

IndusInd Bank

July 22, 2019

The Deputy General Manager
Corporate Relationship Dept.
BSE Ltd.
1st Floor, New Trading Ring
Rotunda Building, P. J. Towers
Dalal Street, Fort
Mumbai 400 001
BSE Scrip Code: 532187

Chief Regulatory Officer,
India International Exchange
1st Floor, Unit No. 101,
The Signature Building No.13B,
Road 1C, Zone 1, GIFT SEZ,
GIFT CITY, Gandhinagar - GJ 382355

Scrip Code: 1100027

Chief Regulatory Officer,
India International Exchange
1st Floor, Unit No. 101,
The Signature Building No.13B,
Road 1C, Zone 1, GIFT SEZ,
GIFT CITY, Gandhinagar - GJ 382355
Scrip Code: 1100027

Madam / Dear Sir,

Sub: Submission of Annual Report for the Financial Year 2018-19

In Compliance with Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a soft copy of the Annual Report for the year 2018-19 is annexed to this letter.

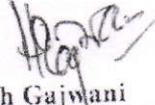
Notice of the 25th AGM forms an integral part of the Annual Report on Page Nos. 266 to 288

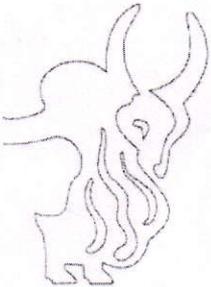
Dispatch of the 25th Annual Report commenced today i.e. Monday, July 22, 2019.

We request you to kindly take the above information on record.

Thanking You,

Yours faithfully,
For IndusInd Bank Ltd.


Haresh Gajwani
Company Secretary



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



IndusInd Bank

CELEBRATING
THE PAST
EXCITED BY
THE FUTURE



Annual Report 2018-19

Board of Directors (as at March 31, 2019)

Mr. R. Seshasayee, Chairman
 Mrs. Kanchan Chitale
 Dr. T. T. Ram Mohan
 Mr. Shanker Annaswamy
 Mr. Yashodhan Kale
 Mrs. Akila Krishnakumar
 Mr. Arun Tiwari
 Mr. Siraj Chaudhry
 Mr. Rajiv Agarwal
 Mr. Romesh Sobti, Managing Director & CEO

Company Secretary

Mr. Haresh K. Gajwani

Auditors

M/s. S.R. Batliboi & Co. LLP,
 Chartered Accountants,
 12th Floor, The Ruby,
 29 Senapati Bapat Marg,
 Dadar (West), Mumbai - 400028

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

Contents

Page No.

Management Discussion and Analysis	18
Directors' Report	65
Corporate Governance	81
Annexures to the Reports	114
Independent Auditors' Report	148
Balance Sheet	156
Profit and Loss Account.....	157
Cash Flow Statement	158
Schedules	159
Significant Accounting Policies	164
Notes on Accounts.....	172
Disclosures under Basel III Capital Regulations	262
Balance Sheet in US Dollars	265
Notice of Annual General Meeting	266
Branch Network	285
Route Map.....	286
Proxy Form.....	287

Company CIN: L65191PN1994PLC076333

Registered Office

2401, Gen. Thimmayya Road
 (Cantonment)
 Pune – 411001
 Tel: (020) 2623 4000 /10

Corporate Office

8th Floor, Tower 1, One Indiabulls Centre
 841, Senapati Bapat Marg
 Elphinstone Road (West), Mumbai – 400013
 Tel: (022) 3049 3999

Secretarial & Investor Services cell

731, Solitaire Corporate Park
 167, Guru Hargovindji Marg
 Andheri (East), Mumbai – 400093
 Tel: (022) 66412487 / 66412359

Message from Managing Director



Dear Shareholders,

2019 is indeed a memorable year for IndusInd Bank as this is the year your Bank turns 25! As we cross this milestone, there is exuberance and joy at what your Bank has achieved, but more importantly, there is a sense of anticipation and promise of what lies ahead. I can assure you that the future looks very bright for IndusInd Bank.

I derive great pleasure in sharing with you that the merger between IndusInd Bank and Bharat Financial Inclusion Ltd. (BFIL) has worked out very well. We now have a more sustainable platform for financial inclusion, and the merged entity is a perfect fit to your Bank's rural banking and microfinance theme. We have successfully leveraged the new-found access to best-in-class micro-lending capabilities and domain expertise in microfinance. BFIL had 1,854 branches across 381 districts, which complement IndusInd Bank's 1,665-strong branch network (including 250 rural branches) and 845 vehicle finance outlets. Post-merger, your Bank will now have over 4,364 banking points (excluding ATMs), serving more than 22.2 million customers.

In our endeavour to serve our client's needs for wealth management, your Bank introduced 'PIONEER' Banking Wealth Management, a platform that effortlessly merges bespoke wealth management solutions with a gamut of personal and commercial banking products for discerning customers.

Another important addition to our suite of digital offerings this year was the launch of 'IndusSmart', an online mutual fund platform that has been specifically designed to help our valued customers to learn, invest and plan for their investment goals. The portal is built with enriched information related to investments using various creative formats.

As digital innovation is at the heart of everything we do, your Bank continued to follow the mantra of 'Responsive Innovation' through which we enhance customer satisfaction, delight and retention. During FY 2018-19, your Bank pioneered several innovations in the banking sector with service and product offerings that created disruptions within the banking space. Your Bank conceptualised these products by understanding the needs of the customer by analysing their lifestyle through primary and secondary research.

We launched multiple products; including the 'DUO' Card, India's first debit-cum-credit card; the 'Nexxt' Credit Card, India's first interactive card with buttons; IndusAssist, an Alexa-backed artificial intelligence based banking service, and banking on 'WhatsApp', a new service on WhatsApp platform.

That's not all, we also did a host of strategic and tactical tie-ups and partnerships to enhance value propositions for our customers. These partnerships were spread across an array of categories including Travel, Lifestyle, Food & Beverage, Health & Wellness among others.

Your Bank is committed to running its business in a way that generates sustainable value for its customers, clients, shareholders and employees. Your 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. Our efforts included watershed development, installation of water ATMs, rainwater harvesting, restoration of water bodies, rural electrification in 29 villages across Rajasthan, and supporting 60 female athletes under our Girl Power Programme in association with a reputed sports foundation. We take immense pride in the fact that three of these athletes won medals at the Asian Games and the Commonwealth Games.

Operating performance vectors of the Bank showed good momentum during the year. Loan book at ₹1,86,394 crores and Deposits at ₹1,94,868 crores recorded a growth of 29%. Net Interest Income at ₹8,846.18 crores was up by 18%. Non-Interest Income rose at 19% to ₹5,646.72 crores. Operating Profit for the year increased to ₹8,088.22 crores from ₹6,656.11 crores for the previous year showing an increase of 22% over previous year. Net Profit for the year was lower at ₹3,301.10 crores as against ₹3,605.99 crores for the previous year on account of one-off impact of a large Group NPA in Infrastructure.

It is gratifying to see that our hard work throughout the year was acknowledged and rewarded by numerous accolades. We were honoured with the 'Dream Employer of the Year' award at the 8th Edition of the ET Now Dream Companies of Work for Awards Organised by the World HRD Congress, 'Best Digital Payment Facilitator' at the Global Digital Marketing Award by the World Digital Marketing Congress, 'Asia's Leading Partner Bank' at the IDC FIIA 2019 Financial Insights Innovation Award. Your Bank also made it to the list of 40 'Best Indian Brands' of 2019 compiled by Interbrand, the world's leading brand consultancy, and an Omnicom subsidiary. This is the second time since 2017 that the Bank has been featured in the coveted list.

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

Yours Sincerely,

Romesh Sobti
Managing Director & CEO

Key Business Highlights



Net Profit
at **₹3,301 Cr**

Net Interest Margin
at **3.80%**

Net Interest Income
up by **18%** to
₹8,846 Cr

Operating Profit
up by **22%** to
₹8,088 Cr

Loan Book Growth
up by **29%** to
₹1,86,394 Cr

Capital Adequacy
Ratio (CAR) at
14.16%

Core Fee Income
up by **21%** to
₹5,068 Cr

Book Value
per share
₹437.38

Increased Network
1,665 Branches
2,545 ATMs
736 Geographic
Locations

Ratings



DOMESTIC RATING

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

INTERNATIONAL RATING

- **Baa3** for Issuer, Bank Deposits and Senior Unsecured MTN ratings by Moody's Investors Service
- **P3** as Short-Term Issuer Rating by Moody's Investors Service

Consistent delivery over the past 3 years



RETURN ON ASSETS (%)



RETURN ON EQUITY (%)



NET INTEREST MARGIN (%)



COST/ INCOME (%)



EARNINGS PER SHARE
(₹ PER SHARE)



BOOK VALUE PER SHARE
(₹ PER SHARE)

*(Excluding impact of a large group NPA in infrastructure)

Board of Directors 2019



Mr. R. Seshasayee

Chairman



Mrs. Kanchan Chitale

Non-Executive
Independent Director



Dr. T. T. Ram Mohan

Non-Executive
Independent Director



Mr. Shanker Annaswamy

Non-Executive
Independent Director



Mr. Yashodhan M. Kale

Non-Executive
Non-Independent Director



Mrs. Akila Krishnakumar

Additional Director
(Non-Executive Independent)



Mr. Arun Tiwari

Additional Director
(Non-Executive Independent)



Mr. Siraj Chaudhry

Additional Director
(Non-Executive Independent)



Mr. Rajiv Agarwal

Additional Director
(Non-Executive Independent)



Mr. Romesh Sobti

Managing Director & CEO

The Core Executive Team



Mr. Romesh Sobti
Managing Director & CEO



Mr. Paul Abraham
Chief Operating Officer



Mr. Suhail Chander
Head - Corporate &
Commercial Banking



Mr. Sumant Kathalia
Head - Consumer Banking



Mr. K. S. Sridhar
President



Mr. S. V. Zaregaonkar
Chief Financial Officer



Mr. S. V. Parthasarathy
Head - Consumer Finance



Mr. Arun Khurana
Head - Global Markets Group



Mr. Ramesh Ganesan
Head - Transaction Banking



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



Mr. Zubin Mody
Head - Human Resources



Mr. Sanjay Mallik
Head - Investor
Relations & Strategy



**Mr. Ramaswamy
Meyyappan**
Chief Risk Officer



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



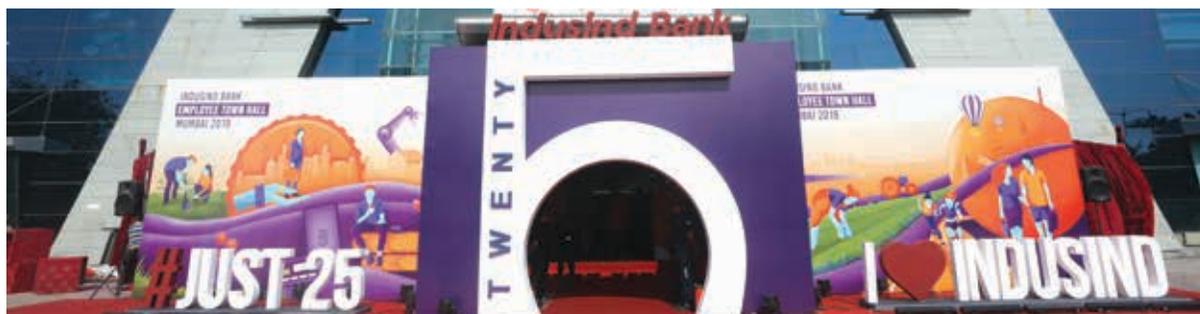
**Mr. Bijayananda
Pattanyak**
Head - Gems and Jewellery

25 Years of Sustained Growth



WE ARE #Just25

2019 is indeed a very memorable year for your Bank, as this is the year your Bank turns 25! For all the employees of your Bank, this is an important milestone. While across the Bank, there is exuberance and joy at what your Bank has achieved over the years, there is also a strong sense of anticipation and promise of what lies ahead. Your Bank has had a series of celebratory events and internal and external campaigns to mark the 25th year celebrations, and this will continue during the course of the year. Apart from a far-reaching advertising campaign which embodies the vital energy your Bank has, and its unwavering commitment to serving our customers, your Bank also organised large Town Hall functions that became a platform for colleagues and the senior management to engage at a personal level, and to celebrate the youthful energy and spirit of turning 25 years. The recognition and celebration of this milestone will continue through the year and shall be a platform for customer and employee engagement with your Bank, during the year.



INCLUSIVE BANKING: FINANCING LIVELIHOODS

Foraying into rural markets will go a long way in determining the success and growth of every organisation. Keeping this in view, your Bank has extended opportunities of sustainable livelihood among under-privileged and economically disadvantaged groups, thereby encouraging rural development in a significant way. Your Bank believes in bridging the gap between urban and rural India by bringing the unbanked and under-banked a step closer to mainstream banking.

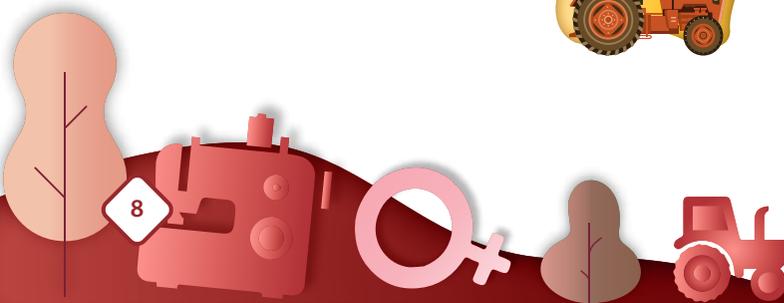
Agricultural & Related Supply Chains

Your Bank supported growth in agri and agri-allied sectors with total loan disbursal of ₹109.46 billion.



Microfinance for Women

Your Bank disbursed microloans to 7.53 million women across 28 states in FY 2018-19. Interestingly, 70% of these women borrowers are repeat customers, signifying your Bank's success in building reliability and satisfaction in our brand in rural areas.



Small & Micro Enterprises

Your Bank provides loans to Manufacturing Enterprises - Micro, Small and Medium Enterprises with investment in Plant and Machinery. Total loan disbursement to Microenterprises Sector in FY 2018-19 is ₹73.59 billion.



BHARAT FINANCIAL INCLUSION LTD. (BFIL): MERGER UPDATE



The strategic decision to merge BFIL with IndusInd Bank, was driven by the need to create a stronger and more sustainable platform for Financial Inclusion. The merger has enabled your Bank to enjoy best-in-class micro-lending capabilities and domain expertise in microfinance. With over 4,364 banking points post the merger, your Bank is able to serve more than 22.2 million customers. The final approval for the merger was received in June 2019 and the Bank has announced its first quarter results of FY 2020 as a merged entity.

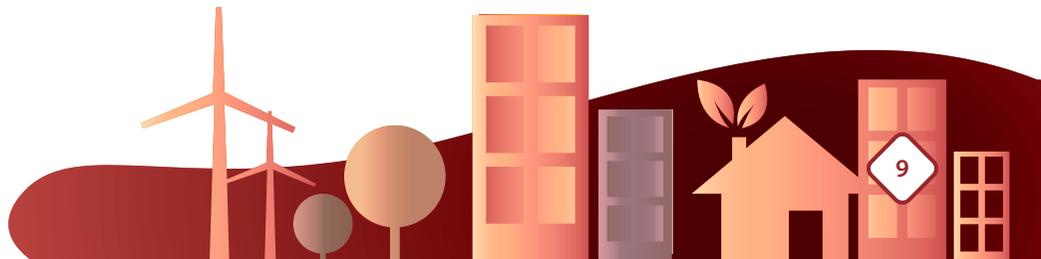
STEERING TOWARDS GROWTH: VEHICLE FINANCE

Backed by solid domain knowledge, coverage and clear leadership, your Bank was able to make huge strides in Vehicle Finance. During FY 2018-19, new vehicle disbursement was ₹28,398 crores vs ₹23,127 crores in FY 2017-18, a 23% y-o-y growth and used vehicle disbursement was ₹6,046 crores as against ₹4,760 crores in FY 2017-18, an increase of 27% over the previous year.



DIGITAL INNOVATION IS AT THE HEART OF WHAT WE DO

Your Bank continued to follow the mantra of 'Responsive Innovation' through which your Bank decode customer satisfaction, delight and retention. This year, your Bank pioneered several innovations in the banking sector with service and product offerings that created disruptions within the banking space. Your Bank conceptualised these products by understanding the needs of the customer by analysing their lifestyle through primary and secondary research. Your Bank leveraged on the latest technology to bring forth some of the most unique and state-of-the-art innovations that cater to the dynamic needs of their discerning customers. Your Bank's marketing and communication strategy was aligned with this vision wherein campaigns were designed to understand stakeholders' interests and engage with them in their world.

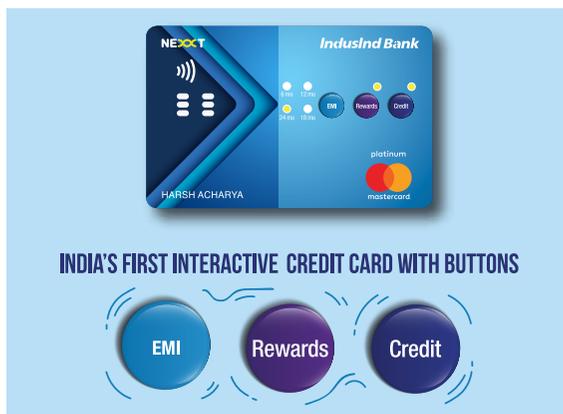


Launch of the DUO Card



Your Bank launched the 'DUO' Card, India's first Debit-cum-Credit Card, which comes packed with a plethora of double benefits. To launch the campaign, your Bank roped in renowned Bollywood actor Boman Irani as the protagonist for two Television commercials and also placed substantial digital media advertisements on popular websites and social media platforms.

Launch of the Nexxt Credit Card



Your Bank launched the Nexxt Credit Card, India's first interactive card with buttons, which offers absolute flexibility while making payments at POS. This next-gen state-of-the-art card has LED buttons which empower our customers to switch between multiple payment options i.e. regular credit card for online transactions, EMI & Rewards.

Ripple Blockchain



Your Bank has launched cross-border remittance with Al Rajhi Bank of Saudi Arabia and Bank Dhofar of Oman with live transactions that commenced from October 2018. This uses the distributed ledger technology to settle inward remittance transactions resulting in IMPS credit within 5 minutes from existing turnaround time of one working day. The platform also performs an AML check for inward remittances (for value < 5 lakhs).

IndusDirect Mobile App 2.0

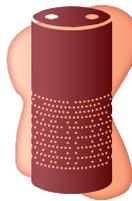
IndusDIRECT Your Bank revamped the existing Corporate Mobile Banking App and integrated it with both IndusDirect & Connect Online. It facilitates corporate banking customers, irrespective of the channel being used by them to avail the Mobile Banking Services. It offers services like Self-registration, Self-managing Accounts, Cash Management Services and Trade Services.

Launch of Banking on WhatsApp



Your Bank launched a new service with WhatsApp enterprise solution in India to communicate with customers, thereby becoming one of the first banks in the country to participate in the WhatsApp pilot project.

Banking on Alexa



Your Bank launched IndusAssist, an Artificial Intelligence (AI) based banking service that enables customers to conduct financial and non-financial transactions on Amazon Echo and other Alexa-enabled devices using voice-based commands.



Launch of PIONEER



PIONEER
the lost art of wealth management

'PIONEER' Banking Wealth Management platform is a state-of-the-art service that effortlessly merges bespoke wealth management solutions with a gamut of personal and commercial banking products for the discerning few.

Launch of IndusSmart

Another important addition to our suite of digital offerings this year was the launch of 'IndusSmart', an online mutual fund platform that has been specifically designed to help our valued customers to learn, invest and plan for their investment goals.

Other Initiative

The Marketing team also undertook various initiatives for our customers such as Aadhaar Seeding, GST Registration, Investor Meets at the zones as well as branch-level engagement activities that helped create a positive image about your Bank.

ALLIANCES

Through strategic alliances and tie-ups, your Bank not only offers customers more value but also engages with them at the highest level. This year, your Bank entered into various tactical alliances to bring forth engaging value adds for its customers. These partnerships are spread across an array of various categories.



Travel

In a bid to provide customers with an enhanced travel experience, your Bank has partnered with brands such as Yatra, MakeMyTrip, ClearTrip to offer lucrative deals on hotel bookings and holidays.



Lifestyle

Your Bank has tied up with both online and offline retail giants like Amazon, Flipkart, Snapdeal, Kalyan Jewellers as well as Metro C&C, among others to offer exciting deals on products of their choice, across categories.



Food & Beverage

Your Bank's debit and credit card users can avail a slew of scrumptious deals across food joints at airports including Binge, Vango, KFC, Subway, Pizza Hut, and Costa Coffee, among others.



Health and Wellness

Under this category, your Bank has collaborated with online pharmaceutical brands like Netmeds and Pharmeasy to help customers get medicines delivered at their doorstep.



EMPLOYEE ENGAGEMENT ACTIVITIES

We strongly believe that employees are the first customers of your Bank and in keeping with this vision, we organised two mega Town Halls that became a platform for colleagues and the senior management to engage at a personal level. Within your Bank, employee activities go beyond the realm of banking to extend to innumerable initiatives that explore and nurture their talent, passion and team-spirit. Your Bank considers running as a holistic activity that contributes to life like none other. We celebrate running as an activity that inspires those around you. This is the thought that your Bank believes in, which is why it has been sponsoring more than 6,000 of its employees across India to run marathons.



ACTIVITIES THAT REINFORCE THE BRAND

Your Bank collaborated with Sanctuary Asia to organise their Annual Wildlife Awards. Music being another key area of focus, your Bank has been continuing to partner with Sahachari Foundation to bring together Ustad Zakir Hussain along with other musicians from around the globe on one platform. 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 your Bank towards encouraging Fine Arts has been its association with 'Art for Concern' by Secure Giving Foundation.

Zonal teams undertook several initiatives to extensively promote social causes. One such initiative was undertaken by the East zone during the Durga Puja festival 'Ebar Pujo, Shobar Pujo'. The event was conducted in association with Rotaract Calcutta Mid-South wherein your Bank donated new clothes to the underprivileged.

Apart from the above, your Bank engages with employees and customers by celebrating various days such as World Literacy Day, World Ocean Day and Campaign against Human Trafficking among others.



25 Years of Taking Green Leaps



Your Bank believes that progress is possible only when communities are empowered. Your Bank is committed towards contributing to the society in a way that generates sustainable value for its customers, clients, shareholders and employees. Your Bank understands that its business goes beyond the boundaries of financial system, and is embedded in creating a wider economic, social and environmental impact. In compliance with Section 135 of the Companies Act, 2013 and CSR Rules 2014, your Bank has set up a Board-level CSR Committee to look after its CSR initiatives. Your Bank's CSR policy and strategy direct and govern the Bank's activities in its focus areas of Environment, Education, Livelihood, Healthcare and Sports.

ENVIRONMENT

Believing in Good Ecology is Good Economics, your Bank through its various initiatives, continues to strive for Environmental Conservation in the areas of Water Stewardship, Afforestation, Renewable Energy and Waste Management.

Water Stewardship

Your Bank identified Water Stewardship as a high-priority area under the Environmental Conservation in FY 2018-19, to tackle the severe water crisis that India is facing, The various areas include:



Reference image (Courtesy WOTR) of the geological transformation through Watershed Development in Darewadi, Maharashtra.

Watershed Development:

Your Bank is aiming to increase the percentage of land under irrigation over 16,937 ha, enhancing livelihood by creating year-round farming opportunities to benefit about 60,000 people in 89 villages across Madhya Pradesh, Jharkhand, Odisha and Maharashtra.

Installation of Water ATMs:

Your Bank has embarked on a mission to provide access to affordable RO purified drinking water for communities facing water crisis, that would benefit about 1,60,000 people across 35 villages in Rajasthan and Uttar Pradesh.

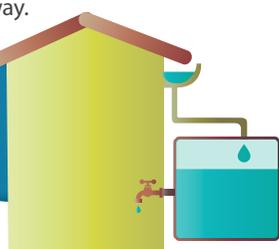
Restoration of Water Bodies:

By reviving the local ecology, your Bank aims to recharge the fast-depleting groundwater levels in these cities and villages and making more water available for more days in a year. Restoration of the Sholinganallur Lake and two ponds in Chennai, the Wazirabad Drain in Gurugram and the rejuvenation of two village ponds in Rajasthan are the initiatives that are underway.

Rooftop Rainwater Harvesting:

Your Bank is constructing 250 Rooftop Rainwater Harvesting structures across 18 villages of Jaitaran Tehsil in Rajasthan, adding additional 60 lakhs litres of water to its capacity.

Rooftop Rainwater Harvesting
in 18 villages for additional
60 Lakhs Litres of water

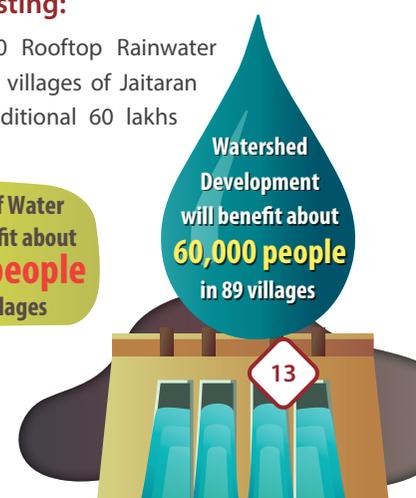


Water
ATM

Installation of Water
ATMs will benefit about
1,60,000 people
across 35 villages

Watershed
Development
will benefit about
60,000 people
in 89 villages

13



Waste Segregation & Management

Jagmaagaata Uttarakhand is the Solid Waste Management programme of the Bank in partnership with the Ministry of Panchayati Raj in Uttarakhand. 8 villages of Doiwala Cluster of Dehradun have been taken by the Bank for segregation and management of waste, benefiting more than 19,000 people. 43.8 MT will be recyclable out of the 1,277.5 MT of waste generated annually, to produce 115 MT of compost.

Afforestation

The Bank's Urban Afforestation Programme, aims to mitigate Green House emissions along with beautifying the city, in several urban centres. In FY 2018-19, your Bank planted 25,861 native trees in 7 cities across 31 locations, with an estimated Carbon Sequestration of 6,410.43 MT of CO₂ (over 15 years). Since FY 2015-16, the Bank has planted a total of 41,000 native trees with a certified Carbon Sequestration of 10,975.39 MT of CO₂ (offsetting over 15 years).

EDUCATION

Education is the most powerful way to empower an individual or a community. All the social programmes of your Bank promote inclusive growth to ensure that those from poor or lower income families benefit.

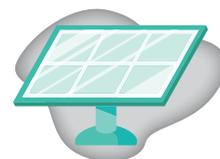
Assisted Learning

Enhanced Education Programme:

This is a group tuition programme running in 400 rural centres of 22 districts in Uttar Pradesh, Bihar and Jharkhand to motivate those weak at any subject to continue studying at least up to the Xth Std. This has benefited 14,200 under-privileged children in FY 2018-19.

Renewable Energy

Your Bank supports the movement of energy consumption to clean or renewable energy to mitigate Green House Gas emissions through the burning of fossil fuels.



- 2,000 Solar Street Lights have been installed to light up the streets of 29 villages of Rajasthan benefiting 1,65,000 villagers.
- Your Bank has helped educational institutions in 4 locations of Mumbai through the Schools on Solar initiative, by moving a large chunk of energy consumption from Grid Power to Solar Energy. The combined carbon emission reduction of this programme is 74.62 MTCO₂e, with the generation of 91,000 units of solar energy annually, thereby saving ₹6,60,000 for these institutions, that can be utilised for the benefit of the students.



Support for the Education of Under-privileged Children in Dehradun:

In FY 2018-19, 75 under-privileged children in Purkal Youth Development Society School were supported by your Bank, who are getting quality education compared to any municipal school.

Planted
25,861
Native Trees
across 31 locations
in 7 cities

14

Digital Literacy Programme
1,00,000 individuals
have been trained

Legal Literacy Programme
25,000 women
were benefited



Mid-day meals for Municipal School Children:

As an incentive to attend school regularly, your Bank provides good quality mid-day meals to 27,370 children of Municipal schools of Bhubaneswar through the Akshaya Patra Foundation.



Non-Formal Education

Legal Literacy Programme:

Your Bank has been conducting this programme since 2015 in Madhya Pradesh, to create awareness among women in rural areas by training and educating them on their legal rights, entitlements, and protective laws on the issues of domestic violence and gender discrimination. In FY 2018-19 alone, 25,000 women were the beneficiaries and 65,000 since 2015.

Digital Literacy Programme (PMGDISHA):

Your Bank has been supporting the National Digital Literacy Programme since 2017. Over 3,00,000 individuals were trained till date across 11 states, out of which 1,00,000 were trained in FY 2018-19.

HEALTHCARE

Your Bank has initiated several programmes to provide accessibility to better healthcare to the poorest of poor and those from lower income groups than they normally have access to. These programmes are aimed at mainly benefiting those belonging to rural areas of India.



Mini Health Clinics:

Your Bank has supported the setting up and running of 177 Mini Health Clinics across backward districts of Uttar Pradesh, Bihar, Jharkhand and Madhya Pradesh to provide affordable primary healthcare to individuals from Poor & Lower Income Group families. In FY 2018-19, over 1,00,000 patients have benefited.

Stree Swabhiman Programme:

Your Bank is providing free sanitary napkins to 50,000 girls/women in rural Madhya Pradesh for one year, as a Healthcare initiative that commenced in FY 2018-19, under the Stree Swabhiman programme of CSC e-Governance (a SPV of Government of India). The Bank is hoping that the free usage for these first-time users for a year, will make them want to use them permanently for menstrual hygiene.

Cancer Treatment for Children:

Your Bank continued to support the Treatment of 50 children with Cancer from rural Rajasthan, whose parents were not able to afford the treatment at Bhagwan Mahaveer Cancer Hospital and Research Centre in Jaipur.

Supported
Treatment of
50 Children
with Cancer



Assured livelihood
of ₹12,000 to 450
unemployed youth from
18 villages



177
mini health clinics
to provide affordable
healthcare to
1,00,000+
patients



LIVELIHOOD

Skill Development and Vocational Training Programmes is the current focus of your Bank, to empower individuals from poor families to get a livelihood.



Rehabilitation through Vocational Training:

Youngsters in Maharashtra involved in Drug Abuse is being supported by your Bank. Skills like carpentry, welding, printing are taught to them among others.

Skill Development of Rural Youth:

Another programme, supported by your Bank commenced in FY 2018-19 in Rajasthan, with an assured livelihood of ₹12,000. About 450 unemployed youth from 18 villages will benefit. Micro Finance Executive, Customer Relations Executive and Unarmed Security Guard are the three trades selected for skill development training.

SPORTS

Your Bank's CSR Programme in Sports as one of the key focus areas of its CSR Policy, uses sports as a medium for social development and inclusiveness, by collaborating with organisations which promote social development and provide equal access and opportunity to all sections of the society. This aligns with two verticals of Khelo India, a National Priority Area, as outlined by the Government of India.

IndusInd Para Champions Programme:

To make a visible difference in the life of Indian Para-athletes and help them to break psychological and physical barriers, your Bank has partnered with GoSports Foundation in this pioneering initiative. This will serve to inspire other differently-abled individuals to think differently about their condition. Commenced in FY 2016-17, this is an on-going initiative and in FY 2018-19, the number of athletes supported under this programme has increased from 32 to 45.

IndusInd Girl Power Programme:

Your Bank supports 60 talented girl athletes from across India, mostly belonging to low-income families, for developing into National and International champions in Boxing, Judo and Wrestling. It has partnered with JSW Foundation's Inspire Institute of Sport (IIS), a world-class, high-performance sport training facility.

IndusInd Blind Cricket Programme:

The Indian Blind Cricket team has been adopted by your Bank as principal sponsors with the Cricket Association for the Blind in India (CABI), the sports arm of Samarthanam Trust. Your Bank supports their coaching, training, nutrition and fitness needs, and promotes the team and its achievements in public domain, to garner support and inspire others, in an effort to break the social prejudice about visual disability in people.



