities	(11.71)	(8.22)	0.92	(4.07)	(7.60)
Experience Adjustments on Plan Assets	(2.86)	(1.85)	(4.32)	1.22	(0.80)

Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date is ₹ 45 crores (Previous year ₹ 35 crores).

Compensated Absence

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. The details of the fund and plan assets position are as follows:

	(₹ in crores)	
	March 31, 2020	March 31, 2019
Total actuarial liability	73.49	65.09
Total expense included in Schedule 16(l)	11.67	17.06
Assumptions		
Discount Rate	6.84%	7.68%
Salary escalation rate	5.00%	5.00%

Provident Fund

Contributions towards Provident Fund are made to trusts separately established for the purpose and the scheme administered by Regional Provident Fund Commissioner (RPFC), as applicable. In accordance with 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, interest shortfall is provided for based on actuarial valuation. The details of the fund and plan assets position are as follows:

	(₹ in crores)	
	March 31, 2020	March 31, 2019
Assets / Liabilities		
Present value of Interest Rate guarantee on Provident Fund	7.77	1.75
Present value of Total Obligation	226.51	195.52
Fair value of Plan Assets	227.06	197.08
Net asset / (liability) recognized in the Balance Sheet	0.55	1.56
Assumptions		
Normal Retirement age	60 years	60 years
Expected guaranteed interest on PF in future	8.65%	8.65%
Discount rate	6.84 - 7.00%	7.60 - 7.80%
Expected average remaining working lives of employees (years)	10.22 - 21.89	11.16 - 24.91
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

12.2 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	
	31/03/20	31/03/19	31/03/20	31/03/19	31/03/20	31/03/19	31/03/20	31/03/19	31/03/20	31/03/19
Revenue	5,745.44	4,417.55	10,102.82	9,044.90	20,035.67	15,052.34	118.19	69.69	36,002.12	28,584.48
Inter Segment Revenue									(267.98)	(676.61)
Total Income									35,734.14	27,907.87
Result	806.70	483.58	3,359.53	2,790.64	6,844.08	5,019.61	40.37	23.24	11,050.68	8,317.07
Unallocated Expenses									(277.97)	(228.85)
Operating Profit									10,772.71	8,088.22
Provisions and Contingencies (other than tax)									(4,652.10)	(3,107.65)
Tax Expenses									(1,702.70)	(1,679.47)
Extraordinary profit / loss									-	-
Net Profit									4,417.91	3,301.10
Other Information:										
Segment Assets	72,022.75	69,884.49	90,656.85	83,007.71	1,29,072.20	1,14,130.74	-	-	2,91,751.80	2,67,022.94
Unallocated Assets									15,305.75	10,796.48
Total Assets									3,07,057.55	2,77,819.42
Segment Liabilities	61,424.48	47,955.99	80,730.65	87,976.08	1,22,485.80	1,08,289.81	-	-	2,64,640.93	2,44,221.88
Unallocated Liabilities									42,416.62	33,597.54
Total Liabilities									3,07,057.55	2,77,819.42

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, dividend and others.

The above information is provided as per MIS for internal reporting purpose and relied upon by the auditors.

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.

12.3 Related party transactions (AS-18)

The following is the information on transactions with related parties:

Key Management Personnel (KMP)

Mr. Romesh Sobti, Managing Director (upto March 23, 2020)

Mr. Sumant Kathpalia, Managing Director (w.e.f. March 24, 2020)

Relatives of KMP

Mrs. Anita Sobti, Mr. Gaurav Sobti, Ms. Aanchal Sobti Mitra, Mrs. Ira Kathpalia, Mr. Karan Kathpalia

Associates

IndusInd Marketing and Financial Services Private Limited

Subsidiaries

Bharat Financial Inclusion Limited (formerly IndusInd Financial Inclusion Limited) (w.e.f August 6, 2018)

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2020:

Particulars	Parent (as per ownership control)*	Subsidiaries*	Associates / Joint Venture*	Key Management Personnel	Relatives of Key Management Personnel	(₹ in crores)
						Total
Borrowings	-	-	-	-	-	-
Deposits	-	-	-	12.45 (34.68)	10.38 (10.43)	22.83 (45.11)
Placement of deposits	-	-	-	-	-	-
Advances	-	-	-	0.57 (0.57)	-	0.57 (0.57)
Investment	-	-	-	-	-	-
Non-funded commitments	-	-	-	-	-	-
Leasing / HP arrangements availed	-	-	-	-	-	-
Leasing / HP arrangements provided	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Interest paid	-	-	-	0.35	0.01	0.36
Interest received	-	-	-	0.00	-	0.00
Rendering of services	-	-	-	-	-	-
Receiving of services	-	-	-	-	-	-
Management contracts	-	-	-	-	-	-

Figures in bracket represent maximum balance outstanding during the year.

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2019:

Particulars	(₹ in crores)					
	Parent (as per ownership control)*	Subsidiaries*	Associates / Joint Venture*	Key Management Personnel*	Relatives of Key Management Personnel*	Total
Borrowings	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-
Advances	-	-	-	-	-	-
Investment	-	-	-	-	-	-
Non-funded commitments	-	-	-	-	-	-
Leasing / HP arrangements availed	-	-	-	-	-	-
Leasing / HP arrangements provided	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-
Interest received	-	-	-	-	-	-
Rendering of services	-	-	-	-	-	-
Receiving of services	-	-	-	-	-	-
Management contracts	-	-	-	-	-	-

* In accordance with RBI guidelines dated March 29, 2003, details pertaining to the related party transactions have not been provided where there is only one related party in each of the above categories.

12.4 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)	
	March 31, 2020	March 31, 2019
Future lease rentals payable as at the end of the year:		
- Not later than one year	322.34	316.51
- Later than one year but not later than five years	983.10	1,021.65
- Later than five years	379.31	523.24
Total of minimum lease payments recognized in the Profit and Loss account for the year	354.04	298.40
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-lease	-	-
Sub-lease payments recognized in the Profit and Loss account for the year	-	-

The Bank has not sub-let 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.

12.5 Earnings per share (AS 20)

The dilutive impact is mainly due to stock options granted to employees by Bank. Details pertaining to earnings per share as per AS 20 are as under:

	For the Year ended	
	March 31, 2020	March 31, 2019
Net Profit after tax (₹ in crores)	4,417.91	3,301.10
Basic weighted average number of equity shares	69,29,66,902	60,13,45,091
Diluted weighted average number of equity shares	69,55,42,990	60,61,87,857
Nominal value of Equity Shares (₹)	10	10
Basic Earnings per Share (₹)	63.75	54.90
Diluted Earnings per Share (₹)	63.52	54.46

The difference between weighted average number of equity shares outstanding between basic and diluted earnings per share in the above mentioned disclosure is on account of effect of potential equity shares for outstanding ESOPs and Share Warrants.

12.6 Deferred Tax (AS 22)

The major components of deferred tax assets / liabilities are as under:

	(₹ in crores)			
	March 31, 2020		March 31, 2019	
	Deferred Tax		Deferred Tax	
	Assets	Liabilities	Assets	Liabilities
Timing difference on account of				
Difference between depreciation as per the books of account and depreciation under the Income Tax Act, 1961	-	4.70	-	8.47
Difference between Provisions for doubtful debts and advances and amount allowable under Section 36(1)(viiia) of the Income Tax Act, 1961	1,145.77	-	976.24	-
Difference between income as per the books of account and income offered under the Income Tax Act, 1961	-	285.67	-	352.76
Others	87.99	-	56.08	-
Sub-total	1,233.76	290.37	1,032.32	361.23
Net Deferred Tax Asset (included in Sch. 11 – Others)	943.39		671.09	

Net Deferred Tax Asset as at March 31, 2020 includes Deferred Tax Asset of ₹ 21.79 crores of e-BFIL which was amalgamated with the Bank under the Scheme described in Note 1.

13. Additional Disclosures

13.1 Provisions and Contingencies charged to the Profit and Loss account for the year consist of

Particulars	(₹ in crores)	
	March 31, 2020	March 31, 2019
Depreciation on Investments	474.93	173.47
Provision for non-performing assets including bad debts written off (net of write backs)	3,635.29	2,719.01
Income Tax / Deferred Tax (Refer Note 10.1 of Schedule 18)	1,702.70	1,679.47
Other Provision and Contingencies (includes floating provision, provision towards standard assets and others)	541.88	215.17
Total	6,354.80	4,787.12

13.2 Movement in provisions

a) Movement in provision for credit card and debit card reward points

Particulars	(₹ in crores)	
	2019-20	2018-19
Opening provision for Reward Points	41.97	30.97
Provision for Reward Points made during the year	45.99	43.44
Utilisation / write back of provision for Reward Points	(36.31)	(32.44)
Effect of change in rate for accrual of Reward Points	-	-
Closing provision for Reward Points	51.65	41.97

b) Provision pertaining to fraud accounts

Particulars	(₹ in crores)	
	2019-20	2018-19
Number of frauds reported	103	66
Amount involved in frauds	1,158.61	14.33
Provisions made during the year	966.32	3.36
Amount of unamortised provision debited from "other reserves" as at the end of the year	480.44	-

During the year two entities with an outstanding of ₹ 960.89 crores were declared fraud and provided in full. In accordance with the RBI circular dated April 18, 2016, the Bank opted to make the provision over four quarters by charging an amount of ₹ 480.44 crores to the Profit and Loss account and the remaining amount was debited to Balance in Profit and Loss account under 'Reserves and Surplus' which would be reversed to Profit and Loss account in the ensuing two quarters during the financial year 2020-21.

13.3 Disclosure relating to Complaints

A (i) Customer complaints (other than complaints relating to ATM transactions)

No.	Particulars	2019-20	2018-19
(a)	No. of complaints pending at the beginning of the year	626	734
(b)	No. of complaints received during the year	45,494	34,861
(c)	No. of complaints redressed during the year	45,365	34,969
(d)	No. of complaints pending at the end of the year	755	626

(ii) Customer complaints relating to transactions on the Bank's ATMs

No.	Particulars	2019-20	2018-19
(a)	No. of complaints pending at the beginning of the year	14	14
(b)	No. of complaints received during the year	700	339
(c)	No. of complaints redressed during the year	663	339
(d)	No. of complaints pending at the end of the year	51	14

(iii) Customer complaints relating to transactions on other banks' ATMs

No.	Particulars	2019-20	2018-19
(a)	No. of complaints pending at the beginning of the year	3	4
(b)	No. of complaints received during the year	54	114
(c)	No. of complaints redressed during the year	56	115
(d)	No. of complaints pending at the end of the year	1	3

(iv) Customer complaints [Total of (i)+(ii)+(iii)]

No.	Particulars	2019-20	2018-19
(a)	No. of complaints pending at the beginning of the year	643	752
(b)	No. of complaints received during the year	46,248	35,314
(c)	No. of complaints redressed during the year	46,084	35,423
(d)	No. of complaints pending at the end of the year	807	643

B. Awards passed by the Banking Ombudsman

No.	Particulars	2019-20	2018-19
(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)

13.4 Proposed Dividend

The RBI vide its circular dated April 17, 2020, advised banks not to make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions. Accordingly, the Board of Directors, in their meeting held on April 27, 2020 have not proposed any dividend for the year ended March 31, 2020.

Dividend for the year ended March 31, 2019 paid during the year pursuant to the approval of the shareholders at the 25th Annual General Meeting, at the rate of ₹ 7.50 per equity share amounting to ₹ 544.93 crores including corporate dividend tax, has been considered as an appropriation from the Profit and Loss account during the year.

13.5 Non-banking Assets acquired in Satisfaction of Claims

The following table presents details of non-banking assets acquired under bilateral Debt Asset Swap scheme and the provision made therefor in accordance with RBI directions.

Particulars	(₹ in crores)	
	March 31, 2020	March 31, 2019
Amount of land held under 'Non-Banking assets acquired in satisfaction of claim'	347.55	347.55
Provision held at the beginning of the year	130.35	-
Provision made during the year	43.44	130.35
Provision held at the end of the year	173.79	130.35
Unamortised provision debited from 'Balance in profit and loss account' under 'Reserves and Surplus'	-	54.30

13.6 Letters of Comfort

The Bank has not issued any letters of comfort during the year ended March 31, 2020 (Previous year Nil).

13.7 Disclosure on Remuneration

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) presently comprises five members, four of whom are Independent Directors. On aspects relating to remuneration, the mandate of the NRC is to establish, implement and maintain remuneration policies, procedures and practices that help to achieve effective alignment between remuneration and risks. The NRC is also mandated to oversee framing, implementation and review of the Compensation Policy of the Bank as per RBI guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Risk Takers and Control function staff. The NRC 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 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 adjust deferred remuneration before vesting and claw-back arrangement would 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, performance and behavioural track record of the employee.
- (xiv) The Bank would be implementing the new Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff, issued by the Reserve Bank of India on November 4, 2019, vide its circular RBI/2019-20/89 DOR. Appt.BC. No.23/29. 67.001/2019-20 from FY 2020-21 onwards.

Other Disclosures

	Year ended March 31, 2020	Year ended March 31, 2019
Number of meetings held by NRC during the financial year and remuneration paid to its members	During the year, eight meetings of the NRC were held and the members were paid aggregate sitting fees of ₹ 5,80,000 for the eight meetings	During the year, six meetings of the NRC were held and the members were paid aggregate sitting fees of ₹ 3,60,000 for the six meetings
Number of employees having received a variable remuneration award during the financial year	125 employees belonging to the category of WTD / CEO / Risk Takers / Other Control function staff had received a variable remuneration award	116 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 ₹ 1.54 crores to be paid as cash in FY 2020-21 and FY 2021-22	The outstanding deferred remuneration is ₹ 2.15 crores to be paid as cash in FY 2019-20 and FY 2020-21
Total amount of deferred remuneration paid out in the financial year	The deferred remuneration paid during the year 2019-20 was ₹ 2.01 crores	The deferred remuneration paid during the year 2018-19 was ₹ 1.72 crores
Breakdown of amount of remuneration awards for the financial year	Breakup of remuneration awards for the 138 employees defined as WTD / CEO / Risk Takers / Other control function staff (a) Fixed pay - ₹ 183.14 crores (b) Variable pay - ₹ 64.98 crores for FY 2018-19 (c) Deferred remuneration - ₹ 1.54 crores (d) Non-deferred remuneration - ₹ 63.44 crores	Breakup of remuneration awards for the 126 employees defined as WTD / CEO / Risk Takers/ Other control function staff (a) Fixed pay - ₹ 166.86 crores (b) Variable pay - ₹ 64.94 crores for FY 2017-18 (c) Deferred remuneration - ₹ 2.15 crores (d) Non-deferred remuneration - ₹ 62.79 crores
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 at the rate of ₹ 1,00,000/- per meeting, at the rate of ₹ 50,000/- per meeting of the Audit Committee of the Board, the Committee of Directors (CoD), and the Risk Management Committee, 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, 2020 (Previous year ₹ 1.44 crores). In accordance with RBI guidelines and the approval accorded at the 23rd Annual General Meeting, an amount of ₹ 0.82 crores (Previous year ₹ 0.86 crores) has been paid as remuneration to Non-Executive Directors during the year ended March 31, 2020.

14. 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. Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report of even date.

For INDUSIND BANK LIMITED

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No: 103523W/W100048

per Purushottam Nyati

Partner

Membership No: 118970

Place : Mumbai

Date : April 27, 2020

Arun Tiwari

Chairman

DIN: 05345547

Sanjay Asher

Director

DIN: 00008221

S. V. Zaregaonkar

Chief Financial Officer

Sumant Kathpalia

Managing Director

DIN: 01054434

Bhavna Doshi

Director

DIN: 00400508

Haresh Gajwani

Company Secretary

M. No. ACS - 18225

Independent Auditors' Report

To the Members of IndusInd Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of IndusInd Bank Limited (hereinafter referred to as "the Bank") and its subsidiary (the Bank and its subsidiary together referred to as "the Group"), and its associate, comprising of the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year then ended, and notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of the associate, the aforesaid consolidated financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") 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 Group and its associate as at March 31, 2020, their consolidated profit and their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
Information Technology (IT) Controls Framework	
<p>The Bank has a complex IT architecture to support its day-to-day business operations. The volume of transactions processed and recorded is huge. Moreover, a transaction may be required to be recorded across multiple applications depending upon the process and each application has different rules and a different set of user access and authority matrix. These applications are interlinked using different technologies so that data transfer happens in real time or at a particular time of the day; in batches or at a transaction level and in an automated manner or manually. The Core Banking Solution (CBS) itself has many interfaces. All these data streams directly affect the financial accounting and reporting process of the Group.</p>	<p>IT audit specialists are an integral part of our engagement team. Our approach of testing IT General Controls (ITGC) and IT Application Controls (ITAC) is risk based and business centric.</p> <p>As a part of our IT controls testing, we have tested ITGC as well as ITAC. The focus of testing of ITGCs was based on the parameters such as Completeness, Validity, Identification/Authentication and Authorization, Accuracy, Integrity and Accountability. On the other hand, focus of testing automated controls from applications was whether the controls prevent or detect unauthorized transactions and support financial objectives including completeness, accuracy, authorization and validity of transactions.</p>

Key audit matters	How our audit addressed the key audit matter
<p>The Group has a process for identifying the applications where these controls are embedded. It also has a process to ensure that systems, processes and controls remain relevant. The Group's IT control framework includes automated, semi-automated and manual controls designed to address identified risks. IT controls are stated in Entity Level Controls (ELC), IT General Controls (ITGC) and IT Application Controls (ITAC).</p> <p>We have identified IT Controls Framework as a Key Audit Matter as the Group's business is highly dependent on information technology, the IT environment is complex and the design and operating effectiveness of IT controls have a direct impact on a financial reporting process. Review of these controls allows us to provide assurance on the integrity and completeness of data processed through various IT applications which are used for the preparation of financial reports.</p>	<p>We gathered a comprehensive understanding of IT applications landscape implemented at the Group. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.</p> <p>In ITGC testing, we reviewed control areas such as User Management, Change Management, Systems Security, Incident Management, Physical & Environmental Security, Backup and Restoration, Business Continuity and Disaster Recovery, Service Level Agreement.</p> <p>For ITAC, we carried out on sample basis, compliance tests of system functionality in order to assess the accuracy of system calculations. We also carried out procedures such as validations and limit checks on data entered into applications, approvals, process dependencies and restriction on time period in which transactions may be recorded.</p> <p>We tested the control environment using various techniques such as inquiry, review of documentation/record/reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our tests.</p> <p>Wherever deviations were noted either the same were explained to our satisfaction or we tested compensating controls and performed alternate procedures, where necessary, to draw comfort.</p>
<p>Classification and Provisioning for Advances (Refer to the accounting policies in note 1.5 and 5 of Schedule 17 and note 11.1 of schedule 18 to the consolidated financial statements)</p>	
<p>The Bank's portfolio of loans and advances to customers amounts to Rs. 2,06,783.17 crore (Net of Provisions) as at March 31, 2020 comprising of wholesale banking and Retail banking customer. As required under Income Recognition, Asset Classification and provisioning norms (IRAC norms) issued by the Reserve Bank of India (RBI), guidelines on COVID 19 related Regulatory Package dated March 27, 2020 and April 17, 2020 issued by the RBI ('Regulatory Package') and other relevant circulars, notifications and directives issued by the RBI, the Bank classifies advances into performing and non-performing advances (NPA) which consists of Standard, Sub-standard, Doubtful and Loss and makes appropriate provisions.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <p>Provisions for Corporate Advances against specific individual loans (Wholesale Banking Customer)</p> <ol style="list-style-type: none"> Tested the key controls over borrower risk grading for wholesale loans (larger customer exposures that are monitored individually) for classification of such loans as performing or non-performing advances. <ul style="list-style-type: none"> Tested on sample basis, the approval of new lending facilities against the Bank's credit policies, the performance of annual loan assessments, and controls over the monitoring of credit quality. Assessed the process for classification by the Management including identification of non-performing assets.

Key audit matters	How our audit addressed the key audit matter
<p>The Bank is also required to apply its judgment:</p> <ol style="list-style-type: none"> a) to determine the identification and provisions required against NPA by applying quantitative as well as qualitative factors. b) to determine the potential impact of unprecedented COVID 19 pandemic on quality of assets of the Bank; and c) to identify sectors wherein the Bank perceives stress and make higher provisions. <p>Classification and Provisioning for Advances is a Key Audit Matter as the Bank has significant credit risk exposure to a large number of borrowers across a wide range of borrowers, products, industries and geographies and there is a high degree of complexity, uncertainty and judgment involved in recoverability of advances and estimation of provisions thereon.</p> <p>The same resulted in significant audit effort to address the risks around loan recoverability and the determination of related provisions.</p>	<ul style="list-style-type: none"> • Tested on sample basis loans to form our own assessment as to whether impairment events had occurred and to assess whether impairment had been identified in a timely manner. • For the selected non-performing advances, we assessed Management's forecast and inputs of recoverable cash flows, comments of auditors' of the borrowers in the audit report, valuation of underlying security and collaterals, estimate of recoverable amounts on default and other sources of repayment. • Held specific discussions with the Credit and Risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which need to be considered as NPA. <p>This included testing controls over the identification of exposures showing signs of stress, either due to internal factors specific to the borrower or external macroeconomic factors, and testing the timeliness of and the accuracy of risk assessments and risk grading against the requirements of the Bank's lending policies and IRAC norms issued by RBI.</p> <ol style="list-style-type: none"> 2. Performing credit assessments of a sample of corporate loans managed by a specific group assessed as higher risk or impaired, focusing on larger exposures assessed by the Bank as showing signs of deterioration, or in areas of emerging risk (assessed against external market conditions). We challenged the Bank's risk grading of the loan, their assessment of loan recoverability and the impact on the credit provision. To do this, we used the information on the Borrowers loan file, discussed the case with the concerned officials and senior management, and performed our own assessment of recoverability. <p>Provisions for Retail advances against specific individual loans (Retail Banking Customer)</p> <ol style="list-style-type: none"> 1. For retail loans (smaller customer exposures not monitored individually), tested controls over the systems which record lending arrears, delinquency buckets based on the number of days loans overdue, and calculate individual provisions. 2. Tested automated calculations and change management controls and evaluated the Bank's oversight of the portfolios, with a focus on controls over delinquency statistics monitoring.