Awards & Accolades



International Banker 2018 Awards

Best Commercial Bank of the Year, India and Best Innovation in Retail Banking, India

12th Edition Express Logistics & Supply Chain Leadership Awards

Best-in-Class Client & Supplier Collaboration

8th Edition of the ET Now Dream Companies of Work for Awards

ET Now 'Dream Employer of the Year'

Business Standard Annual Awards

Banker of the Year award to Mr. Romesh Sobti, MD and CEO IndusInd Bank

ET Now Stars of Industry Awards for Excellence in CSR

'Best Use of CSR Practices in Banking and Finance' for the Digital Literacy Programme (PMGDISHA) and 'Promoting Employment for the Physically Challenged' for the IndusInd Para Champions Programme and the IndusInd Blind Cricket Programme

Global Digital Marketing Award by World Digital Marketing Congress

Best Digital Payment Facilitator

Gold Award at the Apex India CSR Excellence Award

CSR Banking Category

National Payments Excellence Awards 2017 in Category 'B' Banks

Excellent Performance in NPS ATM Network

Ashok Leyland Award

No. 1 Financier for FY 2017-18

Financial Express India's Best Banks' Awards

Banker of the Year award to Mr Romesh Sobti, MD and CEO IndusInd Bank

IDC FIIA 2019 Financial Insights Innovation Award

Asia's Leading Partner Bank

Times Now India Digital Awards 2019

Innovative Money Transfer Product/Service

Asset Asian Awards 2019, India

Best Payment and Collection Solution

IndusInd Bank awarded with the Indy's Award

'Empowerment of Women' for the Legal Literacy Programme and the IndusInd Girl Power Programme; 'Support and Improvement of Education' for the Enhanced Education Programme and the Mid-day Meals in the Municipal Schools of Bhubaneswar Programme and 'Environment Excellence' for the Restoration of Water Bodies in Chennai and the Wazirabad Drain in Gurugram, Solid Waste Management (Jagmagaata Uttarakhand) and the Urban Afforestation Programme

Apex India Excellence Awards 2017 in CSR for Sports

Apex India Excellence Awards 2017 in CSR for Sports for supporting para-athletes, blind athletes and women athletes

MANAGEMENT DISCUSSION & ANALYSIS

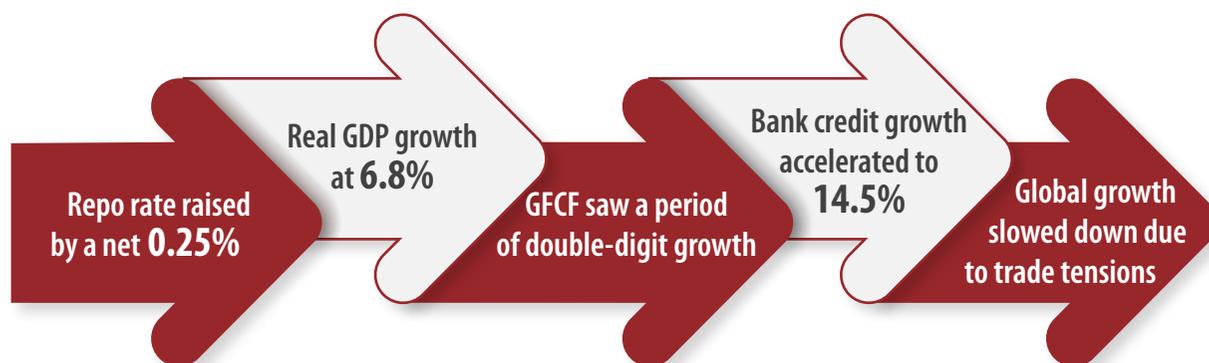


Macro-economic and banking environment

The Indian economy and banking sector faced multiple challenges during the financial year 2018-19. The first half of the year saw a challenging global environment characterised by rising oil prices and sustained capital outflows from emerging markets including India, as the US Federal Reserve continued to raise rates. That culminated into a sharp Rupee depreciation on the back of widening current account deficit and net portfolio capital outflows. Monetary policy turned tighter in response to rising inflationary pressures and Repo rate was raised by 0.50% in the first half. The second half of the year saw domestic concerns around the Non-Bank Financial Companies (NBFC) sector take centre stage with the IL&FS default event. Various risks related to the sector came to light, especially in the backdrop of very rapid credit growth from the shadow banking sector over the last 5 years. Furthermore, given the interlinkage between the banking, NBFC and mutual fund sectors, asset quality concerns and liquidity risks were heightened across the financial sector. That added to the already tight liquidity conditions on account of a balance of payments deficit and rising currency in circulation. And, the subsequent credit-squeeze from the NBFC sector, added to the drag on growth from headwinds of the first half.

Active liquidity management by the RBI through large open market bond purchases and a USD-INR swap, coupled with a pick-up in capital inflows, helped in easing of the liquidity deficit during the fourth quarter. Credit offtake from banks picked-up over the second half, helping to ensure adequate fund supply for the commercial sector. Easing inflation, strengthening rupee, lower oil prices and a dovish shift in the monetary policy by the US Fed opened up room for monetary easing in February and the Repo rate was cut by 0.25%. Sovereign bond yields too eased over the last quarter, though large government market borrowings programme for FY 2019-20, kept them in check.

Despite various headwinds intensifying over the year, the economy maintained a reasonably strong pace of growth. Real GDP growth was estimated at 6.8% in FY19, marginally lower than 7.2% in FY 2017-18. Growth slowed down over the second half of the year to 6.2% from 7.5% in the first half, as private consumption, investment activity and exports slowed down. Rural consumption was particularly under pressure, on account of a broad-based fall in food



prices and weak rural wage growth. Urban consumption was affected too on account of uncertain economic prospects in the near-term along with tightening of credit availability from the NBFC sector. Investment activity remained robust for first three quarters, helped by the Government focus on development of roads network and affordable housing, but lost steam in the last quarter. Gross Fixed Capital Formation (GFCF) saw the period of double-digit growth, which began in Q3FY18 extend to Q3FY19. Sectoral break-up of GDP showed that growth slowed down in the farm sector from 5% in FY18 to 2.9% in FY19 following erratic monsoons, while it picked up for manufacturing, construction and financial and IT services.

Bank credit growth picked up over the year to touch 13.2% up from about 10% in FY18. Credit flows became more broad-based during FY19, with services accounting for the highest share as against personal loans a year ago. Credit flow to industry and infrastructure improved too. Overall non-performing assets ratio of banks also moderated over the first three quarters, but the pace of NPA resolution remained slow. Average recovery rate under the new Insolvency Code at 46% in the first half of the FY19 was better than the mechanisms that existed before IBC and improved from 41.3% in FY18.

India's external sector came under renewed pressure during the year, with Rupee weakening sharply against the US dollar over the first half, making a new all-time low. Current Account deficit widened to 2.5% of GDP on the back of a broad-based increase in imports, particularly that of oil following a 26% increase in prices. That coupled with portfolio capital outflows on global investor risk aversion, saw the Rupee lose almost 14% of its value in the first half. The RBI had to drawdown its foreign exchange reserves to support the Rupee, as balance of payments was in a deficit of \$17.5 billion over the first 3 quarters. The Rupee recovered over the second half helped by a sharp crash in oil prices in October and improving investor risk appetite on the back of US central bank signalling a pause on rates after a cumulative 1% increase in 2018. Capital inflows picked up in the fourth quarter, helping RBI to shore up its forex

reserves by \$19.5 billion and end the year at \$413 billion. Overall, Rupee finished the year weaker by 6% against the US dollar.

On the global economic front, IMF estimates indicate that global growth peaked at 4% in 2017, softened to 3.6% in 2018 and is projected to decline further to 3.3% in 2019. Global economic activity slowed down notably in the second half of 2018, led by slower growth in China and Euro-area. Trade tensions between US and China and BREXIT related uncertainty took a toll on business confidence and global trade volumes. Furthermore, financial conditions tightened, especially affecting emerging markets, as the US Fed raised rates and continued with quantitative tightening. In the first quarter of 2019, there was some improvement in business and investor sentiment, on the back of a shift towards a more accommodative monetary policy stance by major global central banks, led by the US Fed. US-China trade negotiations also helped.

The year 2018-19 ended on a relatively positive note. While growth slowdown concerns emerged over the second half, macro-economic stability improved with low inflation, stable rupee and benign oil prices. Global financial and market conditions turned supportive too, though global trade tensions have resurfaced with US tariff increases on Chinese imports in May. These developments have allowed monetary policy to focus on shoring up growth through lower rates. Between February and early June, Repo rate was reduced by a cumulative 0.75%. Fiscal policy remains in an expansionary mode too. Both centre and states exceeded their FY19 budget targets, cushioning growth but raising concerns about stretched public finances. Furthermore, the Central Government introduced a minimum income scheme to support small farmers and improve rural livelihoods. While such income support would help in alleviating rural stress, recurring nature of such a spend would pose a risk to fiscal consolidation. Financial stability risks remain from the NBFC sector. Most crucially though with the re-election of a BJP led NDA Government, economic policy continuity and the endeavour to reach a \$5 trillion economy in next 5 years, will help in reviving growth.

BUSINESS PERFORMANCE



Despite a slowing economy and difficult operating environment during the year, the Bank continued to perform well on all operational parameters, consistent with the earlier years. However, the results for the year were adversely impacted when a large exposure to a group in the infrastructure sector turned non-performing towards end of the year where in an unprecedented move, the Government of India replaced the entire Board

of Directors and the reconstituted Board initiated a Resolution Plan, and in the interim, the National Company Law Tribunal ordered a moratorium on all recovery actions.

The salient features of the Bank's operating performance during the year 2018-19 are summarised in the table below:

Particulars	₹ in crores)		
	FY 18-19 (Actual)	FY 17-18 (Actual)	Y-o-Y (Growth)
Interest Earned	22,261.15	17,280.75	28.82%
Interest Expended	13,414.97	9,783.30	37.12%
Net Interest Income	8,846.18	7,497.45	17.99%
Non-Interest Income	5,646.72	4,750.10	18.88%
Revenue	14,492.90	12,247.55	18.33%
Payment to Employees	1,853.51	1,780.69	4.09%
Other Expenses	4,551.17	3,810.75	19.43%
Operating Expenses	6,404.68	5,591.44	14.54%
Operating Profit (before Depreciation and Provisions and Contingencies)	8,317.07	6,867.75	21.10%
Operating Profit	8,088.22	6,656.11	21.52%
Provisions and Contingencies	3,107.65	1,175.43	164.38%
Profit Before Tax	4,980.57	5,480.68	(9.12%)
Provision for Taxes	1,679.47	1,874.69	(10.41%)
Net Profit	3,301.10	3,605.99	(8.46%)
Net Profit (adjusted for one off NPA impact)	4,475.10	3,605.99	24.10%

During the FY 2018-19, the Bank witnessed robust growth in its topline as well as in operating profits. The one time provisioning required for a group exposure in the infrastructure sector led to subdued net profits. The Bank posted Net Profit of ₹3,301.10 crores as against ₹3,605.99 crores in the previous year. Net Profit, adjusted for the one-off impact, would have been ₹4,475.10 crores registering a growth of 24.10% y-o-y. The Operating Profit (before Depreciation and Provisions and Contingencies) increased by 21.10% to ₹8,317.07 crores, as compared to ₹6,867.75 crores in the previous year.

The topline numbers continued to show a healthy growth with Net Interest Income of the Bank rising by 17.99% to ₹8,846.18 crores from ₹7,497.45 crores. Yield on Advances increased by 5 bps to 11.26% and the Cost of Deposits increased sharply by 60 bps at 6.58%. However, proactive management of the funding mix between Deposits and Borrowings, resulted in the Net Interest Margin (NIM) for the year being placed at 3.80%; further, if adjusted for the one-off NPA impact, NIM would have been higher at 3.86%.

Fee and Miscellaneous Income grew by 18.88% to ₹5,646.72 crores as compared to ₹4,750.10 crores for the previous year. Core Fee Income from revenue streams like Commission, Exchange, Fees on distribution of third party products and earnings from foreign exchange business, etc. rose to ₹5,067.57 crores as against ₹4,176.75 crores registering a growth of 21.33%.

The Bank expanded its branch network steadily to reach 1,665 branches / banking outlets (including 65 banking outlets), as against 1,400 branches at the beginning of the year. Revenue per employee during the year improved to ₹52.25 lakhs from ₹48.44 lakhs last year.

The Net Non-Performing Assets ratio of the Bank stood at 1.21% as of March 31, 2019; but for the large one-off exposure to the group in the infrastructure sector, net NPA ratio would have been significantly lower at 0.48%. The Provision Coverage Ratio (PCR) as at March 31, 2019 stood at 43.04%.

On account of the lower Net Profit, the Return on Assets (RoA) for the year stood at 1.39%, and if adjusted for the one-off impact, it would have been higher at 1.89%.

During the year under review, the Bank allotted 24,63,681 Equity shares, pursuant to the exercise of Options under its Employees Stock Option Scheme, 2007. An aggregate of 4,18,91,300 Options, comprising 6.95% of the Bank's equity capital, have been granted under the Scheme.

On October 14, 2017, the Board of Directors of the Bank approved a Composite Scheme of Arrangement

(Scheme) under which (a) Bharat Financial Inclusion Limited (BFIL), the largest MFI lender of the country was to merge with the Bank with effect from January 1, 2018 being the appointed date, (b) the promoter entities to the Bank was to be allotted Share Warrants at a price of ₹1,709 per Share Warrant in accordance with the applicable SEBI Regulations, and (c) the Business Correspondent undertaking, post-merger would be divested to a wholly-owned subsidiary of the Bank to be specifically incorporated for the purpose. This Scheme was subject to a host of approvals, and during the year 2017-18, the Competition Commission of India granted their No Objection and RBI, on March 13, 2018, granted their No Objection for the Scheme.

Further, the Stock Exchanges (NSE and BSE) and the SEBI (through the Stock Exchanges) granted their No Objection to the Scheme in June 2018. In accordance with a specific approval granted by the RBI, IndusInd Financial Inclusion Limited (IFIL) a wholly-owned subsidiary was incorporated on August 8, 2018. Based on these regulatory approvals, the Bank as well as BFIL and IFIL, made an application before the National Company Law Tribunal on August 24, 2018 seeking an order to convene the meeting of the shareholders of the respective companies and the creditors of BFIL. Further to the Order passed by the NCLT on October 31, 2018, the shareholders of the Bank approved the Scheme in an overwhelming manner on December 11, 2018; the Scheme also received overwhelming approvals of the shareholders of BFIL and IFIL, as well as the creditors of BFIL. A joint petition to sanction the Scheme was filed before the NCLT on December 14, 2018.

The joint petition was heard at the NCLT and on April 23, 2019, the NCLT reserved the matter for final orders. In the absence of the final sanction from the NCLT, the merger could not be given effect to, and the Board of Directors of the Bank, on May 22, 2019 adopted the financial statements of the Bank that are being placed before the members in this Annual Report. Meanwhile, on June 10, 2019, the NCLT passed a final Order sanctioning the Scheme and the Bank is in the process of giving effect to the Order.

Since the Appointed Date for the Scheme is January 1, 2018, had the NCLT sanctioned the Scheme before the financial statements for FY 2018-19 were approved by the Board, the financial statements of the Bank would have incorporated the impact of BFIL's financials as of the Appointed Date and transactions from the said Appointed Date of January 1, 2018. The following table presents a pro forma summary of the merged company financials as at / for the year ended March 31, 2019:

(₹ in crores)

Particulars	As at / for the year ended March 31, 2019, as approved by the Board, without giving impact of the Scheme	Pro forma financial statements of the merged company, as at / for the year ended March 31, 2019, considering January 1, 2018 as the Appointed Date
Share Capital	603	692
Reserves and Surplus including ESOP	26,083	29,890
Deposits	1,94,868	1,94,715
Borrowings	47,321	48,129
Other Liabilities and Provisions	8,944	10,236
Capital and Liabilities – Total	2,77,819	2,83,662
Cash, Balance with RBI, Money at Call and at Short Notice	14,783	16,624
Investments	59,266	59,266
Advances	1,86,394	1,90,114
Fixed Assets and Other Assets	17,376	17,658
Assets – Total	2,77,819	2,83,662
Interest Earned	22,261	24,313
Other Income	5,647	5,919
Total Income	27,908	30,232
Interest Paid	13,415	13,916
Operating Expenditure	6,405	6,983
Total Expenditure	19,820	20,899
Operating Profit	8,088	9,333
Provisions and Contingencies (excluding Provision for Income Taxes)	3,108	3,162
Profit Before Tax	4,980	6,171
Income Tax – Current Tax and Deferred Tax	1,679	2,090
Net Profit	3,301	4,081

Pursuant to the Scheme becoming effective on July 4, 2019, the financial results of the Bank, duly considering the merger, have been published under SEBI (LODR) Regulations 2015 for the Quarter ended June 30, 2019.

CONSUMER BANKING



The Consumer Banking business exhibited a strong performance during the year, with sustained revenue growth across business segments. All business segments of the Consumer Bank contributed to the growth story. Consumer liabilities grew by 37%, backed by focus on deposit mobilisation across key client segments. Consumer Non-vehicle assets (fund based) showed 24% y-o-y growth with unsecured segment growing at 54%.

The Current Account book grew by 15%, backed by continued focus on mobilisation across key client segments of Small & Medium Enterprises, Government Banking Group, and LIC-Cooperatives. Acquisition across the key client segments, propelled by higher footprints of CMS products and process simplifications lead to double digit growth. E-tendering solutions, sharp focus on Thrift Societies and higher digital engagement fueled the Current Account book growth.

Digitisation is being used to scale up and bring superior customer experiences to our clients. Customer's expectations are now evolving and digitisation is being used at each step of the customer journey to enhance convenience in their banking experience with us. Digital is now contributing significantly to our businesses with 47% Personal Loans, 75% retail liability and 24% Cards sourced via digital channels. Overall, the number of digital sales have now crossed over a million sales.

The Trade and Foreign Exchange services continue to serve Business Owner segment with innovations in services and customised product offerings. The Bank took concrete steps to reduce turn-around time for its customers by introducing online trade platform in its

drive to adopt and promote digitisation in cross border transactions.

The Bank continued to strengthen its Online Forex platform. During the year, the Bank has introduced the unique feature called "Insta-reload" for reloading forex card within 5 minutes of placing an application, along with addition of 6 new currencies. The Bank acquires over 60% of its forex card business digitally via its website www.indusforex.com.

The Bank made significant strides towards the Digital India agenda, driving digital payment acceptance at merchant establishments, including Bharat QR, UPI and AadhaarPay. The Bank grew its terminal and Bharat QR deployment at a very fast pace and was amongst the fastest growing banks in the country. Keeping the consumer convenience in mind the Bank launched Duo Card, a Credit cum Debit Card first of a kind product.

The IndusMobile Banking App continued to be the key channel for our customer's services and transactions. A slew of services has been launched on IndusMobile including mutual fund investments, comprehensive card management tool and UPI. Mobile transactions and Debit Card usage has been growing at a rapid pace, driven by AI-led analytics-led client campaigns and offers. Digital transactions crossed 80% of the aggregate number of transactions, in line with the Business Plan.

The Business Banking Group remains a key contributor to the Bank's asset growth. The Bank deepened its presence with its existing customer base as branch-led acquisition grew to 45% of overall acquisition in FY19 and the branch-led asset book now stands at 36% of overall BBG assets. Synergy initiatives - with Consumer Finance Division (CFD) assets, Business Loans, Current Accounts, Savings Account, etc. - that were launched in FY19 have begun contributing to the overall growth of the business and will remain the key focus areas for FY20.

Additionally, geographical expansion through a judicious entry into Tier 3 cities through hub-and-spoke models will be undertaken, so as to leverage the existing business locations as hubs.

Another significant initiative undertaken by the Business Banking Group was on servicing and client coverage under the McKinsey Customer Experience (CEX) led initiatives. Besides imbibing the Bank's philosophy of SEFT (Seamless, Easy, Fast and Transparent), it has also contributed to better customer retention, cross-sell and relationship deepening.

Loan Against Property (LAP) business displayed a growth of 11% in the Loan Book with a strong focus on acquisition yields in a competitive market. The business continued leveraging the Branch distribution network and active cross-sell opportunities, with share of its internal sourcing rising to 45%. 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.

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 54%, while exhibiting strong portfolio metrics. The product has a live portfolio of 1,73,818 accounts, with 1,06,263 accounts on-boarded in the year 2018-19. Cross-sell synergy with the Consumer Finance Team helped expand the footprint into new geographies.

The Credit Cards business grew by 45% on the customer receivables. The business continues to display strong

profitability with a strong revenue growth momentum. The cards business crossed 1 million clients during the year. The asset quality is robust with yields on the portfolio continuing to be stable. The business has created a strong platform and is poised for rapid growth in the coming years. The investments behind digital channels for sourcing new accounts will enable the business to ramp up without compromising on profitability.

Business Loan Asset Book has shown a steady growth of 28% y-o-y without compromise on asset quality despite challenging external environment post launch of GST and NBFC crisis resulting in liquidity stress during the year. The book closed at ₹1,090 crores as of March 2019 with clients spread across the Micro, Small and Medium Enterprise segments.

The team also entered into partnerships with fin-techs for digital lending under a revenue and risk sharing model.

With the increasing footprint of Digital payments in the country, the Loan Against Card Receivables (LACR) business of the Bank continues to increase its share in financing the Retail merchants comprising of Micro, Small and Medium enterprises across 18 locations by growing the receivables by 44% and the customer base by 54%.

Given its strong risk reward matrix, the product will be a focus area for major scale up for the Bank, by increasing penetration through digital processes, Merchant acquisition, addition of locations and partnerships. Merchant acquisitions would also be a key driver for the Bank's Current Account base.

Retail Agriculture

The Retail Agriculture Business witnessed sturdy growth through expansion to rural and semi-urban locations in the States of Kerala, Chhattisgarh, Punjab, Haryana, Rajasthan, Maharashtra, Gujarat and Madhya Pradesh. Presently, Kisan Credit Cards are being offered in 98 districts in aforesaid states. More than 8,000 customers have been financed under KCC for traditional agricultural activities / Agri-allied activities, with nearly 33% growth in the Retail Agri Book over the previous year.

Since its launch, the Bank has built a highly diversified portfolio, ranging from funding of traditional agricultural activities to high-tech farming / Agri-allied activities and crossed the ₹1,440 crores mark as on March 2019.

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

Client Experience

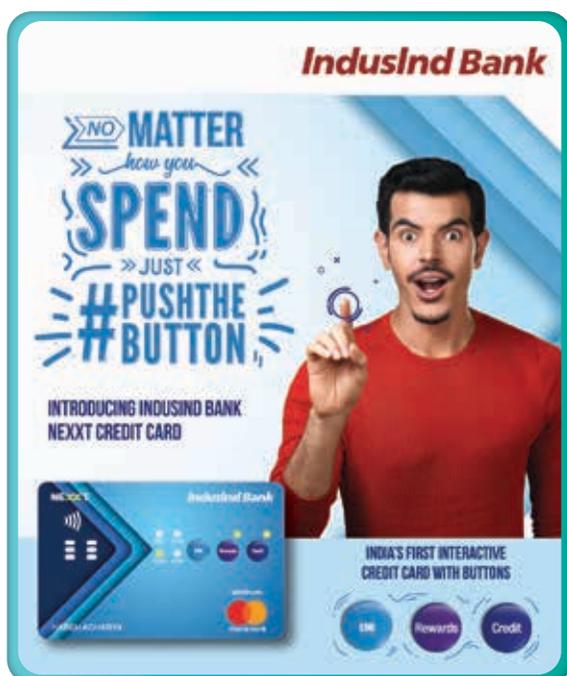
The Bank had started its journey towards Customer experience (CEX) transformation in FY18 by outlining the plan for redefining 21 Customer Journeys across the Bank, embedding the principles of convenience – Seamless, Easy, Transparent, Fast. The Bank had also prioritised key organisation enablers that will facilitate customer experience mind-sets and behaviors and augment its efforts to put the customer at the center of all activities of the Bank.

During the financial year FY19, the Bank has successfully implemented 6 journeys along several key shifts that have aided in achieving utmost convenience for the customers. The key shifts include 'SIMPLIFICATION', 'DIGITISATION' and 'PERSONALISATION'. The customer journey transformation is augmented by strong governance mechanism measuring internal and external metrics that define customer experience. The Bank has further invested in technology to capture real-time Net Promoter Score and voice of customer across the Bank.

The Bank has placed renewed thrust on increasing employee engagement along the lines of 'Customer First' and has undertaken various initiatives to create customer centric mindset. These initiatives include Roadshows by senior management, 'Customer First' trainings across the Bank for 16,000+ employees, leader messages, Customer First newsletter, revamped 'Rewards & Recognition' workshops, to name a few.

The objective of the bank-wide Customer Experience transformation is to place 'Customer First' in our working ideology by focusing on constant improvement in Net Promoter Score, increase in share of wallet penetration and reduction in customer dormancy and attrition.

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



Distribution

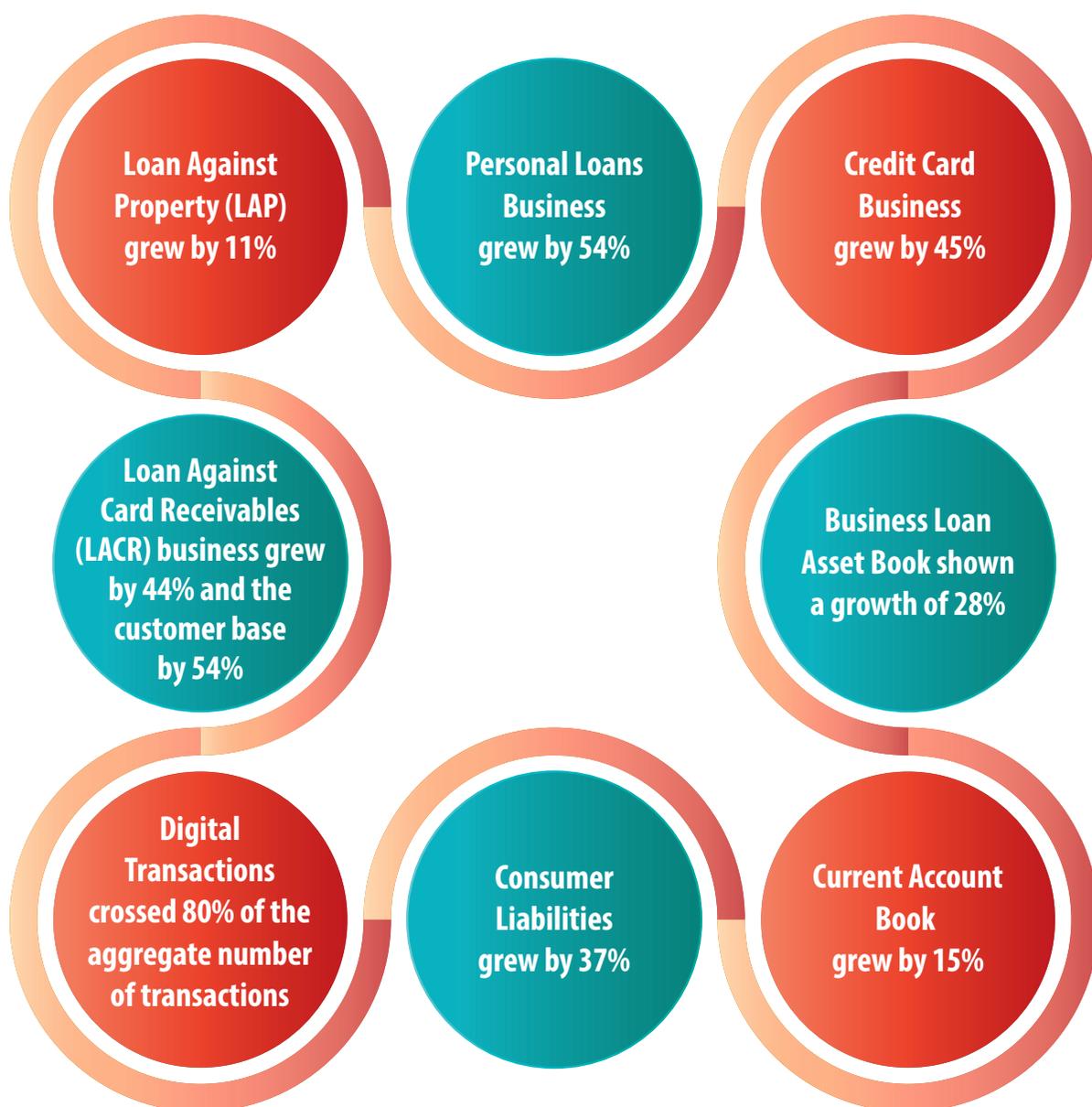
Apart from opening 200 new branches and 65 new banking outlets, ATM network expanded by setting up 337 new ATMs. The Bank has also partnered with White-Label ATM Operators to set up co-branded ATMs.

Innovation

IndusInd Bank bagged yet another market first by being the first in India to introduce its chatbot-IndusAssist on Alexa for its customers adding to its 'On The Go' social banking service already available on Twitter, Facebook

Messenger. This reputation was further strengthened by the launch of DUO Card, an industry first Credit cum Debit Card.

CONSUMER BANKING PERFORMANCE HIGHLIGHTS



Credit Cards

The Bank's Credit Card Business has grown robustly over the last year, fueled by industry-first product launches, strong digitisation initiatives and data-driven portfolio actions. The quality of customer receivables has continued to be robust, and receivables have grown by 45%.

The business achieved a significant landmark when it crossed the 1 million customer milestone during the year. 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.

The product suite has been further enhanced with new and innovative product launches, offerings and luxury brand tie-ups, keeping in mind lifestyle preferences across various customer segments. To enhance the Pioneer Wealth Management platform, two products; the Pioneer Heritage and Legacy Credit Cards were launched. The business also launched two innovative cards, the IndusInd Bank Duo Card which is India's first Debit-cum-Credit Card, and the IndusInd Bank Nexxt Credit Card which is the country's first interactive Credit Card with buttons, and which provides flexible payment options to the customer. These back-to-back launches were backed by strong media campaigns.

The business has started issuing NFC enabled Contactless Credit Cards for all new card issuances from December 2018 onwards, to embrace the latest payment technology along with highest level of security.

With a focus on bringing differentiated and value-accretive products to customers, the 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 PayWave, MasterCard PayPass and Samsung Pay have helped in creating and delivering a seamless payment experience to customers.

Consumer spends increased by 46% on the basis of strong customer engagement programmes supported by alliances with prominent brands in key spend categories. Designing of targeted and segment-specific propositions have driven usage preference amongst customers. Strategic campaigns and tactical promotions around the festive and travel seasons have helped drive customer usage and spends. The Bank has product offerings across all three leading network partners, Master Card, Visa and Amex.

Commercial Cards spends volume has grown by 80% in the financial year due to accelerated cross-sell to existing Corporate Banking relationships of the Bank. With the launch of ERP integrated B2B products, the Bank has been able to provide Corporate customers with enhanced digital solutions, along with simplified travel and entertainment management products, thereby creating a unified platform to cater to all business related expenses. The business has also grown the distribution footprint by increasing geographical coverage and by focusing on cross-sell to existing current account holders through the introduction of card-based B2B payment solutions.



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, Tippers, Cranes, etc. Finance is extended for both new and used assets in all the above segments. Housing loans to low cost housing segment has also been launched in line the accent on housing for all focus by Government of India.

Aggregate disbursements made during the year rose to ₹34,706 crores in 2018-19 up from ₹27,973 crores in 2017-18, a growth of 24% over the previous year. New Loan Accounts numbered 12.84 lakhs in 2018-19 as against 11.30 lakhs in 2017-18.

The focus during the year was optimising the product mix to maximise yields, while maintaining portfolio quality despite the industry sluggishness.

During the year 2018-19, new vehicle disbursement was ₹28,398 crores vs ₹23,127 crores in 2017-18, a 23% growth y-o-y and used vehicle disbursement was ₹6,046

crores as against ₹4,760 crores in 2017-18, an increase of 27% over the previous year.

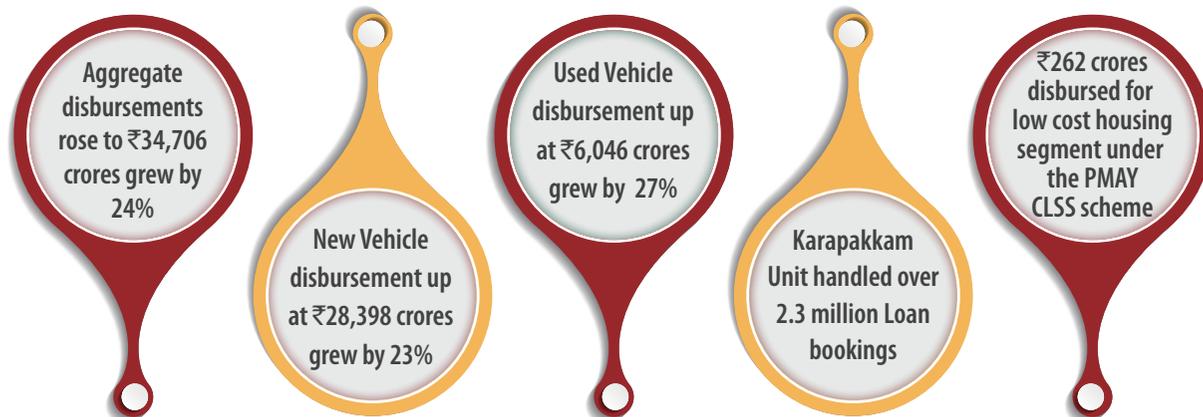
Tractor funding, a major initiative towards Priority Sector Lending and Financial Inclusion has recorded a disbursement of ₹2,030 crores in 2018-19 as against ₹1,667 crores in 2017-18, a 49% growth over the previous year.

Disbursement under the low cost housing segment for 2018-19 was ₹262 crores and is aimed at recording higher growth in the coming years. Many of the beneficiaries under this segment qualify under the PMAY CLSS scheme for Government interest subsidy.

This Division also earned Commission Income of ₹69.68 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 this 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 2.3 million Loan bookings

CONSUMER FINANCE PERFORMANCE HIGHLIGHTS



and closure transactions and over 45 million customer service / accounting transactions during the year 2018-19.

The Bank's 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 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 for two-wheeler and car loans are completely through TAB which has reduced the Turn Around-Time (TAT) in the Credit Delivery process. Sourcing through tabs for other products is being implemented in a phased manner and will be completed mid 2019-20. In order to be in line with the latest technology, hand-held terminals are being replaced with mobile devices to handle collections which will be through an Android App. The transition is in a phased manner and will be completed by September 2019. These initiatives have led to improvement in process efficiencies and customer experience.

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 and developed deep relationships with almost all large corporate houses and large market cap companies in India.

Products Offered



- ◆ 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.
- ◆ The group's business grew well in both, Assets and Liabilities. 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 and 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.
- ◆ Assets and Liabilities. It has added over 200 New-To-Bank large corporate clients.

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, which 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.

During the year, the Bank has been recognised amongst the Top 5 syndicators in the league table rankings for CY2018 and CY2017. The Bank was ranked 1st in number of deals and emerged as the 4th largest Mandated Lead Arranger with syndication volumes of more than ₹15,000 crores in CY18. 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.

◆ Investment Banking Unit provides the following bouquet of services: ◆



Public Sector Group

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

The Group offers working capital facilities and structured Banking solutions to Public Sector companies and

entities including long-term asset finance, project finance, regular trade finance and Forex solutions including long-term hedging / risk management advisory, Cash Management solutions and new age digital banking solutions, etc. The group is a source of avenue for liabilities for the Bank.

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). The Group comprises three sub-divisions handling Coverage, Credit and Support functions.

FIG continued its significant performance during the year under review contributing handsomely to Bank's fee and float. FIG is also actively involved in raising non-deposit resources for the Bank 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 1.20 billion from global banks and financial institutions and also worked with Global Markets Group on setting up of USD 1 billion EMTN programme. 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.

FIG has evolved into a strategic business unit of the Bank, managing such diverse roles from business origination and facilitation to policy making and risk management in the inter-bank domain.

International Financial Service Centre Banking Unit (IBU)

The International Financial Service Centre Banking Unit (IBU) has seen significant business, achieving Balance Sheet size of **USD 950 million** as on March 31, 2019.

The product offering from IBU includes External Commercial Borrowings (ECBs), Trade Credits, Loans to Overseas Entities, and non-funded products. Having developed the product offerings that cover an area that the Bank was not able to address hitherto, the IBU is slated to be a significant contributor to the Bank's Balance Sheet as well as profitability.

GIFT (Gujarat International Finance Tec-city) is conceptualised as a global Financial and IT Services hub, a first of its kind in India, designed to be at or above par with globally benchmarked financial centres. IndusInd Bank has opened its IFSC Banking Unit (IBU) in GIFT City in June 2016.

Industry Attractiveness & Competition: International Financial Service Centre (IFSC) is a hub of financial services with regulations that are different from rest of the country. In its current form, IBU is at par with foreign branches of Indian Banks. In Union Budget 2018, a unified regulator for all entities in IFSC is proposed, a move that will contribute to better regulation and supervision of the financial entities within IFSC. IBU has a 10 year tax holiday and exemptions on GST, STT and long term capital gains tax.

IBU:

- **Fund based:** Foreign Currency Term Loan, Medium Term Loan, Short Term Loan, ECB, Trade Credits, Bills Discounting, Risk Participation with other banks.
- **Non-Fund based:** Unfunded Risk Participation, SBLC, Bank Guarantee, Letter of Credit.
- **Global Markets:** Derivatives, Interest Rate Swaps and Cross Currency Hedge.
- Offering liability products by way of current accounts of IFSC units and fixed deposits from Non-Resident entities.

Strategy:

- Ability to serve large corporates with high overseas presence with end-to-end solutions.
- Ability to participate in the international syndicated loan market.
- Strengthen brand IndusInd globally.

Commercial Banking Group

The Bank's Commercial Banking Group focuses on providing end-to-end financing solutions to mid-sized corporates, Supply Chain Financing and Agriculture companies.

Mid-Markets Group (MMG) focuses on Corporate Banking needs of Emerging and Mid-sized corporates. The portfolio remains highly diversified with a large client base. MMG mainly focuses on Granular Transactional Working capital facilities and also has a significant liability

base. The team has a strategic focus on this sector through 'relationship-lending' approach, a deep understanding of client's business requirements, and offering Products and Services that meet all the evolving needs of business across industries and sectors. This approach has helped the Bank to get a substantial share of client's wallet and product penetration.

Incrementally, the Group follows target industry approach and has specialised verticals.

Education:

IndusInd Bank as an institution has identified Education as a sunrise sector and corporate responsibility for enhancing national prosperity. Education segment is seeing rapid transformations, both in India and internationally including evolving business models like Public Private Partnerships (PPP), Private Investment and Government Investments. The vertical covers client segments across the spectrum including Pre-Primary, K12, Degree Courses and Professional Courses.

Logistics:

Logistics is another sector where the group is committed towards providing specialist corporate banking, ensuring understanding of client's needs and staying ahead in this continuously evolving sector. With conferring of Infrastructure status, transportation costs have reduced, increasing operational efficiency. To help logistics organisations achieve their business goals, we offer unique end-to-end funding solutions.

Supply Chain Financing: The Supply Chain Finance Division of the Bank, provides Comprehensive Financing Solutions to both sides of Large Corporates manufacturing: Channel Finance to the Dealers and Vendor Finance to the Suppliers. Supply Chain Finance team is responsible for Channel and Vendor finance activities for Automobile and other industries e.g. Steel, FMCG, White goods, Electronics and Electricals and Textiles etc. through various programmes customised to specific needs of the large manufacturers and their

dealers / suppliers. The Unit works on providing end-to-end financing solutions by offering a complete product suit for financing the whole Ecosystem of a Corporate across industries through dedicated teams of Relationship and Product managers covering different geographies throughout India using seamless electronic delivery solutions. The Group also offers comprehensive funding solution to its clients including cash credit and term loan under one roof.

Inclusive Banking Group

Inclusive Banking Group is currently engaged in the inclusive finance space and caters to the financially excluded segment with client-centric products as part of the overall financial inclusion agenda. The Group provides comprehensive product offerings including short term lending solutions and also savings account and deposits facility, to the economically weaker section of the society. There are various channels / facilities, including Business Correspondent (BC), Term Loans and Securitisation, being used to reach out to the segment which comprises women borrowers engaged in small

farm (livestock rearing, fishery, etc.) and non-farm activities (Petty businesses, kirana stores, etc.). The loan size extended ranges from ₹ 1,000 to ₹ 1 Lakh and till date around 1100+ activities have been financed. The aim of Inclusive Banking Group is to build a Sustainable, Scalable and Profitable business through a bouquet of financial products and services to the creditworthy unbanked low-income rural, semi-urban and urban households. The inclusive banking and agriculture finance-related operations of this division help the Bank in meeting the RBI Priority Sector Lending requirements.

Agricultural Business Group (ABG)

The Group follows value chain financing approach to cover the 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. ABG has widespread relationships with Collateral Managers to handle commodity-related and associated risks.

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.

This Division has scaled up innovative products such as Agri Project Finance, Agri Trade Finance and Agri

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 2nd largest banker to India's dairy giant and other marquee clients.

Environment and Social Management System Policy

To promote sustainable development through the Bank's 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.

The objectives of ESMS are:

- **Promote Sustainable Banking:** Adopt internationally recognised (multilateral) lending standards.
- **Encouraging borrowers to be more responsible and sustainable:** create an understanding of Environment and Social risk associated with their operations.
- **Building internal capabilities** to assess and mitigate Environment and Social (E&S) risks.
- **Understanding** the Environment and Social risks present in the Bank's lending portfolio.
- **Align** with external stakeholders (Investors / Multilateral Agency lenders' requirements).

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:

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

The Asset Liability Management Unit manages various regulatory requirements including Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), Liquidity Coverage Ratio (LCR), Intra-day Liquidity (IDL), High Quality Liquid Assets (HQLA), etc., as prescribed by 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 Additional Tier-1 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 Trading-cum-Clearing Member in NSE and BSE, which enables it to offer a web-based platform across client segments for hedging of currency exposures by them in currency derivatives market.

During the year, GMG increased its operations in the IFSC Banking Unit established in GIFT City, Gandhinagar as well as offering hedging solutions to clients and cover operations with international counterparties. During the year, the Bank has established a Euro-Medium Term Notes

(E-MTN) programme of USD 1 billion, on the Singapore Stock Exchange and India International Exchange (IFSC) Limited (India INX)

The Bank has well laid-out front office policy guidelines, 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 & Finance, Supply Chain Financing, 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 in the Rupee Drawing Arrangements, acting as a preferred Bank for several partners worldwide. More partners were added to real-time cross-border payments using the NPCI-promoted IMPS facility (instant payments). IndusInd Bank is among the top banks for cross-border flows under IMPS.

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. Apart from this, the Bank is steadily becoming a significant player in providing Digital solutions to Government

Departments across e-Tendering, PFMS and subsidy management services.

The Bank has emerged as one of the fastest growing players in trade finance segment of the country by differentiating itself through various initiatives and customer-friendly solutions based upon deep understanding of their business and requirements. This has enabled the Bank to be a formidable player amongst peer banks and as a Bank of First Choice for trade finance solutions by leading business groups and institutions across segments in the country. The Bank also caters to client requirements of Trade Credit through its GIFT City branch.

The Bank took significant initiatives in its Digitisation programme and launched its corporate mobile banking App, for payment authorisation, trade services and escrow services. The Bank is among the few banks working with Swift India and IBA for digitisation of the Bank Guarantees process for e-stamping and is empanelled on the Government e-Marketplace (GeM) as a Settlement Banker.

The year also saw the launch of Digital and one-stop Receivable Management platform for small and large Corporates that enables multi-modal collections in a seamless manner. This platform complements the existing suite of Digital products which provide comprehensive Payable Management and Reporting Services.

Blockchain technology was another area of focus for the Bank, which became the first Bank to commercialise Cross Border payments on the Ripple Blockchain platform. The Bank is also one of the founding members of the Blockchain Infrastructure Company which will drive adaptation of DLT solutions for domestic trade and other use cases in banking.

Gems and Jewellery Group

The Gems and Jewellery sector plays a significant role in the Indian economy, contributing around 7 per cent of the country's GDP and 15 per cent to India's total merchandise exports. It also employs about 5 million artisans and workers and is expected to employ 8 million by 2022. 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, jewelry manufacturing and exports. India is a world leader in Diamond manufacturing and exports. The Diamond sector standalone employs 1 million artisans and other allied activities.

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 Trade Finance Solution

Best Payments and Collections Solution

Best Supply Chain Solution

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

PRIORITY SECTOR LENDING



The Bank has achieved the RBI-prescribed target for Priority Sector Advances, which aggregated ₹50,285.99 crores at the end of FY 2018-19, representing 40.76% of the Adjusted Net Bank Credit (ANBC) of the previous year, as against the prescribed target of 40%.

As per extant RBI guidelines dated December 4, 2018, the targets and sub-targets set for Priority Sector Lending are given in the following table along with details of the Bank's achievements, calculated as a simple average of all 4 quarters of FY 2018-19.

Accordingly, the average of all quarters for FY 2018-19 is represented in the table below:

(₹ in crores)

Category	Targets %	PSL Targets*	PSL Achievement	Shortfall / Excess	% Achieved
Overall achievement	40%	49,352.80	50,285.99	933.28	40.76%
Agriculture	18%	22,208.76	18,533.98	-3,674.78	15.02%
Small and Marginal Farmers	8%	9,870.56	9,102.20	-768.36	7.38%
Micro Enterprises	7.5%	9,253.65	9,370.60	116.95	7.59%
Weaker Section	10%	12,338.20	14,418.59	2,080.39	11.69%

* The computation of priority sector targets / sub-targets achievement is based on the Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet exposures, whichever is higher, as on the corresponding date of the preceding year.

Approach to Priority Sector Lending

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

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.

Moreover, with the Bharat Financial Inclusion Limited (BFIL) merger in place and its portfolio largely comprising of Agriculture and Small and Marginal Farmers, it is expected that the Bank will be able to meet the PSL targets and reduce the outflow to Rural Infrastructure Development Fund (RIDF).

Submission of Financial Information to Information Utilities

In accordance with the regulations under the Insolvency and Bankruptcy Code (IBC), 2016, and 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 the necessary agreement with NeSL and submitted the required data to NeSL as per their guidelines.

RISK MANAGEMENT



Management of risks arising out of 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 reduce volatility in earnings and enhances shareholder value.

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 versus risk and the 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

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.

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 maintain its credit growth and the quality of its portfolio. The Bank's restructured assets are among the lowest in the industry, with the Corporate as well as the Retail loan books having remained resilient. During the

year, 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

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

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.

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 (ALM)

The Bank's Asset-Liability Management system supports effective management of liquidity risk and interest rate risk, covering all assets and liabilities.

- **Liquidity Risk** is managed through Liquidity Coverage Ratio (LCR), Structural Liquidity Gaps, Liquidity Simulation, Dynamic Liquidity Monitoring, Liquidity Ratios Analysis, Behavioural Analysis of Liabilities and Assets, and Prudential Limits for negative gaps in various time buckets.
- **Interest Rate Sensitivity** is monitored through prudential limits for Rate Sensitive Gaps, Earning at Risk, Modified Duration of Equity and other risk parameters.
- **Interest Rate Risk** on Trading Portfolios is monitored through Market Risk Measurement tools such as, VaR,

PV01 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 the business strategies.

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

Stress Testing – Liquidity Risk

The Bank carries out stress tests on liquidity position periodically to assess the impact of stressed liquidity scenarios on funding and liquidity position. Stress tests

help to be better equipped to meet stressed situations and have contingency funding plans in place.

Contingency Funding Plan (CFP)

Contingency Funding Plans have been developed to respond swiftly to any anticipated or actual stressed market conditions.

The Bank 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.

Interest Rate Risk on Banking Book (IRRBB)

Interest Rate Risk on Banking Book 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 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 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 risks through several internal Committees, viz., Operational Risk Management Committee (ORMC), Sub-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 mitigation of such risks.
- ii. **Issue & Action Module** enables tracking and monitoring issues emanating from Root Cause Analysis, Risk Assessment, Investigations, 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, Control Indicators, Compliance Indicators, Bank-wide Risk Indicators etc. It has been designed to generate periodic reports automatically 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 weighs new Products and Process enhancements 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, Bank has created Operational Risk Stress Testing Framework covering different operational risk scenarios for assessing

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 programme. 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;

resilience under stressed 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 activities and system applications have been identified and appropriate recovery plans have been put in place for such critical activities and applications to ensure timely recovery of Bank's 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, IT DR Drill and Fire Drills are system driven, which ensure effective monitoring and management of Business Continuity.

- Focus on People, Process and Technology for implementation;
- Apply least privilege, need to know / use principles;
- Promote Information Security Awareness to create security-aware culture within employees, contractors, third parties and customers;
- Deal with exceptions and violations appropriately;
- Focus on Information Security Governance, Assurance and Evolution to ensure suitability, adequacy and effectiveness;
- Participation of security team during initial stages of system acquisition and development;
- Structured approach towards Information Security Awareness.

Bank is utilising structure data on its system for Anti-Money Laundering and Enterprise-wide Fraud Management System, Risk Analytics and Enterprise BI.

FINANCIAL RESTRUCTURING AND RECONSTRUCTION GROUP



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

The Bank has also actively utilised the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 for recovering its dues. During the year, the Bank recovered ₹29.90 crores in written-off accounts. The Net NPAs of the Bank stand at 1.21% of the Total Advances, while the ratio of Gross NPA as percentage of Total Advances amount is 2.10%.

01

Bank recovered
₹29.90 crores
in written-off accounts

02

The Net NPAs of the
Bank stand at 1.21%

GENERAL BANKING OPERATIONS



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

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

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

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

The 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.

The Bank is committed to adhere to all the provisions of the Code prescribed by BCSBI. The Bank has taken steps to implement the provisions of the Code of Commitment to Customers (Individuals).

The Code is displayed at all the branches, and is also hosted on the Bank's website. The Code had been revised in January 2018, and has been adopted by the Bank.

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

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

The Bank is participating in Clearing through Cheque Truncation System (CTS). As on March 31, 2019, the Bank had 315 locations covered under the Grid Clearing, through its three CTS Centres at Mumbai, Chennai and Delhi.

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

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

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

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

The Bank has put in place "Customer Compensation Policy" as part of the commitment to customers for any direct and actual loss by way of internal loss / payment of charges by customers due to deficiency in service to the extent 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 the Grievance Redressal Mechanism for quick resolution of complaints and record-keeping. Further, in line with RBI directives, balances in unclaimed deposits and other accounts have been transferred to "Deposit Education and Awareness Fund" (DEAF), w.e.f. June 2014. Details relating to accounts unclaimed have been duly uploaded on the Bank's website (www.indusind.com).

The Bank has also formulated the "Customer Rights Policy"; and the same is hosted on the Bank's website (www.indusind.com).

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



CORPORATE AND GLOBAL MARKETS OPERATIONS (CGMO)



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

Building scale

Centralisation of transaction processing with superior client service locally at branches has been a strategy that CGMO has adopted for the last 6-7 years. This has enabled greater economies of scale, standardised delivery and has improved processing controls. During the year, projects were initiated to ensure further centralisation in Trade Operations. Processing in other functions is already centralised entirely.

Client Experience

Client Experience continues to be an important focus area for the Bank and as part of this initiative, a corporate client servicing journey was implemented. This journey provides the Bank's corporate customers superior servicing at 47 branches including dedicated support for account opening, door step services and resolution of customer complaints within stringent timelines. This also ensured that routine processing was further centralised at the 4 processing centres.

Centralised transaction processing and increased footprint providing customised servicing at branches is expected to improve turnaround times and provide the clients with a world class banking experience keeping in mind the principles of Seamless, Easy, Fast and Transparent delivery.

A new application offering CMS Collection services – IndusCollect was launched during the year. The system

The primary focus of a majority of initiatives during the year was on building economies of scale, upgrading processing systems, automation, improving Client Experience and also proactively managing risk.

CGMO also continued with the focus of high end automation through Robotic Process Automation (RPA). Processes related to risk analytics and customer service have already been automated, delivering improved efficiency, reduced risk and improved client service. This has ensured that we build scale to manage more without cost linearity.

provides a one stop solution for the Bank's cash management clients as it supports all modes of collection including NEFT / RTGS / IMPS / IFT and PG and seamless client servicing options.

A system for processing foreign currency outward remittances on behalf of our AD2 partners (DigiForex) was also implemented during the year. This system has capabilities to offer online transaction initiation thereby providing a digital and improved client experience.

These system implementations have helped improve operational efficiency and provide clients with a better experience (including facilitating digitisation initiatives). With similar end objectives in mind, the Bank also upgraded important systems like the systems used for processing Bankers to the Issue offers (eASBA), Treasury (Calypso) and Trade (TradePro).

Managing Risk

Proactive Operational Risk Management has been one of the major focus areas for CGMO. The Analytics, Information and Monitoring team within the CGMO Operational Risk team continues to deliver critical information and metrics that is used to identify potential risk events. With a specific focus on reducing risk at branches and processing teams, over 100 risk reviews were completed in 2018-19. These reviews are expected to improve the risk profile by identification and mitigation of operational risks.

The resilience of the operating model was tested through 20 business continuity tests (BCP tests) conducted during the year to ensure stability and Business Continuity during any unforeseen challenges. All teams within CGMO were covered in the test as per the BCP plans.

A state-of-the-art corporate loan origination system

“CredPro” was implemented during the year. The system automated the earlier manual processes and was also interfaced with various internal and external risk systems that will help provide a significantly improved client experience and improve the Bank's Risk management.

SWIFT rolled out one of the most significant changes to their messaging standards in the past 30-35 years with the objective to improve risk and anti-money laundering controls. These changes impacted all systems used for processing and transmission of SWIFT messages related to Cross Border remittances and Trade transactions. Additionally, RBI mandated stringent controls for implementation in all systems through which SWIFT messages are handled. All processing applications have been upgraded to comply with the RBI and SWIFT requirements.

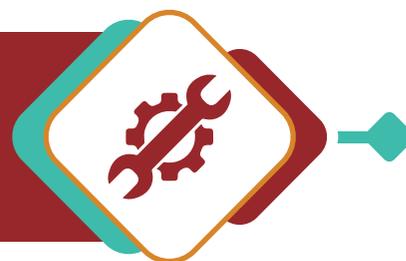
People Development and Continuous Improvement

Continuous Improvements and People Development were other significant focus areas. CGMO continued in its journey towards 'Continuous Improvement' with the objective of delivering client satisfaction and year-on-year efficiency benefits. This programme focuses on increasing 'Client Delight', 'Empowerment of Staff' and 'Rewards & Recognition'. As part of this initiative, over 1000 process improvement initiatives were implemented by the staff resulting in efficiency improvement and risk reduction on improved client experience. This is almost a 10% increase over the previous year.

Focus on People Development continued. Over 25,000 man-hours of training delivered during the year aimed at creating a strong knowledge force within the unit. Trainings delivered covered product features, risk awareness, regulatory requirements, continuous improvement and soft skills like communication, team effectiveness and leadership skills.



INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY



Operational Controls

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

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

- Separate and independent Compliance function has been set up for Bank-wide compliance;

Customer Service

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

The 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

- 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.

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.

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 for a ‘Feedback Form’, which gives opportunity to all customers to air their grievances, in a simplified way and get their complaints redressed without delay. Further,

customers can contact their respective Branch Manager or call the Bank’s Contact Centre on the toll-free number or send an email to the dedicated email IDs to lodge their grievances.

Details of the Principal Nodal Officer / Regional Nodal Officers have been furnished. These details are also displayed at the Bank’s branches. Details of the Banking Scheme, 2006 as amended up to July 01, 2017, are also displayed at Branches and hosted on the Bank’s website.

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

Internal Audit

The Bank has a remarkably fortified, 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 RBI’s Guidelines on Risk Based Internal Audit (RBIA), bank has adopted an 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. The Audit Policy defines the audit strategy in terms of a concerted focus on strategic and emerging business risks. The scope of risk-based internal audit,

besides assessing the adequacy and effectiveness of internal control systems and external compliance, includes an evaluation of the risk residing at the auditee units. 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 the Independent Concurrent Audit Process by reputed external audit firms.

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



Compliance

The Board and Management of the Bank are committed to maintaining a corporate culture of integrity and ethical conduct and carrying out business within the framework of internal policies and procedures, guidelines of Regulatory Authorities and Statutory requirements.

The management ensures that the activities undertaken by the Bank are transparent, non-discriminatory and compliant with the applicable Rules and Regulations by laying down policies and guidelines for the Bank. These policies become the guiding documents for all activities

Vigilance Function

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

Whistle Blower Policy was adopted by the Bank in 2009 so as to provide a channel to various stakeholders, viz., employees, customers, suppliers, shareholders, etc., to

undertaken. Implementation of the policies is ensured by the senior functionaries who design the products which are compliant with laws and regulations of the regime. Further, for streamlining / standardising the day-to-day functioning of the Bank, standard procedures are laid down in line with regulatory guidelines. Adherence to the policies, guidelines, procedures is monitored by different units such as, Compliance, Risk and Audit who help in ensuring the compliance culture and becoming the best-in-class customer service oriented Bank.

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

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

HUMAN RESOURCES

The Bank realises that its human capital is the most important business growth driver. The Bank's strategic HR agenda is to be a strategic business partner by focussing on talent acquisition, talent development, talent management, retention, employee life cycle processes and compliance.

The Bank believes in attracting and retaining quality talent and provides them with an enabling work culture to realise their potential. The Bank becomes a dream employer by creating an environment of entrepreneurship, innovation and creativity. 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.

Our Bank continues to be a preferred career destination in the BFSI sector and this is manifested by high potential talent joining the Bank and negligible attrition at strategic job layers.



ET Now 'Dream Employer of the Year' award

KEY HIGHLIGHTS

- Employee headcount of the Bank stood at 27,739 employees in FY19. The headcount increased in FY19, and new hires were mainly for kick-starting new business initiatives and new branches. The Bank believes in hiring the “best in class” and providing employees with fruitful and rewarding career opportunities. The Bank continues to employ diversified hiring channels such as Employee Referral Schemes, Job Portals, Consultants, Campus Hiring, Social Media, Hire-Train-Deploy model, etc. for quality hiring. Social Media (LinkedIn, Facebook) was leveraged for niche and leadership hiring. The Bank’s selection process comprised qualitative and quantitative assessments, multi-layered interviews, background verification and reference checks to recruit the right candidates.

- Employee development is the main 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 the Bank are tailor-made to the business requirements as outlined in the Business Planning Cycle.

During FY19, the Bank conducted 12,90,000 learning man-hours for over 3,97,000 participants with an emphasis on Leadership development, Selling and Negotiation skills, Innovation and Creativity, Banking Products, Banking Operational Processes, Credit, Risk, Treasury, Compliance and Induction programmes. The Bank conducted over 1,000 workshops for 21,200 employees for aligning them towards the Bank’s vision of being the “Bank of Convenience”

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

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

Appraisal for FY18 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 and ensure complete compliance with the regulatory guidelines on compensation practices.
- The Bank believes in employee connect and bonds with its employees through various employee engagement initiatives. Quarterly Webcasts by the MD & CEO and Employee Town-halls have helped to communicate the Bank’s vision, business direction, performance and priorities and also emphasised on core values of compliance, integrity and desirable conduct.

Branch and locational visits by HR and Line Managers are a regular feature which help resolve employee complaints and grievances and understand employee problems and constraints. Employee recreation programmes such as marathons, sporting competitions, business off-sites, team get-togethers, outdoor training workshops, celebration of festivals help energise the employees.

- Technology continues to be the driver in improving the operational Employee Lifecycle processes. The theme is digitisation and robotisation of HR operational processes. Launch of digital onboarding platform, online joining kits were a step in the direction. All the Employee Lifecycle HR processes relating to Attendance, Leave, Payroll, Confirmations, Loans, Medclaim, Gratuity, Exits, Full and Final Settlement were managed accurately and within the stipulated TATs.
- The Bank passionately follows “Discipline and Compliance” as its core values. Every employee follows the Bank’s Code of Conduct and any aberration or deviation is dealt with very strictly. Compliance is an integral part of SMARTs of employees. The Bank conducted several awareness programmes on a pan Bank basis on compliance aspects. 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 4,18,91,300 Options, comprising 6.95%

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 the Members at 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, etc.

The Bank continued the practice of sending SMS / e-mail messages to shareholders informing about Board meetings for Quarterly / Annual Financial Results, and forwarding snapshots of the Results.

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

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 e-mail addresses with the Bank or made available by the Depository.

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 / Reports and Presentation / Annual Reports'.

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

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

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

Updating of KYC details of shareholders

SEBI has directed all listed companies, vide its Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, to record the PAN and Bank Account details of all shareholders holding shares in physical mode through their RTA.

Adhering to the requirements set out in the aforesaid Circular, 15,312 intimations were sent to shareholders whose shares were held in physical mode on June 19, 2018.

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 13, 2019 in respect of the shares on which Dividend for FY 2011-12 had remained Unpaid or Unclaimed for seven consecutive years or more, requesting them to claim such dividend on or before August 21, 2019 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 14, 2019.

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 elsewhere 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.

Two Reminder Intimations were subsequently sent to shareholders on September 19, 2018 and December 3, 2018 via Speed Post and Ordinary Post, respectively.

Shareholders holding shares in physical mode, who are yet to update their KYC details, are requested to do so by contacting the Bank's Secretarial Team or our Registrar & Share Transfer Agent – Link Intime India Pvt. Ltd.

Mandatory Dematerialisation for Transfer of securities

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 dematerialised form only.

SEBI had, vide their notification dated November 30, 2018, extended this date up to March 31, 2019.

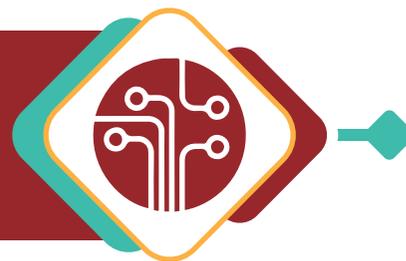
14,487 shareholders who were holding shares in physical mode were intimated via Speed Post on September 19, 2018, advising them to dematerialise their physical holdings to have easy access to Stock Exchanges offering them liquidity option for their holdings.

Two Reminder Intimations were subsequently sent to Shareholders on December 3, 2018 and March 5, 2019 via Ordinary Post since the Stock Exchanges had relaxed the requirement of sending intimations only through Speed Post / Registered Post.

Shareholders holding shares in physical mode are advised to dematerialise their shares. Holding of shares in physical mode is valid, but transfer of shares is not permissible with effect from April 1, 2019, and only transmission or transposition is permissible from April 1, 2019.

Accordingly, shareholders desirous of transferring their holdings are required to dematerialise their shares beforehand to facilitate the transfer.

INFORMATION TECHNOLOGY



Technology in IndusInd Bank

Information Technology is a strategic partner to the business to build the Bank of the future. Information Technology continues to deliver on its commitment of better customer service, improved risk management and superior performance through compliant, secure and resilient solutions and infrastructure.

Some key transformation initiatives launched in FY 2018-19 are:

Superior customer experience – New Initiatives

- **WhatsApp Banking** – The Bank has innovated to launch WhatsApp Business as a new channel for customer service and engagement.

With this launch, IndusInd Bank became one of the first banks to participate in the WhatsApp banking. Through WhatsApp channel, customers can use a 'Verified Account' principle which offers banking

services like checking balance, mini statement, checking reward points as well as updating of Aadhaar through WhatsApp.

- **EmpowerRM** – RM productivity App – EmpowerRM is a tool to equip the Relationship Managers to facilitate Cross-sell and upsell by providing a holistic view of the Customer. It provides 360 degree holdings information of the customer by collating information from multiple systems of record such as, customer request / query / complaints, etc.
- **Cash and Trade App** – IndusDirect Mobile App 2.0 is the existing Corporate Mobile Banking App that is now integrated with both IndusDirect & ConnectOnline. It facilitates corporate banking customers, irrespective of the channel being used by them to avail the Mobile Banking Services. The App offers services like self-registration, self-managing accounts, cash management services and Trade Services.

- **Customer Enrichment Experience through IndusMobile** – The Bank has constantly innovated on its flagship mobile App by providing secure facilities such as, block, unblock and limit maintenance features on the fly. These features enable customers to manage their wealth securely and conveniently and is a market first. App launch, login time has been optimised by re-engineering.
- **IndusAssist: Personal Banker on Alexa** – IndusInd Bank is the first bank in the industry to offer both

financial and non-financial transactions on Alexa with voice-based current task, conversational banking without a single tap or click and without interrupting customers.

- Transactions are authenticated via Voice Pin set up during one time account linking process followed by OTP for completing any financial transaction. Voice PIN is the Industry-first initiative by IndusInd Bank. The most frequently used services include successful transfer, recharge and CC bill payments.

Digital Payment Initiatives

- **IndusCollect** – Offers simplicity to customers as a single dashboard view for multiple forms of collection. It simplifies the refunds management with mobile application for smaller merchants. This has generated transactions with a value of ₹12 crores.
- **Ripple Blockchain** – The Bank has launched cross border remittance with Al Rajhi Bank of Saudi Arabia and Bank Dhofar of Oman with live transactions that commenced from October 2018. This uses the distributed ledged technology to settle inward remittance transactions resulting in IMPS credit within 5 minutes from existing turnaround time of one

working day. The platform also performs an AML check for inward remittances (for value < ₹5 lakhs).

- **Public Financial Management System** – cBKconnect Version 3.0 platform has become a single platform supporting government disbursements like Rajasthan Payment Portal (RPP) Module, MP Health Payment System, Certificate-Based Payment Processing for Corporate, New Account validation for Mahatma Gandhi National Rural Employment Guarantee Act (Mnrega), E-tax, Enhanced functionality of WPS (Kerala - Wage Protection).

Superior risk management and operating efficiency

- **Credpro: Loan Origination System** – CredPro supports the digital Credit Appraisal process from Customer Creation, Initiation of Credit Proposal in system by Business (Relationship Manager), Evaluation of Credit Proposal by Credit Risk and generation of Sanction Letter post sanctioning. The users of the application broadly include Business, Credit Risk, and Credit Administration (CAD).
- **TradePro 2.8 Upgradation** – SWIFT published significant changes to their messaging standards in Nov 2018. The Bank has adopted the new standards for its Trade Finance System. The Bank has upgraded the TradePro system from Ver. 2.5 to 2.8 ensuring SWIFT compliance in November 2018.

- **SWIFT Upgrade** – SWIFT 7.2 was implemented and is compliant with SWIFT Security Norms. Some of the salient features of 7.2 version migration are: Message/ Instance search enhancement, Identification of messages touched by human in message search, Four-eyes security for configuration changes, Enhanced local password policies, Improved information in events. It has been communicated by the Swift Alliance partner that IndusInd Bank is the second Private Sector Bank and overall 7th in the country to successfully upgrade Swift to latest 7.2 version.
- **ProCollect** – Collections for Consumer Finance Division – All collections have moved to an App to

replace HHT (Hand Held Terminal). This is securely handled through a MDM (Mobile Device Management) enabled mobile device and Bluetooth printer, to support cash less payments - integration of Alternate payment modes like payment through Debit Card and Unified Payment Interface (UPI) has been created.

- **CRETA – Customer Request Enablement Through Aadhaar** – Customers at branches have a single window to handle service requests, for example, Aadhaar Linking / Seeding with IndusInd Account for Government subsidies, signature changes, address and e-mail changes after biometric authentication.

Security, Risk and Internal Efficiency Initiatives

- **Advanced Threat Protection** – Advance persistent threats that occur on networks and endpoints can operate under stealth mode. To mitigate such attacks, the Bank needed a tool that would mitigate such next generation attacks. The Bank has deployed the MacAfee ENS on endpoints. Components of the solution include Anti-virus, IPS, behavior monitoring, forensics, etc. On the perimeter side, the Bank has deployed Cisco NG IPS (Appliance-based) which caters to block attacks coming from internet and internal networks.
- **Web Application Firewall** – Application vulnerability exploitation has become an attack vector and to mitigate such attacks, the Bank has deployed a solution called Web Application Firewall (WAF). WAF protects the Bank's internet assets from internet-based attacks. The Bank has deployed a cloud based WAF. All internet traffic is scanned for anomalies and only clean traffic is sent to web server, thus reducing DOS type attacks.
- **Crisis Communication Management System** – An internal communication system for employees and contract staff. The Bank has launched Crisis Communication System, which executes call tree with employees and track employee status in case of alerts.