Key audit matters	How our audit addressed the key audit matter
	<p>3. Tested on a sample basis the level of provisions held against different loan products based on the delinquency profile and challenged assumptions made in respect of expected recoveries, primarily from collateral held.</p> <p>Provisions estimated across loan portfolios (collective provision)</p> <p>1. Tested the Bank's processes for making collective provision;</p> <p>2. Validated the parameters used to calculate collective provisions with reference to IRAC norms, and Regulatory Package;</p> <p>3. Tested the completeness and accuracy of data transferred from underlying source systems used for computing collective provision;</p> <p>4. Re-performed, for a sample of retail and wholesale portfolios, the calculation of collective provisions, to determine the accuracy of the same;</p> <p>5. Reviewed the Bank's process for granting moratorium to borrowers as per the Regulatory Package announced by the RBI. We tested the completeness and accuracy of the data used for computing general provision in line with Regulatory package issued by RBI. With respect to additional provision made by the Bank on account of the impact of Covid-19 pandemic, we broadly reviewed the underlying assumptions and estimates used by the management for the same but as the extent of impact is dependent on future developments which are highly uncertain, we primarily relied on those assumptions and estimates. These assumptions and estimates are a subject matter of periodic review by the Bank.</p>

Emphasis of Matter

We draw attention to Schedule 18 - Note 12 to the consolidated financial statements which explains that the extent to which COVID-19 pandemic will impact the bank's operations and financial results is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Other Information

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report and Management Discussion and Analysis and other elements forming part of the Annual Report, but does not include the standalone financial statements, consolidated financial statements and our auditor's report thereon and the Pillar III Disclosures under the New Capital Adequacy Framework (Basel III disclosures). The other information is expected to be made available to us after the date of this report.

Our opinion on the consolidated financial statements does not cover the other information and the Basel III disclosures and accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Bank's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder, provision of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank, its subsidiary company and associate company, which are companies incorporated in India, have adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Bank and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

- (a) The accompanying consolidated financial statements include Bank's share of net profit of ₹ 0.32 crores for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. This 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, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid associate, is based solely on the report of such other auditor.

- (b) The audit of consolidated financial statements for the year ended March 31, 2019, was carried out and reported by S.R. Batliboi & Co. LLP, vide their unmodified audit report dated May 22, 2019, whose report has been furnished to us by the management and which has been relied upon by us for the purpose of our audit of the consolidated financial statements.

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 report of the other auditor.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of the associate, as noted in the Other Matters section above 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 purpose of our audit of the aforesaid consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor;
- c. 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 for the purpose of preparation of the consolidated financial statements;
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder to the extent they are not inconsistent with accounting policies prescribed by RBI;
- e. On the basis of the written representations received from the directors of the Bank as on March 31, 2020 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its subsidiary company and associate company, incorporated in India, none of the directors of the Group companies and its associate company, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of section 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank, its subsidiary company and its associate company incorporated in India and the operating effectiveness of such controls, refer to our separate report in the "Annexure";
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act;

In our opinion and to the best of our information and according to the explanations given to us by the Bank and the reports of the statutory auditors of its subsidiary company and associate company, incorporated in India, the remuneration paid/provided to its directors during the year by the subsidiary company and associate company incorporated in India is in accordance with the provisions of section 197 of the Act. Further, requirement prescribed under section 197 of the Act is not applicable to the Bank by virtue of section 35B(2A) of the Banking Regulation Act, 1949.

- h. With respect to the other matters to be included in the Auditor's 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 of pending litigations on the consolidated financial position of the Group and its associate - Refer Schedule 12 and Note 4 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 – Refer Note 5 of Schedule 18 to the consolidated financial statements in respect of such items as it relates to the Group and its associate;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank, its subsidiary company and associate company incorporated in India.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Purushottam Nyati

Partner

Membership No. 118970

UDIN: 20118970AAAABI1950

Place: Mumbai

Date: April 27, 2020

Annexure to the Independent Auditor's Report

[Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of IndusInd Bank Limited on the consolidated financial statements for the year ended March 31, 2020]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of IndusInd Bank Limited ("the Bank") as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of the Bank, its subsidiary company and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Bank, its subsidiary company and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (the "Guidance Note") 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Bank, its subsidiary company and its associate company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Bank, its subsidiary company and its associate company.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reporting of other auditor as mentioned in Other Matters paragraph below, the Bank, its subsidiary company and its associate company, which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to an associate company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Purushottam Nyati

Partner

Membership No. 118970

UDIN: 20118970AAAABI1950

Place: Mumbai

Date: April 27, 2020

Consolidated Balance Sheet as at March 31, 2020

	Schedule	As at 31.03.2020	Rupees in '000s As at 31.03.2019
CAPITAL AND LIABILITIES			
Capital	1	693,53,57	602,68,69
Employee Stock Options Outstanding	18(Note 9)	9,47,82	11,18,84
Share Warrants Subscription Money	18(Note 2)	673,81,53	-
Reserves and Surplus	2	33371,20,25	26073,36,99
Deposits	3	202026,99,06	194867,90,69
Borrowings	4	60753,54,94	47321,12,24
Other Liabilities and Provisions	5	9700,03,30	8944,42,55
TOTAL		307228,60,47	277820,70,00
ASSETS			
Cash and Balances with Reserve Bank of India	6	13682,58,23	9961,17,40
Balances with Banks and Money at Call and Short Notice	7	2371,52,36	4822,22,67
Investments	8	59938,44,09	59268,04,38
Advances	9	206783,16,36	186393,50,14
Fixed Assets	10	1870,87,56	1710,01,16
Other Assets	11	22582,01,87	15665,74,25
TOTAL		307228,60,47	277820,70,00
Contingent Liabilities	12	967601,83,32	952668,44,61
Bills for Collection		22573,29,23	32971,50,77
Significant Accounting Policies	17		
Notes to the 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 and on behalf of Board of Directors

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No: 103523W/W100048

per Purushottam Nyati

Partner

Membership No: 118970

Arun Tiwari

Chairman

DIN: 05345547

Sanjay Asher

Director

DIN: 00008221

S. V. Zaregaonkar

Chief Financial Officer

Sumant Kathpalia

Managing Director

DIN: 01054434

Bhavna Doshi

Director

DIN: 00400508

Haresh Gajwani

Company Secretary

M. No. ACS - 18225

Place : Mumbai

Date : April 27, 2020

Consolidated Profit and Loss Account for the year ended March 31, 2020

	Schedule	Year ended 31.03.2020	Rupees in '000s Year ended 31.03.2019
I. INCOME			
Interest Earned	13	28782,82,99	22261,15,05
Other Income	14	6952,67,15	5646,71,89
TOTAL		35735,50,14	27907,86,94
II. EXPENDITURE			
Interest Expended	15	16724,08,56	13414,96,68
Operating Expenses	16	8182,58,73	6405,29,76
Provisions and Contingencies	18 (Note 11.1)	6370,96,30	4787,12,11
TOTAL		31277,63,59	24607,38,55
III. PROFIT			
Net Profit for the year		4457,86,55	3300,48,39
Add : Share in profit / (loss) of Associate		31,51	26,93
Profit brought forward		11108,21,22	9313,10,72
Additions on Amalgamation	18 (Note 1)	443,32,77	-
TOTAL		16009,72,05	12613,86,04
IV. APPROPRIATIONS			
a) Transfer to Statutory Reserve		1104,47,82	825,27,45
b) Transfer to Capital Reserve		164,12,88	39,53,24
c) Transfer to Investment Reserve Account		(40,52,98)	-
d) Transfer to Investment Fluctuation Reserve Account		203,78,18	115,11,90
e) Dividend paid including tax on dividend [Refer Schedule 18(Note 11.2)]		626,51,82	542,93,85
f) Deductions during the year		426,14,43	(17,21,62)
		2484,52,15	1505,64,82
Balance carried over to the Balance Sheet		13525,19,90	11108,21,22
TOTAL		16009,72,05	12613,86,04
V. EARNINGS PER EQUITY SHARE (Face value of ₹ 10/- per share)			
Basic (₹)	18 (Note 10.5)	64.33	54.89
Diluted (₹)	18 (Note 10.5)	64.10	54.45
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 Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No: 103523W/W100048

Arun Tiwari
Chairman
DIN: 05345547

Sumant Kathpalia
Managing Director
DIN: 01054434

per Purushottam Nyati
Partner
Membership No: 118970

Sanjay Asher
Director
DIN: 00008221

Bhavna Doshi
Director
DIN: 00400508

Place : Mumbai
Date : April 27, 2020

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary
M. No. ACS - 18225

Consolidated Cash Flow Statement for the year ended March 31, 2020

	Year ended 31.03.2020	Rupees in '000s Year ended 31.03.2019
A. Cash Flow from Operating Activities		
Net Profit before taxation	6176,72,76	4979,95,85
Adjustments for :		
Depreciation on Fixed assets	290,94,49	228,85,18
Depreciation on Investments	474,93,09	173,47,21
Employees Stock Option expenses	36,53	30,33
Loan Loss and Other Provisions	4177,17,16	2934,17,44
Amortisation of premium on HTM investments	457,76,37	294,40,10
(Profit) / Loss on sale of fixed assets	8,61,50	1,17,50
Share in current period profit of Associate	31,51	26,93
Operating Profit before Working Capital changes	11586,83,41	8612,60,54
Adjustments for :		
(Increase) / Decrease in Advances	(20845,89,11)	(44374,01,80)
(Increase) / Decrease in Investments	(1602,89,17)	(9657,58,30)
(Increase) / Decrease in Other Assets	(6255,93,35)	(2979,60,45)
Increase / (Decrease) in Deposits	7312,19,99	43228,73,26
Increase / (Decrease) in Other Liabilities	(962,71,44)	1105,36,64
Cash generated from / (used in) Operations	(10768,39,67)	(4064,50,11)
Direct Taxes paid (net of refunds)	(2138,95,52)	(2324,44,76)
Net Cash generated from / (used in) Operating Activities	(12907,35,19)	(6388,94,87)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (including WIP)	(420,47,01)	(643,46,44)
Proceeds from sale of Fixed Assets	4,31,51	5,52,73
Net Cash used in Investing Activities	(416,15,50)	(637,93,71)
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares (net of issue expenses)	60,60,09	100,54,25
Dividends paid	(626,51,82)	(542,93,85)
Proceeds from Perpetual Debt instruments	-	1489,90,00
Proceeds from issue of share warrants	673,81,53	-
Increase / (Decrease) in Borrowings	12624,79,71	7542,14,42
Net Cash generated from / (used in) Financing Activities	12732,69,51	8589,64,82
Effect of foreign currency translation reserve	20,98,16	4,76,09
Net Increase / (Decrease) in Cash and Cash Equivalents	(569,83,02)	1567,52,33
Cash and Cash Equivalents at the beginning of the year	14783,40,07	13215,87,74
Cash and Cash Equivalents acquired on Merger	1840,53,54	-
Cash and Cash Equivalents at the end of the year	16054,10,59	14783,40,07

Notes:

- The above Consolidated Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements.
- Figures in bracket indicate cash outflow.
- 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 and on behalf of Board of Directors**For Haribhakti & Co. LLP**

Chartered Accountants

Firm Registration No: 103523W/W100048

Arun Tiwari

Chairman

DIN: 05345547

Sumant Kathpalia

Managing Director

DIN: 01054434

per Purushottam Nyati

Partner

Membership No: 118970

Sanjay Asher

Director

DIN: 00008221

Bhavna Doshi

Director

DIN: 00400508

Place : Mumbai

Date : April 27, 2020

S. V. Zaregaonkar

Chief Financial Officer

Haresh Gajwani

Company Secretary

M. No. ACS - 18225

Schedules to the Consolidated Financial Statements

	As at 31.03.2020	Rupees in '000s As at 31.03.2019
SCHEDULE - 1 CAPITAL		
Authorised Capital		
85,70,00,000 (Previous year 70,00,00,000) equity shares of ₹ 10 each	857,00,00	700,00,00
Issued, Subscribed and Called Up Capital		
69,35,35,738 (Previous year 60,26,86,868) equity shares of ₹ 10 each	693,53,57	602,68,69
Paid up Capital		
69,35,35,738 (Previous year 60,26,86,868) equity shares of ₹ 10 each [Refer Schedule 18(Note 2)]	693,53,57	602,68,69
TOTAL	693,53,57	602,68,69
SCHEDULE - 2 RESERVES AND SURPLUS		
I Statutory Reserve		
Opening balance	4649,54,14	3824,26,69
Additions on Amalgamation [Refer Schedule 18(Note 1)]	524,20,19	-
Additions during the year	1104,47,82	825,27,45
	6278,22,15	4649,54,14
II Share Premium Account		
Opening balance	9572,91,89	9471,15,41
Additions on Amalgamation [Refer Schedule 18(Note 1)]	2791,72,88	-
Additions during the year	61,44,54	101,76,48
	12426,09,31	9572,91,89
III General Reserve		
Opening balance	1,35,57	1,35,57
Additions during the year	6,97,27	-
	8,32,84	1,35,57
IV Capital Reserve		
Opening balance	262,90,04	223,36,80
Additions during the year	164,12,88	39,53,24
	427,02,92	262,90,04
V Capital Reserve on Consolidation		
Opening balance	35	35
Additions during the year	-	-
	35	35
VI Investment Allowance Reserve		
Balance as at the end of the year	1,00,00	1,00,00
Deductions during the year	(1,00,00)	-
	-	1,00,00
VII Investment Reserve Account		
Opening balance	40,52,98	40,52,98
Deductions during the year	(40,52,98)	-
	-	40,52,98

Schedules to the Consolidated Financial Statements (Contd.)

	As at 31.03.2020	Rupees in '000s As at 31.03.2019
VIII Investment Fluctuation Reserve		
Opening balance	115,11,90	-
Additions during the year	203,78,18	115,11,90
	318,90,08	115,11,90
IX Revaluation Reserve		
Opening balance	325,55,16	362,20,33
Reduction during the year	-	(29,69,37)
Deductions during the year	(5,97,27)	(6,95,80)
	319,57,89	325,55,16
X Foreign Currency Translation Reserve		
Opening balance	(3,76,26)	(8,52,35)
Credits during the year	20,98,16	4,76,09
	17,21,90	(3,76,26)
XI Amalgamation Reserve		
Opening balance	-	-
Additions on Amalgamation [Refer Schedule 18(Note 1)]	50,62,91	-
	50,62,91	-
XII Balance in the Profit and Loss Account	13525,19,90	11108,21,22
TOTAL	33371,20,25	26073,36,99
SCHEDULE - 3 DEPOSITS		
A I Demand Deposits		
i) From Banks	351,26,32	597,47,82
ii) From Others	28075,92,85	28986,99,87
II Savings Bank Deposits	53129,82,68	54485,66,51
III Term Deposits		
i) From Banks	12814,76,45	8781,87,79
ii) From Others	107655,20,76	102015,88,70
TOTAL	202026,99,06	194867,90,69
B Deposits of Branches		
I In India	202026,99,06	194867,90,69
II Outside India	-	-
TOTAL	202026,99,06	194867,90,69
SCHEDULE - 4 BORROWINGS		
I Borrowings in India		
i) Reserve Bank of India	515,00,00	-
ii) Other Banks	6140,35,86	1715,54,93
iii) Other Institutions and Agencies	27214,87,19	20468,73,76
iv) Long Term Infrastructure Bonds	2000,00,00	2000,00,00
v) Unsecured Non-Convertible Perpetual Non-Cumulative Bonds (Subordinated Additional Tier 1 Capital)	3489,90,00	3489,90,00
II Borrowings outside India	21393,41,89	19646,93,55
TOTAL	60753,54,94	47321,12,24
Secured borrowings, other than Market repo borrowings, including tri-party repo, and borrowings from RBI under Liquidity Adjustment Facility / Marginal Standing Facility	-	-

Schedules to the Consolidated Financial Statements (Contd.)

	As at 31.03.2020	Rupees in '000s As at 31.03.2019
SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS		
I Inter-office Adjustments (Net)	94,06,52	274,81,49
II Bills Payable	476,89,93	573,66,27
III Interest Accrued	1276,60,46	1184,36,65
IV Others	7852,46,39	6911,58,14
TOTAL	9700,03,30	8944,42,55
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I Cash in hand (including foreign currency notes)	1408,36,02	964,47,15
II Balances with Reserve Bank of India		
i) In Current Account	12274,22,21	8996,70,25
ii) In Other Accounts	-	-
TOTAL	13682,58,23	9961,17,40
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I In India		
i) Balances with Banks		
a) In Current Accounts	140,36,47	650,43,54
b) In Other Deposit Accounts	1000,49,62	1954,75,00
ii) Money at Call and Short Notice - Banks / Other Institutions	-	-
TOTAL	1140,86,09	2605,18,54
II Outside India		
i) In Current Accounts	1064,19,97	1387,18,13
ii) In Other Deposit Accounts	-	-
iii) Money at Call and Short Notice	166,46,30	829,86,00
TOTAL	1230,66,27	2217,04,13
GRAND TOTAL	2371,52,36	4822,22,67
SCHEDULE - 8 INVESTMENTS		
I In India		
Gross Value	61148,22,06	59650,10,37
Less : Aggregate of provision / depreciation	1361,10,97	382,05,99
Net value of Investments in India	59787,11,09	59268,04,38
Comprising :		
i) Government securities *	52596,92,97	48644,76,19
ii) Other approved securities	-	-
iii) Shares	617,67,12	129,36,15
iv) Debentures and bonds	2685,86,89	5290,03,44
v) Subsidiaries and / or Joint Ventures	-	-
vi) Others - Certificate of Deposits, Commercial Papers, Security Receipts, Pass Through Certificates, Units of schemes of Mutual Funds, Venture Capital Funds and Others	3884,43,72	5201,99,72
vii) Associate ⁽¹⁾	2,20,39	1,88,88

Schedules to the Consolidated Financial Statements (Contd.)

	As at 31.03.2020	Rupees in '000s As at 31.03.2019
II Outside India		
Gross Value	151,33,00	-
Less : Aggregate of provision / depreciation	-	-
Net value of Investments outside India	151,33,00	-
Comprising :		
i) Government securities	151,33,00	-
TOTAL	59938,44,09	59268,04,38
* Includes securities of ₹ 1,091.20 crores (Previous year ₹ 1,105.22 crores) pledged for clearing facility and margin requirements		
(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)	2,19,74	1,88,23
Less : Share of Unrealised Profit in Associate	-	-
TOTAL	2,20,39	1,88,88
SCHEDULE - 9 ADVANCES		
A		
i) Bills Purchased and Discounted	1230,30,17	587,37,01
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	53125,33,86	58066,82,92
iii) Term Loans	152427,52,33	127739,30,21
TOTAL	206783,16,36	186393,50,14
B		
i) Secured by Tangible Assets (including advances against book debts)	154018,90,39	146489,54,88
ii) Covered by Bank / Government Guarantees (including advances against L/Cs issued by Banks)	2880,88,06	2459,80,00
iii) Unsecured	49883,37,91	37444,15,26
TOTAL	206783,16,36	186393,50,14
C		
I Advances in India		
i) Priority Sector	66350,94,50	60348,94,68
ii) Public Sector	3537,15,08	6603,98,65
iii) Banks	-	-
iv) Others	130602,44,57	114893,16,77
TOTAL	200490,54,15	181846,10,10
II Advances Outside India	6292,62,21	4547,40,04
TOTAL	206783,16,36	186393,50,14

Schedules to the Consolidated Financial Statements (Contd.)

	As at 31.03.2020	Rupees in '000s As at 31.03.2019
SCHEDULE - 10 FIXED ASSETS		
I Premises		
i) At cost, as at the beginning of the year	874,15,74	575,64,31
ii) Revaluation during the year	-	(29,69,37)
iii) Additions on amalgamation	-	-
iv) Additions during the year	-	329,56,52
	874,15,74	875,51,46
v) Less : Deductions on transfer to wholly owned subsidiary	-	-
vi) Less : Deductions during the year	-	1,35,71
vii) Less : Depreciation to date [Refer Schedule 18(Note 3.3)]	104,57,62	91,22,68
TOTAL	769,58,12	782,93,07
II Other Fixed Assets (including furniture and fixtures)		
i) At cost, as at the beginning of the year	2347,17,24	1945,09,81
ii) Additions on amalgamation	44,67,41	-
iii) Additions during the year	363,59,48	317,39,35
	2755,44,13	2262,49,16
iv) Less : Deductions on transfer to wholly owned subsidiary	47,08,86	-
v) Less : Deductions during the year	105,77,24	40,14,63
iv) Less : Depreciation to date [Refer Schedule 18(Note 3.3)]	1580,12,17	1317,21,21
TOTAL	1022,45,86	905,13,32
III Capital Work in Progress	78,83,58	21,94,77
GRAND TOTAL	1870,87,56	1710,01,16
SCHEDULE - 11 OTHER ASSETS		
I Interest Accrued	2641,65,30	1748,67,24
II Tax paid in advance / Tax deducted at source (net of provisions)	1575,40,38	1240,88,58
III Stationery and Stamps	81,20	51,34
IV Non-banking assets acquired in satisfaction of claims	365,34,57	368,87,55
V Others [including Deferred Tax Assets (Refer Schedule 18(Note 10.6))]	17998,80,42	12306,79,54
TOTAL	22582,01,87	15665,74,25
SCHEDULE - 12 CONTINGENT LIABILITIES		
I Claims against the Bank not acknowledged as debts	486,83,21	395,63,94
II Liability on account of outstanding Forward Exchange Contracts	423526,41,59	473430,65,55
III Liability on account of outstanding Derivative Contracts	457580,52,38	402254,88,57
IV Guarantees given on behalf of constituents		
- In India	58064,59,89	49676,58,49
- Outside India	611,00,00	783,23,73
V Acceptances, Endorsements and Other Obligations	26029,47,25	23398,38,34
VI Other Items for which the Bank is contingently liable	1302,99,00	2729,05,99
TOTAL	967601,83,32	952668,44,61

Schedules to the Consolidated Financial Statements (Contd.)