It also pushes advisories to employees. The selection of employees for communication basis is on Business units, Applications, Zone, Region, City, Branch, and Special Groups. It has Reporting Manager and Functional Manager workflows.

- **CTS Data Exchange Module (DEM)** – IndusInd is the first Bank to go live on Cheque Clearing House at NPCI end. The solution replaces the Clearing House Interface at Bank's end with low cost DEM, which has resulted in cost savings by removing Oracle database licenses and reduces risk of non-compliance.
- **Software Defined Data Centre: VLAN to NSX-VxLAN** – This is the next generation data centre offering on demand Application delivery, granular security by stopping lateral spread of security attacks and improved asset utilisation leading to reduced hardware spend.
- **Enterprise Collection System** – Secure, fast and web-based environment for eReceipts, Settlement, Vendor billing and Legal Modules. Enables control, visibility, data security and active monitoring on overdue debts. Scalable model having operational web and mobile solution. Low cost outsourcing of data processing.



Technology Awards



IBA Banking Technology Awards 2019

Winner under category – Best Payment Initiatives

IndusInd Bank was awarded winner in the category 'Best Payment Initiatives', for being at the forefront and following an innovation-led strategy both for Consumer and Corporate payments.



Winner under category – Best Financial Inclusions Initiatives

IndusInd Bank was winner in the category 'Best Financial Inclusions Initiatives', for developing and pioneering a collaborative approach to reach out to the financially-excluded segment of population.



Winner under category – Best use of Data and Analytics

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



Runner-up under category – Best Technology Bank

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

LEGAL



There are no major changes in the Laws impacting Banking except the following:

Amendments to the Insolvency and Bankruptcy Code, 2016:

- i) Introduction of Section 12 A - The Adjudicating Authority may allow the withdrawal of application admitted under Section 7 or Section 9 or Section 10, on an application made by the applicant with the approval of ninety percent voting share of the

Committee of Creditors. This is significant for banks since it provides an opportunity for the corporate debtor to settle the matter at the very preliminary stage by offering the settlement amount, which would in turn enable bank's as a creditor to recover its dues at the initial stage;

- ii) Home buyers are to be treated as financial creditors, which implies that home buyers would be competing with banks as financial creditors; and

- iii) The voting threshold for decisions of the Committee of Creditors in respect of the following matters has been lowered to 66% from 75%:
 - (i) Appointment of the Resolution Professional,
 - (ii) Approval of the Resolution Plan, and
 - (iii) Increasing the time limit for the insolvency resolution process.

This reduction shall promote resolution and discourage liquidation of the corporate debtor.

Information on important legal proceedings faced by the Bank

There are certain legal proceedings during the course of banking business carried on by the Bank which are not unusual for a Bank of comparable size. The Bank is otherwise not involved in any legal proceedings and is not aware of any threatened legal proceedings, which if determined adversely, could result in a material effect on the business.

CORPORATE SOCIAL RESPONSIBILITY



IndusInd 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.

In compliance with Section 135 of the Companies Act, 2013 and CSR Rules 2014, the Bank has set up a Board-level CSR Committee to look after its CSR initiatives. IndusInd Bank's CSR Policy and strategy, direct and govern the Bank's activities in its focus areas of Environment, Education, Livelihood, Healthcare and Sports.

Environment

Powered by its belief that Good Ecology is Good Economics, IndusInd Bank continues to strive for Environmental Conservation through various initiatives

in the areas of Water Stewardship, Afforestation, Renewable Energy and Waste Management.



Water Stewardship – IndusInd Bank Jal Jeevan (Supported by Hinduja Foundation)

Understanding the severe water crisis that India is facing, in FY 2018-19, IndusInd Bank identified Water Stewardship as a high-priority area under Environmental Conservation. The Bank's Stewardship initiatives are branded as IndusInd Bank Jal Jeevan (supported by Hinduja Foundation). The various initiatives include:

Watershed Development: Through which the Bank is aiming to increase the percentage of land under irrigation over 16,937 ha, enhancing livelihood by creating year-round farming opportunities. This will benefit about 60,000 people in 89 villages across Madhya Pradesh, Jharkhand, Odisha and Maharashtra.

Installation of Water ATMs: As drinking water interventions for communities facing water stress, IndusInd Bank embarked on a mission to provide access to affordable RO purified drinking water. This will benefit about 1,60,000 people across 35 villages in Rajasthan and Uttar Pradesh.

The Bank is constructing 250 Rooftop Rainwater Harvesting structures, creating the capacity for the availability of additional 60 lakhs litres of water, across 18 villages of Jaitaran Tehsil in Rajasthan.

Restoration of Water Bodies: The Bank aims to recharge the fast-depleting groundwater levels in cities and villages while reviving the local ecology and creating more days of water availability during the year. These

initiatives include the restoration of the Sholinganallur Lake and two ponds in Chennai, the restoration of the Wazirabad Drain in Gurugram and the rejuvenation of two village ponds in Rajasthan.

Afforestation

Through its Urban Afforestation Programme, along with beautifying the city, IndusInd Bank aims to mitigate Green House Gas emissions in several urban centres in which it operates. In FY 2018-19 alone, the Bank planted 25,861 native trees across 31 locations in 7 cities, with an

estimated Carbon Sequestration of 6,410.43 MT of CO₂ (over 15 years). Since FY2015-16, the Bank has planted a total of 41,000 native trees with a certified Carbon Sequestration of 10,975.39 MT of CO₂ (offsetting over 15 years).

Renewable Energy

In another effort to mitigate Green House Gas emissions through the burning of fossil fuels, IndusInd Bank supports the movement of energy consumption to clean or renewable energy.

- The Bank has light up the streets of 29 villages of Rajasthan by installing 2,000 Solar Street Lights benefitting 1,65,000 villagers.

- Through Schools on Solar initiative, the Bank has helped educational institutions in 4 locations of Mumbai to move a significant portion of energy consumption from grid power to Solar Energy. With the generation of 91,000 units of solar energy annually, the combined carbon emission reduction of this programme is 74.62 MTCO₂e. The total annualised savings for these institutions is ₹ 6,60,000, which will be utilised for the benefit of the students.

Solid Waste Segregation and Management

IndusInd Bank's Solid Waste Management programme in partnership with the Ministry of Panchayati Raj in Uttarakhand is known as Jagmagaata Uttarakhand. The Bank took up the segregation and management of waste

in 8 villages of Doiwala Cluster of Dehradun, benefiting more than 19,000 people. 1,277.5 MT of waste will be generated annually out of which 43.8 MT will be recyclable and 115 MT of compost will be produced.

Education

The most powerful way to empower an individual or a community is by educating them. IndusInd Bank believes in inclusive growth and therefore tries to ensure that

those from poor or lower income families benefit from all its social programmes.



Assisted Learning

Enhanced Education Programme: This is a group tuition programme running in 400 rural centres of 22 districts in Uttar Pradesh, Bihar and Jharkhand. Through this, IndusInd Bank helps those weak at any subject to have

the motivation to continue studying at least up to Class X. In FY 2018-19, 14,200 under-privileged children have benefitted.

Support for the education of under-privileged children in Dehradun: The Bank continued to support the education of 75 under-privileged children in FY 2018-19 in Purkal Youth Development Society School. The children get a much better quality of education there compared to any municipal school.

Non-formal Education

Legal Literacy Programme: In Madhya Pradesh, the Bank has been conducting this programme since 2015. It builds awareness among women in Rural areas by training and educating them on their legal rights, entitlements, and protective laws on the issues of domestic violence and gender discrimination. In FY 2018-19 alone, 25,000 women were the beneficiaries as against 65,000 since 2015.

Healthcare

IndusInd Bank has initiated several programmes to provide accessibility to better healthcare to the poorest of poor and those from lower income groups than they normally have access to. The Bank's programmes are aimed at benefiting those belonging to rural areas of India.

- The Bank has supported the setting up and running of 177 Mini Health Clinics across backward districts of Uttar Pradesh, Bihar, Jharkhand and Madhya Pradesh to provide affordable primary healthcare to individuals from poor and lower income group families. In FY 2018-19, over 1,00,000 patients have benefitted.
- The Bank continued to support the treatment of 50

Livelihood

The Bank is currently focusing on Skill Development and Vocational Training Programmes as a means to empower individuals from poor families to get a livelihood.

- The Bank has been supporting the Rehabilitation through Vocational Training of youngsters in Maharashtra involved in Drug Abuse. Skills like carpentry, welding and printing are taught to them among others.

Mid-day meals for children of Municipal Schools: Through Akshaya Patra Foundation, IndusInd Bank provides good quality mid-day meals to 27,370 children of Municipal schools in Bhubaneswar. This provides an incentive to attend school regularly.

Digital Literacy Programme (PMGDISHA): Since 2017, IndusInd Bank has been supporting the National Digital Literacy Programme. Till date over 3,00,000 individuals across 11 states have been trained, out of which 1,00,000 were trained in 2018-19.

children with cancer from rural Rajasthan in FY 2018-19, whose parents were not able to afford the treatment at Bhagwan Mahaveer Cancer Hospital and Research Centre (BMCHRC) in Jaipur.



- In another Healthcare initiative that commenced in FY 2018-19, under the Stree Swabhiman Programme of CSC e-Governance (a SPV of Government of India), the Bank provides free sanitary napkins for one year to 50,000 girls / women in rural Madhya Pradesh. These are first-time users and the Bank is hoping that the free usage for a year will make them want to use them permanently for menstrual hygiene.

- In another programme, that commenced in FY 2018-19, the Bank supports the Skill Development of Rural Youth in Rajasthan with an assured livelihood of ₹12,000. About 450 unemployed youth from 18 villages will benefit. Micro Finance Executive, Customer Relations Executive and Unarmed Security Guard are the three trades selected for skill development training.



Sports

As one of the key focus areas of its CSR Policy, the Bank believes in using Sport as a medium for social development and inclusiveness. To this end, the Bank collaborates with the organisations dedicated to enhancing social development and providing equal

access and opportunity to all sections of society through sports. IndusInd Bank's CSR Programmes in Sports aligns with two verticals of Khelo India, a National Priority Area, as outlined by the Government of India.



Sports for Women

IndusInd Girl Power Programme: In this programme, IndusInd Bank supports 60 talented girl athletes from across India, mostly belonging to low-income families, to be developed into National and International champions in the disciplines of Boxing, Judo and Wrestling. For this,

the Bank has partnered with JSW Foundation's Inspire Institute of Sport (IIS), which is a world-class, high-performance sport training facility primarily to scout and train junior athletes.

Sports for People with Disabilities (PWD)

IndusInd Para Champions Programme: In this pioneering initiative, IndusInd Bank has partnered with GoSports Foundation to make a visible difference in the life of Indian Para-athletes. The endeavour is to help these athletes break the psychological and physical barriers that serve to inspire other differently-abled individuals to think differently about their condition. This is an on-going initiative that commenced in FY 2016-17. In FY 2018-19, the number of athletes supported under this programme has increased from 32 to 45.

IndusInd Blind Cricket Programme: The Bank has also adopted the Indian Blind Cricket teams as principal sponsors with the Cricket Association for the Blind in India (CABI), the sports arm of Samarathanam Trust. Through this Programme, the Bank not only supports their coaching, training, nutrition and fitness needs, but also promotes the team and its achievements in public domain, to garner support and inspire others, while attempting to break social prejudices about people with visual disability.

Sustainability

IndusInd Bank continues to consistently deliver greater value to the stakeholders while mainstreaming sustainability in to its business practices. It has committed to targets on Environmental, Social and Governance (ESG) aspects and continues to improve the sustainability performance to surpass the ESG targets.

climate change mitigation, among others.



The Bank consistently works to mitigate and reduce the impact of its business and activities on the natural environment. The Environmental Policy of the Bank lays out guidelines and targets in key areas of environmental sustainability. Within these, the Bank has undertaken and implemented programmes and activities in the domains of sustainable supply chain, green procurement, energy efficiency, water conservation, waste management and

IndusInd Bank recognises and addresses global environmental issues like climate change and global warming and measures its carbon footprint. The Bank:

- Currently features in the 'A' List of the CDP, a platform that is widely referred by global investors.
- Is investing in on-site Solar Energy Solutions and LEED-certified Green buildings as a frontrunner.
- Continues to invest in energy efficiency, water conservation and greening the IT systems.

- Promotes sustainable and ethical procurement practices through selection and on-boarding criteria for vendors and suppliers. The Bank continually emphasises the importance of environmental sustainability, human rights & labour laws, and adherence to standardised environmental norms by the upstream and downstream supply chain partners.

Additionally, IndusInd Bank recognises your need as an investor to seek both financial as well as non-financial information to take a well-informed investment decision. The Bank has been publishing the Integrated Report for the last two years, which aims to communicate how the Bank's Strategy, Governance, Performance and Prospects

creates value over time. All organisations depend on various forms of Capital for their success. The Bank believes that it is important that all such forms of Capital be disclosed to stakeholders to enable informed investment decision making.

The 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 'Integrated Report' on its website at <https://www.indusind.com/content/csr-home/sustainability-report.html>.

MARKETING & COMMUNICATIONS



2019 is indeed a celebratory year as the Bank turns 25. As we cross this milestone, there is exuberance and joy at what the Bank has achieved, but more importantly there is a sense of anticipation and promise of what lies ahead.

The year 2018-19 witnessed the Bank making rapid strides in being where its customers are, and consistently provide solutions that offer them a seamless and rewarding banking experience. The world is fast moving towards simplifying consumer interactions and

experiences through effective usage of technology.

During the year, the Bank leveraged on the latest technology to bring forth some of the most unique and state-of-the-art innovations that cater to the dynamic needs of its discerning customers. The Bank's marketing and communication strategy was aligned with this vision wherein campaigns were designed to understand stakeholders' interests and engage with them in their world.

Digital innovation at the heart of what we do

The Bank continued to follow the mantra of 'Responsive Innovation' through which it decodes customer satisfaction, delight and retention. This year, the Bank pioneered several innovations in the banking sector with service and product offerings that created disruptions within the banking space. The Bank conceptualised these products by understanding the needs of the customer by analysing their lifestyle through primary and secondary research.

Launch of the 'DUO' Card

The Bank also launched the 'DUO' card, India's first

debit-cum-credit card. The Card comes with two Magnetic stripes and EMV chips. The 'DUO' Card brings to the customers a variety of benefits that will treat them to the very best of a Credit and Debit Card, a single account statement and combined reward points. To launch the campaign, the Bank roped in renowned Bollywood actor, Boman Irani as the protagonist for two television commercials and also placed substantial digital media advertisements on popular websites and social media platforms. This product got acknowledged at multiple forums and was awarded the 'Best Digital Marketing Campaign' for delivering 2.5 times of the committed leads.

Launch of the 'Nexxt' Credit Card

The Bank has launched the 'Nexxt' Credit Card, India's first interactive card with buttons. This card offers absolute flexibility at the time of making payments at POS. This next gen state-of-the-art card has LED buttons which empower customers to switch between multiple payment options, i.e., regular credit card for online transactions, EMI and Rewards. A mega digital and print campaign was executed to launch the Card in the market which garnered tremendous response.

Banking on 'Alexa'

The Bank has always aimed at creating path breaking solutions by leveraging emerging technologies. In keeping with this legacy, the Bank launched IndusAssist, an Artificial Intelligence (AI) based banking service that enables customers to conduct financial and non-financial transactions on Amazon Echo and other Alexa-enabled devices using voice based commands.

Launch of 'WhatsApp' Banking

IndusInd Bank launched a new service with WhatsApp enterprise solution in India to communicate with customers, thereby becoming one of the first Bank in the country to participate in the WhatsApp pilot project. The integration with WhatsApp will allow the Bank to start appearing as a Verified account when it communicates with customers regarding important transaction alerts. It also allows two-way communication with replies to customer messages and provides basic banking services like checking balance, mini statement, checking reward points as well as updating Aadhaar through WhatsApp.

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 within the 'Beyond

Launch of 'PIONEER'

The Bank has also served the client's needs for Wealth Management as a key priority over the years. The introduction of the 'PIONEER' Banking Wealth Management platform is a step further in that direction. This state-of-the-art service effortlessly merges bespoke wealth management solutions with a gamut of personal and commercial banking products for the discerning few. Built on the values of trust, transparency, simplicity and service, inspired by the Indus Valley Civilisation, the 'PIONEER' programme has been crafted for bringing back the lost art of Wealth Management. The first 'PIONEER' lobby became operational this year in the Defence Colony region of New Delhi.

Launch of 'IndusSmart'

Another important addition to our suite of digital offerings this year was the launch of 'IndusSmart', an online mutual fund platform that has been specifically designed to help our valued customers to learn, invest and plan for their investment goals. The portal is built with enriched information regarding investments using various creative formats.

Other Initiatives

The Marketing team also undertook various initiatives for customers like, Aadhaar Seeding, GST Registration, Investor meets at the zones as well as branch-level engagement activities that helped create a positive image about the Bank. There were specific campaigns designed for FD and Aadhaar that were carried out through a comprehensive marketing campaign including print.

Banking' domain. The Marketing & Communications team has crafted customised messages for each of them to create awareness among all stakeholders.

Water Stewardship:

One of the key areas of focus for the Bank within CSR is Water Stewardship. A video diary showcasing the Bank's efforts was released on World Water Day. This video

included Watershed development, Installation of Water ATMs, Rain Water Harvesting and restoration of Water bodies.

Rural Electrification:

The Bank has lit up the streets of 29 villages across Rajasthan by installing 2,000 solar powered street lights thereby benefitting 1,65,000 villagers. This was communicated by creating a docudrama wherein the Bank captured the real stories of the villagers - narrating the story through eyes of a village girl Meera.

Zonal initiatives:

Zonal teams undertook several initiatives to extensively promote social causes. One such initiative was undertaken by the East zone during the Durga Puja festival. Considering it is one of the most prominent festivals in the East, the Bank organised 'Ebar Pujo, Shobar Pujo' – a month-long celebration at all branches across the Eastern region. The event was conducted in association with Rotaract Calcutta Mid-South wherein the Bank donated new clothes to the underprivileged. The Bank collected over 1,200 pairs of new clothes from the branches which were then distributed. The event was also graced by the former Captain of the Indian cricket team - Sourav Ganguly.

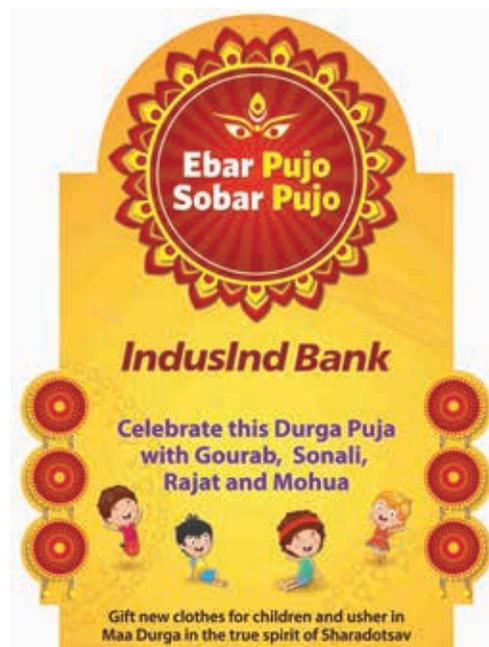
Other CSR initiatives:

Apart from the above, the Bank engages with employees and customers by celebrating various days like World Literacy Day, World Ocean Day and Campaign against Human Trafficking among others. The Bank also engages with employees through a monthly newsletter known as 'Know Your CSR' that encourages them to be a part of CSR

by promoting Green Champions and Green Commando programme within the Bank.

#WinLikeAGirl – Girl Power Programme

Taking its sports vertical to the next level, the Bank, in association with JSW Foundation, supported 60 female athletes, under its Girl Power Programme. The Bank launched 'WinLikeAGirl', an aggressive social-media campaign, to enlist support for the female athletes. The campaign was publicised on all social platforms including Facebook, Twitter, Instagram, etc. For internal stakeholders, regular mailers were sent out to keep them abreast with the developments. Three of the finalist who were supported by the Bank, made the country proud by winning medals at the Asian Games, and two medals at the Commonwealth Games.



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. This year, the Bank entered into various tactical alliances 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, Health & Wellness among others.

Travel: In a bid provide customers with an enhanced travel experience, the Bank has partnered with brands such as Yatra, MakeMyTrip, ClearTrip to offer lucrative deals on hotel bookings and holidays. Further, it has also tied up with airline companies like Spicejet and Indigo as well as car rental firm Zoomcar to offer customers a seamless mobility experience.

Lifestyle: The Bank has tied up with both online and offline retail giants like Amazon, Flipkart, Snapdeal, Kalyan Jewellers as well as Metro C&C among others, to offer exciting deals on products of their choice, across categories.

Food & Beverage: The Bank's Debit and Credit Card users can avail a slew of scrumptious deals across food joints at airports including Binge, Vango, KFC, Subway, Pizza Hut, Costa Coffee, among others. Additionally, customers can also enjoy the privilege of getting exclusive discounts at premium restaurants such as

Hakkasan, PA PA YA, Hemant Oberoi, Imperfecto, Publiq, among others.

Health and Wellness: Under this category, the Bank has collaborated with online pharmaceutical brands like Netmeds and Pharmeasy to help customers get medicines delivered at their doorstep. They can also avail deals on wellness programmes offered by Enrich, Richfeel, O2 Spa and Four Fountains.



Employee engagements and activities

The Bank strongly believes that Employees are the first customers of the Bank and in keeping with this vision, the Bank organised two mega Town Halls which became a platform for colleagues and the senior management to engage at a personal level. The theme for the Town Hall was 'Just 25' which was a celebration of the Bank celebrating 25 years, but with a difference. The theme resonates with 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. The Town Halls were conducted across two cities - Mumbai and New Delhi on February 22 and March 1, 2019, respectively. The Town Hall in Mumbai witnessed over 4,500 employees of the Bank gracing the occasion, with another 2,190 of them joining the proceedings through video conference from six other cities including, Nagpur, Pune, Indore, Ahmedabad, Vadodara and Bhopal. The Town Hall in New Delhi saw over 3,300 of the Bank's employees in

attendance, with another 1,358 of them joining through video conference from cities like, Jaipur, Chandigarh and Lucknow.

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. The Bank celebrates running as an activity that inspires those around you. And this is the thought that the Bank believes in, which is why it has been sponsoring more than 6,000 of its employees across India to run marathons, making them more aware about the benefits of a healthy body and healthy mind.



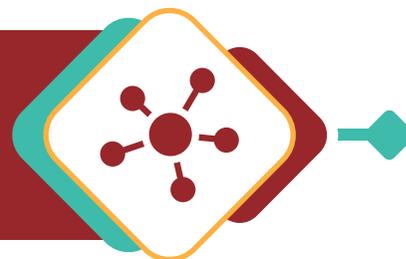
Activities to reinforce Brand Image

The Bank has extended significant support to the fields 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 to bring 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 and Uttung Sanskrutik has been offering significant support to musicians at the grass root level. This year, the Bank also partnered with Design One – an Art and Fashion exhibition which

encourages budding entrepreneurs to showcase their creative side. 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 goals 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 a total network of 1,665 banking outlets and 2,545 ATMs, the Bank has presence in all 29 States and 5 out of the 7 Union Territories. In addition, the Bank also has Representative Offices in London, Dubai and Abu Dhabi.

Apart from expanding its pan-India Branch network, the Bank has also refurbished / re-modelled 7 Branches and 2

Offices, set up 2 new Administrative Offices, and relocated 14 branches and 2 Offices towards better business prospects. A total of 665 new seats were added across India to cater to growth in Back-Office / Controlling Office requirements, distinct from branch network capacity additions. The Bank has 5 Currency Chests, one each, in Mumbai, Delhi, Chennai, Kolkata and Bengaluru.

As on March 31, 2019, the Bank had a total network of

1,665 and **2,545**
Branches **ATMs**

Presence in all

29 States and
5 out of the **7**
Union Territories

DIRECTORS' REPORT

The Board of Directors of the Bank have pleasure in presenting the Twenty-fifth Annual Report covering business and operations of the Bank, together with the Audited Financial Statements for the year ended March 31, 2019.

The financial performance for the year ended March 31, 2019 is summarized as under:

(₹ in crores)

Particulars	As on March 31, 2019	As on March 31, 2018
Deposits	194,867.91	151,639.17
Advances	186,393.50	144,953.66
Operating Profit (before Depreciation and Provisions and Contingencies)	8,317.07	6,867.75
Net Profit	3,301.10	3,605.99

Despite the deceleration in growth rate in the Indian economy and a challenging macroeconomic environment, the Bank improved its business, with Deposits growing by 28.51% and Advances by 28.59% over the previous year.

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

Operating Profit (before Depreciation and Provisions and Contingencies) rose by 21.10% to ₹ 8,317.07 crores, as compared to ₹ 6,867.75 crores in the previous year.

However, the Net Profit for the year under review was adversely impacted when a large exposure to a group in the infrastructure sector turned non-performing towards end of the year; in an unprecedented move, the Govt. of India replaced the entire Board of Directors and the reconstituted Board initiated a resolution plan, and in the interim, the National Company Law Tribunal ordered a moratorium on all recovery actions.

When adjusted for the one off impact related to infrastructure sector, Operating Profit (before Depreciation and Provisions and Contingencies) would have been placed at ₹ 8,470.07 crores showing growth of 23.33% y-o-y.

The Net Profit of the Bank for the year under review, after considering all expenses and necessary Provisions and Contingencies, amounted to ₹ 3,301.10 crores, as against ₹ 3,605.99 crores in the previous year. If adjusted for the impact of the one off group account in the infrastructure sector which became NPA, the Net Profit would be placed at ₹ 4,475.10 crores showing growth of 24.10% y-o-y.

Appropriations

The Directors recommend appropriation of Profit as under:

(₹ in crores)

Operating Profit before Depreciation and Provisions and Contingencies	8,317.07
Less: Depreciation on Fixed Assets	228.85
Less: Provisions and Contingencies inclusive of Income Tax	4,787.12
Net Profit	3,301.10
Profit Brought Forward	9,311.49
Amount available for Appropriation	12,612.59
Transfer to Statutory Reserve	825.27
Transfer to Capital Reserve	39.53
Transfer to Investment Fluctuation Reserve Account	115.12
Dividend (including Tax on Dividend) (24th Annual General Meeting of members held on July 26, 2018 approved the payment of Dividend for the year 2017-18 for the Equity Shares outstanding as on that date.)	542.94
Deduction during the year	(17.21)
Total Appropriations	1,505.65
Balance carried over to Balance Sheet	11,106.94

Dividend

The Earning Per Share (EPS) of the Bank amounted to ₹ 54.90 during the year 2018-19.

The Board of Directors recommend Dividend of ₹ 7.50 per Equity Share of ₹ 10 each (at 75%) for the year ended March 31, 2019 (Dividend for the year 2017-18 was ₹ 7.50 per Equity Share of ₹ 10 each).

Considering the Equity Shares outstanding as at March 31, 2019, the total amount of dividend payable including Taxes to be borne by the Bank amounts to ₹ 544.93 crores. An amount of ₹ 92.91 crores would be paid as Dividend Distribution Tax by the Bank on the Dividend.

Consequent upon the amalgamation of Bharat Financial Inclusion Ltd. with the Bank, Shareholders of Bharat Financial Inclusion Ltd. whose names appear in the Register of Members of the Bank as on the Record Date (July 4, 2019) shall also be entitled to the Dividend.

In accordance with the revised AS 4, viz., 'Contingencies and events occurring after the Balance Sheet Date', this amount is not accounted as a liability as at March 31, 2019. The members may kindly note that the Bank proposes Record Date of August 9, 2019 for the purposes of Dividend, and all the shareholders as at the Record Date would be entitled to Dividend for the year 2018-19. The Dividend Pay-out is in accordance with the Bank's Dividend Distribution Policy.

Financial Performance and state of the Affairs of the Bank

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

Backed by improved volumes, the Total Income of the Bank for the year under review grew by 26.68% to ₹ 27,907.87 crores from ₹ 22,030.85 crores.

The healthy rise in profitability was the result of growth in Net Interest Income as well as Non-Interest Income. Net Interest Income improved by 17.99% to ₹ 8,846.18 crores from ₹ 7,497.45 crores while Non-Interest Income rose to ₹ 5,646.72 crores from ₹ 4,750.10 crores, registering growth of 18.88%.

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 21.33% to ₹ 5,067.57 crores from ₹ 4,176.75 crores earned during the previous year.

Yield on Advances increased to 11.26% during the year, as against 11.21% in the previous year, while the Cost of Deposits rose to 6.58% from 5.98% in the previous year. The Net Interest Margin was 3.80% in FY 2018-19.

The Bank expanded its branch network steadily to reach 1,665 branches (including 65 banking outlets), as against 1,400 branches at the beginning of the year. Revenue per employee during the year improved to ₹ 52 lakhs.

On account of a large exposure to the group in the infrastructure sector turning into NPA, the Net Non-Performing Assets ratio of the Bank stood at 1.21% as of March 31 2019 and the Provisioning Coverage Ratio (PCR) stood at 43.04% as compared to 56.26% in the previous year.

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

- The Bank is on its silver jubilee year and the celebration journey '#Just 25' is launched.
- Mixed Business (Deposits plus Advances) crossed ₹ 3.81 trillion mark.
- The Bank established its first Euro Medium Term Notes Programme with a size of USD 1 billion on March 27, 2019; MTNs issued by the Bank subsequently on April 15, 2019 are listed in Singapore Exchange Securities Trading Limited and India International Exchange (IFSC) Limited (India INX which is India's first international exchange in IFSC GIFT City); on March 28, 2019, Moody assigned first-time Baa3 issuer rating to the Bank with a stable outlook.
- On March 28, 2019, Bank issued a third tranche of Basel III compliant Additional Tier 1 Bonds (AT1) for ₹ 1,489.90 crores; CRISIL assigned AA / Stable and India Ratings Research assigned IND AA / Stable ratings.
- USD 100 million additional borrowing from OPIC with 8 year tenor; USD 75 million from JP Morgan with 1.5 year tenor; rollover of existing USD 300 million from SBI NY were some of the marquee FCY loans drawn down during the year. In addition, a syndicated facility of USD 320 million (limit of USD 500 million) was arranged with drawdown in early April 2019.

- RBI Supervisory Programme for Assessment of Risk and Capital completed during the year, pertaining to the year ended March 31, 2018, did not warrant any disclosure relating to divergence in identification of NPAs or provisions for the same.
- CFD ranks No. 1 player in AL vehicles, No. 1 financier for JCBs and Small Commercial Vehicles.
- In respect of a large group in the infrastructure sector, the Bank had an exposure to the holding company, which is a Core Investment Company, amounting to ₹ 2,000 crores and an amount of ₹ 1,004 crores to a few operating companies and SPVs. Further to defaults in loan servicing, in an unprecedented move, the Govt. of India replaced the entire Board of Directors, and the reconstituted Board initiated a Resolution Plan given the large size of the overall exposure to the market and the number of operating companies and SPVs belonging to the Group. On October 12, 2018, the National Company Law Tribunal (NCLT) placed the entire recovery proceedings under a moratorium and National Company Law Appellate Tribunal (NCLAT) restrained banks from declaring the exposure as NPA. The Bank made contingency provisions towards the exposure, during the year. In March 2019, when NCLAT withdrew its earlier order of restraint, the entire exposure became NPA. This one-off event caused a significant impact for the quarter as well as year. As at March 31, 2019, the Bank classified the exposure to the group as 'Non-performing-sub-standard' and made an accelerated provision, taking the provision against holding company exposure to 70% and operating companies / SPVs to 25%.
- Composite Scheme of Arrangement involving merger of BFIL was heard on April 23, 2019, and was reserved for order. Since the NCLT sanction for the Scheme was not available by then, on May 22, 2019 the Board adopted the Standalone and Consolidated Financial Statements of the Bank for the year ended March 31, 2019, without giving effect to the Scheme.
- On June 10, 2019, the NCLT passed a final Order sanctioning the Scheme and the Bank is in the process of giving effect to the Order. Since the Appointed Date for the Scheme is January 1, 2018, had the Scheme been sanctioned by the NCLT before the financial statements for FY 2018-19 were approved by the Board, the financial statements of the Bank would have incorporated the impact of BFIL's financials as of the Appointed Date and transactions from the said Appointed Date of January 1, 2018.

Performance of Subsidiary and Associate Company

The Bank has incorporated a wholly-owned subsidiary named 'IndusInd Financial Inclusion Limited' during the financial year ended March 31, 2019. This subsidiary was incorporated so that the Business Correspondent Undertaking, post-merger of BFIL, would be transferred to the subsidiary, as a part of the Scheme. Since the Scheme was not effective, the aforesaid subsidiary company did not commence its operations as on March 31, 2019.

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. During FY 2018-19, IMFS earned Revenue of ₹ 285.43 crores as against Revenue of ₹ 243.09 crores in the previous year. IMFS earned a Profit of ₹ 0.90 crores in FY 2018-19.

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, which also forms a part of this Annual Report.

In accordance, with the third proviso to Section 136(1) of the Companies Act, 2013, the Annual Accounts of the Bank, containing therein its Standalone Financial Statements and the Consolidated Financial Statements and all other documents required to be attached thereto have also been hosted on the website of the Bank at: www.indusind.com

Further, in accordance with the fourth proviso to Section 136(1) of the Companies Act, 2013, the Audited Annual Accounts of IndusInd Financial Inclusion Ltd., wholly-owned subsidiary of the Bank, have been hosted on the website of the Bank at: <https://www.indusind.com/content/home/investor/reports-and-presentation/annual-reports.html>

Any Shareholder interested in obtaining a physical copy of the Financial Statements may write to the Company Secretary. The said financials would also be made available for inspection by shareholders of the Bank and Debenture Trustees at the Registered Office of the Bank during business hours from 11:00 a.m. to 1:00 p.m. on all working days, except Saturdays, Sundays, Bank holidays and National holidays

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 material subsidiary / joint venture company.

Share Capital

The Paid-up Equity Capital of the Bank as at March 31, 2019 consisted of 60,26,86,868 Equity Shares of ₹ 10/- each.

During the year under review, the Bank allotted 24,63,681 Equity Shares of ₹ 10/- each pursuant to Exercise of Options under its Employees Stock Option Scheme, 2007.

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

Debentures

On March 28, 2019, the Bank allotted, on private placement basis, 14,899 rated, listed, non-convertible, perpetual, subordinated and unsecured Basel III compliant Additional Tier 1 Bonds in the nature of debentures of Face Value of ₹ 10,00,000 (Rupees Ten Lakhs each) for cash at par amounting to ₹ 1,489.90 crores.

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 ('Listing Regulations'), 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, 2019, 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, 2019	March 31, 2018
i) Capital Adequacy Ratio (CRAR)	14.16%	15.03%
ii) CRAR- Common Equity Tier 1 Capital	12.07%	13.42%
iii) CRAR- Tier 1 Capital	13.70%	14.58%
iv) CRAR- Tier 2 Capital	0.46%	0.45%

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
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
International Ratings		
Long Term Issuer, Long Term Bank Deposits and Senior Unsecured MTN	Baa3	Moody's Investors Service
Short Term Issuer	P3	Moody's Investors Service

Bank's Directors

The Bank's Board comprised ten Directors as on March 31, 2019, viz., Mr. R. Seshasayee, Non-Executive Part-time Chairman, three Non-Executive Independent Directors, viz., Mrs. Kanchan Chitale, Mr. Shanker Annaswamy, Dr. T. T. Ram Mohan, four Additional Directors in the category of Non-Executive Independent, viz., Mrs. Akila Krishnakumar, Mr. Arun Tiwari, Mr. Siraj Chaudhry, Mr. Rajiv Agarwal, Mr. Yashodhan M. Kale, Non-Executive Non-Independent Director, and Mr. Romesh Sobti, Managing Director & CEO.

(a) Non-Executive Independent Directors

All Independent Directors have 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 16 of Listing Regulations, the Declarations were placed before the Board of Directors at their meeting held on May 22, 2019, and based on these Declarations, the following Non-Executive Directors continue to be identified as meeting criteria of Independent Directors as on March 31, 2019:

- (i) Mrs. Kanchan Chitale
- (ii) Mr. Shanker Annaswamy
- (iii) Dr. T. T. Ram Mohan
- (iv) Mrs. Akila Krishnakumar (Additional Director)
- (v) Mr. Arun Tiwari (Additional Director)
- (vi) Mr. Siraj Chaudhry (Additional Director)
- (vii) Mr. Rajiv Agarwal (Additional Director)

In addition, the Bank's Board of Directors have pursuant to Regulation 25(9) of Listing Regulations 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. The Board in its meeting held on July 12, 2019 took note of the Certificate. Copy of the certificate is enclosed as **Annexure-I** to this report.

(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 Listing Regulations, specified companies are required to have at least one Woman Director in their Board.

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

Mrs. Akila Krishnakumar (DIN: 06629992), who joined the Board on August 10, 2018 is appointed as Additional Director in the category of Non-Executive, Independent Director.

(c) Chairman of the Board

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

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

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

(d) Managing Director & CEO

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

RBI had conveyed their approval for re-appointment of Mr. Romesh Sobti up to March 23, 2020.

Shareholders of the Bank had, in the 24th AGM held on July 26, 2018, approved the re-appointment of Mr. Romesh Sobti as the Managing Director & CEO of the Bank for a period from February 1, 2018 up to March 23, 2020.

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

(i) Appointment

- **Mrs. Akila Krishnakumar (DIN: 06629992)** was appointed 'Additional Director' in the category of 'Non-Executive Independent Director' in the Bank's Board on August 10, 2018.

Approval of the shareholders is being requested by the Board for the appointment of Mrs. Akila Krishnakumar as Non-Executive Independent Director in the Board of the Bank.

- **Mr. Arun Tiwari (DIN: 05345547)** was appointed 'Additional Director' in the category of 'Non-Executive Independent Director' in the Bank's Board on August 10, 2018.

Approval of the shareholders is being requested by the Board for the appointment of Mr. Arun Tiwari as Non-Executive Independent Director in the Board of the Bank.

- **Mr. Siraj Chaudhry (DIN: 00161853)** was appointed 'Additional Director' in the category of 'Non-Executive Independent Director' in the Bank's Board on January 3, 2019.

Approval of the shareholders is being requested by the Board for the appointment of Mr. Siraj Chaudhry as Non-Executive Independent Director in the Board of the Bank.

- **Mr. Rajiv Agarwal (DIN: 00336487)** was appointed 'Additional Director' in the category of 'Non-Executive Independent Director' in the Bank's Board on March 15, 2019.

Approval of the shareholders is being requested by the Board for the appointment of Mr. Rajiv Agarwal as Non-Executive Independent Director in the Board of the Bank.

(ii) 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. Romesh Sobti (DIN: 00031034), Managing Director & CEO of the Bank, being longest in Office, retires by rotation, and being eligible, offers himself for re-appointment at the AGM.

Approval of the shareholders is being requested by the Board for re-appointment of Mr. Romesh Sobti as Managing Director & CEO of the Bank.

As required under Regulation 36(3) of the Listing Regulations, 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 Bhandari & Associates, Practicing Company Secretaries, pursuant to Regulation 34(3) read with Schedule V para C clause 10 (i) of the Listing Regulations 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. T. Anantha Narayanan (DIN: 00007227) who had been 'Non-Executive Independent Director' in the Bank's Board since April 15, 2015, ceased to hold office with effect from June 23, 2018, upon completion of his tenure.

Mr. Ranbir Singh Butola (DIN: 00145895) who had been 'Non-Executive Independent Director' in the Bank's Board since January 13, 2015, ceased to be Director in the Board, following his untimely demise on December 17, 2018.

The Directors wish to place on record their appreciation for the valuable contributions made by Mr. T. Anantha Narayanan and Mr. Ranbir Singh Butola towards the deliberations in the meetings of the Board.

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

Mr. Yashodhan M. Kale (DIN: 00013782) who had been a Non-Executive Non-Independent Director in the Bank's Board since April 16, 2015, ceased to hold office with effect from April 15, 2019.

Board and Committee Meetings

During the year, twelve meetings of the Board of Directors and ten 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 Mrs. Kanchan Chitale as Chairperson and Mr. Shanker Annaswamy, Mr. Yashodhan M. Kale, Mr. Arun Tiwari and Mr. Siraj Chaudhry as Members.

There have not been any instances during the year when recommendations of the Audit Committee were not accepted by the Board.

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

Performance Evaluation of the Board

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

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

The Board of Directors have, on the recommendation of the Nomination & Remuneration Committee, engaged an external independent professional agency of global repute for conducting the Performance Evaluation exercise.

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

The performance of the Board as a whole, Committees of the Board, Directors individually, and of the Chairman has been evaluated / reviewed by the Nomination & Remuneration Committee, Committee of Independent Directors and by the Board of Directors in their meeting held on July 12, 2019.

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/content/home/investor/shareholders-corner/policies-of-the-bank.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/content/home/investor/shareholders-corner/policies-of-the-bank.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.

System for Internal Financial Controls and its Adequacy

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

Conservation of Energy and Technology Absorption and Foreign Exchange Earnings and Outgo

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.

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 Section 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 in 'Management Discussion and Analysis 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 Listing Regulations. The Vigil mechanism at the Bank requires submission of Quarterly Reviews to the Audit Committee of the Board, and placing of Annual Reviews before the Audit Committee and the Board of Directors.

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

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

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

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

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

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

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 S.R. Batliboi & Co. LLP, (ICAI Firm Registration Number 301003E / E300005), Statutory Auditors of the Bank have Audited the accounts of the Bank for the Financial Year 2018-19. It is now proposed to appoint M/s Haribhakti & Co. LLP, Chartered Accountants (ICAI Firm Registration Number 103523W / W100048) as Statutory Auditors of the Bank to Audit the accounts of the Bank for the Financial Year 2019-20.

Independent Auditors' Report

M/s S.R. Batliboi & Co. LLP, Statutory Auditors of the Bank, have audited the accounts of the Bank for the year 2018-19 and their Report is annexed. Pursuant to Section 143(3)(i) of the Companies Act, 2013, the Statutory Auditors have also reported on the adequacy and operating effectiveness of internal financial controls system over financial reporting, which has been enclosed as '**Annexure-1**' to the Independent Auditors' Report.

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

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

Secretarial Audit

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank has appointed M/s Bhandari & Associates, Company Secretaries in Practice, to undertake Secretarial Audit of the Bank for the FY 2018-19. The Secretarial Audit Report submitted by M/s Bhandari & Associates is furnished as an **Annexure-II**, and forms an integral part of this Report.

The Secretarial Audit Report submitted by Bhandari & Associates for FY 2018-19 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 shares up to 7% of the issued Equity Capital of the Bank from time to time. The eligibility and number of Options to be granted to an employee is determined on the basis of criteria laid down in the Scheme and is approved by the Compensation Committee of the Board of Directors.

An aggregate of 4,18,91,300 Options, comprising 6.95% 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 as an **Annexure-III**, and form an integral part of this Report.

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

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

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/content/home/investor/reports-and-presentation/annual-reports.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, 2019, 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, 2019 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 an **Annexure-IV** and forms 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 at the link <https://www.indusind.com/content/home/investor/reports-and-presentation/annual-reports.html>.

Particulars of Employees

The Bank had 27,739 employees on its rolls as on March 31, 2019.

71 employees employed throughout the year, were in receipt of remuneration of ₹ 1.02 crores per annum or more, and 10 employees employed for the part of the FY 2019 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-V** is not being sent along with this Annual Report to the Members of the Bank in line with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining the particulars may please write to the Company Secretary at the Secretarial and Investor Services Office of the Bank. The aforesaid Annexure is also available for inspection by Members at the Registered Office of the Bank up to the date of this Annual General Meeting during business hours on working days.

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

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 as an Annexure and forms an integral part of this Report.

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

Policy on Remuneration to Non-Executive Directors

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

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

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

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

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

During the Financial Year 2018-19, the Board reviewed the 'Policy on Remuneration to Non-Executive Directors'. The Policy is hosted on the Bank's website at the link given below:

<https://www.indusind.com/content/home/investor/shareholders-corner/policies-of-the-bank.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. 12.7 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:

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

Consolidated Financial Statements

In accordance with Section 129(3) of the Companies Act 2013, Consolidated Financial Statement of IndusInd Bank Limited ("the Bank"), IndusInd Financial Inclusion Limited (IFIL) ('the wholly-owned Subsidiary') and IndusInd Marketing and Financial Services Private Limited ('the Associate') has been prepared and is included in the Annual Report.

In terms of AS 21, the Bank has prepared the Consolidated Financial Statements for the year ended March 31, 2019, wherein the Standalone Financial Statements of the Bank as of that date are consolidated with that of IFIL, a subsidiary in which the Bank has a 100% stake, on a line by line basis by adding together like items of assets, liabilities, income and expenses.

In terms of AS 23, the Standalone Financial Statements of the Bank as of that date are consolidated with that of IMFS, an associate in which the Bank has a 30% stake, by adopting 'Equity Method'.

Indian Accounting Standards (Ind AS)

The Reserve Bank of India (RBI) issued a circular in February 2016, requiring scheduled commercial banks to implement Indian Accounting Standards (Ind AS) from April 1, 2018. RBI, 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 through a notification dated 22 March 2019, has 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 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 has 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. Kanchan Chitale as the Chairperson, Mr. Yashodhan M. Kale, Mrs. Akila Krishnakumar (inducted in the Committee on October 15, 2018) and Mr. Romesh Sobti 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 direct and govern the Bank's activities in focus areas, namely, Environmental Sustainability, Rural Development and Inclusiveness, Preventive Healthcare and Other areas of special interest that include Education, Sports and Heritage.

In FY 2018-19, the Bank initiated its flagship initiative of water stewardship wherein water conservation through watershed management, restoration of natural water bodies and availability & accessibility of safe drinking water with installation of water ATMs.

The Bank has implemented enhanced education programme, conducted legal literacy programme, and digital literacy under PMGDISHA programme of Government of India. The Bank provides mid-day meals to children in Municipal schools in Odisha.

IndusInd Bank supports inclusiveness of the differently-abled and of different gender in Sports. The Bank has a separate non-business vertical for Sports which undertakes to spread the culture of inclusivity and excellence in sports within and outside the organisation. Currently three excellence programmes namely IndusInd Para Champions, IndusInd Blind Cricket and IndusInd Girl Power is being supported.

IndusInd Bank has undertaken setting up of Mini Health Clinics to provide affordable primary healthcare to individuals from poor & lower Income Group families. The Bank also supports the treatment of children with cancer from rural Rajasthan, whose parents can't afford the treatment. Under the Stree Swabhimaan initiative, school girls are provided with sanitary pads in the State of Madhya Pradesh. These pads are manufactured by trained Village Level Entrepreneurs, thus encouraging their livelihoods as well.

To promote livelihood, the Bank supports skill development courses at Jaitaran, Rajasthan. 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 then skill development for employability.

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

Companies, on the basis of criteria prescribed under Section 135 of the Act, are required to spend at least Two per cent of their Average Net Profits made during the three immediately preceding financial years, in pursuance of their Corporate Social Responsibility Policy. Accordingly, the Bank spent ₹ 55.46 crores towards various CSR activities specified in Schedule VII of the Companies Act, 2013. The programmes are of large scale and hence the absorption of funds is milestone linked for larger impact.

The Bank continues to deliver consistently greater value to the stakeholders while mainstreaming sustainability in to the business practices. 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 consistently works to mitigate and reduce the impact of our business and activities on the natural environment. The environmental policy of the Bank lays out guidelines and targets in key areas of environmental sustainability within which the Bank has undertaken and implemented programs and activities in the domains of sustainable supply chain, green procurement, energy efficiency, water conservation, waste management, climate change mitigation etc.

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 environmental sustainability, human rights & labour laws, and adherence to standardised environmental norms by the upstream and downstream supply chain partners.

The Report on CSR activities undertaken by the Bank is set out as an **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:

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

Business Responsibility Report (BRR)

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

In view of the above and in compliance with Regulation 34(2) of the Listing Regulations, BRR has been hosted on the Bank's website at:

<https://www.indusind.com/content/home/investor/reports-and-presentation/annual-reports.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 complete and timely disclosures to the Stock Exchanges for dissemination to the Stakeholders.

Further complete disclosures regarding Corporate Governance is 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 Listing Regulations, which forms part of the Annual Report.

Significant and Material Orders passed by the Regulators or Courts

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

Awards and Accolades

During the year under review, the Bank has received many awards and accolades for excellence in managing IT Risk and Cyber Security Initiatives, Digital Payment Facilitator, Financial inclusion and CSR Initiatives, Safety and Security, Best Data quality and Information Technology and for Innovations, etc.

Mr. Romesh Sobti, Managing Director & CEO, was awarded as the 'Banker of the Year' at the Business Standard Annual Awards 2018. He was also bestowed with the 'Banker of the Year' Award at Financial Express India's Best Banks Awards 2018.

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

Cautionary Statement

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

Material events that have happened after the Balance Sheet date

Scheme of Arrangement amongst Bharat Financial Inclusion Ltd., the Bank and Bank's Wholly-Owned subsidiary was approved by the NCLT, Mumbai Bench vide Order dated June 10, 2019.

The Scheme was given effect to on July 4, 2019.

Accordingly, the Bank on receipt of funds amounting to 25% of the Warrant Subscription from its Promoters has allotted 1,57,70,985 Share Warrants by way of Private Placement:

Name of the Allottee	Date of Allotment	Issue Price ₹	25% of the amount received on July 3, 2019 in ₹
IndusInd International Holdings Ltd.	July 6, 2019	1,709	4,925,869,562.75
IndusInd Ltd.			1,785,283,778.50

The Warrants have a lock-in period of 3 years, and the Promoters are required to infuse 75% of the amount within the next 18 months.

The Bank has on July 6, 2019 allotted 8,96,17,781 Equity Shares of ₹10 each to shareholders of Bharat Financial Inclusion Limited (BFIL) whose names appeared in the Register of Members as on the Record Date, i.e., July 4, 2019, as per the pre-determined Share Exchange Ratio of 639 shares of the Bank for every 1,000 shares of BFIL.

The Business Correspondent business of Bharat Financial Inclusion Ltd. was transferred from the Bank to IndusInd Financial Inclusion Ltd. (IFIL), the Bank's Wholly-Owned Subsidiary for value appearing in the books as on the Appointed Date i.e., ₹43,70,35,000 (Rupees Forty-three crores seventy lakhs and thirty-five thousand) as Transferred Undertaking Value in consideration of which IFIL has allotted 4,37,03,500 Equity Shares to the Bank of Face value of ₹10 each fully paid-up which is equivalent to value of the Transferred Undertaking in accordance to the Scheme.

The Bank has engaged Catalyst Trusteeship Ltd. for the purpose of determining the Fractional Entitlements arising from the effectiveness of the Scheme as on the Record Date, viz., July 4, 2019, for identifying and paying such shareholders of Bharat Financial Inclusion Ltd.

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 : July 12, 2019

R. Seshasayee
Chairman
(DIN: 00047985)

CORPORATE GOVERNANCE

(The Report on Corporate Governance forms part of the Directors' Report for the Financial Year ended March 31, 2019)

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 to the regulators.

The Bank's Corporate Governance philosophy has been strengthened through various Policies and Codes adopted by the Bank.

The Bank's Board consists of eminent individuals having, on an average, industry experience of more than 30 years, and plays a crucial role in overseeing how the Management serves the short-term and long-term interests of various stakeholders and creates lasting value for its stakeholders, including its customers.

This belief is reflected in the Bank's governance practices, under which it strives to maintain an effective, informed and independent Board.

Certificate on compliance with the conditions of Corporate Governance

Pursuant to Regulation 34(3) read with Schedule V of SEBI Listing Regulations ("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, 2019 has been obtained and placed before the Board.

Code of Ethics and Conduct for Directors and Senior Management

In compliance with Regulation 26(3) of the Listing Regulations and the Companies Act, 2013, the Bank has formulated a 'Code of Ethics and Conduct for Directors and Senior Management' (The term 'Senior Management' means personnel of the Bank who are members of its Core Management Team, one level below the Board of Directors. This comprises Members of Management who are of the level of Business Unit Heads).

The Bank has received confirmations from all its Directors and Senior Management Personnel regarding compliance with the Code for the year ended March 31, 2019. 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, 2019 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 and emerge as India's most convenient Bank with Best-in-Banking financial parameters together with the doubling of our loan book, clients, and profits within the next three years."

VISION

"IndusInd Bank will be:

- A relevant business and banking partner to its clients.
- Customer-responsive, striving at all times to collaborate with clients in providing solutions for their banking needs.
 - A forerunner in the marketplace in terms of profitability, productivity and efficiency.
 - Engaged with all our stakeholders and will deliver sustainable and compliant returns.
- A change agent for financial inclusion in India following the merger of Bharat Financial Inclusion Limited with the Bank"

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, etc. The Board is constituted in compliance with the Banking Regulation Act, 1949, Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) and in line with the Board Diversity Policy adopted by the Bank.

The Board is entrusted with formulation of policies, implementation of regulatory guidelines, setting up of directions, planning of strategies, evaluation of performance of the Bank, etc. and has been vested with requisite powers. Committees of Board-level and of Executive-level exercise oversight over the business segments assigned to them.

i. Board Composition

The composition of the Bank's Board is in compliance with the requirements of the Banking Regulation Act, 1949, Companies Act, 2013 and Regulation 17 of the Listing Regulations and all other applicable laws.

The Board consisted of ten Directors, comprising Non-Executive Chairman, three Non-Executive Independent Directors, one Non-Executive Non-Independent Director, four Additional Directors in category of Non-Executive Independent and the Managing Director & CEO. The composition of the Board represents an optimal mix of professionalism, knowledge and experience.

During the year under review:

Mr. T. Anantha Narayanan (DIN: 00007227): Mr. T. Anantha Narayanan, who had been 'Non-Executive Independent Director' in the Board since April 9, 2015, ceased to hold office with effect from June 23, 2018 upon completion of his tenure.

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

Mrs. Akila Krishnakumar (DIN: 06629992): Mrs. Akila Krishnakumar was appointed as 'Additional Director' in the category of 'Non-Executive Independent Director' by the Board on August 10, 2018.

Mr. Arun Tiwari (DIN: 05345547): Mr. Arun Tiwari was appointed as 'Additional Director' in the category of 'Non-Executive Independent Director' by the Board on August 10, 2018.

Mr. Ranbir Singh Butola (DIN: 00145895): Mr. Ranbir Singh Butola who had been 'Non-Executive Independent Director' in the Board since January 13, 2015, ceased to be Director in the Board, upon his untimely demise on December 17, 2018.

The Directors wish to place on record their appreciation for Mr. Butola's wise counsel and sagacity during his tenure with the Bank.

Mr. Siraj Chaudhry (DIN: 00161853): Mr. Siraj Chaudhry was appointed as 'Additional Director' in the category of 'Non-Executive Independent Director' by the Board on January 3, 2019.

Mr. Rajiv Agarwal (DIN: 00336487): Mr. Rajiv Agarwal was appointed as 'Additional Director' in the category of 'Non-Executive Independent Director' by the Board on March 15, 2019.

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. Yashodhan Kale towards the deliberations in the Board Meetings during his tenure as Director of the Bank.

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 business(es) and sector(s) 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
Mr. R. Seshasayee	00047985	Non-Executive Part-time Chairman	Finance and General Management	Former Vice-Chairman, Ashok Leyland Ltd.
Mrs. Kanchan Chitale	00007267	Non-Executive Independent	Accountancy	Practising Chartered Accountant
Mr. Shanker Annaswamy	00449634	Non-Executive Independent	Information Technology	Former Managing Director of IBM India Private Limited
Dr. T. T. Ram Mohan	00008651	Non-Executive Independent	Banking & Finance	Professor – Finance & Accounting, IIM, Ahmedabad
Mr. Yashodhan M. Kale #	00013782	Non-Executive Non-Independent	Corporate Governance, Accountancy and Taxation	Service
Mrs. Akila Krishnakumar	06629992	Additional Director (Non-Executive, Independent)	Information Technology and Payments Systems	Self-employed
Mr. Arun Tiwari	05345547	Additional Director (Non-Executive, Independent)	Banking	Former CMD of Union Bank of India
Mr. Siraj Chaudhry	00161853	Additional Director (Non-Executive, Independent)	Agriculture & Rural Economy	Advisor
Mr. Rajiv Agarwal	00336487	Additional Director (Non-Executive, Independent)	Small Scale Industry	Industrialist
Mr. Romesh Sobti	00031034	Managing Director & CEO	Banking	Managing Director & CEO

Note: # Mr. Yashodhan M. Kale has ceased to be Director in the Bank with effect from April 16, 2019, upon completion of his tenure.

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

During the year ended March 31, 2019, twelve meetings of the Board were held: On April 19, 2018, May 8, 2018, May 31, 2018, June 22, 2018, July 10, 2018, July 26, 2018, August 28, 2018, October 15, 2018, December 11, 2018, January 9, 2019, February 13, 2019 and March 28, 2019.

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, 2019 are as follows:

Name of the Director	Attendance at the Board Meetings (No. of Meetings attended #)	Attendance at the AGM held on July 26, 2018	Number of other Directorships		No. of Committees of other companies in which Member \$ %	No. of Committees of other companies in which Chairperson \$ %
			Indian Public Limited Companies	Other Companies / LLPs ~		
Mr. R. Seshasayee	11/12	✓	2	1	1	1
Mrs. Kanchan Chitale	12/12	✓	7	1	3	4
Mr. T. Anantha Narayanan ¹	4/4	-	-	-	-	-
Mr. Ranbir Singh Butola ²	2/9	-	-	-	-	-
Mr. Yashodhan M. Kale ³	12/12	✓	1	1	-	-
Mr. Shanker Annaswamy	12/12	✓	2	-	2	-
Dr. T. T. Ram Mohan	11/12	✓	3	-	3	-
Mrs. Akila Krishnakumar ⁴	5/6	-	2	2	1	1
Mr. Arun Tiwari ⁵	5/6	-	3	-	-	-
Mr. Siraj Chaudhry ⁶	3/3	-	2	1	1	-
Mr. Rajiv Agarwal ⁷	1/1	-	-	3	-	-
Mr. Romesh Sobti	11/12	✓	1	-	-	-

Notes:

- 1 Mr. T. Anantha Narayanan ceased to be Director in the Bank on June 23, 2018, on completion of his tenure.
- 2 Mr. Ranbir Singh Butola ceased to be Director in the Bank following his demise on December 17, 2018.
- 3 Mr. Yashodhan M. Kale ceased to be Director w.e.f April 16, 2019, on completion of his tenure.
- 4 Mrs. Akila Krishnakumar was appointed 'Additional Director' on August 10, 2018.
- 5 Mr. Arun Tiwari was appointed 'Additional Director' on August 10, 2018.
- 6 Mr. Siraj Chaudhry was appointed 'Additional Director' on January 3, 2019.
- 7 Mr. Rajiv Agarwal was appointed 'Additional Director' on March 15, 2019.
- # Includes attendance through videoconference.
- ~ Includes Directorship held in Foreign Companies, Private Limited Companies and Companies under Section 8 of the Companies Act, 2013 in India.
- \$ Pursuant to Regulation 26 of the Listing Regulations, for the purpose of considering the limit of Committees in which Directors are Member / Chairperson, all Public Limited Companies, whether listed or not, are included. Private Limited Companies, Foreign Companies, and Companies under Section 8 of the Companies Act, 2013 ('Not for Profit') are excluded.
- % For the purpose of determination of the number of Committees of other companies, Chairpersonships and Memberships of only 'Audit Committee' and the 'Stakeholders Relations Committee' have been considered.

Disclosure of Inter-se relationship:

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

Other Listed Entities in which the Bank's Directors are Directors and Category of their Directorship as on March 31, 2019:

Name of Directors	Other Listed Entities in which he / she is a Director	Category of Directorship
Mr. R. Seshasayee	Asian Paints Ltd.	Non-Executive Independent Director
Mrs. Kanchan Chitale	GOCL Corporation Ltd.	Non-Executive Independent Director
	Gulf Oil Lubricants India Ltd.	Non-Executive Independent Director
Mr. Shanker Annaswamy	Healthcare Global Enterprises Ltd.	Non-Executive Independent Director
Dr. T. T. Ram Mohan	REC Ltd.	Non-Executive Independent Director
Mr. Yashodhan M. Kale	Hinduja Global Solutions Ltd.	Non-Executive Non Independent Director
Mrs. Akila Krishnakumar	Heidelberg Cement India Ltd.	Non-Executive Independent Director
	Matrimony.com Ltd.	Non-Executive Independent Director
Mr. Arun Tiwari	Setco Automotive Ltd.	Non-Executive Independent Director
Mr. Siraj Chaudhry	Tata Coffee Ltd.	Non-Executive Independent Director
	Tata Global Beverages Ltd.	Non-Executive Independent Director
Mr. Rajiv Agarwal	--	--
Mr. Romesh Sobti	--	--

iii. Remuneration to Non-Executive Directors

During the year under review, all the Non-Executive Directors, including the Non-Executive Part-time Chairman received remuneration in the form of Profit-related Commission in addition to Sitting Fees.

No Stock Options were granted to Non-Executive Directors.

The Board had in their meeting held on July 10, 2018 approved the increase in Sitting Fees of: (a) Committee of Directors; and (b) Risk Management Committee to ₹ 50,000/- for every meeting attended, from the existing amount of ₹ 20,000/- per meeting attended.

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.

The details of remuneration in the form of Profit-related Commission and Sitting Fees paid to the Non-Executive Directors are as under:

Name of Director	Commission (in ₹)	Sitting Fees (in ₹)
Mr. R. Seshasayee	25,00,000	21,20,000
Mrs. Kanchan Chitale	10,00,000	23,90,000
Mr. T. Anantha Narayanan ¹	2,30,769	7,20,000
Mr. Ranbir Singh Butola ²	2,50,000	3,00,000
Mr. Yashodhan M. Kale	10,00,000	18,80,000
Mr. Shanker Annaswamy	10,00,000	20,20,000
Dr. T. T. Ram Mohan	10,00,000	23,60,000
Mrs. Akila Krishnakumar ³	6,41,304	7,20,000
Mr. Arun Tiwari ⁴	6,41,304	13,70,000
Mr. Siraj Chaudhry ⁵	2,44,444	4,50,000
Mr. Rajiv Agarwal ⁶	47,222	1,20,000

Notes:

- 1 Mr. T. Anantha Narayanan ceased to be Director in the Bank on June 23, 2018, on completion of his tenure.
 - 2 Mr. Ranbir Singh Butola ceased to be Director in the Bank following his demise on December 17, 2018.
 - 3 Mrs. Akila Krishnakumar was appointed 'Additional Director' on August 10, 2018.
 - 4 Mr. Arun Tiwari was appointed 'Additional Director' on August 10, 2018.
 - 5 Mr. Siraj Chaudhry was appointed 'Additional Director' on January 3, 2019.
 - 6 Mr. Rajiv Agarwal was appointed 'Additional Director' on March 15, 2019.
- The amounts of Commission and Sitting Fees mentioned above are 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 Whole-time Directors made and compensation paid to them is with the prior approval of the Reserve Bank of India.

Mr. Romesh Sobti, Managing Director & CEO

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

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

For the Financial Year 2018-19, the details of remuneration paid to Mr. Romesh Sobti are as follows:

Salary ₹198.29 lakhs, Other Allowances ₹239.90 lakhs, facility of company-leased and furnished accommodation, Provident Fund at 12% of Salary, Gratuity at one month's Salary, Pension at two months' Salary, Medical Expenses reimbursement up to ₹1.97 lakhs, Leave Fare Concession of ₹1.97 lakhs, Mediclaim for self and family members, Personal Accident Insurance, Performance-based Bonus, Membership of two Clubs and official car with driver.

During FY 2018-19, Mr. Sobti has exercised an aggregate of 9 lakh Options.

v. Directors' Shareholding

The details of Bank's Equity Shares held by the Directors, including the Managing Director & CEO as on March 31, 2019 are given below:

- | | | |
|-------|----------------------------|---------------------------|
| (i) | Dr. T. T. Ram Mohan | : 3,800 shares (0.00%) |
| (ii) | Mrs. Kanchan Chitale | : 1,000 shares (0.00%) |
| (iii) | Mr. Romesh Sobti, MD & CEO | : 7,30,000 shares (0.12%) |

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 / Directors retiring by rotation at the forthcoming AGM**(a) Appointment**

- **Mr. Akila Krishnakumar (DIN: 06629992):** Mrs. Akila Krishnakumar was appointed as 'Additional Director' in the category of 'Non-Executive Independent Director' by the Board on August 10, 2018.

The Board requests Shareholders' approval for appointment of Mrs. Akila Krishnakumar as Non-Executive Independent Director in the Board of the Bank.

- **Mr. Arun Tiwari (DIN: 05345547):** Mr. Arun Tiwari was appointed as 'Additional Director' in the category of 'Non-Executive Independent Director' by the Board on August 10, 2018.

The Board requests Shareholders' approval for appointment of Mr. Arun Tiwari as Non-Executive Independent Director in the Board of the Bank.

- **Mr. Siraj Chaudhry (DIN: 00161853):** Mr. Siraj Chaudhry was appointed as 'Additional Director' in the category of 'Non-Executive, Independent Director' by the Board on January 3, 2019.

The Board requests Shareholders' approval for appointment of Mr. Siraj Chaudhry as Non-Executive Independent Director in the Board of the Bank.

- **Mr. Rajiv Agarwal (DIN: 00336487):** Mr. Rajiv Agarwal was appointed as 'Additional Director' in the category of 'Non-Executive, Independent Director' by the Board on March 15, 2019.

The Board requests Shareholders' approval for appointment of Mr. Rajiv Agarwal as Non-Executive Independent Director in the Board of the Bank.

(b) Retirement by Rotation

In accordance with the provisions of the Companies Act, 2013, out of the Non-Independent Directors, Mr. Romesh Sobti (DIN: 00031034), Managing Director & CEO of the Bank, being longest in Office, retires by rotation, and being eligible, offers himself for re-appointment at the AGM.

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

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

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 devote focused attention to the various issues placed before them, and the

guidance provided by these Committees lends immense value and enhances the decision-making process of the Board. The Board reviews the functioning of these Committees from time to time. The Meetings of each of these Committees are convened by the respective Chairpersons, who also inform in the Board the brief summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to all Directors individually and are circulated before the respective Board / Committee Meetings.

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

The constitution, terms of reference and the functioning of the 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.