	Year ended on 31.03.2020	Rupees in '000s Year ended on 31.03.2019
SCHEDULE - 13 INTEREST EARNED		
I Interest / Discount on Advances / Bills	24008,24,57	18256,67,91
II Income on Investments	4282,19,28	3677,34,05
III Interest on Balances with Reserve Bank of India and other inter-bank funds	192,02,49	102,02,71
IV Others	300,36,65	225,10,38
TOTAL	28782,82,99	22261,15,05
SCHEDULE - 14 OTHER INCOME		
I Commission, Exchange and Brokerage	4615,80,71	4072,96,41
II Profit / (Loss) on Sale of Investments (Net)	552,56,14	115,11,90
III Profit / (Loss) on Sale of Land, Buildings and Other Assets (Net)	(8,61,50)	(1,17,50)
IV Profit on exchange transactions / Derivatives (Net)	1598,73,18	1359,31,10
V Income earned by way of dividend from companies in India	30,02	33,88
VI Miscellaneous Income	193,88,60	100,16,10
TOTAL	6952,67,15	5646,71,89
SCHEDULE - 15 INTEREST EXPENDED		
I Interest on Deposits	12907,94,14	10609,04,13
II Interest on Reserve Bank of India / Inter-Bank Borrowings	802,44,52	611,46,53
III Other Interest	3013,69,90	2194,46,02
TOTAL	16724,08,56	13414,96,68
SCHEDULE - 16 OPERATING EXPENSES		
I Payments to and Provisions for Employees	2819,63,82	1853,51,34
II Rent, Taxes and Lighting (includes operating lease rentals)	499,22,82	408,58,52
III Printing and Stationery	96,42,46	72,72,43
IV Advertisement and Publicity	58,04,92	40,46,82
V Depreciation on Bank's Property	290,94,49	228,85,18
VI Directors' Fees, Allowances and Expenses	3,90,13	3,67,92
VII Auditors' Fees and Expenses	2,57,95	197,03
VIII Law Charges	69,67,15	67,84,04
IX Postage, Telegrams, Telephones, etc.	156,85,22	141,56,71
X Repairs and Maintenance	381,44,32	335,62,77
XI Insurance	280,51,34	194,69,47
XII Service Provider Fees	592,69,01	459,97,54
XIII Other Expenditure	2930,65,10	2595,79,99
TOTAL	8182,58,73	6405,29,76

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 IndusInd Financial Inclusion Limited ('IFIL') was incorporated in August 6, 2018 under the Companies Act, 2013 with the purpose to act as business correspondent of IndusInd Bank Limited ("IBL"). The Company is a wholly owned subsidiary of IBL.
- 1.3 Subsequently, name of the wholly owned subsidiary "IndusInd Financial Inclusion Limited" (IFIL), has been changed to "Bharat Financial Inclusion Limited" (BFIL) vide certificate of incorporation pursuant to change of name dated August 2, 2019 issued by the Registrar of Companies, Mumbai.

1.4 Principles of Consolidation

The consolidated financial statements of the Group comprise the financial statements of IndusInd Bank Limited (the Bank), Bharat Financial Inclusion Limited (BFIL), a wholly owned subsidiary, and IndusInd Marketing and Financial Services Private Limited (IMFS), an Associate of the Bank.

The Bank consolidates its subsidiary in which it holds 100% control on a line by line basis by adding together like items of assets, liabilities, income and expenses in accordance with Accounting Standard 21 'Consolidated Financial Statement' specified under section 133 and relevant provision of the Companies Act, 2013 (as amended). Intragroup balances and intragroup transactions if any, are eliminated in full.

The investment in Associate is consolidated using equity method in accordance with Accounting Standard 23 Accounting for Investment in Associate in Consolidated Financial Statement specified under section 133 and relevant provision of the companies Act, 2013 (as amended). The difference between the cost of investment in the Associate and its share of net assets at the time of acquisition of shares in the Associate, is identified in the consolidated financial statements as goodwill or capital reserve, as the case may be.

1.5 Basis of preparation

The accompanying consolidated 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 consolidated 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 consolidated financial statements. Management believes that the estimates and assumptions used in the preparation of the consolidated 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 Subsidiary as under:

Name of the Associate	Country of Origin	% Shareholding of Group as at March 31, 2020	% Shareholding of Group as at March 31, 2019
Bharat Financial Inclusion Limited (formerly known as IndusInd Financial Inclusion Limited)	India	100%	100% (August 6, 2018)

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, 2020	% Shareholding of Group as at March 31, 2019
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.

IndusInd Bank Ltd:

- 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.

Bharat Financial Inclusion Ltd:

- 2.8 Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous consolidated financial statements, are recognised as income or as expenses in the year in which they arise.

3. Investments

IndusInd Bank Ltd:

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 and not included in the Cost of acquisition.
- (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 held under AFS and HFT categories are valued at the closing price on a recognised stock exchange, in accordance with the RBI guidelines. 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 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 recognized. Profit or loss on settlement of the short position is recognized 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.

- (xvii) Out of net profits earned during the year, transfer is made to Investment Fluctuation Reserve, for an amount not less than the lower of the (a) net profit on sale of investments during the year (b) net profit for the year less mandatory appropriations, till the balance in such Investment Fluctuation Reserve reaches a level of at least 2% of the aggregate HFT and AFS portfolio. Draw down, if any, from the Investment Fluctuation Reserve shall be in accordance with the applicable RBI guidelines.

- 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

IndusInd Bank Ltd:

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 Forward Contracts, Interest Rate Swaps, Currency Swaps, Cross Currency Interest Rate Swaps, Forward Rate Agreements, Interest Rate Futures, FX Futures, Currency Futures, etc. 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 market quotes 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 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

IndusInd Bank Ltd:

- 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 A general provision on standard assets is made in accordance with RBI guidelines. Such provision towards standard assets include a provision made on the standard advances of customers having Unhedged Foreign Currency Exposure (UFCE), which requires an assessment of the UFCE of a customer and estimation of the extent of loss likely to be suffered by the customer on account of the same. In respect of stressed advances which are not yet classified non-performing, contingent provisions are made prudentially. Provision made against standard assets is included in 'Other Liabilities and Provisions'.
- 5.3 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.
- 5.4 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.
- 5.5 Advances are disclosed in the Balance Sheet, net of specific provisions and interest suspended for non-performing advances, and floating provisions.
- 5.6 Advances exclude derecognised securitised advances, inter-bank participation certificates issued and bills rediscounted.
- 5.7 Amounts recovered during the year against bad debts written off in earlier years are recognised in the Profit and Loss account. 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 Further to the provisions held according to the asset classification status, provision is held in accordance with RBI guidelines for individual country exposures (other than for home country exposure), where the net funded exposure of a country is one percent or more of the total assets. Provision held for country risk is included under 'Other Liabilities and Provisions'.

6. Securitisation transactions, direct assignments and other transfers

IndusInd Bank Ltd:

- 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 securitization transactions are without recourse to the Bank. The transferred loans and such securitized receivables are de-recognized 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 recognized 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 recognized 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 securitization 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 recognized at the lower of redemption value of SR and the Net Book Value (NBV) of the financial asset sold, and the surplus is recognized 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 recognized in the Profit and Loss account.
- 6.5 The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

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. In case of revalued / impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised asset values. In case of premises, which are carried at revalued amounts, the depreciation on the excess of revalued amount over historical cost is transferred from Revaluation Reserve to General Reserve annually.
- 7.3 Depreciation, including amortisation of intangible assets, 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.

7.5 **Non-banking assets:**

IndusInd Bank Ltd:

Non-Banking Assets (NBAs) acquired in satisfaction of claims are carried at lower of net book value and net realisable value. Further, the Bank creates provision on non-banking assets as per specific RBI directions.

8. Revenue Recognition

IndusInd Bank Ltd:

- 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 The Bank in accordance with RBI circular FIDD.CO.Plan. BC.23/ 04.09.01/2015-16 dated April 7, 2016, trades in priority sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

Bharat Financial Inclusion Ltd (BFIL):

- 8.8 Services fees from IndusInd Bank Limited in the capacity of business correspondents are recognised on accrual basis by BFIL. All Other Income is recognised on an 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 Group are classified as operating leases. Lease rentals received under operating leases are recognized in the Profit and Loss account as per the terms of the contracts.

10. Employee Benefits

IndusInd Bank Ltd:

- 10.1 The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the year is recognized 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, under defined benefit plan 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.

Provident Fund contributions, under defined contribution plan, as required by the statute made to the government provident fund or to a fund set up by the Bank and administered by a board of trustees is debited to the Profit and Loss account when an employee renders the related service. The Bank has no further obligations.

In respect of employees who opted for contribution to the National Pension System (NPS) regulated by the Pension Fund Regulatory and Development Authority (PFRDA), the Bank contributes certain percentage of the basic salary, under a defined contribution plan, to identified pension fund management companies. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year in which it is incurred.

- 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.

Bharat Financial Inclusion Ltd (BFIL):

- 10.5 Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.
- 10.6 Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognised in full in the period in which they occur in the statement of profit and loss.
- 10.7 The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.
- 10.8 Accumulated leaves, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

10.9 The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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. It also includes income, expenses, assets and liabilities of BFIL.
- (d) **Other Banking Operations** includes all other operations not covered under Treasury, Corporate / Wholesale Banking and Retail Banking.
- (e) **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

IndusInd Bank Ltd:

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

IndusInd Bank Ltd:

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 recognized, 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 is unabsorbed depreciation and / or carry forward of losses under tax laws, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realized against future taxable income. Unrecognized 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 year. 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 recognized 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 group; or
 - (b) A present obligation arising from a past event which is not recognized 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 recognized or disclosed in the consolidated 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 recognized 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.

18. Corporate Social Responsibility

- 18.1 Expenditure incurred towards corporate social responsibility obligations in accordance with Companies Act, 2013, is recognised in the Profit and Loss account.

19. Grants

Bharat Financial Inclusion Ltd:

- 19.1 Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant / subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Such grants are either be shown separately under 'other income' or deducted in reporting the related expense. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

Schedule 18

Notes forming part of the Consolidated Financial Statements

1. **Merger of Bharat Financial Inclusion Limited ('BFIL')**

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.

BFIL was a company incorporated under the Companies Act 1956, and licensed by the RBI to operate as a Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI). BFIL was publicly held and was engaged primarily in providing micro finance services to women in the rural areas of India who are enrolled as members and organized as Joint Liability Groups (JLG), with operations spread across 16 states of India.

IndusInd Financial Inclusion Limited (IFIL) was incorporated on August 6, 2018 under the Companies Act, 1956 as a wholly owned subsidiary of the Bank after obtaining requisite RBI approval.

The Board of Directors of the Bank and BFIL at their respective meetings held on October 14, 2017 approved a Composite Scheme of Arrangement (Scheme), governed by (a) Section 230 – 232 of the Companies Act, 2013 (b) the RBI Master Direction on Amalgamation of Private Sector Banks that inter alia covers the amalgamation of an NBFC with a Banking Company, (c) regulations and guidelines of the Securities Exchange Board of India (SEBI) and (d) other applicable laws, rules and regulations. The Scheme contemplated, inter alia, the merger of BFIL with the Bank, a preferential allotment of Share Warrants to the Promoters, creation of a new Employee Stock Option Scheme to be granted to eligible BFIL employees, and a simultaneous transfer of Business Correspondent (BC) Undertaking contained in BFIL to a wholly owned subsidiary of the Bank. The Scheme was approved by the Competition Commission of India, the RBI, the Securities and Exchange Board of India / Stock Exchanges, and the respective Shareholders and Creditors. In accordance with the order passed by the Mumbai bench of the National Company Law Tribunal (NCLT) on June 10, 2019, the Scheme became effective on July 4, 2019 with Appointed date as January 1, 2018.

On July 4, 2019, the Effective Date, BFIL was amalgamated with the Bank as a going concern, the BC Undertaking contained in the amalgamated entity was transferred to IFIL as a going concern, and the erstwhile BFIL (e-BFIL) was liquidated without winding up. Further the name of the wholly owned subsidiary i.e. IndusInd Financial Inclusion Limited was changed to Bharat Financial Inclusion Limited.

According to the Scheme, upon its coming into effect, from the Appointed Date i.e. January 1, 2018, the entire undertaking of BFIL including its assets, liabilities and reserves and surplus stood transferred / deemed to be transferred to and vested in the Bank. In consideration of the transfer and vesting of the undertaking of BFIL, 639 equity shares of the Bank of the face value of ₹ 10 each fully paid was issued to shareholders of BFIL for every 1,000 equity shares of the face value of ₹ 10 each held by them on the record date i.e. July 4, 2019. Accordingly 8,96,17,781 equity shares of ₹ 10 each of the Bank were allotted at par to the shareholders of BFIL pursuant to approval of Finance Committee of the Bank, in their meeting held on July 6, 2019. The excess of the paid up value of equity shares of BFIL over the paid up value of equity shares issued as consideration amounting to ₹ 50.63 crore has been transferred to Amalgamation Reserve as per the Scheme of Amalgamation.

The amalgamation has been accounted using the pooling of interest method under Accounting Standard 14 – Accounting for amalgamation (AS 14). The assets, liabilities and reserves and surplus of e- BFIL were recorded by the Bank at their carrying amounts as on January 1, 2018 except for adjustments which were made to bring uniformity of accounting policies as required under AS 14. The impact of these adjustments was ₹ 270.44 crores which has been adjusted in the balance of Profit and Loss account. Timing differences, if any, arising on these adjustments have been accounted with corresponding adjustment to Deferred Tax Asset.

The results for the year ended March 31, 2020 are not comparable with that of the corresponding period of the previous year.

2. **Capital**

Capital Issue

Pursuant to the Scheme discussed in Note 1 becoming effective, on July 4, 2019, the authorised share capital of the Bank increased to ₹ 857.00 crores consisting of 85,70,00,000 equity shares of ₹ 10 each (Previous year ₹ 700.00 crores consisting of 70,00,00,000 equity shares of ₹ 10 each).

On July 6, 2019, pursuant to the approval of the Finance Committee, 8,96,17,781 equity shares of ₹ 10 each fully paid aggregating to an amount of ₹ 89.62 crores were allotted to the eligible equity shareholders of e-BFIL at the Share Exchange Ratio of 639:1000, as approved in the Scheme.

Further, in accordance with the Scheme, on July 6, 2019, pursuant to the approval of the Finance Committee, the Bank allotted 1,57,70,985 Share Warrants to the Promoters of the Bank on receipt of the subscription amount at 25% of the Share Warrant price of ₹ 1,709 per warrant, totalling to ₹ 673.82 crores. Each Share Warrant is convertible to one equity share of the Bank fully paid, upon exercise of the option by paying the remaining 75% within 18 months of allotment.

During the year, 12,31,089 equity shares of ₹ 10 each fully paid (Previous year 24,63,681 equity shares of ₹ 10 each fully paid) aggregating to an amount of ₹ 60.60 crores (Previous year ₹ 100.54 crores) which includes the share capital and share premium, were allotted on various dates to the employees who exercised their stock options.

3. Fixed Assets

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 Group has not obtained full possession of one property having written down value of ₹ 1.44 crores (Previous year ₹ 1.48 crores) and has filed a suit for the same.

3.2 Computer software

The movement in fixed assets capitalized as computer software is given below:

Particulars	(₹ in crores)	
	March 31, 2020	March 31, 2019
At cost at the beginning of the year	467.69	389.71
Addition due to scheme of Amalgamation	32.98	-
Addition during the year	85.06	78.01
Deduction during the year	0	0.03
Accumulated depreciation as at the end of the year	407.42	315.74
Closing balance as at the end of the year	178.31	151.95
Depreciation charge for the year	66.09	55.27

3.3 Movement in depreciation of Fixed Assets

Depreciation	(₹ in crores)	
	2019-20	2018-19
Premises		
At the beginning of the year	91.23	82.15
Transferred from Revaluation Reserve	-	6.03
Charge for the year	13.35	3.25
Deduction during the year	-	0.20
Depreciation to date	104.58	91.23
Other Fixed Assets		
At the beginning of the year	1,317.21	1,125.28
Addition in the Scheme of Amalgamation	77.75	-
Charge for the year	277.60	225.60
Deduction during the year	92.44	33.67
Depreciation to date	1,580.12	1,317.21

4. Contingent Liabilities

The Group's pending litigations include claims against the Group by clients and counterparties and proceedings pending with tax authorities. The Group has reviewed its pending litigations and proceedings and has adequately provided for where provisions are required, and disclosed as contingent liabilities where applicable. Claims against the Group not acknowledged as debts comprise of tax demands of ₹ 122.40 crores (Previous year ₹ 89.41 crores) in respect of which the Group is in appeal, and legal cases *sub judice* of ₹ 364.43 crores (Previous year ₹ 306.22 crores). The Group carries a provision of ₹ 4.52 crores (Previous year ₹ 4.52 crores) against cases *sub judice*. The amount of contingent liabilities is based on management's estimate, and it is not probable that any liability is expected to arise out of the same.

The Group has received demand order dated June 15, 2018 of ₹ 9.37 crores from Employees provident fund organization, Hyderabad. The Company filed Writ Petition before Hon'ble High court at Hyderabad against the said order and received interim stay against pre-deposit of ₹ 3.12 crores. The Company paid the same and have made provision in the books.

Contingent Liabilities not provided for on account of Provident Fund was ₹ 6.25 crores (Net of provision of ₹ 3.12 crores) (Previous year Nil).

The Judgment of the Hon'ble Supreme Court dated February 28, 2019, in the matter of The Regional Provident Fund Commissioner (II) West Bengal vs. Vivekananda Vidyamandir and Ors sets out principles for computation of contribution towards Provident Fund where "basic wage" includes all emoluments paid to an employee as per the terms of his / her contract of employment. The Judgment has also laid down the standards applicable to determine "basic wage" as the amount that is payable to all employees uniformly and is to be included within the definition of "basic wage". A review petition against this decision filed before the Hon'ble Supreme Court has been dismissed on August 28, 2019. The Group has implemented the direction given in the decision for computation of contribution towards Provident Fund, with effect from April 1, 2019. As the Group has been considering the reckonable components of salary for computation of contribution to Provident Fund in a liberal manner even prior to the decision, the Group is of the view that there is no liability pertaining to earlier years and consequently no effect has been given in the consolidated financial statement.

- The Group has a process to assess periodically all long term contracts (including derivative contracts), for material foreseeable losses. At the year end, the Group has reviewed and adequate provision as required under any law or an accounting standard for material foreseeable losses on such long term contracts (including derivative contracts), has been made.

6. Corporate Social Responsibility (CSR)

Amount required to be spent by the Group on CSR during the year is ₹ 108.11 crores (Previous year ₹ 88.62 crores).

Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹ 108.15 crores (Previous year ₹ 55.46 crores), which comprise of following:

(₹ in crores)

	Year ended March 31, 2020			Year ended March 31, 2019		
	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
Construction / acquisition of any asset	-	-	-	-	-	-
On purpose other than above	105.80	2.35	108.15	55.46	-	55.46
Total	105.80	2.35	108.15	55.46	-	55.46

7. Drawdown from Reserves

During the year ended March 31, 2020 and year ended March 31, 2019, the Group did not draw down from the reserves.

- There is no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Group (Previous year Nil).

9. Employee Stock Option Scheme

9.1 The shareholders of the Bank approved Employee Stock Option Scheme (ESOS 2007) on September 18, 2007. ESOS 2007 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.

In accordance with the Scheme discussed in Note 1, the shareholders of the Bank approved IBL Special Incentive ESOS for BFIL Merger 2018 (ESOS 2018) on December 11, 2018. The ESOS 2018 was adopted to ensure that the e-BFIL employees who would become part of the Bank upon merger and held options outstanding under various e-BFIL Employee Stock Option Plans on the Effective Date were provided parity in relation to the stock options so held as well as adequately incentivized with further options. Accordingly, the ESOS 2018 was approved with a pool of 57,50,000 options, that are equity settled where the eligible e-BFIL employees would receive one equity share per stock option. In respect of eligible e-BFIL employees who held options outstanding (vested and unvested) on the Effective Date, the number of options and the exercise price were adjusted to reflect the share exchange ratio of 639 equity shares of the Bank for every 1,000 shares of e-BFIL. In respect of eligible e-BFIL employees who were incentivized with new options under ESOS 2018, 50% of the same would vest over a period of three years from the grant date and the remaining 50% of the same would vest over a period of three years from the first anniversary of the grant date, and such options shall be exercised over a period of five years from vesting.

ESOS 2007 and ESOS 2018 are, hereinafter, collectively referred to as ESOS.

As at March 31, 2020, the Compensation Committee of the Bank has granted a total of 4,86,64,142 options that includes 4,33,76,336 options granted under ESOS 2007 and 52,87,806 options granted under ESOS 2018, as set out below:

ESOS 2007:

Sr. No	Date of grant	2019-20		2018-19	
		No of options	Range of exercise price (₹)	No of options	Range of exercise price (₹)
1.	18-Jul-08	1,21,65,000	48.00 - 50.60	1,21,65,000	48.00 - 50.60
2.	17-Dec-08	34,56,000	38.95	34,56,000	38.95
3.	05-May-09	8,15,500	44.00	8,15,500	44.00
4.	31-Aug-09	3,18,500	100.05	3,18,500	100.05
5.	28-Jan-10	7,47,000	48.00 - 140.15	7,47,000	48.00 - 140.15
6.	28-Jun-10	13,57,450	196.50	13,57,450	196.50
7.	14-Sep-10	73,500	236.20	73,500	236.20
8.	26-Oct-10	1,43,500	274.80	1,43,500	274.80
9.	17-Jan-11	25,00,000	228.70	25,00,000	228.70
10.	07-Feb-11	20,49,000	95.45 - 220.45	20,49,000	95.45 - 220.45
11.	24-Jun-11	21,54,750	253.60	21,54,750	253.60
12.	16-Aug-11	89,500	254.90	89,500	254.90
13.	30-Sep-11	2,61,000	262.25	2,61,000	262.25
14.	21-Dec-11	9,20,000	231.95	9,20,000	231.95
15.	29-Feb-12	1,95,000	304.05	1,95,000	304.05
16.	19-Apr-12	1,40,500	345.60	1,40,500	345.60
17.	25-May-12	1,34,500	304.55	1,34,500	304.55
18.	10-Jul-12	2,67,000	343.25	2,67,000	343.25
19.	29-Aug-12	1,14,000	319.05	1,14,000	319.05
20.	10-Oct-12	23,500	365.75	23,500	365.75
21.	09-Jan-13	30,000	433.75	30,000	433.75

Sr. No	Date of grant	2019-20		2018-19	
		No of options	Range of exercise price (₹)	No of options	Range of exercise price (₹)
22.	18-Apr-13	12,500	419.60	12,500	419.60
23.	20-Jun-13	1,75,000	478.45	1,75,000	478.45
24.	18-Jul-13	18,35,000	453.90	18,35,000	453.90
25.	23-Sep-13	75,000	411.50	75,000	411.50
26.	29-Oct-13	22,000	412.25	22,000	412.25
27.	29-Jan-14	7,67,500	300.00 - 389.85	7,67,500	300.00 - 389.85
28.	25-Mar-14	1,76,500	490.30	1,76,500	490.30
29.	15-May-14	65,500	537.05	65,500	537.05
30.	02-Jun-14	32,69,500	533.95	32,69,500	533.95
31.	09-Jul-14	33,000	551.10	33,000	551.10
32.	13-Oct-14	74,500	623.25	74,500	623.25
33.	17-Jan-15	47,500	831.85	47,500	831.85
34.	23-Feb-15	48,000	876.80	48,000	876.80
35.	30-Mar-15	11,000	880.75	11,000	880.75
36.	22-May-15	52,600	848.20	52,600	848.20
37.	24-Jul-15	16,30,000	949.80	16,30,000	949.80
38.	21-Sep-15	1,93,000	918.65	1,93,000	918.65
39.	04-Nov-15	93,500	911.85	93,500	911.85
40.	12-Jan-16	10,33,500	886.75 - 936.75	10,33,500	886.75 - 936.75
41.	12-May-16	13,500	1,053.75	13,500	1,053.75
42.	11-Jul-16	25,000	1,126.70	25,000	1,126.70
43.	23-Aug-16	2,76,000	1,186.75	2,76,000	1,186.75
44.	10-Oct-16	18,51,000	1,220.85	18,51,000	1,220.85
45.	16-Nov-16	33,500	1,093.10	33,500	1,093.10
46.	27-Jan-17	21,500	1,265.40	21,500	1,265.40
47.	24-Mar-17	49,000	1,383.90	49,000	1,383.90
48.	19-Apr-17	16,000	1,431.75	16,000	1,431.75
49.	09-May-17	69,000	1,424.85	69,000	1,424.85
50.	19-Jun-17	38,500	1,498.90	38,500	1,498.90
51.	11-Jul-17	35,000	1,560.35	35,000	1,560.35
52.	12-Oct-17	69,000	1,717.25	69,000	1,717.25
53.	11-Jan-18	43,000	1,734.10	43,000	1,734.10
54.	27-Mar-18	15,23,000	1,759.75	15,23,000	1,759.75
55.	08-May-18	64,000	1,889.80	64,000	1,889.80
56.	28-Sep-18	1,09,000	1,682.00	1,09,000	1,682.00
57.	20-Mar-19	85,000	1,725.20	85,000	1,725.20
58.	22-May-19	10,44,500	1,447.75		
59.	10-Oct-19	1,00,536	1,308.65		
60.	14-Jan-20	3,40,000	1,539.65		

ESOS 2018:

Sr. No	Date of grant	2019-20	
		No of options	Range of exercise price (₹)
1.	04-Jul-19	30,01,266	688.00 - 1,864.00
2.	12-Jul-19	22,86,540	1,541.25

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 recognized 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 closing price prior to the date of the meeting of the Compensation Committee in which stock options are granted, available on the stock exchange on which the shares of the Bank are listed. 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 ESOS 2007 is set out below

	2019-20		2018-19	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	89,84,273	992.08	1,13,16,874	854.18
Granted during the year	14,85,036	1,459.37	2,58,000	1,747.78
Forfeited / surrendered during the year	1,97,975	1,658.63	1,24,610	1,591.98
Exercised during the year	12,23,446	488.93	24,63,681	408.10
Expired during the year	2,540	279.62	2,310	253.60
Outstanding at the end of the year	90,45,348	1,122.47	89,84,273	992.08
Options exercisable at the end of the year	69,50,562	994.55	68,40,698	816.40

The weighted average market price of options exercised during the year is ₹ 1,437.49 (Previous year ₹ 1,554.61).

Stock option activity under ESOS 2018 is set out below

	2019-20	
	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	-	-
Granted during the year	52,87,806	1,518.28
Forfeited / surrendered during the year	2,16,314	1,519.22
Exercised during the year	7,643	1,024.05
Expired during the year	-	-
Outstanding at the end of the year	50,63,849	1,518.98
Options exercisable at the end of the year	20,68,465	1,479.80

The weighted average market price of options exercised during the year is ₹ 1,376.97 (Previous year Nil).

Following table summarizes the information about stock options outstanding as at March 31, 2020:

ESOS 2007:

Date of grant	2019-20			2018-19		
	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
17-Jan-11	-	-	-	228.70	1,70,000	-
24-Jun-11	-	-	-	253.60	17,620	0.23
21-Dec-11	231.95	1,73,600	0.25	231.95	2,53,000	0.73
29-Feb-12	-	-	-	304.05	34,000	0.92
19-Apr-12	345.60	14,500	0.05	345.60	29,000	1.05
25-May-12	304.55	1,360	0.15	304.55	3,093	1.15
10-Jul-12	343.25	74,800	0.28	343.25	1,47,400	1.28
10-Oct-12	-	-	-	365.75	2,700	1.53
20-Jun-13	478.45	6,100	1.22	478.45	27,000	2.22
18-Jul-13	453.90	79,367	0.92	453.90	1,46,480	2.30
23-Sep-13	-	-	-	411.50	10,000	2.48
29-Oct-13	412.25	880	1.58	412.25	2,560	2.58
29-Jan-14	389.85	2,030	1.50	389.85	2,030	2.84
29-Jan-14 A	300.00	4,69,000	1.34	300.00	7,00,000	2.84
25-Mar-14	490.30	100,250	1.25	490.30	1,25,000	2.99
15-May-14	537.05	3,000	1.47	537.05	3,000	3.13
02-Jun-14	533.95	11,18,950	1.32	533.95	13,66,510	3.18
09-Jul-14	551.10	1,700	2.27	551.10	1,700	3.28
13-Oct-14	623.25	14,715	1.94	623.25	20,100	3.54
17-Jan-15	831.85	37,000	1.81	831.85	37,000	3.80
23-Feb-15	-	-	-	876.80	1,040	3.90
30-Mar-15	880.75	7,680	2.18	880.75	8,380	4.00
22-May-15	848.20	5,000	2.15	848.20	5,000	4.15
24-Jul-15	949.80	6,84,850	2.42	949.80	7,85,210	4.32
21-Sep-15	918.65	11,000	2.49	918.65	11,000	4.48
04-Nov-15	911.85	9,690	2.95	911.85	58,580	4.60
12-Jan-16	936.75	1,190	3.79	936.75	2,345	4.79
12-Jan-16	886.75	10,00,000	2.80	886.75	10,00,000	4.79
12-May-16	1,053.75	3,275	4.10	1,053.75	3,275	5.12
11-Jul-16	1,126.70	11,500	3.38	1,126.70	16,890	5.28
23-Aug-16	1,186.75	1,89,500	3.73	1,186.75	1,99,180	5.40
10-Oct-16	1,220.85	17,33,000	3.61	1,220.85	17,83,680	5.53
16-Nov-16	1,093.10	4,540	4.09	1,093.10	6,520	5.64
27-Jan-17	1,265.40	12,550	4.04	1,265.40	16,550	5.83
24-Mar-17	1,383.90	44,330	4.04	1,383.90	47,990	5.99
19-Apr-17	1,431.75	12,010	4.15	1,431.75	14,020	6.06
09-May-17	1,424.85	69,000	4.12	1,424.85	69,000	6.11
19-Jun-17	1,498.90	32,750	4.38	1,498.90	33,420	6.22
11-Jul-17	1,560.35	35,000	4.29	1,560.35	35,000	6.28
12-Oct-17	1,717.25	65,000	4.55	1,717.25	65,000	6.54
11-Jan-18	1,734.10	41,000	4.80	1,734.10	43,000	6.79

Date of grant	2019-20			2018-19		
	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
27-Mar-18	1,759.75	13,29,220	5.00	1,759.75	14,23,000	6.99
08-May-18	1,889.80	50,975	4.87	1,889.80	64,000	7.11
28-Sep-18	1,682.00	93,500	5.51	1,682.00	1,09,000	7.50
20-Mar-19	1,725.20	67,000	5.98	1,725.20	85,000	7.98
22-May-19	1,447.75	9,94,000	6.16			
10-Oct-19	1,308.65	1,00,536	6.54			
14-Jan-20	1,539.65	3,40,000	6.80			

ESOS 2018:

Date of grant	2019-20		
	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
04-Jul-19	668.00- 1,864.00	28,75,689	4.39
12-Jul-19	1,541.25	21,88,160	6.29

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:

	2019-20	2018-19
Average dividend yield	0.49 - 0.57%	0.40 - 0.45%
Expected volatility	24.78 - 28.08%	22.51 - 28.30%
Risk free interest rates	6.11 - 6.93%	6.91 - 8.09%
Expected life of options (in years)	4.82	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, 2020 is ₹ 0.37 crores (Previous year ₹ 0.30 crores). Had the Bank adopted the Black-Scholes model based fair valuation, compensation cost for the year ended March 31, 2020, would have increased by ₹ 73.01 crores (Previous year ₹ 91.80 crores) and the *pro forma* profit after tax would have been lower by ₹ 54.64 crores (Previous year ₹ 59.72 crores). On a *pro forma* basis, the basic and diluted earnings per share would have been as follows:

Particulars	March 31, 2020	March 31, 2019
<i>Pro forma</i> basis		
Basic earnings per share ₹	63.55	53.89
Diluted earnings per share ₹	63.31	53.46

The weighted average fair value of options granted during the year 2019-20 is ₹ 508.22 (Previous year ₹ 594.84).

10. Disclosures – Accounting Standards
10.1 Employee Benefits (AS-15)
Gratuity:

Gratuity is a defined benefit plan. The Group has obtained qualifying insurance policies from insurance companies approved by the IRDA. The following table presents a summary of the components of net expenses recognized in the Profit and Loss account and funded status and amounts recognized in the Balance Sheet, on the basis of actuarial valuation.

	(₹ in crores)	
	March 31, 2020	March 31, 2019
Changes in the present value of the obligation		
1. Opening balance of Present Value of Obligation	110.52	89.48
2. Addition on amalgamation	49.35	-
3. Interest Cost	10.13	6.31
4. Current Service Cost	26.85	17.94
5. Benefits Paid	(17.80)	(11.43)
6. Actuarial loss / (gain) on Obligation	15.99	8.22
7. Closing balance of Present Value of Obligation	195.04	110.52
Reconciliation of opening and closing balance of the fair value of the Plan Assets		
1. Opening balance of Fair value of Plan Assets	116.97	93.52
2. Addition on amalgamation	40.10	-
3. Adjustment to Opening Balance	0.79	0.26
4. Expected Return on Plan assets	11.48	7.01
5. Expenses	-	-
6. Contributions	36.03	29.46
7. Benefits Paid	(17.80)	(11.43)
8. Actuarial gain / (loss) on Plan Assets	(2.69)	(1.85)
9. Closing balance of Fair Value of Plan Assets	184.88	116.97
Profit and Loss – Expenses		
1. Current Service Cost	26.85	17.94
2. Interest Cost	10.13	6.31
3. Expected Return on Plan assets	(11.48)	(7.01)
4. Expenses	-	-
5. Net Actuarial loss recognised in the year	18.68	10.07
6. Expenses recognised in the Profit and Loss account	44.18	27.31
Funded status	100% insurance managed funds	100% insurance managed funds
Actuarial Assumptions		
IndusInd Bank Ltd:		
1. Discount Rate	6.84 - 6.90%	7.50 - 7.68%
2. Expected Rate of Return on Plan Assets	6.48 - 8.00%	4.22 - 8.00%
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%

(₹ in crores)

	March 31, 2020	March 31, 2019
Bharat Financial Inclusion Ltd:		
1. Discount Rate	6.43%	-
2. Expected Rate of Return on Plan Assets	6.43%	-
3. Expected Rate of Salary Increase	12.5% for the first two years and 7% there after	-
4. Employee Attrition Rate	15%	-

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

Particulars	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Defined Benefit Obligations	195.04	110.52	89.48	75.31	61.67
Plan Assets	184.88	116.97	93.52	81.53	65.34
Surplus / (Deficit)	(10.16)	6.45	4.04	6.21	3.67
Experience Adjustments on Plan Liabilities	(9.24)	(8.22)	0.92	(4.07)	(7.60)
Experience Adjustments on Plan Assets	(2.69)	(1.85)	(4.32)	1.22	(0.80)

Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date is ₹ 50.83 crores (Previous year ₹ 35 crores).

Provident Fund

Contribution towards Provident Fund are made to trusts separately established for the purpose and the scheme administered by Regional Provident Fund Commissioner (RPFC), as applicable. In accordance with 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, interest shortfall is provided for based on actuarial valuation.

(₹ in crores)

	March 31, 2020	March 31, 2019
Assets / Liabilities		
Present value of Interest Rate guarantee on Provident Fund	7.77	1.75
Present value of Total Obligation	226.51	195.52
Fair value of Plan Assets	227.06	197.08
Net asset / (liability) recognized in the Balance Sheet	0.55	1.56
Assumptions		
Normal Retirement age	60 years	60 years
Expected guaranteed interest on PF in future	8.65%	8.65%
Discount rate	6.84-7.00%	7.60-7.80%
Expected average remaining working lives of employees (years)	10.22-21.89	11.16-24.91
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

Compensated Absence

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. The details of the fund and plan assets position are as follows:

	(₹ in crores)	
	March 31, 2020	March 31, 2019
Total actuarial liability	88.48	65.09
Total expense included in Schedule 16(l)	11.86	17.06
Assumptions		
IndusInd Bank Ltd:		
Discount Rate	6.84%	7.68%
Salary escalation rate	5.00%	5.00%
Bharat Financial Inclusion Ltd:		
Discount Rate	6.43%	-
Salary escalation rate	12.5% for the first two years and 7% there after	-

10.2 Segment Reporting (AS 17)

The Group 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 Group.

Business Segments

Business Segment	(₹ in crores)									
	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operation		Total	
Particulars	31/03/20	31/03/19	31/03/20	31/03/19	31/03/20	31/03/19	31/03/20	31/03/19	31/03/20	31/03/19
Revenue	5,745.44	4,417.55	10,102.82	9,044.90	20,037.03	15,052.34	118.19	69.69	36,003.48	28,584.48
Inter Segment Revenue									(267.98)	(676.61)
Total Income									35,735.50	27,907.87
Result	806.70	483.57	3,359.53	2,790.64	6,913.16	5,019.61	40.37	22.63	11,119.76	8,316.45
Unallocated Expenses									(290.94)	(228.85)
Operating Profit									10,828.82	8,087.60
Provisions and Contingencies (other than tax)									(4,652.10)	(3,107.65)
Tax Expenses									(1,718.86)	(1,679.47)
Extraordinary profit / loss									-	-
Net Profit before share of Associate									4,457.86	3,300.48
Add: Share of Profit in Associate									0.32	0.27
Net Profit									4,458.18	3,300.75
Other Information:										
Segment Assets	71,981.25	69,884.49	90,656.85	83,007.71	1,29,284.75	1,14,130.74	-	-	2,91,922.85	2,67,022.94
Unallocated Assets									15,305.75	10,797.76
Total Assets									3,07,228.60	2,77,820.70
Segment Liabilities	61,424.48	47,955.99	80,730.65	87,976.08	1,22,615.31	1,08,289.81	-	-	2,64,770.44	2,44,221.88
Unallocated Liabilities									42,458.16	33,598.82
Total Liabilities									3,07,228.60	2,77,820.70

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, dividend and others.

The above information is provided as per MIS for internal reporting purpose and relied upon by the auditors

Geographic Segments: The business operations of the Group 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 Group does not have material earnings emanating from foreign operations, the Group is considered to operate only in domestic segment.

10.3 Related party transactions (AS-18)

The following is the information on transactions with related parties:

Key Management Personnel (KMP)

Mr. Romesh Sobti, Managing Director (upto March 23, 2020)

Mr. Sumant Kathpalia, Managing Director (w.e.f. March 24, 2020)

Relatives of KMP

Mrs. Anita Sobti, Mr. Gaurav Sobti, Ms. Aanchal Sobti Mitra, Mrs. Ira Kathpalia, Mr. Karan Kathpalia

Associates

IndusInd Marketing and Financial Services Private Limited

The following represents the significant transactions between the Group and such related parties including relatives of above mentioned KMP during the year ended March 31, 2020:

Particulars	Parent (as per ownership control)*	Subsidiaries*	Associates/ Joint Venture*	Key Management Personnel	Relatives of Key Management Personnel	(₹ in crores)
						Total
Borrowings	-	-	-	-	-	-
Deposits	-	-	-	12.45 (34.68)	10.38 (10.43)	22.83 (45.11)
Placement of deposits	-	-	-	-	-	-
Advances	-	-	-	0.57 (0.57)	-	0.57 (0.57)
Investment	-	-	-	-	-	-
Non-funded commitments	-	-	-	-	-	-
Leasing / HP arrangements availed	-	-	-	-	-	-
Leasing / HP arrangements provided	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Interest paid	-	-	-	0.35	0.01	0.36
Interest received	-	-	-	0.00	-	0.00
Rendering of services	-	-	-	-	-	-
Receiving of services	-	-	-	-	-	-
Management contracts	-	-	-	-	-	-

Figures in bracket represent maximum balance outstanding during the year.

The following represents the significant transactions between the Group and such related parties including relatives of above mentioned KMP during the year ended March 31, 2019:

(₹ in crores)

Particulars	Parent (as per ownership control)*	Subsidiaries*	Associates/ Joint Venture*	Key Management Personnel*	Relatives of Key Management Personnel*	Total
Borrowings	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-
Advances	-	-	-	-	-	-
Investment	-	-	-	-	-	-
Non-funded commitments	-	-	-	-	-	-
Leasing / HP arrangements availed	-	-	-	-	-	-
Leasing / HP arrangements provided	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-
Interest received	-	-	-	-	-	-
Rendering of services	-	-	-	-	-	-
Receiving of services	-	-	-	-	-	-
Management contracts	-	-	-	-	-	-

*In accordance with RBI guidelines dated March 29, 2003 "Guidance on compliance with the accounting standards by banks", details pertaining to the related party transactions have not been provided where there is only one related party in each of the above categories.

10.4 Operating Leases (AS 19)

The Group has taken a number of premises on operating lease for branches, offices, ATMs and residential premises for staff. The Group has not given any assets on operating lease. The details of maturity profile of future operating lease payments are given below:

(₹ in crores)

	March 31, 2020	March 31, 2019
Future lease rentals payable as at the end of the year:		
- Not later than one year	322.34	316.51
- Later than one year but not later than five years	983.10	1,021.65
- Later than five years	379.31	523.24
Total of minimum lease payments recognized in the Profit and Loss Account for the year	376.61	298.40
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-lease	-	-
Sub-lease payments recognized in the Profit and Loss account for the year	-	-

The Group has not sub-let 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.

10.5 Earnings per share (AS 20)

The dilutive impact is mainly due to stock options granted to employees by Group. Details pertaining to earnings per share as per AS 20 are as under:

	For the Year ended	
	March 31, 2020	March 31, 2019
Net Profit after tax (₹ in crores)	4,458.18	3,300.75
Basic weighted average number of equity shares	69,29,66,902	60,13,45,091
Diluted weighted average number of equity shares	69,55,42,990	60,61,87,857
Nominal value of Equity Shares (₹)	10	10
Basic Earnings per Share (₹)	64.33	54.89
Diluted Earnings per Share (₹)	64.10	54.45

The difference between weighted average number of equity shares outstanding between basic and diluted earnings per share in the above mentioned disclosure is on account of effect of potential equity shares for outstanding ESOPs.

10.6 Deferred Tax (AS 22)

The major components of deferred tax assets / liabilities are as under:

	(₹ in crores)			
	March 31, 2020		March 31, 2019	
	Deferred Tax		Deferred Tax	
	Assets	Liabilities	Assets	Liabilities
Timing difference on account of				
Difference between depreciation as per the books of account and depreciation under the Income Tax Act, 1961	-	4.20	-	8.47
Difference between Provisions for doubtful debts and advances and amount allowable under Section 36(1)(vii) of the Income Tax Act, 1961	1,145.77	-	976.24	-
Difference between income as per the books of account and income offered under the Income Tax Act, 1961	-	285.67	-	352.76
Others	94.73	-	56.08	-
Sub-total	1,240.50	289.87	1,032.32	361.23
Net closing balance carried to the Balance Sheet (included in Sch. 11 – Others)	950.63		671.09	

Provision for taxation during the year

Particulars	(₹ in crores)	
	March 31, 2020	March 31, 2019
Current tax	1,998.40	1,972.76
Incremental deferred tax asset net of deferred tax liability	(279.54)	(293.29)
Total (Refer Note 11.1 of Schedule 18)	1,718.86	1,679.47

11. Additional Disclosures

11.1 Provisions and Contingencies charged to the Profit and Loss account for the year consist of:

(₹ in crores)

Particulars	March 31, 2020	March 31, 2019
Depreciation on Investments	474.93	173.47
Provision for non-performing assets including bad debts written off (net of write backs)	3,635.29	2,719.01
Income Tax / Deferred Tax (Refer Note 10.6 of Schedule 18)	1,718.86	1,679.47
Other Provision and Contingencies (includes floating provision, provision towards standard assets and others)	541.88	215.17
Total	6,370.96	4,787.12

11.2 Proposed Dividend:

The RBI vide its circular no.DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020, has directed that banks shall not make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors, in their meeting held on April 27, 2020 have not proposed any dividend for the year ended March 31, 2020.

Dividend for the year ended March 31, 2019 paid during the year pursuant to the approval of the shareholders at the 25th Annual General Meeting, at the rate of ₹ 7.50 per equity share amounting to ₹ 544.93 crores including corporate dividend tax, has been considered as an appropriation from the Profit and Loss account during the year.