(B) Role:

1. Oversight of the company's Financial Reporting process and the disclosure of its financial information to ensure that the Financial Statements are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of Auditors;
3. Approval of payments to Statutory Auditors for any other services rendered by them;
4. Reviewing with the Management, the annual Financial Statements and Auditors' Report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - Changes, if any, in Accounting Policies and practices, and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by Management.
 - Significant adjustments made in the Financial Statements arising out of audit findings.
 - Compliance with Listing and other Legal requirements relating to Financial Statements.
 - Disclosure of any Related Party Transactions.
 - Qualifications in the draft Audit Report.
5. Reviewing with the Management, the quarterly Financial Statements before submission to the Board for approval;
6. Reviewing with the Management, the Statement of Uses / Application of Funds raised through an issue (Public Issue, Rights Issue, Preferential Issue, etc.), the statement of funds utilized for purposes other than those stated in the Offer Document / Prospectus / Notice and the Report submitted by the monitoring agency monitoring the utilisation of proceeds of a Public or Rights Issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the Auditors' independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with Related Parties;
9. Scrutiny of Inter-Corporate Loans and Investments;

10. Valuation of undertakings or assets of the company, wherever it is necessary;
 11. Evaluation of Internal Financial Controls and Risk Management Systems;
 12. Reviewing, with the Management, the performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems;
 13. Reviewing the adequacy of Internal Audit function, if any, including the structure of the Internal Audit Department, staffing and seniority of the Official heading the department, reporting structure coverage and frequency of Internal Audit;
 14. Discussion with Internal Auditors of any significant findings and follow-up thereon;
 15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the Board;
 16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. To review the functioning of the Whistle Blower Mechanism;
 19. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the Finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- (C) Review of following information (Scope):
1. Management Discussion and Analysis of financial condition and results of operations;
 2. Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by Management;
 3. Management Letters / Letters of Internal Control weaknesses issued by the Statutory Auditors;
 4. Internal Audit Reports relating to internal control weaknesses; and
 5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

Composition : The Committee comprised five members, viz., Mrs. Kanchan Chitale (Chairperson), Mr. Yashodhan M Kale, Mr. Shanker Annaswamy, Mr. Arun Tiwari and Mr. Siraj Chaudhry.

Meetings : The Committee met ten times during the financial year 2018-19: On April 18, 2018, May 8, 2018, May 31, 2018, June 22, 2018, July 9, 2018, August 2, 2018, October 15, 2018, December 14, 2018, January 9, 2019 and February 26, 2019.

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	10/10	Appointed as Chairperson of the Committee by the Board on July 10, 2018
Mr. Yashodhan M. Kale	10/10	-
Mr. Shanker Annaswamy	10/10	-
Mr. Arun Tiwari	2/3	Inducted in the Committee on October 15, 2018.
Mr. Siraj Chaudhry	1/1	Inducted in the Committee on January 9, 2019.
Mr. T. Anantha Narayanan	4/4	Ceased to be Director upon completion of his tenure on June 23, 2018. Mr. T. Anantha Narayanan was the Chairman of the Committee.
Mr. Ranbir Singh Butola	2/8	Ceased to be Director following his demise on December 17, 2018.

2. Committee of Directors

Terms of Reference : The Committee of Directors exercises powers delegated to it by the Board, for managing the affairs of the Bank; for efficient control over operational areas; and for ensuring speedy disposal of matters requiring immediate approval.

Composition : The Committee comprised four members, viz., Mr. R. Seshasayee (Chairman), Dr. T. T. Ram Mohan, Mr. Arun Tiwari and Mr. Romesh Sobti.

Meetings : The Committee met twenty-five times during the financial year 2018-19: On April 11, 2018, April 26, 2018, May 30, 2018, June 12, 2018, June 20, 2018, June 27, 2018, August 16, 2018, August 24, 2018, September 11, 2018, September 21, 2018, September 27, 2018, September 28, 2018, October 25, 2018, November 6, 2018, November 22, 2018, December 7, 2018, December 20, 2018, December 27, 2018, January 18, 2019, February 5, 2019, February 26, 2019, March 8, 2019, March 18, 2019, March 26, 2019 and March 27, 2019.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. R. Seshasayee	18/25	-
Mrs. Kanchan Chitale	10/12	Resigned from the Committee on October 15, 2018.
Dr. T. T. Ram Mohan	23/25	-
Mr. Arun Tiwari	12/13	Inducted in the Committee on October 15, 2018.
Mr. Romesh Sobti	17/25	-
Mr. T. Anantha Narayanan	3/5	Ceased to be Director upon completion of his tenure on June 23, 2018.

3. Compensation Committee

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

Composition : The Committee comprised four members, viz., Mrs. Kanchan Chitale (Chairperson), Mr. R. Seshasayee, Mrs. Akila Krishnakumar and Mr. Siraj Chaudhry.

Meetings : The Committee met four times during the financial year: On May 8, 2018, September 28, 2018, January 25, 2019 and March 20, 2019.

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Mrs. Kanchan Chitale	4/4	-
Mr. R. Seshasayee	4/4	-
Mrs. Akila Krishnakumar	2/2	Inducted in the Committee on October 15, 2018.
Mr. Siraj Chaudhry	2/2	Inducted in the Committee on January 9, 2019.
Mr. Ranbir Singh Butola	0/2	Ceased to be Director following his demise on December 17, 2018.

4. Customer Service Committee

Terms of reference : The Committee's function is to monitor the quality of customer service extended by the Bank, and to review the needs of customers.

Composition : The Committee comprised four members, viz., Dr. T. T. Ram Mohan (Chairman), Mr. Yashodhan M. Kale, Mrs. Akila Krishnakumar and Mr. Romesh Sobti.

Meetings : The Committee met thrice during the financial year 2018-19: On April 18, 2018, September 28, 2018 and March 27, 2019.

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Dr. T. T. Ram Mohan	3/3	-
Mr. Yashodhan M. Kale	3/3	-
Mrs. Akila Krishnakumar	1/1	Inducted in the Committee on October 15, 2018.
Mr. Romesh Sobti	2/3	-

5. Corporate Social Responsibility (CSR) Committee

Terms of reference : The Committee's role is to supervise the expenditure by the Bank, in every financial year, of at least 2% of the Average Net Profits made during three immediately preceding financial years in pursuance of its CSR Policy.

Composition : The Committee comprised four members, viz., Mrs. Kanchan Chitale (Chairperson), Mr. Yashodhan M. Kale, Mrs. Akila Krishnakumar and Mr. Romesh Sobti.

Meetings : The Committee met once during the financial year 2018-19: On December 14, 2018.

The composition of CSR Committee is in compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Bank's CSR Policy is uploaded on the website at the link given below:
<http://www.indusind.com/content/csr-home/our-approach/csr-policy.html>

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Mrs. Kanchan Chitale	1/1	-
Mr. Yashodhan M. Kale	1/1	-
Mrs. Akila Krishnakumar	1/1	Inducted in the Committee on October 15, 2018.
Mr. Romesh Sobti	0/1	-

6. Finance Committee

Terms of reference : The Committee's role is to decide on the appropriate mode of raising of capital; to finalise, settle, approve or agree to terms and conditions including the pricing for the said capital-raising programme; finalise, settle, approve, and authorise the executing of any document, deed, writing, undertaking, guarantee or other papers (including any modification thereof) in connection with the capital-raising programme and authorise the affixing of the Common Seal of the Company, if necessary thereto in accordance with the provisions of Articles of Association of the Company; to appoint and to fix terms and conditions of merchant bankers, investment bankers, lead or other managers, advisors, solicitors, agents or such other persons or intermediaries as may be deemed necessary for the capital-raising programme; to do all such things and deal with all such matters and take all such steps as may be necessary to give effect to the resolution for raising of capital and to settle / resolve any question or difficulties that may arise with regard to the said programme.

Composition : The Committee comprised three members, viz., Mr. R. Seshasayee (Chairman), Mr. Yashodhan M. Kale, and Mr. Romesh Sobti.

Meetings : The Committee met once during the financial year 2018-19: On March 28, 2019.

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Mr. R. Seshasayee	1/1	-
Mr. Yashodhan M. Kale	1/1	-
Mr. Romesh Sobti	1/1	-
Mr. T. Anantha Narayanan	0/0	Ceased to be Director upon completion of his tenure on June 23, 2018.
Mr. Ranbir Singh Butola	0/0	Ceased to be Director following his demise on December 17, 2018.

7. I.T. Strategy Committee

Terms of reference: The Committee conducts Board-level overview of aligning Information Technology with the business strategy of the Bank, aimed at offering better service to customers, improved risk management, and superior performance.

Composition: The Committee comprised four members, viz., Mr. Shanker Annaswamy (Chairman), Mr. R. Seshasayee, Mrs. Akila Krishnakumar and Mr. Romesh Sobti.

Meetings: The Committee met four times during the financial year 2018-19: On July 9, 2018, October 10, 2018, February 26, 2019 and March 20, 2019.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. Shanker Annaswamy	4/4	-
Mr. R. Seshasayee	4/4	-
Mrs. Akila Krishnakumar	2/2	Inducted in the Committee on October 15, 2018.
Mr. Romesh Sobti	2/4	-

8. Nomination & Remuneration Committee

Pursuant to Section 178 and other applicable provisions of the Companies Act, 2013, Regulation 19 of the Listing Regulations and guidelines issued by RBI, the Terms of Reference of the Nomination & Remuneration Committee include:

For 'Nomination' matters:

1. To identify persons who are qualified to become Directors;
2. 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;
3. To devise the Policy on Board Diversity;
4. 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;
5. To determine whether to extend the tenure of appointment of the Independent Directors, on the basis of the report of Performance Evaluation of Independent Directors;
6. To conduct due diligence as to the credentials of any Director before his / her appointment, and making appropriate recommendations to the Board, in consonance with the Dr. Ganguly Committee recommendations and the requirements of RBI;

For 'Remuneration and HR' matters:

1. To oversee the framing, review and implementation of the Compensation Policy of the Bank for Whole-time Directors / Chief Executive Officers / Key Managerial Personnel / Risk-Takers and Control Function Staff towards ensuring effective alignment between remuneration and risks;
2. To determine, on behalf of the Board, the Bank's Policy on Remuneration packages for Executive Directors, including Pension, etc.;
3. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board the Policy relating to the remuneration of Directors, Key Managerial Personnel and other employees;
4. To review the Talent Management and Succession;
5. Policy of Top-level Executives, one level below the Managing Director and Chief Executive Officer (Member of the Core Executive Team), and the process for ensuring Business Continuity; and

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

Composition : The Committee comprised four members, viz., Mrs. Kanchan Chitale, Mr. R. Seshasayee, Mr. Arun Tiwari and Mr. Siraj Chaudhry.

Meetings : The Committee met six times during the financial year 2018-19: On April 19, 2018, May 8, 2018, July 10, 2018, December 31, 2018, January 9, 2019 and March 14, 2019.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. R. Seshasayee	6/6	-
Mrs. Kanchan Chitale	6/6	-
Mr. Arun Tiwari	3/3	Inducted in the Committee on October 15, 2018.
Mr. Siraj Chaudhry	1/1	Inducted in the Committee on January 9, 2019.
Mr. T. Anantha Narayanan	2/2	Ceased to be Director upon completion of his tenure on June 23, 2018.
Mr. Ranbir Singh Butola	0/3	Ceased to be Director following his demise on December 17, 2018.

9. Risk Management Committee

Terms of reference : The Committee's role is to examine risk policies and procedures developed by the Bank and to monitor adherence to various risk parameters and prudential limits by the various operating departments.

Composition : The Committee comprised four members, viz., Dr. T. T. Ram Mohan (Chairman), Mr. Shanker Annaswamy, Mr. Arun Tiwari and Mr. Romesh Sobti.

Meetings : The Committee met four times during the financial year 2018-19: On April 18, 2018, July 9, 2018, October 10, 2018 and March 27, 2019.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Dr. T. T. Ram Mohan	4/4	-
Mr. Shanker Annaswamy	4/4	-
Mr. Arun Tiwari	1/1	Inducted in the Committee on October 15, 2018.
Mr. Romesh Sobti	2/4	-
Mr. T. Anantha Narayanan	0/1	Ceased to be Director upon completion of his tenure on June 23, 2018.

10. Review Committee - Non-Cooperative Borrowers and Wilful Defaulters

Terms of reference : The Committee's role is to review the decisions taken by the Identification Committee in respect of Non-Cooperative / Wilful Defaulters).

Composition : The Committee comprised three members, viz., Mr. Romesh Sobti (Chairman), Mrs. Akila Krishnakumar and Mr. Arun Tiwari.

Meetings : The Committee met once during the financial year 2018-19: On March 27, 2019.

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. Romesh Sobti	1/1	-
Mrs. Akila Krishnakumar	1/1	Inducted in the Committee on October 15, 2018.
Mr. Arun Tiwari	1/1	Inducted in the Committee on October 15, 2018.
Mr. T. Anantha Narayanan	0/0	Ceased to be Director upon completion of his tenure on June 23, 2018.
Mr. Ranbir Singh Butola	0/0	Ceased to be Director following his demise on December 17, 2018.

11. Stakeholders' Relations Committee

Terms of Reference : The objective of the Committee is monitoring the redressal of stakeholders' grievances.

Composition : The Committee comprised three members, viz., Mr. Yashodhan M. Kale (Chairman), Mrs. Akila Krishnakumar and Mr. Romesh Sobti.

Meetings : The Committee met twice during the financial year 2018-19: On September 28, 2018 and March 20, 2019.

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	2/2	-
Mrs. Akila Krishnakumar	1/1	Inducted in the Committee on October 15, 2018.
Mr. Romesh Sobti	1/2	-

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

During the year, 144 complaints were received from investors / shareholders, out of which 1 complaint is shown as 'Unresolved', which was received on March 31, 2019. The complaint has been resolved within the stipulated time period.

12. Special Committee of the Board (for monitoring large value Frauds)

Terms of Reference : In accordance with the directives of Reserve Bank of India, a Special Committee has been set up for monitoring and follow-up of cases of frauds involving amounts of ₹ 1 crore and above.

Composition : The Committee comprised five members, viz., Mrs. Kanchan Chitale (Chairperson), Mr. Yashodhan M. Kale, Mr. Shanker Annaswamy, Mr. Siraj Chaudhry and Mr. Romesh Sobti.

Meetings : The Committee met twice during the financial year 2018-19: On August 2, 2018 and December 14, 2018.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mrs. Kanchan Chitale	2/2	-
Mr. Yashodhan M. Kale	2/2	-
Mr. Shanker Annaswamy	2/2	-
Mr. Siraj Chaudhry	0/0	Inducted in the Committee on January 9, 2019.
Mr. Romesh Sobti	0/2	-
Mr. Ranbir Singh Butola	0/2	Ceased to be Director following his demise on December 17, 2018.

13. Vigilance Committee

Terms of reference : The Committee conducts overview of cases of lapses of a vigilance nature on the part of employees of the Bank.

Composition : The Committee comprised of three members, viz., Mrs. Kanchan Chitale (Chairperson), Mrs. Akila Krishnakumar and Mr. Romesh Sobti.

Meetings : The Committee met twice during the financial year 2018-19: On September 11, 2018 and March 20, 2019.

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Mrs. Kanchan Chitale	2/2	-
Mrs. Akila Krishnakumar	1/1	Inducted in the Committee on October 15, 2018.
Mr. Romesh Sobti	1/2	-
Mr. Ranbir Singh Butola	0/1	Ceased to be Director following his demise on December 17, 2018.

Separate meeting of Independent Directors

During the year under review, three separate meetings of Independent Directors, without the attendance of Non-Independent Directors and members of the Management, were held: On May 8, 2018, January 9, 2019 and March 28, 2019.

In terms of Schedule IV to the Companies Act, 2013 and SEBI Listing Regulations, at least one meeting of Independent Directors is to be held every year.

The Bank has opted for Directors and Officers Insurance ('D and O Insurance') for all the Independent Directors, for requisite quantum and risks as determined by the Board.

The Independent Directors have:

- (a) Reviewed the performance of Non-Independent Directors and the Board as a whole;
- (b) Reviewed the performance of the Chairman, taking into account the views of Non-Executive Directors and the Whole-time Director; and
- (c) Assessed the quality, quantity and timeliness of flow of information between the Bank Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The attendance details of the Independent Directors are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mrs. Kanchan Chitale	2/3	-
Mr. Shanker Annaswamy	3/3	-
Dr. T. T. Ram Mohan	3/3	-
Mrs. Akila Krishnakumar	2/2	Appointed as 'Additional Director' in the category of 'Non-Executive Independent Director' by the Board on August 10, 2018.
Mr. Arun Tiwari	2/2	Appointed as 'Additional Director' in the category of 'Non-Executive Independent Director' by the Board on August 10, 2018.
Mr. Siraj Chaudhry	2/2	Appointed as 'Additional Director' in the category of 'Non-Executive Independent Director' by the Board on January 3, 2019.
Mr. Rajiv Agarwal	1/1	Appointed as 'Additional Director' in the category of 'Non-Executive Independent Director' by the Board on March 15, 2019.
Mr. T. Anantha Narayanan	1/1	Ceased to be Director upon completion of his tenure on June 23, 2018.
Mr. Ranbir Singh Butola	0/1	Ceased to be Director following his demise on December 17, 2018.

Terms of appointment of Independent Directors

Non-Executive Independent Directors fulfil the conditions of independence specified in Section 149 of the Companies Act, 2013 read with Schedule IV and Regulation 16(1)(b) of the Listing Regulations. A formal Letter of Appointment has been addressed to Independent Directors at the time of their appointment, as provided under the Companies Act, 2013 and the Listing Regulations.

The Terms and Conditions of appointment of Independent Directors have been hosted on the Bank's website at the link given below:

<https://www.indusind.com/content/home/investor/shareholders-corner/terms-and-conditions-for-appointment-of-independent-directors.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 has been 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 Regulations.

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 2018-19 had been carried out by all the Directors, by engagement of an external professional agency of global repute, which specialised in Board evaluation processes and provided the convenience of mutual evaluation, along with anonymity.

Under the guidance of the professional agency:

- The Nomination & Remuneration Committee evaluated the performance of the Individual Directors and of the Board as a whole;
- Performance of Independent Directors included performance of the Directors; and fulfilment of Independence criteria as specified under Listing Regulations and their independence from the Management. The Chairman was evaluated by the entire Board, excluding the Director being evaluated;
- Performance of the entire Board was evaluated by the Board as a whole based on inputs from individual Directors on the basis of criteria such as Board composition and structure, effectiveness of Board processes, information and functioning, and other attributes such as discharging of roles and functions, professional conduct, standards of 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. Performance 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 report of the external agency. Significant highlights, and learning's with respect to the evaluation exercise were discussed among the Board members.

In compliance 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://www.indusind.com/content/home/investor/shareholders-corner/policies-of-the-bank.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 SEBI Listing Regulations, the Bank has formulated a Familiarization Programme for Independent Directors. The Programme aims to provide to the Independent Directors an insight into the Bank's functioning, to help them

understand its business in depth, roles and responsibilities of Independent Directors, and industry overview, so as to help them contribute significantly during the deliberations in the Board / Committee meetings.

Further, on an ongoing basis, as a part of Agenda of Board / Committee Meetings, presentations are made to the Independent Directors on various matters covering the Bank's Business and Operations, Industry and Regulatory updates, Strategy, Finance, Risk Management framework, etc.

At the time of appointing a Director, a formal Letter of Appointment is given to him / her, which explains the role, function, duties and responsibilities expected of him / her as a Director of the Bank. Inputs include orientation programme upon induction of new Directors, as well as other initiatives to update the Directors on an on-going process, including Talks by external Domain Experts.

Details of the Familiarisation Programme for Independent Directors are available on the Bank's website, at the link mentioned below:

<https://www.indusind.com/content/home/investor/shareholders-corner/familiarization-programme-for-independent-directors.html>

Policy on Board Diversity

The Bank has, over the years, had eminent persons from diverse fields as Directors on its Board.

The 'Policy on Board Diversity' was formulated in 2015 to ensure diversity of experience, knowledge, perspective, background, gender, age and culture.

The Bank believes that benefits of a professional Board that possesses balance of skills, experience and expertise enhance the decision-making powers of the Board, which in turn will benefit the stakeholders of the Bank.

RBI have, vide their Circular dated November 24, 2016, advised Banks to broaden the fields of specialization of persons who could be considered for appointment as 'Director', viz., Information Technology, Payment & Settlement Systems, Human Resources, Risk Management, and Business Development and Management.

The Board has reviewed and accordingly revised the 'Policy on Board Diversity', and enhanced the set of skills required in the Board.

Policy on Related Party Transactions

All transactions with related parties were in the ordinary course of business and on an arm's-length pricing basis. Suitable disclosure as required under the Accounting Standards (AS 18) has been made in the Notes to the Financial Statements. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time.

In terms of Section 188 of the Companies Act, 2013 and requirements of the Listing Regulations, the Bank has formulated, in 2014-15, the 'Policy on Materiality of Related Party Transactions'.

The Policy on Related Party Transactions has been hosted on the Bank's website at the link mentioned below:

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

Strictures and Penalties

During the last three years, there were no penalties or strictures imposed on the Bank by the Stock Exchanges, SEBI, or any other Statutory authorities on matters relating to Capital Market.

During FY 2018-19, RBI levied a 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.

During FY2016-17 RBI had imposed monetary penalty of ₹20 million on account of shortfall in KYC compliance and in effective monitoring of a few accounts and for Concurrent Auditors' failure in detecting deficiencies in internal control mechanism in various accounts.

The Bank has reinforced the control process so as to prevent 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:

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

Dividend Distribution Policy

Declaration of Dividend by Banking Companies is governed by the provisions of the Companies Act, 2013 and the Rules made thereunder, provisions of the Banking Regulation Act, 1949, and the Guidelines issued by the RBI from time to time. The Bank has in place a Dividend Distribution Policy, which specifies eligibility criteria for declaration of dividend and quantum of Dividend payable, i.e., criteria for maximum permissible range of Dividend Payout Ratio.

The Dividend Distribution Policy is placed at **Annexure IX** to the Report and is also hosted on the Bank's website at <https://www.indusind.com/content/dam/indusind/PDF/IndusInd-Bank-Limited-Dividend-Distribution-Policy.pdf>

Details of the three previous Annual General Meetings:

AGM	Day and Date	Time	Venue	Whether Special Resolution Passed
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
22 nd	Friday, July 1, 2016	2.00 p.m.	Hotel Le Meridien, Raja Bahadur Mill Road, Pune – 411001.	Yes

Special Resolutions

Details of Special Resolutions passed at the Annual General Meetings in the last three years are given below:

Annual General Meeting	Date	Resolutions
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.
22 nd Annual General Meeting	July 1, 2016	Resolution No. 9: Issue of Long Term Bonds / Non-Convertible Debentures on Private Placement Basis

Details of the meeting convened pursuant to Order passed by the National Company Law tribunal (NCLT)

In compliance with Order dated October 31, 2018 passed by the NCLT, Mumbai Bench in the Company Scheme Application No. 921 of 2018, a meeting of the Equity Shareholders of the Bank was held at 2:00 p.m. on Tuesday, December 11, 2018 at Yashwantrao Chavan Academy of Development Administration (YASHDA), Rajbhavan Complex, Baner Road, Pune – 411007, Maharashtra, India to consider and approve the Composite Scheme of Arrangement amongst Bharat Financial Inclusion Limited and IndusInd Bank Limited and IndusInd Financial Inclusion Limited and their respective Shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

The Scheme was approved by majority of persons representing three-fourth in value of the Equity Shareholders of the Bank that voted in person or by Proxy or by Postal Ballot or Remote E-voting.

Postal Ballot

During the Financial Year 2018-19, no matter was transacted through Postal Ballot, except for as directed by the Hon'ble National Company Law Tribunal ("NCLT"), Mumbai Bench.

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

Particulars	Number of Valid Votes cast	% of Total Number of Valid Votes cast (by Postal Ballot, Remote e-voting and e-Voting at Venue of Meeting)	Result
Valid Votes in favour of the resolution	43,98,39,201	99.90	Passed with requisite majority.
Valid Votes against the resolution	4,60,279	0.10	
Total	44,03,18,427	100.00	

Procedure adopted for Postal Ballot

Pursuant to Order dated October 31, 2018 of the Hon'ble NCLT, Mumbai Bench, the Notice for the NCLT convened Meeting, Explanatory Statement, Postal Ballot Form and the Scheme and Annexures were dispatched to all the Equity Shareholders of the Bank whose names appeared the Register of Members on the cut-off date October 26, 2018 by such mode of service as directed by the NCLT. The dispatch of the Notices and Annexures thereto were completed on November 6, 2018. Advertisement was published in Pan-India editions in combination of The Indian Express and The Times of India in English language and in Marathi translation thereof in Loksatta (Maharashtra edition).

The voting period for Postal Ballot and Remote E-voting commenced on Sunday, November 11, 2018 at 9:00 a.m. IST and ended on Monday, December 10, 2018 at 5:00 p.m. IST.

The NCLT had appointed Mr. Bhaskar Soman, Practicing Company Secretary as Scrutinizer to conduct the voting process in a fair and transparent manner for the votes cast through Postal Ballot, Remote e-voting and e-voting and the venue of the Meeting.

The Bank had engaged services of Link Intime India (P) Ltd. R&T Agent for providing e-voting services at the venue of the Meeting and NSDL for remote e-voting services.

The Scrutinizer submitted a Combined Report on December 11, 2018. The Resolution approving the Scheme of Arrangement amongst Bharat Financial Inclusion Ltd. ('BFIL'), the Bank and IndusInd Financial Inclusion Limited ('IFIL') (Bank's Wholly-Owned Subsidiary) and their respective Shareholders and Creditors was passed with requisite majority at the conclusion of the Meeting i.e. December 11, 2018.

The Scheme was approved by majority of persons representing three-fourth in value of the Equity Shareholders of the Bank that voted in person or by Proxy or by Postal Ballot or Remote E-voting.

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 2018-19, 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, 2019, none of the Directors of the Bank were disqualified under Section 164(2) of the Companies Act, 2013.

A Certificate dated June 17, 2019 from Mr. S. N. Bhandari Partner, M/s. Bhandari & Associates, Company Secretaries in Practice has been received, confirming that none of the Directors on 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.

Confirmation by Board of Independence of Directors:

The Bank's Board of Directors had in their meeting held on May 22, 2019, received the Declarations submitted by Mrs. Kanchan Chitale, Dr. T.T. Ram Mohan, Mr. Shanker Annaswamy, Mrs. Akila Krishnakumar, Mr. Arun Tiwari, Mr. Siraj Chaudhry and Mr. Rajiv Agarwal that they meet the criteria of independence specified under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI Listing Regulations.

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 situations, or external influences that could impact or impair their ability to discharge their duties with an objective independent judgement.

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 a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made there under.

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 for matters connected or incidental thereto, with the objective of providing a safe working environment.

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 [14 of 2013], to enquire into the complaints of sexual harassment and recommend appropriate action.

The Bank has received 6 complaints alleging sexual harassment at workplace during the financial year 2018-19. 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
6	6	NIL

Fees paid to Statutory Auditors:

The total fees incurred by the Bank and its subsidiary, on a consolidated basis, for services rendered by Statutory Auditors and its affiliate entities, is given below:

(₹ in crores)

Particulars	FY 2018-19
Audit Fees	1.87
Non Audit Fees / Reimbursement of Expenses	0.11
Total	1.98

Compliance with mandatory requirements under SEBI Listing Regulations:

The Bank has adhered to 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. He is also entitled to receive remuneration in the form of Profit-related Commission effective from April 1, 2016.
- The Bank endeavors to remain in a regime of unqualified Financial Statements.
- The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CEO.
- The Internal Auditor of the Bank reports directly to the Audit Committee.
- The Bank hosted its Quarterly / Annual Financial Results on its website www.indusind.com which is accessible to the public at large. Besides this, the Financial Results are published in newspapers, apart from being reported on the website of the Stock Exchanges. Therefore, the Bank 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 Mobile 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 their notification dated December 31, 2018, amended certain provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 ('the Regulations'), effective April 1, 2019.

The Bank has accordingly, reviewed and amended the below-mentioned Codes to align with the minimum 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 (UPSI)'

The Company Secretary has been designated as "Compliance Officer" under the said Code and is responsible for implementation and overseeing compliance with the Code of Conduct across the Bank.

In order to promote e-governance within the Bank, the Bank has launched the 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 helps employees to submit Online Disclosures pertaining to their transactions in the securities of the Bank, viz., acquiring shares by Exercise of Options / Sale of Shares / Creation of Pledge on Bank Shares / Release of Pledge / Off-Market Transactions / Gift, etc.

The ESS Module facilitates reporting of transactions with minimal paper-work and time. It also enables employees to report transactions in Bank's securities from any place with the help of Internet, and can also be accessed using Smartphones.

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 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), 'Hindu Business Line' (Mumbai, Delhi, Kolkata, Bengaluru, Chennai, Hyderabad, Ahmedabad, Coimbatore, Madurai, Vishakhapatnam, Thiruvananthapuram, Kochi & Kozhikode editions) in English and in 'Maharashtra Times' (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 are organized during which the Results are formally announced to the media and Press Releases are issued. Regular interviews with the electronic channels on the awareness of results and other available opportunities are held by the Managing Director.

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 2018-19 forms part of this Annual Report.

Subsidiary Company

IndusInd Bank Ltd. had pursuant to the Scheme of Arrangement, incorporated on August 6, 2018, IndusInd Financial Inclusion Limited, as a Wholly-Owned subsidiary. The business of Bharat Financial Inclusion Limited, after acquisition, shall be transferred to IndusInd 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/content/home/investor/reports-and-presentation/annual-reports.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 fifth year of CSR reporting, under the statute of the Companies Act, 2013, the Bank has intensified its efforts on community engagement into avenues of Environmental Conservation, Rural Development, Preventive Healthcare, Education 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 stakeholders in a manner that promotes financial, social, and environmental sustainability.

Statutory Reporting

The Business Responsibility Report (BRR) is hosted on the website of the Bank at <https://www.indusind.com/content/home/investor/reports-and-presentation/annual-reports.html> forms part of the Directors Report and is governed by the principles prescribed under Annexure II to the SEBI Circular dated November 4, 2015, i.e., "To assess compliance with environmental, social and governance norms". The key principles prescribed by SEBI are as under:

- Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- Principle 3: Businesses should promote the well-being of all employees.
- Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- Principle 5: Businesses should respect and promote human rights.
- Principle 6: Businesses should respect, protect, and make efforts to restore the environment.
- Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- Principle 8: Businesses should support inclusive growth and equitable development.
- Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

With the implementation of the Companies Act, 2013, the Bank sends Annual Reports and other communications through electronic mode to those shareholders who have registered their 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

General Information for Shareholders

Registration No.	:	11-76333
CIN	:	L65191PN1994PLC076333
Financial Year	:	2018-19
Board meeting for adoption of Audited Financial Accounts	:	May 22, 2019
Posting of Annual Report 2018-19	:	Tuesday, July 23, 2019
Day, Date and Time of 25th Annual General Meeting	:	Friday, August 16, 2019 at 2:00 p.m.
Venue	:	Hotel Sheraton Grand, Opposite Pune Railway Station, Pune - 411001
Financial Calendar	:	April 1 to March 31
Book Closure	:	Saturday, August 10, 2019 to Friday, August 16, 2019 (Both days inclusive)
Date of Dividend Payment	:	On or after Wednesday, August 21, 2019
Bank's Website	:	www.indusind.com
Bank's Branches	:	https://www.indusind.com/locate-us.html?q1=&q2=branches

Address for Correspondence	: Mr. Haresh Gajwani Company Secretary IndusInd Bank Limited 731, Solitaire Corporate Park 167 Guru Hargovindji Marg Andheri (East), Mumbai – 400093 Tel: 022 - 6641 2485 / 87 Email: companysecretary@indusind.com
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AGM Webcast: <https://www.evoting.nsdl.com>

Distribution of Shareholding as on March 31, 2019

Range – Shares	No. of Folios	Percentage of Folios	No. of Shares	Percentage of Shares
Upto 1,000	1,52,274	95.62	1,86,91,853	3.10
1,001 - 5,000	5,213	3.27	1,05,51,286	1.75
5,001 - 10,000	623	0.39	44,80,979	0.74
10,001 – 50,000	553	0.35	1,27,99,795	2.12
50,001 & above	594	0.37	55,61,62,955	92.29
TOTAL	1,59,257	100.00	60,26,86,868	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, 2019, the Bank has 6,46,81,464 GDRs (equivalent to 6,46,81,464 Equity Shares) outstanding, which constituted 10.73% of the Bank's total equity capital. In terms of the offering, - the GDRs can be converted at the option of the GDR-holders. Such conversion is not likely to have any impact on the Equity Share Capital of the Bank.

Disclosure of Commodity Price Risk or Foreign Exchange Risk and Hedging activities

The Bank has put in place the Board-approved Funds & Investment Policy and Market Risk Management Policy, which prescribes comprehensive risk management techniques and risk control limits, such as, Value at Risk (VaR), Aggregate Gap Limit (AGL), Stop Loss Limit, Net Overnight Open Position limit (NOOP) to control and manage the foreign exchange risk.

The Bank has not undertaken any Commodity Price Risk during the period.

The Bank hedges the Currency Risk in its Balance Sheet through derivatives, including forex Forwards and Swaps. The Bank manages the Currency Risk on exposures due to client servicing and proprietary trading in compliance with overall risk control framework and limits prescribed under Funds & Investment Policy and Market Risk Management Policy, approved by the Board.