11.3 Additional information pursuant to Schedule III of the Companies Act, 2013

Additional information to consolidated accounts at March 31, 2020 (Pursuant to Schedule III of the Companies Act, 2013)

(₹ in crores)

Name of the Entity	Net Assets*				Share in Profit or Loss			
	2019-20		2018-19		2019-20		2018-19	
	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Net Profit	Amount	As a % of Consolidated Net Assets	Amount
Parent:								
IndusInd Bank Limited	99.88%	34,706.50	100.00%	26,685.98	99.10%	4,417.91	100.01%	3,301.10
Subsidiary:								
Bharat Financial Inclusion Limited	0.24%	83.04	(0.00%)	(0.61)	0.90%	39.95	(0.02%)	(0.61)
Associate:								
IndusInd Marketing and Financial Services Pvt Ltd	-	-	-	-	0.01%	0.32	0.01%	0.27
Inter-company and Other adjustments	(0.12%)	(41.50)	0.00%	1.88	-	-	-	-
Total	100.00%	34,748.04	100.00%	26,687.25	100.00%	4,458.18	100.00%	3,300.75

* Net assets are total assets minus total liabilities

- 12.** The “severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)”, generally known as COVID-19, which was declared as a pandemic by the WHO on March 11, 2020, continues to spread across India and there is an unprecedented level of disruption on socio-economic front across the country. Globally, countries and businesses are under lockdown. Considering the severe health hazard associated with COVID-19 pandemic, the Government of India declared a lock down effective from March 25, 2020 which was initially till April 14, 2020 and extended till May 3, 2020. There is a high level of uncertainty about the duration of the lockdown and the time required for things to get normal. The extent to which COVID-19 pandemic will impact the entity’s operations and financial results is dependent on the future developments, which are highly uncertain. In this backdrop, during the year ended March 31 2020, a counter cyclical buffer / floating provision of ₹ 260 crores has been made.
- 13.** The information in relation to dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Group, which has been relied upon by the auditors.

(₹ in crores)

Details of dues to Micro and Small Enterprises as per MSMED Act, 2006	As at 31st March, 2020	As at 31st March, 2019
a) Principal amount due to suppliers under MSMED Act, 2006	0.53	-
b) Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-
c) Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
d) Interest paid to suppliers under MSMED Act (Section 16)	-	-
e) Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	-	-

- 14.** Additional statutory information disclosed in the separate financial statements of the Bank and Subsidiary having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statement.

- 15.** Previous year’s figures have been regrouped / reclassified wherever necessary.

As per our report of even date.

For and on behalf of Board of Directors**For Haribhakti & Co. LLP**

Chartered Accountants

Firm Registration No: 103523W/W100048

Arun Tiwari

Chairman

DIN: 05345547

Sumant Kathpalia

Managing Director

DIN: 01054434

per Purushottam Nyati

Partner

Membership No: 118970

Sanjay Asher

Director

DIN: 00008221

Bhavna Doshi

Director

DIN: 00400508

Place : Mumbai

Date : April 27, 2020

S. V. Zaregaonkar

Chief Financial Officer

Haresh Gajwani

Company Secretary

M. No. ACS - 18225

Disclosures Under Basel III Capital Regulations – March 31, 2020

In line with the RBI Master Circulars: (a) DBR.No.BP.BC.1/21.06.201/2015-16 on “**Master Circular – Basel III Capital Regulations**” issued on July 1, 2015; and (b) DBOD.BP.BC.No.120/21.04.098/2013-14 dated June 9, 2014 on “**Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Monitoring Tools and LCR Disclosure Standards**”, the Bank has made comprehensive Disclosures under: (i) **Pillar III including Leverage Ratio**; and (ii) **Liquidity Coverage Ratio (LCR)** as per Basel III Standards. These Disclosures can be accessed on the homepage of the Bank’s website under “**Regulatory Disclosures Section**” by clicking the link: <https://www.indusind.com/in/en/personal/regulatory-disclosure.html>

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

Sr. No.	Name of the Subsidiary	Bharat Financial Inclusion Ltd (BFIL)
		(Amount in crores)
1	Share Capital	43.70
2	Reserves & Surplus	39.34
3	Total Assets	346.20
4	Total Liabilities	346.20
5	Investments	Nil
6	Turnover (Total Income)	881.63
7	Profit before taxation	56.12
8	Provision for taxation	16.17
9	Profit after taxation	39.95
10	Proposed Dividend	Nil
11	% of Shareholding	100%

Notes :

- 1 Names of the Subsidiaries which are yet to commence operation : Nil
- 2 Names of the Subsidiaries 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 Pvt Ltd (IMFS)
1	Latest Audited Balance Sheet	March 31, 2020
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 at 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 Bank's share holding (₹ in crores)	2.20
7	Profit / Loss for the year:	
	i. Considered in Consolidated Financial Statement (₹ in crores)	0.32
	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 or Joint Ventures which have been liquidated or sold during the year. : Nil

For and on behalf of Board of Directors

Arun Tiwari
Chairman
DIN: 05345547

Sumant Kathpalia
Managing Director
DIN: 01054434

Sanjay Asher
Director
DIN: 00008221

Bhavna Doshi
Director
DIN: 00400508

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary
M. No. ACS - 18225

Place : Mumbai
Date : April 27, 2020

US DOLLAR DENOMINATED Standalone Balance Sheet as at March 31, 2020

1 USD = ₹ 75.665	(Millions of US\$)	
	As at 31.03.2020	As at 31.03.2019
CAPITAL AND LIABILITIES		
Capital	91.66	79.65
Employee Stock Options Outstanding	1.25	1.48
Share Warrants Subscription Money	89.05	-
Reserves and Surplus	4,404.90	3,445.73
Deposits	26,701.89	25,754.04
Borrowings	8,029.28	6,254.03
Other Liabilities and Provisions	1,263.16	1,182.11
TOTAL	40,581.19	36,717.04
ASSETS		
Cash and Balances with Reserve Bank of India	1,807.34	1,316.48
Balances with Banks and Money at Call and Short Notice	307.72	637.31
Investments	7,927.04	7,832.70
Advances	27,328.77	24,634.04
Fixed Assets	240.55	226.00
Other Assets	2,969.77	2,070.51
TOTAL	40,581.19	36,717.04
Contingent Liabilities	127,878.89	125,906.09
Bills for Collection	2,983.32	4,357.56

Standalone Profit and Loss Account for the year ended March 31, 2020

1 USD = ₹ 75.665	(Millions of US\$)	
	Year ended 31.03.2020	Year ended 31.03.2019
I INCOME		
Interest Earned	3,803.98	2,942.07
Other Income	918.70	746.28
TOTAL	4,722.68	3,688.35
II EXPENDITURE		
Interest Expended	2,210.28	1,772.94
Operating Expenses	1,088.67	846.45
Provisions and Contingencies	839.86	632.67
TOTAL	4,138.81	3,252.06
III PROFIT		
Profit brought forward	583.87	436.29
Additions on Amalgamation	1,467.91	1,230.62
	58.59	-
AMOUNT AVAILABLE FOR APPROPRIATION	2,110.37	1,666.91
IV. APPROPRIATIONS		
a) Transfer to Statutory Reserves	145.97	109.07
b) Transfer to Capital Reserves	21.69	5.22
c) Transfer from Investment Reserve Account	(5.36)	-
d) Transfer to Investment Fluctuation Reserve	26.93	15.21
e) Dividend paid including tax on dividend	82.80	71.76
f) Deductions during the year	56.32	(2.28)
	328.35	198.98
Balance carried over to the Balance Sheet	1,782.02	1,467.91
TOTAL	2,110.37	1,666.89

Bank's Branches

Details of branches are accessible on the Bank's website at:

<https://www.indusind.com/in/en/personal/locate-us.html>

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NOTICE**INDUSIND BANK LIMITED****CIN:** L65191PN1994PLC076333**Registered Office:** 2401, Gen. Thimmayya Road (Cantonment), Pune - 411 001**Tel:** (020) 2623 4000**Secretarial & Investor Services Cell:** 731, Solitaire Corporate Park, 167, Guru Hargovindji Marg, Andheri (East), Mumbai – 400 093**Tel:** (022) 6641 2487 / 2359**E-mail:** investor@indusind.com, **Website:** www.indusind.com**NOTICE CONVENING THE 26TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF INDUSIND BANK LIMITED**

NOTICE is hereby given that the Twenty Sixth Annual General Meeting ('AGM') of the Shareholders ('Shareholders' or 'Members') of IndusInd Bank Limited (the 'Bank') will be held through Video Conference at 11.00 a.m. (IST) on Friday, September 25, 2020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) for the Financial Year ended March 31, 2020, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Arun Tiwari (DIN: 05345547), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint the Statutory Auditors of the Bank and to fix their remuneration, and in that connection to consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139, 141 and 142 and other applicable provisions of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, and applicable provisions of the Banking Regulation Act, 1949, and the approval of the Reserve Bank of India, M/s Haribhakti & Co. LLP (Firm Regn. Number 103523W / W100048) be and are hereby appointed as Statutory Auditors of the Bank for the period commencing from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Bank on remuneration of ₹210 lakhs (Rupees Two hundred ten lakhs only) plus Goods and Services Tax and such other taxes as may be applicable, and reimbursement of out-of-pocket expenses in connection with the audit of the Bank and all its branches and issuing their report on the Financial Statements of the Bank including on internal financial controls and additional certification as required by the Reserve Bank of India, and issuing review reports required under the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time."

SPECIAL BUSINESS:

4. **Appointment of Mr. Arun Tiwari (DIN: 05345547) as Part-time Non-Executive Chairman**

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

"RESOLVED THAT pursuant to the provisions of the Companies Act, 2013 ('the Act') and the Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Banking Regulation Act, 1949 (including any modification(s) or re-enactment(s) thereof), Guidelines and Circulars issued by the Reserve Bank of India, subject to the provisions of the Articles of Association of the Bank, and pursuant to the recommendation of the Nomination and Remuneration Committee and the approval of Board of Directors of the Bank and the Reserve Bank of India under Section 35B of the Banking Regulation Act, 1949, consent of the Members of the Bank be and is hereby accorded for the appointment of Mr. Arun Tiwari (DIN: 05345547), Non-Independent Director, as Part-time Non-Executive Chairman of the Bank for a period of three years with effect from January 31, 2020 up to January 30, 2023 (both days inclusive) on the following terms of remuneration:

Remuneration (per annum)	:	₹30,00,000
Others	:	Sitting fees for attending meetings of the Board and Committees of the Board.

RESOLVED FURTHER THAT the Board (also deemed to include any Committee of the Board) be and is hereby authorised to do all such acts, deeds, matters and things including the power to settle all questions or difficulties that may arise with regard to the said appointment as it may deem fit and to execute any agreements, documents, instructions, etc. as may be necessary or desirable in connection with or incidental to give effect to the aforesaid Resolution.”

5. **Appointment of Mr. Sumant Kathpalia (DIN: 01054434) as Managing Director & CEO**

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

“**RESOLVED THAT** pursuant to Sections 196, 197 and 203 read with Schedule V and other applicable provisions of Companies Act, 2013, Sections 10A, 35B and other applicable Sections of the Banking Regulation Act, 1949, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines and Circulars issued by the Reserve Bank of India, Articles of Association of the Bank, and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Bank and the approval by Reserve Bank of India under Section 35B of the Banking Regulation Act, 1949, approval of the Members of the Bank be and is hereby accorded for the appointment of Mr. Sumant Kathpalia (DIN: 01054434) as Managing Director & CEO and Key Managerial Personnel of the Bank, for a period of three years with effect from March 24, 2020, and on the following terms of remuneration up to March 31, 2021:

Salary (per annum)	:	₹1,66,71,636
Dearness Allowance	:	Not Applicable
Provident Fund	:	₹20,00,596 (12% of Basic Salary)
Gratuity	:	₹8,01,906 (15 days of Basic Salary)
Leave Fare Concession / Allowance	:	₹1,00,000
Executive Allowance	:	₹4,83,41,388
Statutory Bonus	:	₹28,800
Free furnished house and its maintenance / House Rent Allowance	:	₹60,00,000
Conveyance Allowance / Free use of Bank's Car for		
a) Official Purposes		Nil
b) Private Purposes		Bank will recover suitable amount
Club Memberships	:	₹65,637
Reimbursement of medical expenses	:	Reimbursement of medical expenses of ₹ 15,000 per month.
		Medicclaim for self and family members insurance valued at ₹10,700.
Traveling and Halting Allowances	:	Reimbursement of travelling and hotel expenses on actual basis for official visits.
Insurance cover, at Bank's cost, for inability to continue in employment on account of physical incapacitation	:	₹9,64,337
Total Fixed Pay (including perquisites)	:	₹7,50,00,000
Total Variable Pay	:	As may be approved by the Reserve Bank of India.

RESOLVED FURTHER THAT pursuant to Section 197 read with Schedule V of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other applicable Rules, applicable provisions of the Banking Regulation Act, 1949 (including any statutory enactments, modifications or re-enactments thereof for the time being in force) and subject to the approval of the Reserve Bank of India, approval of the Members be and is hereby accorded to the Board to decide, considering the recommendations made by the Nomination and Remuneration Committee on the annual increase in the remuneration, including Bonus, if any, during that year, for the period April 1, 2021 to March 23, 2023.

RESOLVED FURTHER THAT the Board (including any duly constituted Committee of the Board of Directors) be and is hereby authorised to do all such acts, deeds, matters and things and to execute any agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said appointment as it may in its sole discretion deem fit and to delegate all or any of its powers conferred herein to any Director(s) and / or Officer(s) of the Bank to give effect to this Resolution.”

6. **Appointment of Mr. Sanjay Khatau Asher (DIN: 00008221) as Non-Executive Independent Director**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and Schedule IV and other applicable provisions of the Companies Act, 2013, read with Regulations 16(1)(b), 17 and other applicable Regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and sections 10A, 16, 20 and other applicable provisions of the Banking Regulation Act, 1949 or any amendments thereto or modifications thereof, and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. Sanjay Khatau Asher (DIN: 00008221) who was appointed as ‘Additional Director’ of the Bank with effect from October 10, 2019, and who holds office up to the date of this Annual General Meeting, and in respect of whom the Bank has received a Notice in writing under Section 160(1) of the Companies Act, 2013, be and is hereby appointed as ‘Non-Executive Independent Director’ of the Bank for a period of four consecutive years from October 10, 2019 up to October 9, 2023, who shall not be liable to retire by rotation and be eligible for sitting fees, reimbursement of expenses, and profit-related commission as may be permissible under applicable laws from time to time.”

7. **Appointment of Mrs. Bhavna Gautam Doshi (DIN: 00400508) as Non-Executive Independent Director**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and Schedule IV and other applicable provisions of the Companies Act, 2013, read with Regulation 16(1)(b), 17 and other applicable Regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Sections 10A, 16, 20 and other applicable provisions of the Banking Regulation Act, 1949 or any amendments thereto or modifications thereof, and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mrs. Bhavna Gautam Doshi (DIN: 00400508) who was appointed as ‘Additional Director’ of the Bank with effect from January 14, 2020, and who holds office up to the date of this Annual General Meeting, and in respect of whom the Bank has received a Notice in writing under Section 160(1) of the Companies Act, 2013, be and is hereby appointed as a ‘Non-Executive Independent Director’ of the Bank for a period of four consecutive years from January 14, 2020 up to January 13, 2024, who shall not be liable to retire by rotation and be eligible for sitting fees, reimbursement of expenses, and profit-related commission as may be permissible under applicable laws from time to time.”

8. **Re-appointment of Mr. Shanker Annaswamy (DIN: 00449634) as Non-Executive Independent Director**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and Schedule IV and other applicable provisions of the Companies Act, 2013, read with Regulation 16(1)(b), 17 and other applicable Regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Sections 10A, 16, 20 and other applicable provisions of the Banking Regulation Act, 1949 or any amendments thereto or modifications thereof, and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. Shanker Annaswamy (DIN: 00449634) be and is hereby re-appointed as ‘Non-Executive Independent Director’, to hold office for a second term of four years with effect from January 12, 2020 up to January 11, 2024, who shall not be liable to retire by rotation, and be eligible for sitting fees, reimbursement of expenses, and profit-related commission as may be permissible under applicable laws from time to time.”

9. **Re-appointment of Dr. T. T. Ram Mohan (DIN: 00008651) as Non-Executive Independent Director**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and Schedule IV and other applicable provisions of the Companies Act, 2013 read with Regulation 16(1)(b), 17 and other applicable Regulations under Securities and

Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Sections 10A, 16, 20 and other applicable provisions of the Banking Regulation Act, 1949 or any amendments thereto or modifications thereof, and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Dr. T. T. Ram Mohan (DIN: 00008651) be and is hereby re-appointed as 'Non-Executive Independent Director' to hold office for a second term of four years with effect from May 12, 2020 up to May 11, 2024, who shall not be liable to retire by rotation, and be eligible for sitting fees, reimbursement of expenses, and profit-related commission as may be permissible under applicable laws from time to time."

10. **Issue of Long-Term Bonds / Non-Convertible Debentures on Private Placement Basis**

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

"RESOLVED THAT pursuant to the relevant provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013, read with the relevant Rules and Regulations issued thereunder ("**Act**"), the relevant provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other Rules, Regulations, Notifications, Clarifications, Guidelines and Circulars issued by the Securities and Exchange Board of India ("**SEBI**") in this regard, from time to time; the Banking Regulation Act, 1949, the Foreign Exchange Management Act, 1999, and Rules and Regulations framed thereunder and other Rules, Regulations, Notifications, Clarifications, Guidelines and Circulars issued by the Reserve Bank of India ("**RBI**") in this regard, from time to time; and any other applicable laws, in each case, including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereto, for the time being in force, and in accordance with the provisions of the Memorandum of Association and the Articles of Association of the Bank and the Listing Agreement entered into by the Bank with the relevant Stock Exchanges and subject to receipt of such approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned Statutory or Regulatory Authority(ies), and further subject to such terms and conditions or modifications as may be prescribed or imposed by any of them while granting any such approvals, permissions, consents and / or sanctions, which may be agreed to by the Board of Directors ("**Board**", which term shall be deemed to include any committee(s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), the consent of the members of the Bank be and is hereby granted to the Board to, if it deems fit in the interest of the Bank, borrow / raise funds denominated in Indian Rupees or any other permitted foreign currency, by issue of debt securities including, but not limited to, Long Term Bonds, Green Bonds, Masala Bonds, Optionally Convertible Debentures, Non-convertible Debentures, Medium Term Notes, Infrastructure Bonds, Tier 2 Capital Bonds, Perpetual Debt Instruments, AT 1 Bonds or such other debt securities as may be permitted under the RBI Guidelines, from time to time, ("**Debt Securities**") on a Private Placement basis and / or for making offers and / or invitations thereof, and / or issue(s) / issuances thereof, on a Private Placement basis, for a period of 12 (twelve) months from the date hereof, in one or more tranches and / or series and / or under one or more shelf disclosure documents and / or one or more Letters of Offer, and on such terms and conditions for each series / tranches, including the price, coupon, premium, discount, tenor etc. as deemed fit by the Board, as per the structure and within the limits permitted by the RBI, for an aggregate amount not exceeding ₹ 20,000 crores or its equivalent amount in such foreign currencies as may be necessary, in domestic and / or overseas markets within the overall borrowing limits of the Bank;

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolutions, the Board be and is hereby authorized, on behalf of the Bank, to finalize all the terms and conditions and the structure of the proposed Debt Securities, execute all such deeds, documents, instruments and writings and accept any alterations or modification(s) as it may deem fit and proper and take such steps and to do all such acts, deeds, matters and things it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation:

- (a) obtain any approvals, permissions, sanctions which may be necessary or desirable, as it may deem fit or as the Board may suo moto decide in its absolute discretion in the best interests of the Bank;
- (b) determine the nature of the issuance, terms and conditions for issuance of Debt Securities including the number of Debt Securities that may be offered and proportion thereof, issue price and discounts as permitted under applicable law, rate of interest, timing for issuance of such Debt Securities and also shall be entitled to vary, modify or alter any of the terms and conditions, including size of the issue (within the limit approved by the members), as it may deem expedient;

- (c) negotiate, modify, sign, execute, register, deliver and make any applications (including those to be filed with the Regulatory Authorities, if any), filings, deeds, certificates, declarations, consents, communications, affidavits, agreements, documents and writings, as may be necessary or required for the aforesaid purpose including to sign and / or dispatch all forms, filings, documents and notices to be signed, submitted and / or dispatched by it under or in connection with the documents to which it is a party as well as to negotiate, agree to and execute any modification, variation or amendments to the aforementioned documents;
- (d) to enter into arrangements with bankers and advisors and all such agencies as may be required in connection with the issuance of the Debt Securities and to remunerate all such agencies by way of commission, brokerage, fees, expenses relating thereto or the like;
- (e) decide the utilization of the issue proceeds at its discretion, subject however, to applicable laws;
- (f) settle all questions, difficulties or doubts, that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion deem fit; and
- (g) further to do all such other acts, deeds mentioned herein as they may deem necessary in connection with the issue of the Debt Securities from time to time and matters connected therewith:

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee or any Director(s) or Officer(s) of the Bank in such manner as it may deem fit in its absolute discretion with the power to take such steps and to do all such acts, deeds, matters and things as it may deem fit and proper for the purpose of the issue and allotment of Debt Securities and settle any questions or difficulties that may arise in connection with these Resolutions;

RESOLVED FURTHER THAT this Resolution shall be in effect for a period of 12 (twelve) months from the date of passing by the Members or until the next Annual General Meeting whichever is earlier.”

11. **Modifications in the Employee Stock Option Scheme 2007 (ESOS 2007)**

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

“RESOLVED THAT the consent of the members be and is hereby accorded to the modifications in the Bank’s existing Employee Stock Option Scheme 2007 (‘ESOS 2007’), which has been realigned in accordance with the provisions of Section 62(1)(b) of the Companies Act, 2013 and Rules made thereunder, the Memorandum and Articles of Association of the Bank, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as ‘SBEB Regulations’) and the relevant details of modifications as given in the Explanatory Statement to this Notice;

RESOLVED FURTHER THAT the modified Scheme be styled as IndusInd Bank Employee Stock Option Scheme 2020 (‘ESOS 2020’) and wherever the reference of IndusInd Bank Employee Stock Option Scheme 2007 (ESOS 2007) is mentioned in any of the documents / policies of the Bank, it should be read as IndusInd Bank Employee Stock Option Scheme 2020 (‘ESOS 2020’);

RESOLVED FURTHER THAT consent of the members be and hereby is accorded to the Bank’s Board of Directors (Board), which shall be deemed to include the Compensation Committee, to offer and grant from time to time such number of Options to the Eligible Employees, including Directors other than the Promoters, Non-Executive, Independent Directors and Directors holding more than 10% of the outstanding Equity shares of the Bank, having Face value of ₹10 per share whether in whole-time employment or otherwise, whether working in India or outside India, as may be decided solely in its absolute discretion by the Board under ESOS 2020 by way of issuance of Employee Stock Options;

RESOLVED FURTHER THAT the Board be and is hereby authorized for such purpose, to issue, allot Equity Shares to the Eligible Employees from time to time in accordance with ESOS 2020 and other applicable laws in force and such Equity Shares shall rank *pari passu* in all respects with the Equity Shares of the Bank;

RESOLVED FURTHER THAT the Board be and is hereby authorized to modify, change, vary, alter, amend, revise, suspend or terminate the ESOS 2020, subject to compliance with the applicable laws and Regulations including but not limited to, amendments with respect to price, period, eligibility criteria or to suspend, withdraw, terminate or revise the Scheme

in such manner as the Board may determine in its sole and absolute discretion and to do all such acts, deeds, matters and things as it may deem fit, for such purposes to settle questions, difficulties or doubts that may arise in this regard and to the Equity Shares to be issued pursuant to ESOS 2020 without requiring to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of ESOS 2020 and to do all other things incidental and ancillary thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem necessary to give effect to this Resolution, including to make such appointments as may be necessary or being incidental to the effective implementation and administration of the ESOS 2020 as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals, as also to initiate all necessary actions whatsoever which may arise and take all such steps and decisions in this regard."

By Order of the Board
IndusInd Bank Limited

Sd/-

Haresh Gajwani
Company Secretary
Membership No. ACS 18225

Place: Mumbai
Date: August 26, 2020

NOTES:

1. In view of the outbreak of the COVID-19 pandemic, and in compliance with the provisions of the General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020 and 20/2020 dated May 05, 2020 issued by the Ministry of Corporate Affairs (referred to as the 'MCA Circulars') and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities Exchange Board of India ('SEBI') (referred to as the 'SEBI Circulars') (collectively referred as the 'Applicable Circulars'), the Bank is holding the 26th Annual General Meeting (AGM) via Video Conference ('electronic means') through NSDL. The facility for joining the AGM through Electronic Means shall be kept open for 30 (thirty) minutes prior to the scheduled time of the meeting and shall not be closed until the expiry of 30 (thirty) minutes after the scheduled time by following the procedure mentioned herein below in the Notice.
2. In compliance with provisions of the Companies Act, 2013, as amended ("Companies Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") and the Applicable Circulars, the AGM of the Bank is being held through electronic means, without the physical presence of the Members at a common venue.

In accordance with Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India (ICSI) read with Clarification / Guidance on applicability of Secretarial Standards - 1 and 2 dated April 15, 2020 issued by ICSI, the proceedings of the AGM shall be deemed to have been conducted at the Registered Office of the Bank which shall be the deemed venue of the AGM.

3. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Bank. Since the AGM is being held electronically in accordance with the Applicable Circulars, physical attendance of the Members has been dispensed with and accordingly the facility for appointment of proxies by the Members will not be available for the AGM.

Therefore, the Proxy Form, Attendance Slip and Route Map have not been annexed with this Notice.

Attendance of Members participating through electronic means shall be counted for the purpose of reckoning quorum under Section 103 of the Companies Act, 2013.

4. The facility for participation at the AGM through electronic means will be made available for at least 1,000 Shareholders on 'first come, first served' basis, in accordance with the Applicable Circulars. Large Shareholders, i.e. Shareholders holding 2% or more, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. will be allowed to attend the AGM without restriction on account of 'first come, first served' basis in accordance with the Applicable Circulars.
5. Members of the Bank under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC / electronic means.

Pursuant to the provisions of Section 113 of the Companies Act, 2013, Institutional / Corporate Members intending for their Authorized Representatives to attend the AGM are requested to send scanned copy (.pdf / .jpg format) of a Certified True Copy of the Board Resolution / Authority Letter authorizing the Representative to attend the AGM through VC / electronic means on its behalf and to vote, along with attested specimen signature of the duly Authorized Signatory(ies) who are authorized to vote, to the Bank via e-mail on indusindscrutinizer@gmail.com, investor@indusind.com with a copy marked to evoting@nsdl.co.in from their registered Email ID.

6. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business is annexed herewith and forms part of the Notice. The material facts in respect of the Resolutions stated at Item Numbers 2 to 11 are also annexed.

The Annual Report along with this Notice and other documents are being sent, through electronic mode in pursuance to the Applicable Circulars to all the Members whose name appears in the Register of Members as on Friday, August 21, 2020.

7. All documents referred to in the accompanying Notice, Explanatory Statement, and the terms and conditions of appointment of Directors / Chairman shall be provided to the Members on their requests sent through e-mail to investor@indusind.com for inspection by Members of the Bank from the date of circulation of this Notice up to the date of AGM, i.e. Friday, September 25, 2020.

Members who wish to inspect the documents are requested to send an e-mail to investor@indusind.com mentioning their Name, Folio No. / DP ID and Client ID, and the documents they wish to inspect, with a self-attested copy of their PAN Card attached to their e-mail. The Notice and the Annual Report are also available on the Bank's website at the link - www.indusind.com and the website of Stock Exchanges i.e. BSE Limited at www.bseindia.com and The National Stock Exchange of India Limited at www.nseindia.com and on NSDL's website at www.evoting.nsdl.com

Members seeking information with regard to the accounts or any matter to be placed at the AGM are requested to write to the Bank on or before Friday, September 18, 2020 through e-mail to investor@indusind.com. The same will be replied by the Bank suitably.

8. The Register of Directors and Key Managerial Personnel and their Shareholdings, other Statutory Registers prescribed under the Companies Act, 2013 and the Certificate from Auditors of the Bank certifying that the ESOP Scheme of the Bank is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 will be available electronically for inspection from the date of circulation of this Notice up to the date of the AGM, i.e. Friday, September 25, 2020. Members seeking to inspect such documents can send an email to investor@indusind.com.
9. Reserve Bank of India have, vide its Notification dated April 17, 2020, directed all Commercial and Co-operative Banks to conserve capital in view of the COVID-19-related economic shock and to retain capacity to support the economy and absorb losses due to the uncertainty, by not declaring Dividends until further notice, out of Profit for the Financial Year ended March 31, 2020. Accordingly, the Board of Directors of the Bank has, as of now, not proposed any Dividend for the year ended March 31, 2020.
10. In view of the outbreak of the COVID-19 pandemic, resultant difficulties involved in dispatching of physical copies of the Annual Report and in line with the Circulars issued by the MCA and SEBI in this regard, the Annual Report including the Notice of the 26th AGM of the Bank indicating, inter alia, the process and manner of e-voting is being sent only by e-mail, to all the Members whose E-mail IDs are registered with the Bank / Link Intime India Private Limited, Registrar & Share Transfer Agent ('RTA') of the Bank / Depository Participant(s) for communication purposes to the Members and to all other persons so entitled.

The Annual Report, including Notice of the 26th AGM of the Bank will also be available on the website of the Bank at www.indusind.com, websites of the BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of National Securities Depository Limited ('NSDL') at www.evoting.nsdl.com. For any communication, the Members may also send a request to the Bank's e-mail id: investor@indusind.com.

To enable the Bank to send the Annual Report by e-mail to all the members, an advertisement was also published in Financial Express (all editions) and Loksatta (Pune region), both having electronic editions, on June 20, 2020, requesting the Shareholders to register / update their e-mail address and mobile number with their Depository Participant in case of shares held in electronic form and in case of shares held in physical form with the RTA of the Bank.

To support the Bank's 'Green Initiative', Shareholders who have not registered their e-mail addresses, may please register the same, along with their contact numbers, with the Bank by sending details to investor@indusind.com or with Link Intime India Pvt. Ltd. at rnt.helpdesk@linkintime.co.in to enable the Bank to communicate to them the information about various developments in the Bank.

11. Brief profile and other relevant information about Directors seeking appointment / re-appointment, in accordance with Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Notice.
12. The Board of Directors of the Bank has appointed M/s Haribhakti & Co. LLP as the Statutory Auditors of the Bank for F.Y. 2020-2021. The details are given in the Explanatory Statement to the Notice.
13. Pursuant to Section 124 of the Companies Act, 2013, dividend for the Financial Year ended March 31, 2013 which remains unpaid or unclaimed for a period of seven years, shall become due for transfer on the Due Date or the date extended by Ministry of Corporate Affairs, on account of COVID-19 pandemic, to the Investor Education and Protection Fund of the Central Government.

Intimation Letters were sent on May 23, 2020 to Shareholders who have not claimed their dividends for 2012-2013 for seven consecutive years. A Notice was also published in Financial Express (all editions) and Loksatta (Pune region), both having electronic editions on May 24, 2020 requesting the shareholders to claim the dividends from the Bank by **Saturday, August 22, 2020**, failing which, their shares would be transferred to the IEPF Authority within the Due Date.

14. The Bank has already transferred all shares in respect of which dividend had not been paid or claimed for seven consecutive years or more along with unpaid or unclaimed dividend declared for the Financial Year ended March 31, 2012 and earlier periods to the Investor Education and Protection Fund. Members who have so far not claimed their dividends for the year 2011-2012 may claim their Dividend / Shares from the IEPF Authority, by submitting an application in e-form IEPF 5. The detailed procedure for claiming the Shares / Dividend amount which have been transferred to IEPF is available at: <http://iepf.gov.in/IEPF/corporates.html>
15. 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.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to Link Intime India Private Limited, Registrar & Share Transfer Agent, or to the Secretarial & Investor Services Cell of the Bank.
17. **Procedure for registering the e-mail addresses and obtaining the Annual Report and AGM Notice and e-Voting instructions by the Members whose e-mail addresses are not registered with the Depositories (in case of Members holding shares in Demat form) or with Registrar & Share Transfer Agents of the Bank, (in case of Members holding shares in physical form).**

Members holding shares in physical form are also requested to notify any change in their e-mail ID or bank mandates or address to the Bank's Registrar and Share Transfer Agent by quoting their Folio Number, while those holding shares in electronic form, are requested to notify the change to their Depository Participants.

You may visit https://linkintime.co.in/emailreg/email_register.html to update your details.

Process for those Shareholders whose E-mail Ids are not registered with the Depositories for procuring User Id and Password and registration of E-mail Ids for e-Voting for the Resolutions set out in this Notice:

1. A. In case shares are held in physical form, please provide Folio No., Name of Shareholder, scanned copy of the Share Certificate (front and back), PAN (self- attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) by email to rnt.helpdesk@linkintime.co.in.
- B. In case shares are held in Demat mode, please provide DPID-Client ID (16-digit DPID + Client ID or 16-digit Beneficiary ID), Name, Client Master or copy of Consolidated Account Statement, PAN Card (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) to rnt.helpdesk@linkintime.co.in.
2. Alternatively, Members may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point A or B above, as the case may be.
18. With a view to serving the Members better and for administrative convenience, an attempt would be made to consolidate multiple folios. Members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Bank to consolidate their holdings in one folio.
19. Pursuant to Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of transmission or transposition of securities.
In view of the above and to eliminate risks associated with physical shares and to avail various benefits of dematerialization which includes easy liquidity, Members are advised to dematerialise their shares held in physical form.
Members are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat Account or the Members may also visit website of depositories viz. National Securities Depository Limited viz. <https://nsdl.co.in/faqs/faq.php> or Central Depository Services (India) Limited viz. <https://www.cdslindia.com/investors/open-demat.html> for further understanding of the dematerialisation procedure.
20. Members can avail of the Nomination facility by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, with the Bank. Blank forms will be provided on request.
21. Members desirous of getting information related to the Accounts and / or operations of the Bank are requested to write to the Bank at investor@indusind.com at least seven days before the date of the Annual General Meeting.
22. In compliance with Section 108 of the Companies Act, 2013 read with corresponding Rules and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Bank is providing the facility for voting by electronic means to the Members to cast their votes electronically on the Resolutions mentioned in the accompanying Notice.

In addition to this, the facility for voting through Electronic Voting System shall also be made available at the AGM, to enable the Members to cast their votes electronically, who have not casted their vote prior to the AGM by remote voting.

The Bank has engaged the services of "National Securities Depository Limited" ("NSDL") for providing e-voting facility and to enable the Members to cast their votes in a secure manner.

The e-voting facility will be available at the link <https://www.evoting.nsdl.com> during the voting period mentioned hereunder:

Commencement of Remote e-Voting : **At 9.00 a.m. on Tuesday, September 22, 2020**

End of Remote e-Voting : **At 5.00 p.m. on Thursday, September 24, 2020**

Remote e-Voting shall not be allowed beyond 5.00 p.m. on Thursday, September 24, 2020. During the e-voting period, Shareholders of the Bank holding shares either in physical form or in dematerialized form as on the cut-off date, i.e., Friday, September 18, 2020, may cast their votes electronically.

In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote, provided the votes are not already cast by Remote e-Voting by the first holder.

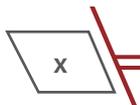
For any assistance required before joining or during the meeting, you may please contact Mr. Sagar Ghosalkar / Mr. Amit Vishal at NSDL on Tel. No. +91 1800-222-990.

In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) for Shareholders and the e-Voting User Manual for Shareholders available at the download section of www.evoting.nsdl.com / call on Toll-free Number 1800-222-990 / send a request at evoting@nsdl.co.in. Alternatively, you may contact Mrs. Pallavi Mhatre, Assistant Manager at NSDL on Tel. No. 91 22 2499 4545 or may write to her at Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai-400 013.

23. Voting Rights of the Members shall be in proportion to their shares in the Paid-up Equity Share Capital of the Bank as on the cut-off date, and they may cast their votes electronically.
24. Members who have registered their e-mail IDs with the Bank / their respective Depository Participants are being forwarded Login ID and Password for Remote e-Voting via e-mail along with the Notice of this AGM.
25. Any person, who acquires shares of the Bank and becomes a Member of the Bank after sending of this Notice and holds shares as of the cut-off date, i.e., Friday, September 18, 2020 may obtain Login ID and Password by sending a request to evoting@nsdl.co.in by mentioning his / her DP ID and Client ID. However, Members already registered with NSDL for e-Voting can use their existing User ID and Password for casting their votes.
26. The Board of Directors of the Bank has appointed Mr. S. N. Bhandari (C.P. 366), or failing him Ms Manisha Maheshwari (C.P. 11031), Practising Company Secretaries, from M/s Bhandari & Associates, Practising Company Secretaries as 'Scrutinizer', for conducting the Remote e-Voting process, including Electronic Voting at the AGM, in a fair and transparent manner.
27. Persons whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date, i.e., Friday, September 18, 2020, shall be entitled to avail of the facility of Remote e-Voting as well as electronic voting at the AGM.
28. A person who is not a Member as on the cut-off date should treat this Notice as for information purpose only.
29. The Chairman shall, at the AGM, at the end of discussion on the Resolutions on which voting is to be held, allow conducting of voting using electronic system for all those members who are participating in the AGM and who have not cast their votes by availing the Remote e-Voting facility.
30. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast at the meeting and through Remote e-Voting in the presence of at least two witnesses not in the employment of the Bank and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or any other Director or any other person authorised in writing, who shall countersign the same.
31. Members who have cast their votes by Remote e-Voting prior to the meeting may attend the meeting but shall not be entitled to cast their votes again.
32. The results shall be declared on the above Resolutions within 48 hours of the conclusion of the Annual General Meeting of the Bank and shall be deemed to be passed on the date of the Annual General Meeting. The Results, along with the Scrutinizer's Report, shall be placed on the website of the Bank at www.indusind.com and on the website of NSDL at www.evoting.nsdl.com and shall be communicated to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) where the shares of the Bank are listed and would be available at www.bseindia.com and www.nseindia.com respectively. The Results shall also be displayed on the Notice Board at the Registered Office and at the Secretarial & Investor Services Cell of the Bank.
33. The Route Map of the Venue of the Meeting shall not be in the Notice as there is no physical meeting.
34. **Webcast facility:** The Bank is pleased to provide the facility of live webcast of proceedings of Annual General Meeting for the Members.

Members who are entitled to participate in the AGM can view the proceeding of AGM by logging on the website of NSDL at <https://www.evoting.nsdl.com> using their secure login credentials.

Members are encouraged to use this facility of webcast.



35. Instructions for Members for attending the AGM through Electronic Modes are as follows:

- I. Members will be provided with the facility to attend the AGM via video-conference through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under Shareholders / Members Log-In by using the Remote e-Voting credentials. The link for video-conference will be available in Shareholders / Members login where the EVEN No. 113811 of the Bank is displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the Remote e-Voting instructions mentioned in the Notice to avoid last minute rush. Further, members can also use the OTP-based login for logging into the e-Voting system of NSDL.
- II. Members are encouraged to join the Meeting through Laptops / Desktops for better experience.
- III. Further, Members will be required to enable Camera settings and use Internet with a good speed to avoid any disturbance during the Meeting.
- IV. Please note that Members connecting from their Mobile Devices or Tablets or through Laptops using their Mobile Hotspot may experience Audio / Video loss due to fluctuation in the network. It is therefore recommended to use a stable Wi-Fi or LAN connection to mitigate the aforesaid glitches.
- V. Shareholders who would like to express their views / ask questions during the meeting may register themselves as a Speaker and may send their request mentioning their Name, Demat Account Number / Folio Number, E-mail Id and Mobile Number to investor@indusind.com from Sunday, September 20, 2020 to Tuesday, September 22, 2020 with email subject as 'Speaker Registration for AGM – September 25, 2020'. The Bank reserves the right to restrict the number of Speakers depending on the availability of time for the AGM.
- VI. Shareholders who would like to ask questions may send their questions in advance mentioning their Name, Demat Account Number / Folio Number, E-mail Id and Mobile Number to investor@indusind.com on or before Friday, September 18, 2020. The same will be replied to by the Bank suitably.
- VII. Please note that only those Shareholders who have registered themselves as Speakers will be allowed to express their views / ask questions during the meeting.

36. Instructions for Remote e-Voting and Electronic Voting at the AGM are as under:**INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:**

The Remote e-Voting period shall begin on Tuesday, September 22, 2020 at 9:00 a.m. and shall end on Thursday, September 24, 2020, at 5:00 p.m. The Remote e-Voting module shall be disabled by NSDL for voting thereafter.

The way to cast votes electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your votes electronically on NSDL e-Voting system.

Details for Step 1 are given below:

How to Log-in to NSDL e-Voting website:

- a) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- b) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- c) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
- d) Alternatively, if you are registered for NSDL e-services, i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2, i.e., Cast your votes electronically.

e) Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8-Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16-Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****101456001***
c) For Members holding shares in Physical form	EVEN Number followed by Folio Number registered with the company For example If Folio Number is 001*** and EVEN is 101456 then user ID is 101456001***

f) Your password details are given below:

- i. If you are already registered for e-Voting, then you can use your existing password to login and cast your votes.
- ii. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- iii. How to retrieve your 'initial password'?
 - I. If your e-mail ID is registered in your Demat account or with the Bank, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment, i.e., a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit Client ID for NSDL account, last 8 digits of Client ID for CDSL account or Folio Number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - II. If your e-mail ID is not registered, please follow steps mentioned below in process for those shareholders whose e-mail ID is not registered.
- g) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - i. Click on "**Forgot User Details / Password?**" (If you are holding shares in your Demat Account with NSDL or CDSL) option available on www.evoting.nsdl.com
 - ii. "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - iii. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your Demat Account number / Folio number, your PAN, your Name and your Registered Address.
 - iv. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- h) After entering your Password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- i) Now, you will have to click on "Login" button.
- j) After you click on the "Login" button, the Home page of e-Voting will open.

Details for Step 2 are given below:

How to cast your vote electronically on NSDL e-Voting system:

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN 113811" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN 113811" of Bank to cast your votes.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options, i.e., assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the Resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders:

1. Institutional Shareholders (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority Letter etc. with attested specimen signature of the duly Authorized Signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to indusindscrutinizer@gmail.com or investor@indusind.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended that you do not share your password with any other person, and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details / Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on Toll Free No.: 1800-222-990 or send a request to Mrs. Pallavi Mhatre, Asst. Manger, NSDL at evoting@nsdl.co.in.

37. Instructions for Members Voting during the AGM:

- a) The procedure for e-Voting on the day of the AGM is the same as the instructions mentioned above for Remote e-Voting.
- b) Only those Members / Shareholders, who will be present at the AGM through video-conference facility and have joined the meeting by clicking on the VC / OVAM option available in front of EVEN 113811 and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system at the AGM.
- c) Members who have voted through Remote e-Voting will be eligible to attend the AGM, however, they will not be eligible to vote at the AGM.
- d) The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person as mentioned for Remote e-Voting.

EXPLANATORY STATEMENT IN RESPECT OF ORDINARY / SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 2

Appointment of a Director in place of Mr. Arun Tiwari (DIN: 05345547), who retires by rotation, and being eligible, offers himself for re-appointment:

Section 152 (6) of the Companies Act, 2013 provides that unless the Articles provide for retirement of all Directors at every Annual General Meeting (AGM), 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 shall retire from office at every Annual General Meeting of the company.

Section 149 (13) of the Act provides that provisions pertaining to retirement of Directors by rotation shall not be applicable to Independent Directors.

As on March 31, 2020, the Bank's Board comprised nine Directors of which, four Independent Directors, viz., Mr. Shanker Annaswamy, Dr. T.T. Ram Mohan, Mrs. Akila Krishnakumar and Mr. Rajiv Agarwal continue to satisfy the criteria prescribed under Section 149(6) of the Act and are not liable to retire by rotation.

Mr. Sanjay Asher and Mrs. Bhavna Doshi being 'Additional Directors' in the category of 'Non-Executive, Independent' shall hold their office upto the date of the AGM, and therefore are not subject to retirement by rotation.

Mr. Sumant Kathpalia was appointed as 'Additional Director', designated as 'Managing Director & CEO' of the Bank for a period of three years, with effect from March 24, 2020.

Mr. Arun Tiwari was appointed 'Non-Executive Independent Director' in the Bank's Board on August 10, 2018. The Bank's shareholders had, in their meeting held on August 16, 2019, approved his appointment as 'Non-Executive Independent Director' for a period of four consecutive years from the date of his appointment.

The Board of Directors on October 30, 2019 took note of the change in the classification of category of the Directorship of Mr. Arun Tiwari to 'Non-Executive Non-Independent Director' from 'Non-Executive Independent' with effect from October 15, 2019, since, Mr. Arun Tiwari did not continue to meet the criteria of independence specified under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Reserve Bank of India had, vide their letter dated January 30, 2020, conveyed approval for the appointment of Mr. Arun Tiwari as 'Non-Executive Part-time Chairman' of the Bank with effect from January 31, 2020 for a period of three years, i.e., upto January 30, 2023.

In terms of Section 152 of the Act, Mr. Arun Tiwari shall be liable to retire by rotation at the AGM, and being eligible, offers himself for re-appointment.