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, 2019.

Shareholding as on March 31, 2019
i. Distribution of shareholding

	Category	No. of shares held	% of shareholding
A.	Promoters' holding	9,03,75,939	15.00
B.	Non-Promoters' holding	51,23,10,929	85.00
	(i) Institutional Investors		
	a. Mutual Funds and UTI	4,46,85,023	7.41
	b. Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-government Institutions)	64,06,755	1.06
	c. Alternate Investment Funds	13,62,321	0.23
	d. FIs / Foreign Portfolio Investor	28,79,93,710	47.78
	Sub Total (B) (i)	34,04,47,809	56.48
	(ii) Global Depository Receipts (B) (ii)	6,46,81,464	10.73
	(iii) Others		
	a. Central Government / State Government	50	0.00
	b. Private Corporate Bodies	4,96,52,249	8.24
	c. Indian Public*	3,96,95,807	6.58
	d. NRIs / OCBs / Foreign Nationals / Foreign Bank	55,35,962	0.92
	e. Clearing Members	22,61,168	0.38
	f. Trusts	72,23,046	1.20
	g. Hindu Undivided Family	7,12,374	0.12
	h. Investor Education Protection Fund**	11,59,428	0.19
	i. NBFC registered with RBI	9,41,572	0.16
	Sub Total (B) (iii)	10,71,81,656	17.79
	Grand Total (A + B) (i+ii+iii)	60,26,86,868	100.00

* 'Indian Public' includes 7,34,800 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	11.05
2	The Bank of New York Mellon (GDR-Depository)	6,46,81,464	10.73
3	IndusInd Limited	2,38,00,000	3.95
4	Bridge India Fund	2,02,75,458	3.36
5	ICICI Prudential Life Insurance Company Limited	1,13,27,247	1.88
6	Government of Singapore	1,12,84,217	1.87
7	Tybourne Equity Master Fund	1,05,94,681	1.76
8	Afrin Dia	90,96,463	1.51
9	BNP Paribas Arbitrage	90,09,508	1.49
10	Europacific Growth Fund	86,87,596	1.44
11	DVI Fund Mauritius Ltd	86,45,300	1.43
12	SBI-ETF Nifty 50	85,15,234	1.41
13	UTI – Equity Fund	83,14,873	1.38
14	Tybourne Long Opportunities Master Fund	76,74,351	1.27

Sr. No.	Name of Shareholders	No. of shares held*	% of shareholding
15	New Leaina Investments Limited	71,42,000	1.18
16	NPS Trust - A/C UTI Retirement Solutions Pension Fund Scheme – State Govt	69,16,250	1.15
17	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Frontline Equity Fund	68,49,785	1.14
18	Aasia Corporation LLP	68,34,250	1.13
19	JP Morgan Funds – Emerging Markets Equity Fund	68,21,506	1.13
20	Lone Cascade, L.P.	60,96,781	1.01

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

iii. Total Foreign Shareholding

	No. of shares held	% of shareholding
Total foreign shareholding	43,86,79,345	73.09
of which GDRs	6,46,81,514	10.73

Details of complaints received and resolved from April 1, 2018 to March 31, 2019

Complaints	Received	Attended to	Pending
Non-Receipt of Share Certificate	39	39	0
Non-Receipt of Dividend Warrants	3	3	0
Non-Receipt of Annual Report	0	0	0
Non-Receipt of Rejected DRF	34	34	0
Non-Receipt of Exchanged Certificates	1	1	0
Others	31	30	1*
Stock Exchanges	3	3	0
SEBI	33	33	0
Total	144	143	1*

* During the year, 144 complaints were received from investors / shareholders, out of which 1 complaints is shown as "Unresolved" which was received on March 28, 2019.

The same has 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

The Bank has paid Annual Listing Fees on its Capital for the relevant period to BSE Ltd. and National Stock Exchange of India Ltd. where its shares are listed and to the Luxembourg Stock Exchange where its Global Depository Receipts are listed.

*Bonds are listed on the National Stock Exchange of India.

List of all Credit Ratings obtained by the Bank:

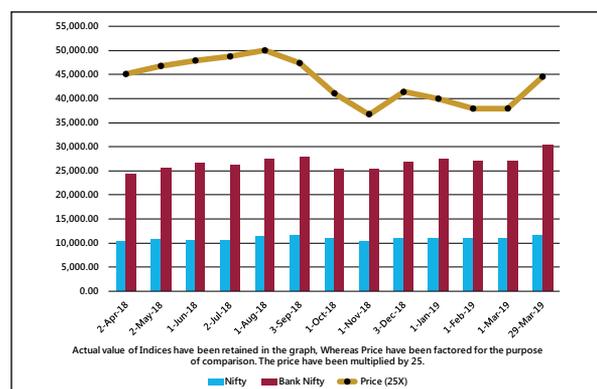
The details of credit ratings obtained by the Bank during the financial year is included in the Directors' Report, which forms an integral part of this Annual Report.

Market Price Data of the Bank's shares

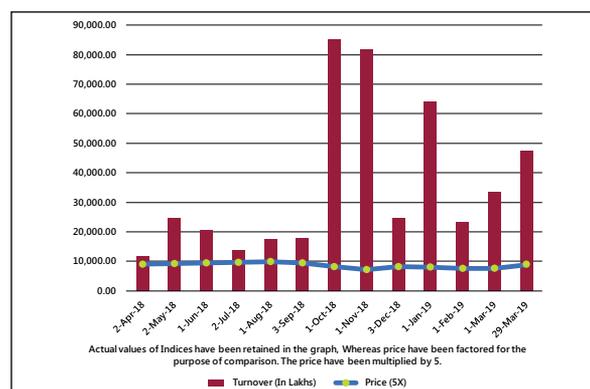
i. National Stock Exchange of India Ltd.

Date	Price of Shares				Turnover in ₹ Lakhs	Nifty	Bank Nifty
	Open (₹)	High (₹)	Low (₹)	Close (₹)			
2-Apr-18	1801.60	1809.90	1787.50	1804.60	11967.50	10211.80	24328.50
2-May-18	1895.00	1899.45	1861.70	1868.30	24705.00	10718.05	25568.30
1-Jun-18	1948.00	1948.00	1905.00	1915.40	20857.35	10696.20	26692.80
2-Jul-18	1938.00	1957.05	1928.50	1948.80	13785.13	10657.30	26230.30
1-Aug-18	2005.00	2021.00	1992.70	2001.35	17774.99	11346.20	27596.60
3-Sep-18	1906.00	1918.85	1884.70	1897.00	17824.02	11582.35	27819.50
1-Oct-18	1660.00	1669.90	1615.65	1642.65	85348.89	11008.30	25367.00
1-Nov-18	1402.00	1492.95	1398.00	1463.95	82031.92	10380.45	25323.65
3-Dec-18	1648.50	1661.85	1636.30	1656.30	24883.88	10883.75	26857.55
1-Jan-19	1600.00	1605.00	1560.55	1595.60	64357.39	10910.10	27392.40
1-Feb-19	1507.90	1535.40	1496.90	1515.15	23479.27	10893.65	27085.95
1-Mar-19	1481.70	1519.50	1474.95	1514.10	33587.47	10863.50	27043.90
29-Mar-19	1812.90	1814.95	1770.35	1780.00	47526.03	11623.90	30426.80

Share Price comparison with Nifty and Bank Nifty



Share Price comparison with Turn Over (in Lakhs)

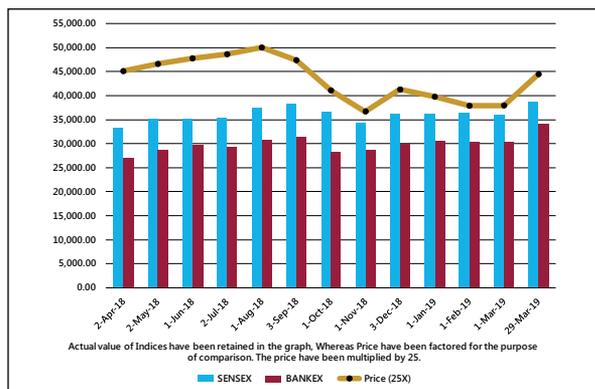


ii. BSE Ltd.

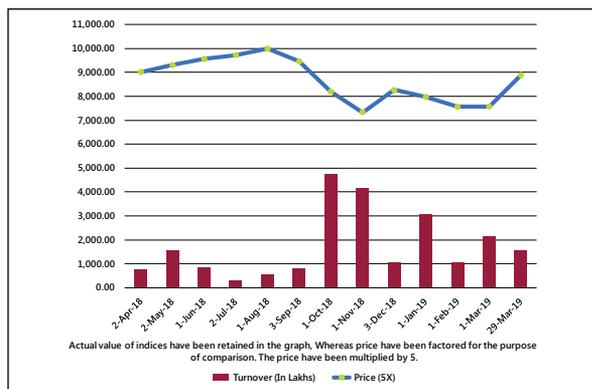
Date	Price of Shares				Turnover in ₹ Lakhs	SENSEX	BANKEK
	Open (₹)	High (₹)	Low (₹)	Close (₹)			
2-Apr-18	1799.00	1815.00	1786.55	1805.70	759.32	33255.36	27098.31
2-May-18	1899.00	1899.00	1861.00	1866.85	1561.16	35176.42	28614.54
1-Jun-18	1948.00	1948.00	1906.20	1914.95	844.60	35227.26	29780.74
2-Jul-18	1940.00	1954.80	1928.05	1945.55	289.01	35264.41	29180.77
1-Aug-18	2002.00	2020.50	1991.60	2003.40	544.85	37521.62	30834.87
3-Sep-18	1905.00	1918.00	1890.00	1896.55	825.62	38312.52	31376.36
1-Oct-18	1657.00	1658.95	1616.75	1643.50	4755.11	36526.14	28270.19
1-Nov-18	1415.00	1492.00	1397.40	1464.95	4166.40	34431.97	28611.24
3-Dec-18	1642.50	1660.75	1637.10	1655.65	1058.84	36241.00	30054.21

Date	Price of Shares				Turnover in ₹ Lakhs	SENSEX	BANKEK
	Open (₹)	High (₹)	Low (₹)	Close (₹)			
1-Jan-19	1600.00	1604.45	1561.50	1594.35	3064.16	36254.57	30615.47
1-Feb-19	1510.00	1534.00	1498.60	1517.65	1064.47	36469.43	30412.15
1-Mar-19	1484.60	1523.90	1474.00	1516.30	2154.66	36063.81	30321.99
29-Mar-19	1812.00	1813.65	1773.00	1782.10	1579.48	38672.91	34141.94

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. 98.97% of the Bank's shares are in dematerialised form and the rest are in physical form.

Particulars	No. of Shares	Percentage (%)
In Dematerialised form	59,74,19,442	99.13
In Physical form	52,67,426	0.87
Total	60,26,86,868	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 reported at subsequent Board meetings. With a view to expediting the process of physical share transfers, the Share Transfer Committee meets every Friday.

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.

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 Regulations, 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 Clause. 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.

Consolidation of Folios

Shareholders holding shares in different Folios but in identical name(s) are requested to get their shareholdings consolidated into one folio by requesting the Bank / Registrar for the same. The request may please be accompanied with Proof of Identity and the Share Certificates.

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
C-101, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai – 400083
Contact Person: Mr. Mahesh Masurkar
Tel.: 022 4918 6280 / 022 4918 6000 Fax: 022 4918 6060
Email: rnt.helpdesk@linkintime.co.in

Redressal of Investors' Grievances

In order to service the investors in an efficient manner and to attend to their grievances, the Bank has constituted an 'Investor Services Cell' at its undermentioned Office at Mumbai. Members are requested to contact:

Mr. Raghunath Poojary

Secretarial & Investor Services Cell

IndusInd Bank Ltd.
731, Solitaire Corporate Park
167, Guru Hargovindji Marg
Andheri (East), Mumbai - 400093
Tel: 022 6641 2487 / 2359
Email: investor@indusind.com

Dividends

Modes of making payment of Dividend through Electronic mode:

The SEBI Listing Regulations 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 eligible shareholders holding shares in demat mode are requested to update with their respective Depository Participants, before August 5, 2019, their correct Bank Account Number, including 9 digit MICR Code and 11 digit IFSC Code, e-mail ID and Mobile numbers. This will facilitate the electronic remittance of the dividend amount directly in the Bank Account of the Shareholder.

Updating of e-mail IDs and Mobile numbers will also enable sending communications 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., at C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai – 400 083, before the Record Date fixed for purpose of payment of dividend, i.e., August 9, 2019, by quoting the Reference Folio Number and attaching a photocopy of the Cheque leaf of their active Bank Account and a self-attested copy of their PAN Card.

In case dividend payment by electronic mode is not executed for any reason, the Bank shall issue Dividend Warrant.

Unclaimed Dividend

As per the applicable provisions of the Companies Act, 2013, the Bank is statutorily required to transfer to the Investor Education & Protection Fund (IEPF) all dividends remaining unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account. Once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank. However, shareholders are requested to refer to website of the IEPF Authority for the procedure required to be followed to claim the refund at <http://www.iepf.gov.in/IEPFA/refund.html>, or to contact the Secretarial and Investor Services for assistance. Unclaimed Dividends upto the Financial Year 2010-11 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 2011-12 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
2011-12	Final	July 17, 2012	August 21, 2019
2012-13	Final	June 28, 2013	August 2, 2020
2013-14	Final	June 27, 2014	August 1, 2021
2014-15	Final	August 17, 2015	September 21, 2022
2015-16	Final	July 1, 2016	August 5, 2023
2016-17	Final	July 26, 2017	August 30, 2024
2017-18	Final	July 26, 2018	August 30, 2025

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 13, 2019 in respect of the shares on which Dividend had remained Unpaid or Unclaimed for seven consecutive years or more since 2011-12, 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 14, 2019, that the shares of Members whose names appear in the list on August 21, 2019 would be transferred to the IEPF Authority within 30 days from the 'Due Date', viz. August 21, 2019.

The Bank has since transferred the Unclaimed Dividends / Equity Shares for the period 2009-10 and 2010-11 to the 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 by following the procedure detailed on the website at: <http://iepf.gov.in/IEPFA/refund.html>

Members are requested to contact Link Intime India Private Limited (Contact Details and Office Address given elsewhere in this Report) / Bank's Secretarial and Investor Services Cell 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, 2019, are as follows:

Particulars	Folios	Shares
Opening Balance as on April 1, 2018	199	74,139
Add: Transfer during the year 2017-18	0	0
Less: Claim received and shares transferred	14	5,613
Less : Shares transferred to Investor Education Protection Fund	0	0
Closing Balance as on March 31, 2019	185	68,526

The voting rights on the aforesaid shares shall remain frozen until the rightful owner claims the shares.

Investor Education and Protection Fund (IEPF) - Nodal Officer

Mr. Alok Desai

Secretarial & Investor Services Cell

IndusInd Bank Ltd.

731, Solitaire Corporate Park

167, Guru Hargovindji Marg

Andheri (East), Mumbai - 400093

Tel: 022 6641 2487 / 2359

Email: investor@indusind.com ; alok.desai@indusind.com

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.

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, 2019.

For IndusInd Bank Limited

Place: Mumbai

Date: July 12, 2019

Romesh Sobti
Managing Director & CEO
(DIN: 00031034)

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, 2019 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.	Mrs. Kanchan Uday Chitale	00007267	18/10/2011
2.	Dr. T. T. Ram Mohan	00008651	12/05/2016
3.	Mr. Shanker Annaswamy	00449634	12/01/2016
4.	Mrs. Akila Krishnakumar	06629992	10/08/2018
5.	Mr. Arun Tiwari	05345547	10/08/2018
6.	Mr. Siraj Azmat Chaudhry	00161853	03/01/2019
7.	Mr. Rajiv Agarwal	00336487	15/03/2019

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 | June 17, 2019

ANNEXURE - II TO THE DIRECTORS' REPORT**SECRETARIAL AUDIT REPORT
FORM NO. MR-3****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019****[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, 2019 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, 2019 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. Member's approval has been obtained at the 24th Annual General Meeting held on July 26, 2018, inter alia for:
 - a) Approval for borrowing of monies pursuant to Section 180 (1) (c) of the Companies Act, 2013, the total amount of such borrowings outstanding at any time not exceeding ₹ 75,000 crores.
 - b) Approval for borrowings / raising of funds by the Bank pursuant to the provisions of Section 42, 71 of the Companies Act, 2013 in the Indian / Foreign currency, by way of issue of securities in the nature of Bonds / Non-Convertible Debentures (NCDs) i.e. Long-Term Bonds including Infrastructure Bonds/Subordinated Non-Convertible Debentures or Bonds or Medium Term Notes 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.
2. The Bank has issued and allotted 14,899 Rated, Listed, Non-Convertible, Perpetual Subordinated and Unsecured Basel III compliant Additional Tier I Bonds (Series III-2019) in the nature of Debentures of Face Value of ₹ 10,00,000/- each at par on March 28, 2019 for an aggregate total issue size of ₹ 1,489.90 crores on private placement basis.
3. The Bank has incorporated a Wholly-Owned Subsidiary namely, "IndusInd Financial Inclusion Limited" (WOS) on August 6, 2018.
4. The Composite Scheme of Arrangement among IndusInd Bank Limited (Amalgamated Company), Bharat Financial Inclusion Limited (Amalgamating Company), IndusInd Financial Inclusion Limited (Transferee Company) and their respective Shareholders and Creditors has been filed by the Bank with the Hon'ble National Company Law Tribunal, Mumbai Bench on August 24, 2018 for its approval. As on the date of this Report, we have been informed that the Bank has received order of NCLT, Mumbai Bench dated June 10, 2019 granted approval to the Composite Scheme of Arrangement.
5. During the financial year ended March 31, 2019 Reserve Bank of India (RBI) has vide its order dated February 25, 2019, imposed a monetary penalty of ₹ 10 million on the Bank for non-compliance with direction issued in respect of time-bound implementation and strengthening of one of SWIFT related operational controls which was put in place subsequently.

**For Bhandari & Associates
Company Secretaries**

**S. N. Bhandari
Partner**

FCS No: 761; C P No. : 366

**Place : Mumbai
Date : June 17, 2019**

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, 2019 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

Place : Mumbai

Date : June 17, 2019

ANNEXURE - III TO THE DIRECTORS' REPORT

Statutory Disclosures Regarding ESOPs (Forming part of the Directors' Report for the year ended March 31, 2019)

Sl. No.	Particulars	ESOP 2007 (Upto March 31, 2019)	ESOP2007 granted on May 08, 2018	ESOP2007 granted on Sep 27, 2018	ESOP2007 granted on March 20, 2019	
1	No. of options granted	41,891,300	64,000	109,000	85,000	
2	No. of options surrendered (cancelled)	2,087,399	0	0	0	
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	35,337,792	0	0	0	
5	No. of options Exercised	28,226,407	0	0	0	
6	No. of shares arising as a result of exercise of options	28,226,407	0	0	0	
7	Options Lapsed	2,980	0	0	0	
8	Variation in terms of ESOP	N.A.	NA	NA	NA	
9	Money realised by exercise of options (₹ In Lakhs)	46,802	0.00	0.00	0.00	
10	Total No. of Options in force	11,316,874	64,000	109,000	85,000	
11	Employee-wise details of options granted to:					
	(a) Key Managerial Personnel, i.e., Managing Director & CEO, Chief Financial Officer and Company Secretary	5,443,000	No options granted to KMP during the year			
	(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)	4,577,000				
	(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 ₹ 54.46				
13	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	The Bank has charged ₹ 0.30 crores to the Profit and Loss account being the intrinsic value of stock options granted for the year ended March 31, 2019. Had the Bank adopted the Black Scholes model based fair valuation, compensation cost for the year ended March 31, 2019, would have increased by ₹ 91.80 crores and the proforma profit after tax would have been lower by ₹ 59.72 crores. On a proforma basis, the basic and diluted earnings per share would have been ₹ 53.90 and ₹ 53.47 respectively.				

Sl. No.	Particulars	ESOP 2007 (Upto March 31, 2019)	ESOP2007 granted on May 08, 2018	ESOP2007 granted on Sep 27, 2018	ESOP2007 granted on March 20, 2019
14	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	The weighted average market price of options exercised during the year is ₹ 1,554.61 Grants whose Exercise Price equals market price: The weighted average exercise price of options granted during the year is ₹ 1,747.78 The weighted average fair value of options granted during the year is ₹ 594.84 Grants whose Exercise price is less than market price: N.A.			
15	A description of the method and significant assumptions used during the year to estimate the fair value of Options, including the following weighted-average information:				
	Risk Free Interest Rate		7.64%	8.02%	7.04%
	Expected Life		4.52	4.52	4.52
	Expected Volatility	-	25.30%	24.68%	2398.94%
	Dividend Yield		0.40%	0.45%	0.43%
	Price of the underlying share in the market at the time of option grant.		1,889.80	1,682.00	1,725.20
	Table "A" Any other employee who receives a grant in any one year of Options amounting to 5% or more of the Options granted during the year	As per Table A Below			
	Name	Number of Options granted:			
	Manish Rai		18000		-
	Gaurav Mittal			20000	-
	Mahesh Srinivasan			14000	-
	Manish Modi			20000	-
	Arun Khurana				15000
	Vikas Mangla				30000
	Note to "Table A"				
	33% of these Options will vest on		08.05.2019	27.09.2019	20.03.2020
	33% of these Options will vest on		08.05.2020	27.09.2020	20.03.2021
	34% of these Options will vest on		08.05.2021	27.09.2021	20.03.2022

ANNEXURE - IV TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

[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 – 3046 1600 - 609 Email: investor@indusind.com ; Website: www.indusind.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	LINK INTIME INDIA PRIVATE LIMITED C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083 Tel No.: 022 – 49186280, 49186000; Fax : 022 49186060 Email: rnt.helpdesk@linkintime.co.in ; Website: www.linkintime.co.in

II. Principal Business Activities of the company

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

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

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	IndusInd Marketing and Financial Services Private Limited Address: No.115 & 116 G N Chetty Road, T Nagar, Chennai – 600017, Tamil Nadu	U67190TN2002PTC048590	Associate	30	Section 2(6) of the Companies Act, 2013
2	IndusInd Financial Inclusion Limited Address: One Indiabulls Centre, Tower 1, Floor 8 841 Senapati Bapat Marg, Elphinstone Mumbai 400013	U65999MH2018PLC31253	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, 2018)				No. of Shares held at the end of the year (March 31, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (1):-	0	0	0	0	0	0	0	0	0
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	8,98,27,767	0	8,98,27,767	14.97	9,03,75,939	0	9,03,75,939	15.00	0.03
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	8,98,27,767	0	8,98,27,767	14.97	9,03,75,939	0	9,03,75,939	15.00	0.03
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	8,98,27,767	0	8,98,27,767	14.97	9,03,75,939	0	9,03,75,939	15.00	0.03
B. Public Shareholding									
1. Institutions									
a) Mutual Funds / UTI	5,60,86,525	800	5,60,87,325	9.34	4,46,84,223	800	4,46,85,023	7.41	(1.93)
b) Banks / FI	9,38,634	337	9,38,971	0.16	18,55,536	337	18,55,873	0.31	0.15
c) Central Government	50	0	50	0	50	0	50	0	0
d) State Government	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	18,36,600	0	18,36,600	0.31	45,50,882	0	45,50,882	0.76	0.45
g) FIs / FPIs	27,88,10,014	0	27,88,10,014	46.45	28,79,93,710	0	28,79,93,710	47.78	1.33
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Alternate Investment Fund	9,43,345	0	9,43,345	0.16	13,62,321	0	13,62,321	0.23	0.07
j) Others (specify Foreign Banks)	42	0	42	0	42	0	42	0	0.00
Sub-total (B)(1):-	33,86,15,210	1,137	33,86,16,347	56.42	34,04,46,764	1,137	34,04,47,901	56.49	0.07

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2018)				No. of Shares held at the end of the year (March 31, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	5,46,30,309	1,51,531	5,47,81,840	9.13	4,95,09,330	1,42,919	4,96,52,249	8.24	(0.89)
ii) Overseas	3,76,000	5,49,000	9,25,000	0.15	3,76,000	5,44,000	9,20,000	0.15	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,27,82,253	46,79,930	2,74,62,183	4.56	2,48,62,554	38,42,323	2,87,04,877	4.75	0.19
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,01,76,204	26,247	1,02,02,451	1.70	1,02,29,883	26,247	1,02,56,130	1.70	0.00
c) Others (specify)									
i) NBFCs registered with RBI	0	0	0	0	9,41,572	0	9,41,572	0.16	0.16
ii) Clearing Member	22,34,987	0	22,34,987	0.37	22,61,168	0	22,61,168	0.38	0.01
iii) Hindu Undivided Family	6,35,145	0	6,35,145	0.11	7,12,374	0	7,12,374	0.12	0.01
iv) Non Resident Indians (REPAT)	17,11,885	7,46,100	24,57,985	0.41	19,52,377	6,96,100	26,48,477	0.44	0.03
v) Non Resident Indians (NON REPAT)	19,57,808	18,800	19,76,608	0.33	19,52,306	14,700	19,67,006	0.33	0.00
vi) Foreign Nationals	415	0	415	0.00	437	0	437	0.00	0.00
vii) Directors / Relatives	4,08,528	0	4,08,528	0.07	7,34,800	0	7,34,800	0.12	0.05
viii) Trusts	49,62,826	0	49,62,826	0.83	72,23,046	0	72,23,046	1.20	0.37
ix) IEPF	10,49,591	0	10,49,591	0.17	11,59,428	0	11,59,428	0.19	0.02
Sub-Total (B) (2) :-	10,09,25,951	61,71,608	10,70,97,559	17.83	10,19,15,275	52,66,289	10,71,81,564	17.78	(0.05)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	43,95,41,161	61,72,745	44,57,13,906	74.25	44,23,62,039	52,67,426	44,76,29,465	74.27	0.02
C. Shares held by Custodian for GDR's & ADR's	6,46,81,514	0	6,46,81,514	10.78	6,46,81,464	0	6,46,81,464	10.73	(0.05)
Grand Total (A+B+C)	59,40,50,442	61,72,745	60,02,23,187	100.00	59,74,19,442	52,67,426	60,26,86,868	100.00	

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year: (April 1, 2018)			Shareholding at the end of the year: (March 31, 2019)			% 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 Ltd.	6,60,27,767	11.00	0	6,65,75,939	11.05	0	0.05#
2	IndusInd Ltd.	2,38,00,000	3.97	0	2,38,00,000	3.95	0	(0.02)*
	Total	8,98,27,767	14.97	0	9,03,75,939	15.00	100	(0.03)

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

* The shareholding of Promoter has not changed in absolute numbers. The variation in terms of percentage is due to increase in Paid-Up-Capital of the Bank on account of allotment of shares pursuant to exercise of options under the ESOS 2007 during the year ended March 31, 2019.

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	01.04.2018	6,60,27,767	11.00	6,60,27,767	11.00
		Increase	09.11.2018	3,03,180	0.05	6,63,30,947	11.02
		Increase	16.11.2018	96,992	0.02	6,64,27,939	11.04
		Increase	15.02.2019	46,885	0.01	6,64,74,824	11.05
		Increase	01.03.2019	1,01,115	0.02	6,65,75,939	11.05
		At the end of the year	31.03.2019	N.A.	N.A.	6,65,75,939#	11.05
2	INDUSIND LIMITED	At the beginning of the Year	01.04.2018	2,38,00,000	3.98	2,38,00,000	3.98
		Date-wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.):	There is no change in the absolute shareholding of the Promoter during the year.				
		At the end of the year	31.03.2019	N.A.	N.A.	2,38,00,000	3.95*

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

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

* The shareholding of Promoter has not changed in absolute numbers. The variation in terms of percentage is due to increase in Paid-Up-Capital of the Bank on account of allotment of shares pursuant to exercise of options under the ESOS 2007 during the year ended March 31, 2019.

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, 2018)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
1	BRIDGE INDIA FUND	At the beginning of the year	01.04.2018	2,10,13,458	3.50	2,10,13,458	3.50
		Decrease	02.11.2018	(7,10,000)	(0.12)	2,03,03,458	3.37
		Decrease	22.03.2019	(28,000)	(0.01)	2,02,75,458	3.36
		At the end of the year	31.03.2019	N.A.	N.A.	2,02,75,458	3.36
2	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	At the beginning of the year	01.04.2018	94,38,032	1.57	94,38,032	1.57
		Increase	06.04.2018	2,26,150	0.04	96,64,182	1.60
		Increase	13.04.2018	13,532	0.00	96,77,714	1.60
		Decrease	20.04.2018	(17,306)	(0.00)	96,60,408	1.60
		Decrease	27.04.2018	(1,03,427)	(0.02)	95,56,981	1.58
		Increase	04.05.2018	1,57,085	0.03	97,14,066	1.61
		Decrease	11.05.2018	(64,852)	(0.01)	96,492,14	1.60
		Decrease	18.05.2018	(43,513)	(0.01)	96,05,701	1.59
		Increase	25.05.2018	63,138	0.01	96,68,839	1.60
		Increase	01.06.2018	68,695	0.01	97,37,534	1.61
		Increase	08.06.2018	4,15,965	0.07	1,01,53,499	1.68
		Decrease	15.06.2018	(17,700)	(0.00)	1,01,35,799	1.68
		Decrease	22.06.2018	(47,483)	(0.01)	1,00,88,316	1.67
		Decrease	30.06.2018	(2,08,954)	(0.03)	98,79,362	1.64
		Increase	06.07.2018	2,97,876	0.05	1,01,77,238	1.69
		Increase	13.07.2018	2,00,581	0.03	1,03,77,819	1.72
		Increase	20.07.2018	42,538	0.01	1,04,20,357	1.73
		Increase	27.07.2018	1,00,478	0.02	1,05,20,835	1.75
		Increase	03.08.2018	4,46,058	0.07	1,09,66,893	1.82
		Increase	10.08.2018	6,292	0.00	1,09,73,185	1.82
		Decrease	17.08.2018	(50,485)	(0.01)	1,09,22,700	1.81
		Increase	24.08.2018	702	0.00	1,09,23,402	1.81
		Increase	31.08.2018	25,468	0.01	1,09,48,870	1.82
		Increase	07.09.2018	6,89,090	0.11	1,16,37,960	1.93
		Increase	14.09.2018	1,11,107	0.02	1,17,49,067	1.95
		Decrease	21.09.2018	(95,957)	(0.02)	1,16,53,110	1.93
		Decrease	29.09.2018	(2,02,837)	(0.03)	1,14,50,273	1.90
		Increase	05.10.2018	3,23,418	0.05	1,17,73,691	1.95
		Decrease	12.10.2018	(2,52,526)	(0.04)	1,15,21,165	1.91

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Decrease	19.10.2018	(9,00,493)	(0.15)	1,06,20,672	1.76
		Increase	26.10.2018	85,105	0.01	1,07,05,777	1.77
		Decrease	02.11.2018	(24,894)	0.00	1,06,80,883	1.77
		Increase	09.11.2018	2,02,545	0.03	1,08,83,428	1.80
		Decrease	16.11.2018	(1,74,078)	(0.03)	1,07,09,350	1.77
		Decrease	23.11.2018	(3,19,826)	(0.05)	1,03,89,524	1.72
		Decrease	30.11.2018	(4,46,101)	(0.07)	99,43,423	1.65
		Increase	07.12.2018	19,105	0.00	99,62,528	1.65
		Decrease	14.12.2018	(77,511)	(0.01)	98,85,017	1.64
		Decrease	21.12.2018	(52,391)	(0.01)	98,32,626	1.63
		Decrease	28.12.2018	(18,280)	(0.00)	98,14,346	1.63
		Decrease	04.01.2019	(52,858)	(0.01)	97,66,807	1.62
		Decrease	11.01.2019	(2,37,691)	(0.04)	95,29,116	1.58
		Decrease	18.01.2019	(11,327)	(0.00)	95,17,789	1.58
		Increase	25.01.2019	4,49,374	0.07	99,67,163	1.65
		Decrease	01.02.2019	(1,95,165)	(0.03)	97,71,998	1.62
		Increase	08.02.2019	2,59,875	0.04	1,00,31,873	1.66
		Increase	15.02.2019	2,92,535	0.05	1,03,24,408	1.71
		Increase	22.02.2019	35,436	0.00	1,03,59,844	1.71
		Increase	01.03.2019	1,05,646	0.02	1,04,65,490	1.73
		Increase	08.03.2019	8,22,260	0.14	1,12,87,750	1.87
		Increase	15.03.2019	4,70,088	0.08	1,17,57,838	1.95
		Decrease	22.03.2019	(1,77,811)	(0.03)	1,15,80,027	1.92
		Decrease	29.03.2019	(2,52,780)	(0.04)	1,13,27,247	1.88
		At the end of the year	31.03.2019	N.A.	N.A.	1,13,27,247	1.88
3	GOVERNMENT OF SINGAPORE	At the beginning of the year	01.04.2018	85,59,149	1.43	85,59,149	1.43
		Increase	06.04.2018	2,21,202	0.03	87,80,351	1.46
		Increase	27.04.2018	1,15,698	0.02	88,96,049	1.48
		Increase	04.05.2018	3,39,729	0.05	92,35,778	1.53
		Increase	11.05.2018	71,851	0.01	93,07,629	1.54
		Increase	18.05.2018	28,318	0.00	93,35,947	1.54
		Increase	08.06.2018	1,78,754	0.03	95,14,701	1.57
		Increase	30.06.2018	94,399	0.02	96,09,100	1.59
		Increase	27.07.2018	71,882	0.01	96,80,982	1.60
		Decrease	31.08.2018	(86,637)	(0.01)	95,94,345	1.59
		Decrease	07.09.2018	(66,164)	(0.01)	95,28,181	1.58