Brief profile of Mr. Arun Tiwari is included separately in the Notice, in compliance with Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors recommends the re-appointment of Mr. Arun Tiwari, set out at Item No. 2 of the Notice for approval by the Members.

Mr. Arun Tiwari is not related to any other Director of the Bank.

None of the Directors other than Mr. Arun Tiwari or the Key Managerial Personnel of the Bank or their relatives are deemed to be interested, financially or otherwise, in the said Resolution.

ITEM NO. 3

Appointment of Statutory Auditors of the Bank:

Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 provides that a company can appoint a firm of Auditors for a maximum of two terms of five consecutive years.

In terms of Section 30(1A) of the Banking Regulation Act, 1949, it is necessary for every banking company, before appointing Auditors, to obtain approval of RBI. In terms of the current policy of Reserve Bank of India, Statutory Auditors are allowed to complete a term of four years with the Bank.

M/s Haribhakti & Co. LLP, Chartered Accountants (Firm Registration No. 103523W / W100048) were appointed as Statutory Auditors of the Bank at the 25th AGM of the Bank held on August 16, 2019 to hold office from conclusion of the 25th AGM until the conclusion of this AGM.

The Board of Directors have in their meeting held on July 20, 2020 approved the appointment of M/s Haribhakti & Co. LLP, Chartered Accountants as the Statutory Auditors of the Bank, subject to approval of Reserve Bank of India, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Bank.

M/s Haribhakti & Co. LLP, Chartered Accountants have confirmed that their appointment, if made, would be within the limits specified under Section 141 of the Companies Act, 2013 and that they are not disqualified from being appointed as Statutory Auditors of the Bank in terms of the applicable provisions of the Act and the Companies (Audit and Auditors) Rules, 2014.

The Bank has received the approval of the RBI vide letter dated August 11, 2020, for the appointment of M/s Haribhakti & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Bank, for the financial year 2020-21.

Brief Profile of Statutory Auditors

M/s Haribhakti & Co. LLP, Chartered Accountants

- Founded in 1954 by Mr. V. B. Haribhakti, the firm in operation for 66 years now.
- Large domestic firm with 450+ members including Partners, Directors, Associate Directors, Managers, Associates, Article Trainees, etc.
- Provides a whole range of assurance, accounting, advisory and consulting services, nationally and internationally, through separate service divisions viz., Audit & Assurance, Risk & Advisory, Corporate Finance Advisory, Tax & Regulatory and Global Knowledge Services.
- Nationally integrated firm having own branch network in major cities like Mumbai, Delhi, Bengaluru, Kolkata, Pune, Hyderabad, Chennai and Ahmedabad.
- An independent member of Baker Tilly International Network.
- Audit experience in various forms of banking companies, viz., private banks, public sector banks, foreign banks and cooperative banks. Unique experience as Statutory Auditor of RBI as well as NABARD, SIDBI and EXIM Bank.
- Amongst peer banks, they have audited HDFC Bank earlier and currently are the Statutory Auditors of Axis Bank.
- Wide audit experience amongst NBFCs, Life and General Insurances, Mutual Funds and AMCs.

Information pursuant to Regulation 36(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

A. Proposed fees payable to the Statutory Auditor(s):

For F.Y. 2020 – 2021: ₹210 lakhs (Rupees Two crore ten lakhs only) plus Goods and Services Tax and such other taxes as may be applicable, and reimbursement of out-of-pocket expenses in connection with the audit of the Bank and all its branches, and issuing their report on the Financial Statements of the Bank including on internal financial controls and additional certification as required by the Reserve Bank of India, and issuing review reports required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

B. Terms of reappointment:

Re-appointment is for period of one year from the conclusion of Twenty-Sixth Annual General Meeting until the conclusion of Twenty-Seventh Annual General Meeting.

C. Any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change:

Not Applicable. The Resolution is for re-appointment of the Auditor.

D. Basis of recommendation for appointment including the details in relation to and credentials of the Statutory Auditor(s) proposed to be appointed:

M/s Haribhakti & Co. LLP, Chartered Accountants, Statutory Auditors conducted the statutory audit of the Bank for F.Y. 2019-20, and their performance was found to be satisfactory. Before recommending their re-appointment, the Audit Committee and the Board considered various parameters such as capability and experience to serve business with expertise in banking service industry, market standing of the firm, clientele served, technical knowledge etc.

M/s Haribhakti & Co. LLP, Chartered Accountants, registered with the ICAI with Firm Registration No. 103523W / W100048 have given consent to act as the Statutory Auditors of the Bank and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under the Companies Act, 2013 and SEBI LODR.

The Board of Directors recommend the Ordinary Resolution set out at Item No. 3 of the Notice, for approval by the Members.

None of the Directors or the Key Managerial Personnel of the Bank or their relatives are deemed to be interested, financially or otherwise, in the said Resolution.

ITEM NO. 4

Appointment of Mr. Arun Tiwari (DIN: 05345547) as Part-time Non-Executive Chairman:

Mr. R. Seshasayee (DIN: 00047985) ceased to be Director and Part-time Chairman of the Board of the Bank with effect from the close of business hours on July 24, 2019 on completion of his tenure as approved by Reserve Bank of India.

The Board, upon recommendation of the Nomination & Remuneration Committee, had determined that Mr. Arun Tiwari is fit and proper to be appointed as 'Non-Executive Part-time Chairman' of the Bank, as per the norms prescribed by Reserve Bank of India.

Reserve Bank of India have, vide letter dated January 30, 2020 approved the appointment of Mr. Arun Tiwari (DIN: 05345547), Non-Executive, Non-Independent Director as Part-time Chairman of the Board of the Bank, for a period of three years w.e.f. the date of his taking charge, i.e., January 31, 2020, and the terms and conditions relating to his appointment, including remuneration, in terms of Section 35B of the Banking Regulation Act, 1949.

Mr. Arun Tiwari has the requisite qualifications, skills, experience and expertise in functional areas which are beneficial to the Bank. Brief profile of Mr. Tiwari and his remuneration details are included separately in the Notice, as required pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings.

The Board recommends passing of the Ordinary Resolution as set out in Item No. 4 of this Notice, for the approval of the Members.

Except for Mr. Arun Tiwari, none of the other Directors or the Key Managerial Personnel of the Bank or their relatives are in any way financially or otherwise concerned or interested in the passing of this Ordinary Resolution as set out in Item No. 4 of this Notice.

ITEM NO. 5

Appointment of Mr. Sumant Kathpalia (DIN: 01054434) as Managing Director & CEO:

Mr. Romesh Sobti, who had been the Bank's Managing Director & CEO since February 1, 2008, demitted Office on March 23, 2020, on completion of his tenure approved by the Reserve Bank of India.

The Board had, upon recommendation of the Nomination & Remuneration Committee, determined that Mr. Sumant Kathpalia is a fit and proper person to be appointed as the Managing Director & CEO of the Bank, as per the norms prescribed by the Reserve Bank of India.

Mr. Sumant Kathpalia had been part of the Bank's Core Executive Team since February 2008 and held the position of Head - Consumer Bank in his prior role.

Reserve Bank of India had, vide their letter dated February 27, 2020, conveyed their approval for the appointment of Mr. Sumant Kathpalia as 'Managing Director & CEO' for three years with effect from March 24, 2020 and for the terms of remuneration from March 24, 2020 until March 31, 2021.

Mr. Sumant Kathpalia was inducted as Additional Director of the Bank pursuant to Section 10A of the Banking Regulation Act, 1949 and the Articles of Association of the Bank by the Board, with effect from March 24, 2020. Accordingly, he shall hold office up to the date of the ensuing Annual General Meeting of the Bank under Section 161 of the Companies Act, 2013.

The Bank has received Notice in writing from a Member under Section 160(1) of the Act, proposing his candidature for the Office of Director.

Mr. Kathpalia has confirmed that he satisfies the conditions provided under Part I of Schedule V to the Companies Act, 2013 and is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has consented to act as Director of the Bank.

Mr. Kathpalia has the requisite qualifications, skills, experience and expertise in functional areas which are beneficial to the Bank. Brief profile of Mr. Kathpalia and his remuneration details are included separately in the Notice, as required pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings.

The Board recommends the Ordinary Resolution as set out in Item No. 5 of this Notice for the approval of the Members.

Except for Mr. Sumant Kathpalia, none of the other Directors or the Key Managerial Personnel of the Bank or their relatives are in any way financially or otherwise concerned or interested in the passing of this Ordinary Resolution as set out in Item No. 5 of this Notice.

ITEM NO. 6

Appointment of Mr. Sanjay Khatau Asher (DIN: 00008221) as 'Non-Executive Independent Director':

Mr. Sanjay Khatau Asher was inducted in the Board of the Bank on October 10, 2019 as 'Additional Director' in the category of 'Non-Executive Independent Director', pursuant to Section 161 of the Companies Act, 2013, and holds office up to this AGM.

The Nomination & Remuneration Committee of the Board had recommended to the Board of Directors the appointment of Mr. Sanjay Khatau Asher as 'Non-Executive Independent Director' for a period of four consecutive years from the date of his appointment in the Bank's Board.

Mr. Sanjay Khatau Asher is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has consented to act as Director of the Bank.

Mr. Sanjay Khatau Asher meets the criteria under Section 149(6) of the Companies Act, 2013, read with Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Section 10A, 16 and 20 of Banking Regulation Act, 1949 and all other applicable laws, as amended from time to time, and is independent of the Bank's Management.

The Bank has received Notice in writing from a Member under Section 160 of the Act, proposing his candidature for the Office of Director.

Members are requested to consider Mr. Sanjay Khatau Asher's appointment as Director of the Bank in the category of 'Non-Executive Independent' from October 10, 2019 up to October 9, 2023, not liable to retire by rotation.

Mr. Sanjay Khatau Asher is a Chartered Accountant and Law Graduate, who has been practising as Senior Partner of M/s Crawford Bayley & Co., an Indian Law Firm. The brief profile of Mr. Sanjay Khatau Asher and his remuneration details are included separately in the Notice, as required pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings.

In the opinion of the Board, Mr. Sanjay Khatau Asher fulfils the conditions specified in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for appointment as Non-Executive Independent Director, and is independent of the management of the Bank.

The Board recommends the Resolution set out at Item No. 6 of the Notice to be passed as Ordinary Resolution by the Members.

Mr. Sanjay Khatau Asher is not related to any other Director of the Bank.

None of the Directors other than Mr. Sanjay Khatau Asher or the Key Managerial Personnel of the Bank or their relatives are deemed to be interested, financially or otherwise, in the said Resolution.

ITEM NO. 7

Appointment of Mrs. Bhavna Gautam Doshi (DIN: 00400508) as 'Non-Executive Independent Director':

Mrs. Bhavna Gautam Doshi was inducted in the Board of the Bank on January 14, 2020 as 'Additional Director' in the category of 'Non-Executive Independent Director', pursuant to Section 161 of the Companies Act, 2013 ('Act'), and holds office up to this AGM.

The Nomination & Remuneration Committee of the Board has recommended to the Board of Directors the appointment of Mrs. Bhavna Gautam Doshi as 'Non-Executive Independent Director' for a period of four consecutive years from the date of her appointment in the Bank's Board.

Mrs. Bhavna Gautam Doshi is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has consented to act as Director of the Bank.

Mrs. Bhavna Gautam Doshi meets the criteria under Section 149(6) of the Companies Act, 2013, read with Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Section 10A, 16 and 20 of Banking Regulation Act, 1949 and all other applicable laws, as amended from time to time, and is independent of the Bank's Management.

The Board of Directors had accordingly approved Mrs. Bhavna Gautam Doshi's appointment as 'Additional Director' in the category of 'Non-Executive Independent Director' in the Bank.

The Bank has received Notice in writing from a Member under Section 160 of the Act, proposing her candidature for the Office of Director.

Members are requested to consider Mrs. Bhavna Gautam Doshi's appointment as Director of the Bank in the category of 'Non-Executive Independent' up to January 13, 2024.

Mrs. Bhavna Gautam Doshi has specialised knowledge and practical experience in the field of 'Accountancy'. Brief profile of Mrs. Bhavna Gautam Doshi and her remuneration details are included separately in the Notice, as required pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings.

In the opinion of the Board, Mrs. Bhavna Gautam Doshi fulfils the conditions specified in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for appointment as Non-Executive Independent Director and she is independent of the management of the Bank.

The Board recommends the Resolution set out at Item No. 7 of the Notice to be passed as Ordinary Resolution by the Members.

Mrs. Bhavna Gautam Doshi is not related to any other Director of the Bank.

None of the Directors other than Mrs. Bhavna Gautam Doshi or the Key Managerial Personnel of the Bank or their relatives are deemed to be interested, financially or otherwise, in the said Resolution.

ITEM NO. 8

Re-appointment of Mr. Shanker Annaswamy (DIN: 00449634) as 'Non-Executive Independent Director':

Mr. Shanker Annaswamy was inducted in the Board of the Bank on January 12, 2016, as 'Additional Director', pursuant to Section 161 of the Companies Act, 2013.

Members of the Bank had in the 22nd Annual General Meeting held on July 1, 2016, approved the appointment of Mr. Shanker Annaswamy, as 'Non-Executive, Independent Director' to hold office for a period of four years from January 12, 2016, i.e., up to January 11, 2020, not liable to retire by rotation.

Mr. Shanker Annaswamy continues to meet the criteria under Section 149 (6) of the Companies Act, 2013 read with Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 10A, 16 and 20 of the Banking Regulation Act, 1949 and all other applicable laws as amended from time to time, and is independent of the Bank's Management.

Based on his skills, experience, knowledge, performance evaluation and his contribution as member of Board and its committees, the Board of Directors have, based on the recommendation of the Nomination & Remuneration Committee of the Board, approved Mr. Shanker Annaswamy's re-appointment as 'Non-Executive Independent Director' in the Bank for the second term of four consecutive years commencing from January 12, 2020 up to January 11, 2024, not liable to retire by rotation.

Members are requested to consider Mr. Shanker Annaswamy's appointment as Director of the Bank in the category of 'Non-Executive Independent' from January 12, 2020 up to January 11, 2024.

Brief profile of Mr. Shanker Annaswamy and his remuneration details are included separately in the Notice, as required pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings.

The Board recommends the Resolution set out in Item No. 8 of the Notice to be passed by the Members as a 'Special Resolution'.

Mr. Shanker Annaswamy is not related to any other Director of the Bank.

None of the Directors other than Mr. Shanker Annaswamy or the Key Managerial Personnel of the Bank or their relatives are deemed to be interested, financially or otherwise, in the said Resolution.

ITEM NO. 9

Re-appointment of Dr. T. T. Ram Mohan (DIN: 00008651) as 'Non-Executive Independent Director':

Dr. T. T. Ram Mohan was inducted in the Board of the Bank on May 12, 2016, as 'Additional Director', pursuant to Section 161 of the Companies Act, 2013.

Members of the Bank had, in the 22nd Annual General Meeting held on July 1, 2016, approved the appointment of Dr. T. T. Ram Mohan, as 'Non-Executive, Independent Director' to hold office for a period of four consecutive years up to May 11, 2020, not liable to retire by rotation.

Dr. T. T. Ram Mohan continues to meet the criteria under Section 149 (6) of the Companies Act, 2013 read with Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 10A, 16 and 20 of the Banking Regulation Act, 1949 and all other applicable laws, as amended from time to time, and is independent of the Bank's Management.

Based on his skills, experience, knowledge, performance evaluation and his contribution as member of Board and its Committees, the Board of Directors have, based on the recommendation of the Nomination & Remuneration Committee of the Board, approved the re-appointment of Dr. T. T. Ram Mohan's for a second term of four consecutive years commencing from May 12, 2020 up to May 11, 2024, not liable to retire by rotation.

Members are requested to consider Dr. T. T. Ram Mohan's appointment as Director of the Bank in the category of 'Non-Executive Independent' from May 12, 2020 up to May 11, 2024.

Brief profile of Dr. T. T. Ram Mohan and his remuneration details are included separately in the Notice, as required pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings

The Board recommends the Resolution set out in Item No. 9 of the Notice to be passed by the Members as a 'Special Resolution'.

Dr. T. T. Ram Mohan is not related to any other Director of the Bank.

None of the Directors other than Dr. T. T. Ram Mohan or the Key Managerial Personnel of the Bank or their relatives are deemed to be interested, financially or otherwise, in the said Resolution.

ITEM NO. 10

Powers to the Board of Directors for Issue of Long-Term Bonds / Non-Convertible Debentures on Private Placement Basis:

The Bank has been regularly raising debt funds in the form of Bonds or Non-convertible Debentures on Private Placement basis, through instruments that are permitted under the provisions of the Banking Regulation Act, RBI Guidelines, Companies Act, 2013, and Rules, made thereunder, SEBI Regulations and other Applicable Laws. In the recent past, the Bank has raised funds on a Private Placement basis through Infrastructure Bonds and Basel III compliant Additional Tier 1 Bonds both of which are listed on the National Stock Exchange of India Ltd. (NSE), and Euro Medium Term Notes that are listed in Singapore Stock Exchange Ltd. and India INX International Exchange (IFSC) Limited (India INX), GIFT City.

Section 42 of the Companies Act, 2013 contains the power of companies to make private placement of securities. In terms of Section 42(2) read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the shareholders can, by way of a Special Resolution, authorize the Board of Directors to make offer of debt securities on a private placement basis, in one or more tranches in a year. Hence, from the perspective of efficiency in raising funds through debt securities on a private placement basis, the Bank regularly seeks and obtains approval of the shareholders in the Annual General Meeting.

Approval of the Members is requested by way of a Special Resolution for granting powers to the Board to raise funds through permitted debt securities, on a private placement basis, in one or more tranches, during one year from the date of the AGM, for an aggregate amount not exceeding ₹ 20,000 crores.

The Board of Directors therefore recommend the Special Resolution set out at Item No. 10 of the Notice for approval by the Members.

None of the Directors or the Key Managerial Personnel of the Bank or their relatives are interested, financially or otherwise, in the said Resolution.

ITEM NO: 11

Modifications in ESOS Scheme 2007:

In the prevailing competitive environment, employees are one of its most important assets of the Bank. The Bank recognizes the importance of professional talent, and the need to incentivize and motivate professionals, and reward exceptional performance.

Members of the Bank had, vide Special Resolution dated September 18, 2007, accorded approval for the Employee Stock Option Scheme 2007 ('ESOS 2007') framed pursuant to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The Bank intends to modify the ESOS 2007 to align the ESOS 2007, with the amendments in the Companies Act, 2013 and SEBI Regulations till the date of this Notice.

On modification, the title of the ESOS 2007 shall be changed to IndusInd Bank Employees Stock Options Scheme, 2020 (ESOS 2020).

The salient features of the ESOS Scheme 2007 and the modifications incorporated in ESOS 2020 are as under:

1. Brief Description of the Scheme:

The ESOS 2007 enables the Bank to incentivise Eligible Employees through the Employee Stock Option Scheme (ESOS) subject to Applicable Laws and terms and conditions of the Scheme. The Eligible Employees are entitled to subscribe to the Equity Shares within a certain time period (Exercise Period) upon fulfillment of such conditions (Vesting) and payment of Exercise Price (Exercise Price) as is determined by the Compensation Committee. The Scheme is intended to reward Eligible Employees for their performance and to retain and motivate them to contribute in the growth and profitability of the Bank.

Modifications incorporated in ESOS 2020:

The description of the ESOS remains the same except the scheme be titled as ESOS 2020.

The Compensation Committee, the composition of which is as per Section 178 of the Companies Act, 2013, shall administer the Scheme.

2. Total Number of Options to be granted:

ESOS 2007:

The maximum number of Options granted to any Eligible Employee in a financial year shall not, except with the approval of the Board of Directors of the Bank, exceed 0.20% (zero point two per cent) of the Paid-up Equity Shares of the Bank at the time of Grant of Options, and that the aggregate of all such Options granted to the Eligible Employees shall not exceed seven per cent (7%) of the aggregate of the number of Paid-up Equity Shares of the Bank, from time to time, on the dates of grant of Options.

Modifications incorporated in ESOS 2020:

The maximum number of Options granted to any Eligible Employee in a financial year shall not exceed 0.20% (zero point two per cent) of the Issued Capital of the Bank at the time of grant of Options and the aggregate of all such Options granted to the Eligible Employees shall not exceed seven per cent (7%) of the aggregate of the number of Paid-up Equity Shares of the Bank, from time to time, on the dates of grant of Options.

3. Identification of classes of employees entitled to participate and be beneficiaries in the Scheme:

ESOS 2007:

Following classes of employees which are selected by the Compensation Committee, are entitled to participate in the Scheme:

- a) Permanent employees of the Bank, working in India or outside India;
- b) Directors of the Bank, including Whole-time Directors; and
- c) Permanent employees and Directors of the subsidiary companies working in India or outside India.

Modifications incorporated in ESOS 2020:

Following classes of employees, as selected by the Compensation Committee, are entitled to participate in the Scheme:

- (a) a permanent employee of the Bank working in India or outside India;
- (b) a Whole-time Director;
- (c) an employee as defined in sub- clause (a) or (b) of a Subsidiary, in India or out of India, or of a Holding Company of the Bank.

But does not include:

- i) an employee who is a Promoter or a Person belonging to the Promoter Group; or
- ii) a Whole-time Director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than 10% of the outstanding Equity Shares of the Bank.

4. Transferability of the Options under the Scheme:

ESOS 2007 and ESOS 2020:

Any Options granted under the Scheme cannot be assigned, alienated, pledged, attached, hypothecated, sold or otherwise transferred or encumbered by Eligible Employees except on death or permanent disability (as defined in the Scheme therein) of the Eligible Employees (in which case the Options will be exercisable by the nominee, as selected by the Eligible Employees). Any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted herein shall be void and unenforceable against the Bank.

The clause related to **non-transferability of Options.**

ESOS 2007:

No person other than the Participant to whom the Options were granted shall be entitled to exercise the Options provided however that the Participant may include any person(s) as he may deem fit as a joint holder of shares allotted to him upon the exercise of Options

ESOS 2020:

No Person other than the Participant or his / her Successor to whom the Options were granted shall be entitled to the benefit arising out of such Options.

5. Requirements of vesting and period of vesting:

ESOS 2007 and ESOS 2020:

Options that are granted shall vest in accordance with the terms of each grant under the Scheme, so long as an employee continues to be in employment of the Bank or of the subsidiary companies. The Compensation Committee shall determine from time to time the eligibility of employees to participate in the Scheme.

The Options granted to participants may vest at one time or at various points of time, as stipulated in the Award Confirmation by the Compensation Committee. However, there shall be a minimum period of one year between the grant of Options and vesting of Options.

The clause remains same in case of ESOS 2007 and ESOS 2020.

6. Maximum period within which the Option shall be vested:

ESOS 2007 and ESOS 2020:

The Options granted to participants may vest at one time or at various points of time as stipulated in the Award Confirmation by the Compensation Committee. However, there shall be a minimum period of one year between the grant of Options and vesting of Options. Unless earlier vested, expired, forfeited or otherwise terminated, each Option shall expire in its entirety by such period as stipulated in the Award Confirmation or the fifth anniversary of the date of grant of Options, whichever is earlier, or such further or other period as the Compensation Committee may determine.

The clause remains same in case of ESOS 2007 and ESOS 2020.

7. Exercise Price or Pricing Formula:

ESOS 2007 and ESOS 2020:

Exercise Price shall be as the Compensation Committee may, in its absolute discretion decide from time to time.

ESOS 2007:

Exercise Price shall be as the committee may, in its absolute discretion decide from time to time. This would normally be based on 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 Committee in which the Stock Options are granted. As the shares are listed on more than one Stock Exchanges, the latest available Close Price on the Stock Exchange where there is highest trading volume on the said date shall be considered.

ESOS 2020;

The Compensation Committee, at its own discretion and without giving prior notice, determine the Exercise Price, being not less than the Face Value of Shares and in conformity with the accounting policies specified in Section XIII of this Scheme. This would normally be at the latest available Close Price (on the Stock Exchange on which the shares of the Bank are most traded), prior to the date of the meeting of the Committee in which the Stock Options are granted. All Options contracted prior to the change will however not be affected.

8. Exercise Period and the process of exercise:

ESOS 2007 and ESOS 2020:

The Exercise Period may commence from the date of vesting and will expire on completion of five years from the date of vesting of Options, or such period as may be determined by the Compensation Committee at its sole discretion from time to time.

The holder of the Options may exercise the vested Options within the Exercise Period. In the event the options holder fails to exercise his vested options within the Exercise Period, such vested Options shall lapse and return to the Scheme pool.

The Bank shall not have an obligation towards such Options holder with respect to such lapsed options.

The Eligible Employee may make a written application to the Bank expressing his / her desire to exercise such Options in such manner and on execution of such documents, as may be prescribed by the Compensation Committee from time to time.

The Eligible Employee or his / her successors, as the case may be, may exercise the Options by payment of Exercise Price in full at such time as may be notified during the applicable Exercise Period by the Compensation Committee.

The method of payment of the exercise price shall be determined by the Compensation Committee.

Upon receipt of the application in prescribed form for exercise of the Options and the payment of Exercise Price in a form and manner as may be stipulated by the Compensation Committee, the Bank shall issue and allot equity shares of the Bank to the Eligible Employee or his / her successors, as may be applicable.

The clause remains same in case of ESOS 2007 and ESOS 2020.

9. Appraisal process for determining the eligibility of employees for the Schemes:

ESOS 2007 and ESOS 2020:

The Compensation Committee shall have the sole authority to determine the Eligible Employee and decide the number of Options to be granted to them.

The Compensation Committee may consider the position and responsibilities of the Eligible Employee, the nature and value to the Bank of the Eligible Employee's services and accomplishments whether direct or indirect, length of service, grade, performance, merit, present and potential contribution and conduct of the Eligible Employee and such other factors as the Committee may deem relevant.

The clause remains same in case of ESOS 2007 and ESOS 2020.

10. Maximum number of options to be issued per employee and in aggregate:

ESOS 2007 and ESOS 2020:

Same as mentioned in point no. 2 above

11. Maximum quantum of benefits to be provided per employee under the Scheme:

ESOS 2007 and ESOS 2020:

Same as mentioned in point no. 10 above.

12. Whether the Scheme is proposed to be directly administered by the Bank or through a Trust:

ESOS 2007 and ESOS 2020:

The Scheme shall be administered directly by the Bank through the Compensation Committee of the Bank, in accordance with the applicable laws.

The clause remains same in case of ESOS 2007 and ESOS 2020.

13. Whether the Scheme involves new issue of shares by the Bank or secondary acquisition by the trust or both.

ESOS 2007 and ESOS 2020:

The Scheme contemplates new issue of shares by the Bank.

The clause remains same in case of ESOS 2007 and ESOS 2020.

14. The amount of loan provided for implementation of the Scheme by the Bank to the Trust, its tenure, utilization, repayment terms etc.

ESOS 2007 and ESOS 2020:

Not applicable, as there is no Trust formed by the Bank for implementation of the Scheme.

15. Maximum percentage of secondary acquisition (subject to limits specified under the Regulations) that can be made by the trust for the purposes of the scheme(s):

ESOS 2007 and ESOS 2020:

Not applicable, as there is no Trust formed by the Bank for implementation of the Scheme.

16. A statement to the effect that the Company shall conform to the accounting policies specified.

ESOS 2007 and ESOS 2020:

The Bank shall follow the relevant accounting policies, prescribed from time to time, including the disclosure requirements.

17. The method which the Company shall use to value its options:

ESOS 2007 and ESOS 2020:

The Bank shall use the Intrinsic Value method to value the Options being granted.

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 the Options, shall be disclosed in the Directors' Report. The impact of this difference on profits and on EPS of the Bank shall also be disclosed in the Directors' Report.

The clause remains same in case of ESOS 2007 and ESOS 2020.

Equity-based compensation is considered to be an integral part of employee compensation across all sectors which enables alignment of personal goals of the employees with the Bank's objectives by participating in the ownership of the Bank through a share-based compensation Scheme / Plan.

The Bank believes in rewarding its present and future eligible employees for their continued hard work, dedication and support, which has led the Bank on the growth path.

Pursuant to the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014 {SEBI (SBEB) Regulations}, the Bank seeks Members' approval in respect of the modified Scheme – ESOS 2020, and grant of Stock Options and thereby issue Equity Shares of the Bank having Face Value of ₹10/- each per share to its Eligible Employees as decided by the Board of Directors of the Bank (hereinafter referred to as the Board, which term shall include any Committee, including the Compensation Committee), on such terms and conditions and at such price from time to time in due compliance of SEBI (SBEB) Regulations.

Based on the recommendation of the Compensation Committee and subject to the approval of Members, the Board of Directors of the Bank, at its meeting held on August 26, 2020 approved the ESOS 2020.

The consent of the Members is being sought by way of Special Resolution pursuant to Section 62(1)(b) of the Companies Act, 2013 and as per Regulation 6 of SEBI (SBEB) Regulations and other applicable provisions, if any.

The Directors and Key Managerial Personnel of the Bank may be deemed to be concerned or interested in these Resolutions only to the extent of any options that may be granted to them (along with the resultant Equity Shares issued) in accordance with the Scheme. The Board recommends the Resolution set out at Item No. 11 of this Notice to be passed by the Members as a Special Resolution.

By Order of the Board
IndusInd Bank Limited

Sd/-
Haresh Gajwani
Company Secretary
Membership No. ACS 18225

Place: Mumbai
Date: August 26, 2020

Annexure to the Item Nos. 2 and 4 to 9 of the Notice:

Details of Directors seeking approval of shareholders for appointment / re-appointment at the 26th Annual General Meeting of the Bank ('AGM')

In compliance with Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the Secretarial Standards 2 issued by the Institute of Company Secretaries of India the details are mentioned below.

Name of the Director	Mr. Arun Tiwari, Part-time Non-Executive Chairman	Mr. Sumant Kathpalia, Managing Director & CEO
DIN	05345547	01054434
Date of Birth	July 1, 1957	December 14, 1961
Age	63 years	58 years
Date of first appointment on the Board of the Bank	August 10, 2018	March 24, 2020
Qualifications	M. Sc. in Chemistry	B.Com. (Hons.), CA
Brief Resume including experience	<p>Mr. Arun Tiwari has over 38 years of experience in Banking and Financial Market Operations.</p> <p>Mr. Tiwari had been Chairman & Managing Director of Union Bank of India from December 2013 to June 2017.</p> <p>Prior to that, Mr. Tiwari was Executive Director of Allahabad Bank from June 2012 to December 2013.</p> <p>Mr. Arun Tiwari has, in the past, also held the position of Deputy Chairman of Indian Bank's Association, and has been Member of Governing Council of Indian Institute of Banking & Finance.</p> <p>Mr. Tiwari is Member of the Governing Council, Bankers Institute of Rural Development.</p>	<p>Mr. Sumant Kathpalia possesses specialized knowledge and practical experience of working of banking companies.</p> <p>Mr. Sumant Kathpalia is a career banker with over 31 years of experience in large multi-national banks such as Citibank, Bank of America & ABN AMRO and IndusInd Bank.</p> <p>Mr. Sumant Kathpalia has successfully held several leadership roles over his career with a focus on driving business growth and innovation.</p> <p>Mr. Kathpalia has diversified experience across various functions including Business Strategy, Sales & Distribution, Operations, Systems, Risk & Credit Management and Financial Management.</p>
Nature of his Expertise in specific functional areas	Banking	Banking & Accountancy
List of Directorships / Memberships / Chairmanships of Committees of other Boards		
1. Directorships in other entities:	<p>Hinduja Energy (India) Limited</p> <p>Hinduja National Power Corporation Ltd</p> <p>India Infradebt Limited</p> <p>Acuite Ratings & Research Limited</p>	<p>Bharat Financial Inclusion Limited. (a Wholly Owned Subsidiary of the Bank)</p>

Name of the Director	Mr. Arun Tiwari, Part-time Non-Executive Chairman	Mr. Sumant Kathpalia, Managing Director & CEO
2. Chairmanships of the Committees' of other Boards:	India Infradebt Limited 1. Credit & Risk Committee	-
3. Membership of Committees of other Boards	India Infradebt Limited 1. Information Technology Strategy Committee 2. Corporate Social Responsibility Committee 3. Governance, Remuneration and Nomination Committee Acuite Ratings & Research Limited 1. Nomination and Remuneration Committee	-
No. of Equity Shares held in the Bank as on March 31, 2020	Nil	5,28,818
No. of Board Meetings attended during the year	9/9	Nil*
Relationship between Directors inter-se, Managers and Other Key Managerial Personnel of the Bank	None	None
Terms and conditions of appointment / re-appointment	The Terms of Appointment are as proposed in the Resolution relating to appointment mentioned in Item No. 4 of this Notice.	The Terms of Appointment are as proposed in the Resolution relating to appointment, mentioned in Item No.5 of this Notice.
Remuneration paid per annum	₹30,00,000 per annum and Sitting fees for attending the meetings of the Board and its Committees.	As approved by Reserve Bank of India. – Details of remuneration to be paid from March 24, 2020 until March 31, 2021 are part of the proposed Resolution No. 5 and for the balance tenure of office, the remuneration shall be as recommended by the Nomination & Remuneration Committee and approved by the Board and the Reserve Bank of India.
Remuneration last drawn	(i) Commission: ₹ 8,32,418/- (April 1, 2019 to January 30, 2020 as Director at ₹10 lakhs per annum); and (ii) ₹5,02,747/- (January 31, 2020 to March 31, 2020 as Chairman, at ₹30 lakhs per annum). Sitting Fees: ₹31,70,000/-.	From March 24, 2020 till March 31, 2020 ₹15,71,657/-.

Name of the Director	Mr. Sanjay Khatau Asher, Additional Director	Mrs. Bhavna Gautam Doshi, Additional Director
DIN	00008221	00400508
Date of Birth	November 26, 1963	June 26, 1953
Age	56 years	67 years
Date of first Appointment on the Board of the Bank	October 10, 2019	January 14, 2020
Qualifications	B. Com, C.A. and LLB.	Fellow Member of the Institute Chartered Accountants of India; and Master's Degree in Commerce from the University of Mumbai.
Brief Resume including experience	<p>Mr. Sanjay Asher is presently a Senior Partner with M/s Crawford Bayley & Co., which is India's oldest law firm established in 1830.</p> <p>Mr. Asher has been a practicing Advocate since 1991, and was admitted as a Solicitor in the year 1993. He specializes in the fields of M&A, cross border M&A, joint ventures, private equity and capital markets.</p> <p>Mr. Asher has been a noted speaker at various seminars and conferences including those organized by Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Bombay Chamber of Commerce and Industry, International Financial Law Review, etc.</p> <p>Mr. Asher has authored several articles in national and international publications, including a book on Companies Act, 2013.</p>	<p>Mrs. Bhavna Doshi provides advisory services in the fields of Taxation, Accounting, Corporate and Regulatory matters, and has rich experience of over three decades. She is a former Partner of a member firm of KPMG in India, and has also been a Senior Advisor to KPMG in India.</p> <p>Mrs. Doshi was an elected Member of the Council of Institute of Chartered Accountants of India (ICAI), where she served on various Committees. She also served as Chairperson of Accounting Standards Board and as Chairperson and member of the Research Committee of ICAI. Mrs. Doshi has also contributed to the 'Vision Exercise' for ICAI.</p> <p>Mrs. Doshi has also served on the Government Accounting Standards Advisory Board, constituted by the Comptroller and Auditor General of India.</p> <p>Mrs. Doshi was President of the Indian Merchants Chamber (IMC), and is currently serving on the President's Advisory Committee at IMC.</p> <p>Mrs. Doshi has had an exemplary academic career and was ranked 2nd at All-India Level at both, Intermediate and Final CA examinations. She has also won the 'Best Lady Candidate Award'.</p>
Nature of his Expertise in specific functional areas	Accountancy & Legal Matters	Accountancy

Name of the Director	Mr. Sanjay Khatau Asher, Additional Director	Mrs. Bhavna Gautam Doshi, Additional Director
List of Directorships / Memberships / Chairmanships of Committees of other Boards		
1. Directorships in other entities:	<p>Listed entities (Indian companies): Repro India Limited Deepak Nitrite Limited Sudarshan Chemical Industries Limited Tribhovandas Bhimji Zaveri Limited Ashok Leyland Limited Sonata Software Limited</p> <p>Unlisted entities (Indian companies): Lonza India Private Limited Kinenco Kaman Composites- India Private Limited Siporex India Private Limited N V Advisory Services Private Limited Arch Protection Chemicals Private Limited Orbit Electricals Private Limited Deepak Phenolics Limited</p>	<p>Listed entities (Indian companies): Torrent Power Limited Sun Pharma Advanced Research Company Limited Everest Industries Limited</p> <p>Unlisted entities (Indian companies): Nuvoco Vistas Corporation Limited (Earlier known as Lafarge India Limited) Future Generali India Life Insurance Company Limited LIC Pension Fund Limited Future Generali India Insurance Company Limited ICAI Accounting Research Foundation Connect Capital Private Limited</p>
2. Chairmanships of the Committees' of other Boards:	<p>Ashok Leyland Limited 1. Audit Committee 2. Stakeholders Relationship Committee</p> <p>Sudarshan Chemical Industries Limited 1. Stakeholders Relationship Committee</p>	<p>Sun Pharma Advanced Research Company Limited 1. Audit Committee</p> <p>Nuvoco Vistas Corporation Limited 1. Audit Committee</p> <p>Future Generali India Life Insurance Company Limited 1. Audit Committee 2. Nomination and Remuneration Committee</p> <p>LIC Pension Fund Ltd. 1. Risk Management Committee</p> <p>Future Generali India Insurance Company Limited 1. Audit Committee 2. Nomination and Remuneration Committee</p> <p>Torrent Power Limited 1. CSR Committee</p>

Name of the Director	Mr. Sanjay Khatau Asher, Additional Director	Mrs. Bhavna Gautam Doshi, Additional Director
3. Membership of Committees of other Boards	<p>Ashok Leyland Limited</p> <ol style="list-style-type: none"> 1. Risk Management Committee 2. Corporate Social Responsibility Committee <p>Sudarshan Chemical Industries Limited</p> <ol style="list-style-type: none"> 1. Audit Committee 2. Nomination and Remuneration Committee <p>Tribhovandas Bhimji Zaveri Limited</p> <ol style="list-style-type: none"> 1. Nomination and Remuneration Committee <p>Sonata Software Limited</p> <ol style="list-style-type: none"> 1. Audit Committee 2. Nomination and Remuneration Committee 	<p>Torrent Power Limited</p> <ol style="list-style-type: none"> 1. Audit Committee 2. Risk Management Committee <p>Sun Pharma Advanced Research Company Limited</p> <ol style="list-style-type: none"> 1. CSR Committee 2. Nomination and Remuneration Committee <p>Everest Industries Limited</p> <ol style="list-style-type: none"> 1. Audit Committee 2. Nomination and Remuneration Committee <p>Nuvoco Vistas Corporation Limited</p> <ol style="list-style-type: none"> 1. Nomination and Remuneration Committee <p>LIC Pension Fund Ltd.</p> <ol style="list-style-type: none"> 1. Nomination and Remuneration Committee
No. of Equity Shares held in the Bank as on March 31, 2020	5,600	Nil
No. of Board meetings attended during the year	3/3*	Nil*
Relationship between Directors inter-se, Managers and Other Key Managerial Personnel of the Bank	None	None
Terms and conditions of appointment / re-appointment	The Terms of Appointment are as proposed in the Resolution related to appointment mentioned in Item No.6 of this Notice.	The Terms of Appointment are as proposed in the Resolution related to appointment mentioned in Item No.7 of this Notice.
Remuneration sought to be paid	Sitting Fees and Commission on the profit within the limits stipulated by law.	Sitting Fees and Commission on the profit within the limits stipulated by law.
Remuneration last drawn	Remuneration for the period from Date of Appointment until March 31, 2020. Sitting Fees: ₹9,70,000/- Commission: ₹ 4,75,543/-	Remuneration from Date of Appointment until March 31, 2020. Sitting Fees: Nil Commission: ₹2,14,286/-

Name of the Director	Mr. Shanker Annaswamy	Dr. T. T. Ram Mohan
DIN	00449634	00008651
Date of Birth	August 1, 1955	January 28, 1956
Age	64 years	64 years
Date of first Appointment on the Board of the Bank	January 12, 2016	May 12, 2016 ⁵
Qualifications	Bachelor of Engineering degree (B.E) in Communication' from Madras University; Diploma in Business Management Education from AIMA, New Delhi	B-Tech (IIT, Mumbai) PGDM (IIM, Calcutta) Ph. D (Stern School of Business, New York University)
Brief Resume including experience	Mr. Shanker Annaswamy was Managing Director of IBM India Pvt. Ltd. from July, 2004 to December, 2012. He had also served as President and Chief Executive Officer of GE Medical Systems, (South Asia), and before that as Managing Director of Wipro, GE Medical Systems.	Dr. Ram Mohan worked in consultancy and in the financial sector before entering academics. He has been Divisional Manager, Tata Economic Consultancy Services, Head of Strategy, Standard Chartered Bank, India, Vice President Bear Stearns, Hong Kong, and Head of Research, Birla Marlin Securities. For over 15 years, he wrote a fortnightly column for The Economic Times . Dr. Ram Mohan's research interests include Banking Sector Reforms, Privatization and Corporate Governance. He was Visiting Faculty at Stern School of Business, NYU in 2001. Dr. Ram Mohan has served on numerous committees of RBI and has been member of the Primary Markets Advisory Committee of SEBI. Dr. Ram Mohan has authored six books and numerous papers. His most recent title, Rethinc: What's broke at today's corporations and how to fix it , published by Penguin Random House, was judged the co-winner of the Best Business Book of the Year award at the Tata Literary Festival in November, 2015.
Nature of his Expertise in specific functional areas	Information Technology	Banking & Finance
List of Directorships / Memberships / Chairmanships of Committees of other Boards		
1. Directorships in other entities:	Listed entities (Indian companies): Healthcare Global Enterprises Limited Unlisted entities (Indian companies): TransUnion CIBIL Limited	Listed entities (Indian companies): Nil Unlisted entities (Indian companies): Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited

Name of the Director	Mr. Shanker Annaswamy	Dr. T. T. Ram Mohan
2. Chairmanships of the Committees' of other Boards:	Healthcare Global Enterprises Limited 1. Nomination & Remuneration Committee TransUnion CIBIL Limited 1. Customer Protection Committee	Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited 1. CSR Committee
3. Membership of Committees of other Boards	Healthcare Global Enterprises Limited 1. Audit Committee 2. Risk Management Committee 3. Strategy Committee TransUnion CIBIL Limited 1. Audit & Risk Committee 2. Nomination & Remuneration Committee 3. CSR Committee 4. IT Committee 5. Business Strategy Committee	Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited 1. Audit Committee 2. Nomination & Remuneration Committee 3. Policy holder Protection Committee
No. of Equity Shares held in the Bank as on March 31, 2020	Nil	3,800
No. of Board meetings attended during the year	9/9 [#]	8/9 [#]
Relationship between Directors inter-se, Managers and Other Key Managerial Personnel of the Bank	None	None
Terms and conditions of appointment / re-appointment	The Terms of Appointment are as proposed in the Resolution related to re-appointment in Item No.8 of this Notice.	The Terms of Appointment are as proposed in the Resolution related to appointment mentioned in Item No.9 of this Notice.
Remuneration sought to be paid	Sitting Fees and Commission on the profit within the limits stipulated by law.	Sitting Fees and Commission on the profit within the limits stipulated by law.
Remuneration last drawn	Remuneration for the period from Date of Appointment until March 31, 2020. Sitting Fees: ₹16,40,000/- Commission: ₹10,00,000/-	Remuneration for the period from Date of Appointment until March 31, 2020. Sitting Fees: ₹ 23,50,000/- Commission: ₹10,00,000/-

* The number of Board Meetings attended by Additional Directors are as per their individual dates of appointment.

Includes attendance through video-conference.

\$ Dr. Ram Mohan was on the Board of the Bank in the category of "Independent, Non-Executive Director" for a period of 8 years, from January 16, 2006 to January 15, 2014. In accordance with RBI Guidelines, a person can be eligible for appointment on the Board of a Bank after a period of two years.

Accordingly, Dr. Ram Mohan, in compliance with provisions of Companies Act, 2013 and RBI Guidelines, was appointed on May 12, 2016 and completed his first term on May 11, 2020.

IndusInd Bank

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Corporate Office: 8th Floor, Tower 1, One Indiabulls Centre,
841, S.B. Marg, Prabhadevi (W), Mumbai - 400 013.

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