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Decrease	14.09.2018	(2,59,003)	(0.04)	92,69,178	1.54
		Increase	29.09.2018	1,83,055	0.03	94,52,233	1.57
		Decrease	05.10.2018	(4,13,682)	(0.07)	90,38,551	1.50
		Increase	12.10.2018	1,56,743	0.03	91,95,294	1.53
		Increase	19.10.2018	3,88,991	0.06	95,84,285	1.59
		Decrease	26.10.2018	(2,49,183)	(0.04)	93,35,102	1.55
		Decrease	16.11.2018	(14,493)	(0.00)	93,20,609	1.55
		Increase	14.12.2018	5,485	0.00	93,26,094	1.55
		Decrease	21.12.2018	(2,76,939)	(0.05)	90,49,155	1.50
		Decrease	28.12.2018	(42,429)	(0.01)	90,06,726	1.49
		Increase	25.01.2019	11,505	0.00	90,18,231	1.49
		Increase	15.02.2019	1,08,358	0.02	91,26,589	1.51
		Increase	22.02.2019	3,25,638	0.05	94,52,227	1.56
		Increase	01.03.2019	1,55,472	0.03	96,07,699	1.59
		Increase	08.03.2019	1,31,152	0.02	97,38,851	1.61
		Increase	15.03.2019	5,04,018	0.08	1,02,42,869	1.69
		Increase	22.03.2019	4,20,507	0.08	1,06,63,376	1.77
		Increase	29.03.2019	6,20,841	0.10	1,12,84,217	1.87
		At the end of the year	31.03.2019	N.A.	N.A.	1,12,84,217	1.87
4	TYBOURNE EQUITY MASTER FUND	At the beginning of the year	01.04.2018	67,76,128	1.13	67,76,128	1.13
		Decrease	11.05.2018	(10,06,830)	(0.17)	57,69,298	0.96
		Increase	18.05.2018	1,19,200	0.02	58,88,498	0.98
		Decrease	29.09.2018	(2,38,698)	(0.04)	56,49,800	0.94
		Increase	05.10.2018	1,93,400	0.03	58,43,200	0.97
		Increase	12.10.2018	1,10,578	0.02	59,53,778	0.99
		Increase	19.10.2018	21,151	0.00	59,74,929	0.99
		Increase	26.10.2018	6,68,076	0.11	66,43,005	1.10
		Increase	02.11.2018	9,88,419	0.16	76,31,424	1.26
		Increase	09.11.2018	9,91,776	0.17	86,23,200	1.43
		Increase	16.11.2018	2,18,651	0.04	88,41,851	1.47
		Increase	18.11.2018	1,20,994	0.02	89,62,845	1.49
		Increase	01.02.2019	11,29,880	0.19	1,00,92,725	1.68
		Increase	08.02.2019	5,01,956	0.08	1,05,94,681	1.76
		At the end of the year	31.03.2019	N.A.	N.A.	1,05,94,681	1.76

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
5	AFRIN DIA	At the beginning of the year	01.04.2018	90,96,463	1.52	90,96,463	1.52
		At the end of the year	31.03.2019	N.A.	N.A.	90,96,463	1.51
6	BNP PARIBAS ARBITRAGE	At the beginning of the year	01.04.2018	3,46,845	0.06	3,46,845	0.06
		Decrease	06.04.2018	(2,56,536)	(0.04)	90,309	0.02
		Decrease	13.04.2018	(68,174)	(0.01)	22,135	0.00
		Increase	20.04.2018	34,588	0.01	56,723	0.01
		Increase	27.04.2018	44,464	0.01	1,01,187	0.02
		Increase	04.05.2018	1,83,000	0.03	2,84,187	0.05
		Decrease	11.05.2018	(1,91,994)	(0.03)	92,193	0.02
		Decrease	18.05.2018	(13,200)	(0.00)	78,993	0.01
		Decrease	25.05.2018	(23,990)	(0.00)	55,003	0.01
		Decrease	01.06.2018	(25,250)	(0.00)	29,753	0.00
		Increase	08.06.2018	32,842	(0.01)	62,595	0.01
		Decrease	15.06.2018	(38,961)	(0.01)	23,634	0.00
		Increase	22.06.2018	9,013	0.00	32,647	0.01
		Increase	30.06.2018	24,493	0.00	57,140	0.01
		Increase	06.07.2018	78,350	0.01	1,35,490	0.02
		Increase	13.07.2018	5,37,363	0.09	6,72,853	0.11
		Increase	20.07.2018	1,60,363	0.03	8,33,216	0.14
		Decrease	27.07.2018	(3,32,603)	(0.06)	5,00,613	0.08
		Decrease	03.08.2018	(1,31,887)	(0.02)	3,68,726	0.06
		Decrease	10.08.2018	(428)	(0.00)	3,68,298	0.06
		Increase	24.08.2018	73,099	0.0	4,41,397	0.07
		Increase	31.08.2018	82,488	0.01	5,23,885	0.08
		Decrease	07.09.2018	(27,844)	(0.00)	4,96,041	0.08
		Increase	14.09.2018	4,75,675	0.08	9,71,716	0.16
		Increase	21.09.2018	1,98,448	0.03	11,70,164	0.19
		Increase	29.09.2018	13,96,599	0.23	25,66,763	0.42
		Decrease	05.10.2018	(29,829)	0.00	25,36,934	0.42
		Increase	12.10.2018	98,469	0.02	26,35,403	0.44
		Decrease	19.10.2018	(82,935)	(0.01)	25,52,468	0.42
		Decrease	26.10.2018	(4,66,785)	(0.08)	20,85,683	0.34
Increase	02.11.2018	7,22,454	0.12	28,08,137	0.46		
Increase	09.11.2018	7,02,250	0.12	35,10,387	0.58		
Increase	16.11.2018	1,75,101	0.03	36,85,488	0.61		

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Increase	23.11.2018	2,94,558	0.05	39,80,046	0.66
		Decrease	30.11.2018	(15,487)	(0.00)	39,64,559	0.66
		Increase	07.12.2018	13,64,035	0.22	53,28,594	0.88
		Increase	14.12.2018	7,86,633	0.13	61,15,227	1.01
		Decrease	21.12.2018	(1,78,201)	(0.03)	59,37,026	0.98
		Increase	28.12.2018	4,074	0.00	59,41,100	0.98
		Increase	31.12.2018	1,29,410	0.02	60,70,510	1.00
		Increase	04.01.2019	1,16,696	0.02	61,87,206	1.02
		Decrease	11.01.2019	(1,59,624)	(0.02)	60,27,582	1.00
		Increase	18.01.2019	19,805	0.00	60,47,387	1.00
		Increase	25.01.2019	2,93,711	0.05	63,41,098	1.05
		Increase	01.02.2019	7,49,930	0.12	70,91,028	1.17
		Increase	08.02.2019	7,61,138	0.13	78,52,166	1.30
		Increase	15.02.2019	91,655	0.02	79,43,821	1.32
		Increase	22.02.2019	2,92,823	0.05	82,36,644	1.37
		Increase	01.03.2019	2,21,495	0.03	84,58,139	1.40
		Decrease	08.03.2019	(50,705)	(0.01)	84,07,434	1.39
		Increase	15.03.2019	4,79,504	0.08	88,86,938	1.47
		Decrease	22.03.2019	(1,01,899)	(0.02)	87,85,039	1.45
		Increase	29.03.2019	2,24,469	0.04	90,09,508	1.49
		At the end of the year	31.03.2019	N.A.	N.A.	90,09,508	1.49
7	EUROPACIFIC GROWTH FUND	At the beginning of the year	01.04.2018	28,90,000	0.48	28,90,000	0.48
		Increase	15.06.2018	6,29,915	0.10	35,19,915	0.58
		Increase	22.06.2018	20,28,085	0.34	55,48,000	0.92
		Increase	27.07.2018	6,38,274	0.11	61,86,274	1.03
		Increase	03.08.2018	17,76,432	0.29	79,62,706	1.32
		Increase	10.08.2018	2,18,227	0.04	81,80,933	1.36
		Increase	17.08.2018	2,05,263	0.03	83,86,196	1.39
		Increase	19.10.2018	7,05,180	0.12	90,91,376	1.51
		Increase	26.10.2018	2,09,820	0.03	93,01,196	1.54
		Increase	23.11.2018	5,95,912	0.10	98,97,108	1.64
		Increase	30.11.2018	11,49,186	0.19	1,10,46,294	1.83
		Increase	07.12.2018	18,92,010	0.31	1,29,38,304	2.14
		Increase	14.12.2018	5,56,373	0.09	1,34,94,677	2.23
		Increase	21.12.2018	94,438	0.02	1,35,89,115	2.25
		Increase	11.01.2019	1,77,081	0.03	1,37,66,196	2.28

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Increase	25.01.2019	4,69,400	0.08	1,42,35,596	2.36
		Decrease	08.03.2019	(7,63,882)	(0.13)	1,34,71,714	2.23
		Decrease	15.03.2019	(47,84,118)	(0.79)	86,87,596	1.44
		At the end of the year	31.03.2019	N.A.	N.A.	86,87,596	1.44
8	DVI FUND MAURITIUS LTD	At the beginning of the year	01.04.2018	45,85,689	0.76	45,85,689	0.76
		Decrease	06.04.2018	(31,200)	(0.01)	45,54,489	0.75
		Decrease	06.07.2018	(90,800)	(0.01)	44,63,689	0.74
		Increase	29.09.2018	16,999	0.00	44,80,688	0.74
		Increase	05.10.2018	7,59,812	0.13	52,40,500	0.87
		Increase	19.10.2018	6,75,000	0.11	59,15,500	0.98
		Increase	26.10.2018	16,86,440	0.28	76,01,940	1.26
		Increase	02.11.2018	10,43,360	0.17	86,45,300	1.43
		At the end of the year	31.03.2019	N.A.	N.A.	86,45,300	1.43
9	SBI-ETF NIFTY 50	At the beginning of the year	01.04.2018	76,55,604	1.28	76,55,604	1.28
		Increase	06.04.2018	5,81,887	0.09	82,37,491	1.37
		Decrease	13.04.2018	(55,269)	(0.01)	81,82,222	1.36
		Decrease	20.04.2018	(1,44,605)	(0.02)	80,37,617	1.33
		Decrease	27.04.2018	(13,19,243)	(0.22)	67,18,374	1.11
		Increase	04.05.2018	7,17,678	0.12	74,36,052	1.23
		Decrease	11.05.2018	(1,39,923)	(0.02)	72,96,129	1.21
		Increase	18.05.2018	48,844	0.01	73,44,973	1.22
		Decrease	25.05.2018	(1,12,664)	(0.02)	72,32,309	1.20
		Decrease	01.06.2018	(4,51,204)	(0.07)	67,81,105	1.13
		Increase	08.06.2018	14,23,902	0.23	82,05,007	1.36
		Decrease	15.06.2018	(3,83,919)	(0.06)	78,21,088	1.30
		Decrease	22.06.2018	(87,065)	(0.01)	77,34,023	1.29
		Decrease	30.06.2018	(1,99,413)	(0.03)	75,34,610	1.26
		Increase	06.07.2018	5,89,879	0.09	81,24,489	1.35
		Decrease	13.07.2018	(1,59,367)	(0.03)	79,65,122	1.32
		Increase	20.07.2018	37,864	0.01	80,02,986	1.33
		Decrease	27.07.2018	(39,230)	(0.01)	79,63,756	1.32
		Increase	03.08.2018	7,38,062	0.12	87,01,818	1.44
		Increase	10.08.2018	32,250	0.01	87,34,068	1.45

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
		Increase	17.08.2018	16,635	0.00	87,50,703	1.45
		Decrease	24.08.2018	(5,445)	(0.00)	87,45,258	1.45
		Decrease	31.08.2018	(24,964)	(0.00)	87,20,294	1.45
		Increase	07.09.2018	4,49,347	0.07	91,69,641	1.52
		Increase	14.09.2018	53,744	0.01	92,23,385	1.53
		Decrease	21.09.2018	(60,201)	(0.01)	91,63,184	1.52
		Decrease	29.09.2018	(38,979)	(0.01)	91,24,205	1.51
		Increase	05.10.2018	2,91,455	0.05	94,15,660	1.56
		Increase	12.10.2018	49,236	0.01	94,64,896	1.57
		Increase	19.10.2018	26,999	0.00	94,91,895	1.57
		Increase	26.10.2018	40,500	0.01	95,32,395	1.58
		Decrease	02.11.2018	(4,11,557)	(0.07)	91,20,838	1.51
		Increase	09.11.2018	42,893	0.01	91,63,731	1.52
		Increase	16.11.2018	31,538	0.01	91,95,269	1.53
		Increase	23.11.2018	44,952	0.01	92,40,221	1.53
		Increase	30.11.2018	35,284	0.01	92,75,505	1.54
		Decrease	07.12.2018	(4,76,402)	(0.08)	87,99,103	1.46
		Increase	14.12.2018	1,33,314	0.02	89,32,417	1.48
		Increase	21.12.2018	37,692	0.01	89,70,109	1.49
		Increase	28.12.2018	18,030	0.00	89,88,139	1.49
		Increase	31.12.2018	44,874	0.01	90,33,013	1.50
		Increase	04.01.2019	74,835	0.01	91,07,848	1.51
		Decrease	11.01.2019	(3,59,319)	(0.06)	87,48,529	1.45
		Increase	18.01.2019	80,112	0.01	88,28,641	1.46
		Increase	25.01.2019	76,335	0.01	89,04,976	1.48
		Increase	01.02.2019	88,588	0.01	89,93,564	1.49
		Decrease	08.02.2019	(99,210)	(0.02)	88,94,354	1.47
		Increase	15.02.2019	38,186	0.01	89,32,540	1.48
		Increase	22.02.2019	41,691	0.01	89,74,231	1.49
		Increase	01.03.2019	85,568	0.01	90,59,799	1.50
		Increase	08.03.2019	2,46,896	0.04	93,06,695	1.54
		Decrease	15.03.2019	(80,642)	(0.01)	92,26,053	1.53
		Increase	22.03.2019	64,773	0.01	92,90,826	1.54
		Decrease	29.03.2019	(7,75,592)	0.13	85,15,234	1.41
		At the end of the year	31.03.2019	N.A.	N.A.	85,15,234	1.41

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
10	UTI - EQUITY FUND	At the beginning of the year	01.04.2018	84,21,571	1.40	84,21,571	1.40
		Increase	06.04.2018	23,425	0.00	84,44,996	1.40
		Increase	13.04.2018	22,386	0.00	84,67,382	1.40
		Increase	20.04.2018	25,896	0.00	84,93,278	1.40
		Decrease	27.04.2018	(1,12,323)	(0.02)	83,80,955	1.39
		Increase	04.05.2018	9,246	0.00	83,90,201	1.39
		Decrease	11.05.2018	(18,203)	(0.00)	83,71,998	1.39
		Increase	18.05.2018	3,284	0.00	83,75,282	1.39
		Increase	25.05.2018	17,915	0.00	83,93,197	1.39
		Increase	01.06.2018	18,658	0.00	84,11,855	1.39
		Increase	08.06.2018	12,026	0.00	84,23,881	1.39
		Decrease	15.06.2018	(479)	(0.00)	84,23,402	1.39
		Decrease	22.06.2018	(5,973)	(0.00)	84,17,429	1.39
		Increase	30.06.2018	7,625	0.00	84,25,054	1.39
		Increase	06.07.2018	10,671	0.00	84,35,725	1.39
		Increase	13.07.2018	37,851	0.01	84,73,576	1.40
		Increase	20.07.2018	30,928	0.01	85,04,504	1.41
		Decrease	27.07.2018	(1,73,189)	(0.03)	83,31,315	1.38
		Decrease	03.08.2018	(1,29,499)	(0.02)	82,01,816	1.36
		Decrease	10.08.2018	(32,534)	(0.01)	81,69,282	1.35
		Increase	17.08.2018	7,909	0.00	81,77,191	1.35
		Increase	24.08.2018	13,788	0.00	81,90,979	1.36
		Increase	31.08.2018	13,427	0.00	82,04,406	1.36
		Decrease	07.09.2018	(2,320)	(0.00)	82,02,086	1.36
		Increase	14.09.2018	19,333	0.00	82,21,419	1.36
		Decrease	21.09.2018	(4,875)	(0.00)	82,16,544	1.36
		Increase	29.09.2018	44,000	0.01	82,60,544	1.37
		Increase	05.10.2018	48,048	0.01	83,08,592	1.38
		Increase	12.10.2018	15,559	0.00	83,24,151	1.38
		Increase	19.10.2018	3,619	0.00	83,27,770	1.38
Increase	26.10.2018	9,496	0.00	83,37,266	1.38		

(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, 2018)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. T. Anantha Narayanan, Director		580	0.00	580	0.00
	At the end of the year (23-06-2018)		N.A.	N.A.	580	0.00*
2	Dr. T. T. Ram Mohan, Director		3,800	0.00	3,800	0.00
	At the end of the year (31-03-2019)		N.A.	N.A.	3,800	0.00
3	Mrs. Kanchan Uday Chitale, Director		998	0.00	998	0.00
	Add : 08.06.2018	Market Purchase	2	0.00	1000	0.00
	At the end of the year (31-03-2019)		N.A.	N.A.	1000	0.00
4	Mr. Romesh Sobti, Managing Director & CEO		4,00,000	0.07	4,00,000	0.07
	Less – 22.06.2018	Market Sale	20,000	0.00	3,80,000	0.07
	Less – 25.06.2018	Market Sale	20,000	0.00	3,60,000	0.07
	Less – 30.07.2018	Market Sale	50,000	(0.01)	3,10,000	0.06
	Add – 13.08.2018	ESOP Allotment	2,00,000	0.03	5,10,000	0.09
	Less – 27.08.2018	Market Sale	80,000	(0.01)	4,30,000	0.08
	Add – 24.09.2018	ESOP Allotment	2,00,000	0.03	6,30,000	0.11
	Less – 10.12.2018	Market Sale	50,000	(0.01)	5,80,000	0.10
	Add – 18.12.2018	ESOP Allotment	2,50,000	(0.04)	8,30,000	0.14
	Less – 06.02.2019	Market Sale	42,000	(0.01)	7,88,000	0.13
	Less – 07.02.2019	Market Sale	38,000	(0.00)	7,50,000	0.13
	Add – 14.02.2018	ESOP Allotment	80,000	0.01	8,30,000	0.14
	Less – 13.03.2019	Market Sale	1,00,000	(0.02)	7,30,000	0.12
	At the end of the year (31-03-2019)		N.A.	N.A.	7,30,000	0.12
	5	Mr. S.V. Zaregaonkar, Chief Financial Officer		12,700	0.00	12,700
At the end of the year (31-03-2019)		N.A.	N.A.	12,700	0.00	
6	Mr. Haresh K. Gajwani, Company Secretary		NIL	N.A.	NIL	N.A.
	Add - 30.04.2018	ESOP Allotment	200	0.00	200	0.00
	Less - 09.05.2018	Market Sale	100	0.00	100	0.00
	Less - 10.05.2018	Market Sale	100	0.00	0	0.00
	Add - 18.05.2018	ESOP Allotment	200	0.00	200	0.00
	Add - 24.05.2018	ESOP Allotment	200	0.00	400	0.00
	Add - 30.05.2018	ESOP Allotment	1,500	0.00	1,900	0.00
	Less - 31.05.2018	Market Sale	200	0.00	1,700	0.00
	Less - 07.06.2018	Market Sale	50	0.00	1,650	0.00
	Less - 11.06.2018	Market Sale	100	0.00	1,550	0.00
	Less - 12.06.2018	Market Sale	250	0.00	1,300	0.00
	Add - 13.06.2018	ESOP Allotment	1,000	0.00	2,300	0.00
	Less - 15.06.2018	Market Sale	50	0.00	2,250	0.00
	Less - 18.06.2018	Market Sale	50	0.00	2,200	0.00
	Less - 20.06.2018	Market Sale	150	0.00	2,050	0.00
	Less - 22.06.2018	Market Sale	200	0.00	1,850	0.00
	Less - 25.06.2018	Market Sale	300	0.00	1,550	0.00
	Less - 23.07.2018	Market Sale	100	0.00	1,450	0.00

Sr. No.	For each of the Directors and KMP		Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Less - 24.07.2018	Market Sale	100	0.00	1,350	0.00
	Less - 25.07.2018	Market Sale	200	0.00	1,150	0.00
	Less - 26.07.2018	Market Sale	100	0.00	1,050	0.00
	Less - 27.07.2018	Market Sale	100	0.00	950	0.00
	Less - 31.07.2018	Market Sale	100	0.00	850	0.00
	Less - 02.08.2018	Market Sale	50	0.00	800	0.00
	Less - 16.08.2018	Market Sale	100	0.00	700	0.00
	Less - 27.11.2018	Market Sale	500	0.00	200	0.00
	Less - 28.11.2018	Market Sale	100	0.00	100	0.00
	Less - 29.11.2018	Market Sale	100	0.00	0	0.00
	Add - 14.12.2018	ESOP Allotment	300	0.00	300	0.00
	Less - 24.12.2018	Market Sale	300	0	0	0.00
	Add - 28.01.2019	ESOP Allotment	1000	0	1000	0.00
	Less - 30.01.2019	Market Sale	400	0	600	0.00
	Less - 31.01.2019	Market Sale	600	0	0	
	Add - 27.02.2019	ESOP Allotment	300	0	300	0.00
	Less - 27.02.2019	Market Sale	300	0	0	0.00
	At the End of the year (31-03-2019)		N.A.	N.A.	NIL	NIL

* T Anantha Narayanan ceased to hold office with effect from June 23, 2018 upon completion of his tenure.

V. Indebtedness

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

₹ in crores

Particulars	Secured loans excluding deposits	Unsecured loans *	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i. Principal Amount	-	1,89,928	-	1,89,928
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	788	-	788
Total (i+ii+iii)	-	1,90,716	-	1,90,716
Net Change in Indebtedness during the financial year:				
i. Addition	-	52,657	-	52,657
ii. Reduction	-	-	-	-
Indebtedness at the end of the financial year:				
i. Principal Amount	-	2,42,189	-	2,42,189
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	1,184	-	1,184
Total (i+ii+iii)	-	2,43,373	-	2,43,373

* 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
1	Gross Salary	
	a. Salary as per provisions contained in Section 17(1) of IT Act, 1961.	4,22,09,552
	b. Value of perquisites under Section 17(2) of IT Act, 1961.	88,50,832
	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)	23,79,468
6	Total #	5,34,39,852
7	Ceiling as per the Companies Act, 2013 \$	-

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

Total Remuneration details do not include Stock Options.

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

B. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Fees for attending Board / Committee meetings (in ₹)	Commission	Others, (please specify)	Total
(A)	Independent Directors:				
(1)	Mrs. Kanchan Chitale	23,90,000	10,00,000	-	33,90,000
(2)	Mr. T. Anantha Narayanan*	7,20,000	2,30,769	-	9,50,769
(3)	Mr. Ranbir S. Butola**	3,00,000	2,50,000	-	5,50,000
(4)	Mr. Shanker Annaswamy	20,20,000	10,00,000	-	30,20,000
(5)	Dr. T.T. Ram Mohan	23,60,000	10,00,000	-	33,60,000
(6)	Mrs. Akila Krishnakumar***	7,20,000	6,41,304	-	13,61,304
(7)	Mr. Arun Tiwari****				
(8)	Mr. Siraj Chaudhry*****	4,50,000	2,44,444	-	6,94,444
(9)	Mr. Rajiv Agarwal*****	1,20,000	47,222	-	1,67,222
	Total (A)	88,10,000	44,13,739	-	1,32,23,739
(B)	Other Non-Executive Directors:				
(1)	Mr. R. Seshasayee	21,20,000	25,00,000	-	46,20,000
(2)	Mr. Yashodhan M. Kale	18,80,000	10,00,000	-	28,80,000
	Total (B)	40,00,000	35,00,000	-	75,00,000
	Total Remuneration (A+B)	128,10,000	79,13,739	-	2,07,23,739

Notes:

* Mr. T. Anantha Narayanan ceased to be Director in the Bank on June 23, 2018, on completion of his tenure.

** Mr. Ranbir Singh Butola ceased to be Director in the Bank following his demise on December 17, 2018.

*** Mrs. Akila Krishnakumar was appointed 'Additional Director' on August 10, 2018.

**** Mr. Arun Tiwari was appointed 'Additional Director' on August 10, 2018.

***** Mr. Siraj Chaudhry was appointed 'Additional Director' on January 3, 2019.

***** Mr. Rajiv Agarwal was appointed 'Additional Director' on March 15, 2019.

- 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.

Notes: (i) As per the Bank's Policy, no Stock Options were granted to the Non-Executive Directors.

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

Sr. no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	Total
1.	Gross salary			
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	77,66,084	4,71,43,564	5,49,09,600
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961.	32,400	-	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, please specify	-	-	-
5.	Others, please specify	2,96,400	12,96,000	15,92,400
	Total#	80,94,884	4,84,39,564	5,65,34,448

* 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 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

Name	Ratio
Mr. Romesh Sobti, Managing Director & CEO	128.87x
Mr. R. Seshasayee, Part-time Non-Executive Chairman#	6.25x

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

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

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

Mr. R. Seshasayee, Non-Executive Part-time Chairman received remuneration of ₹ 25 lakhs in FY 2018-19 in the form of Profit-related Commission as approved by the Reserve Bank of India, and by Members in the 22nd AGM of the Bank.

In view of the guidelines on Compensation to Non-Executive Directors of Private Sector banks contained in RBI Circular dated June 1, 2015, remuneration to Non-Executive Directors (other than the Chairman) in the form of Profit-related Commission is capped at ₹ 10 lakhs per annum and the same has been paid with effect from April 2016.

The ratio of remuneration to Non-Executive Directors to the median remuneration of the employees of the Bank for the financial year is 2.50x.

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

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

- 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 8.4%.
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 27,739 employees on the rolls of the Bank as on March 31, 2019.
- 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	<p data-bbox="225 474 1396 534">A Brief outline of the Bank's CSR Policy, including overview of Projects or Programs proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or Programs.</p> <p data-bbox="225 555 320 582">Remarks</p> <p data-bbox="225 607 456 634">The Bank's CSR Policy</p> <p data-bbox="225 654 472 681">CSR Mission Statement</p> <p data-bbox="225 702 1396 816">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 data-bbox="225 837 424 864">Guiding Principles</p> <p data-bbox="225 884 1396 969">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 data-bbox="225 990 1396 1104">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 data-bbox="225 1125 1396 1178">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 data-bbox="225 1199 1396 1253">The Bank's CSR projects, CSR Committee of the Board and relevant details can be viewed at the web link- http://www.indusind.com/content/csr-home/our-approach/csr-policy.html.</p> <p data-bbox="225 1274 1396 1328">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: http://indusind.com/content/csr-home/sustainability-report.html</p>

	<p>CSR Projects as per Focus Areas</p>  <div style="display: flex; justify-content: space-between;"> <div data-bbox="304 747 512 1156" style="background-color: #f08080; padding: 5px;"> <p>Rural Development & Inclusiveness</p> <ul style="list-style-type: none"> ▪ Digital Literacy Programme (PMGDISHA) ▪ Financial Literacy ▪ Economic Empowerment programme for women rescued from trafficking </div> <div data-bbox="528 747 746 1156" style="background-color: #8bc34a; padding: 5px;"> <p>Environmental Sustainability</p> <ul style="list-style-type: none"> ▪ Afforestation & Nature Conservation Projects ▪ Waste Segregation & Management ▪ Water Stewardship </div> <div data-bbox="762 747 954 1156" style="background-color: #ff9800; padding: 5px;"> <p>Preventive Healthcare</p> <ul style="list-style-type: none"> ▪ Skill Development of drug rehabilitated street children ▪ Support for treatment of cancer affected children </div> <div data-bbox="970 747 1171 1156" style="background-color: #ffc107; padding: 5px;"> <p>Education</p> <ul style="list-style-type: none"> ▪ Legal Literacy Programme for women ▪ Education through Arts ▪ Young India Fellowship Programme ▪ Enhanced Education Programme </div> <div data-bbox="1187 747 1394 1156" style="background-color: #42a5f5; padding: 5px;"> <p>Promoting Inclusiveness through Sports</p> <ul style="list-style-type: none"> * IndusInd Para-Champions Programme * IndusInd Blind Cricket Programme * IndusInd Girl Power Programme </div> </div>
2	<p>The Composition of the CSR Committee.</p> <ol style="list-style-type: none"> 1. Mrs. Kanchan Chitale (Chairperson) 2. Mr. Yashodhan M. Kale 3. Mrs. Akila Krishnakumar 4. Mr. Romesh Sobti (Managing Director & CEO)
3	<p>Average Net Profit of the Company for last three Financial Years.</p> <p>₹ 4430.83 crores</p>
4	<p>Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)</p> <p>₹ 88.61 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 – ₹ 88.61 crores b) Amount unspent – ₹ 33.15 crores c) Manner in which the amount spent during the financial year is detailed below

1	2	3	4	5	6	7	8
Sr. No	CSR project or activities identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ In Lakhs)	Amount spent on the projects or programs Sub - heads: (1)Direct expenditure on projects or programs (1) Overheads (2) (3) (4) (5) (₹ In Lakhs)	Cumulative expenditure upto the reporting period (₹ In Lakhs)	Amount spent: Direct or through implementing agency
1.	Environmental Sustainability	Ensuring Environment Sustainability	Pan-India	349.5	303	4815	Both Direct and through Implementing Partners(Ambuja Foundation, , EFI, CERE, lamGurgaon)
2.	Healthcare	Promoting Healthcare	Pan-India	394	168	668	Both Direct and through Implementing Partners (Samhita, Cashpor, Bhagwan Mahaveer Cancer Hospital & Research Centre)
3.	Rural Development	Enhancing Vocational Skills, Promoting Sanitation, Environment Sustainability and Conservation of Natural Resources	Pan-India	1652	1383	2604	Ambuja Foundation, Department of Panchayati Raj, Every ULB Technologies, Piramal Sarvajal, SUPPORT, WOTR
4.	Sports	Paralympic Sports, Sports for the Differently Abled	Pan-India	375	388	1535	Through Implementing partners (CABI-Samarthanam, Go-Sports Foundation, JSW Foundation)
5.	Education	Education	Pan-India	1280	1301	1687	Through Implementing partners (Akshaya Patra Foundation, Samhita Development Network, Ashoka University, Nalandaway Foundation, Cashpor, Sahapedia)

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
6.	Others	Armed Forces, PM Relief Fund, Disaster Relief Fund	Pan-India	1804.33	1724	1974	Direct
7.	Awareness & Capacity Building	Awareness & Capacity Building	Pan-India	215	279	527	Direct
	Total			6069	5546	13809	-

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

In FY 2018, the Bank spends ₹ 55.46 crores on various social and environmental projects. The amount spent has increased by 171% from the amount spent last year. Two large project executions could not be undertaken during the year resulting in the shortfall. Bank has a healthy pipeline of projects approved for the following financial year. The Bank focussed on projects which have scale and impact. Environment continues to be our major focus area. Few big ticket projects are of longer duration, hence the spend is across multiple years. We have taken up projects such as Roof Rain water harvesting, Lake rejuvenation, Watershed Development, creating of village ponds etc.

The Bank prepares an annual carbon inventory in conformance to 18014064-2006 framework and obtained external assurance for the same. In FY 2018-19, the Bank was featured in the CDP India rankings as band A- in CDP India Climate Change Rising Starts 2018.

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 2018-19 and we hereby acknowledge that this is in compliance with the CSR Policy and objectives.

Romesh Sobti
Managing Director & CEO
(DIN: 00031034)

Kanchan Chitale
Chairperson – CSR Committee
(DIN: 00007267)

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, 2019, 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| June 17, 2019

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, 2019.

For IndusInd Bank Limited

Place: Mumbai
Date: June 19, 2019

Romesh Sobti
Managing Director & CEO
(DIN: 00031034)

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%.

- i. The Bank should comply with the provisions of Section 15 and 17 of the Banking Regulation Act, 1949.
- ii. 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.
- iii. The proposed Dividend should be payable out of the current year's profit.
- iv. 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 is inclusive of 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 ending on March 31, 2019 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. R. Seshasayee	00047985	07/06/2007
2.	Mrs. Kanchan Chitale	00007267	18/10/2011
3.	Dr. T. T. Ram Mohan	00008651	12/05/2016
4.	Mr. Shanker Annaswamy	00449634	12/01/2016
5.	Mr. Yashodhan M. Kale	00013782	20/12/2017
6.	Mrs. Akila Krishnakumar	06629992	10/08/2018
7.	Mr. Arun Tiwari	05345547	10/08/2018
8.	Mr. Siraj Chaudhry	00161853	03/01/2019
9.	Mr. Rajiv Agarwal	00336487	15/03/2019
10.	Mr. Romesh Sobti	00031034	01/02/2008

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

Mumbai | June 17, 2019

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 Balance sheet as at March 31, 2019, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the 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 financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, as amended ("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, 2019, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SA) 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 together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the 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 audit 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 year ended March 31, 2019. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Financial Statements.

Key audit matters	How our audit addressed the key audit matter
Identification of and provisioning for Non-performing advances (Refer Schedule 18 – Note 4.1 to the Standalone Financial Statements):	
Advances constitute a significant portion of the Bank's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Bank. As at 31 March 2019 the Bank's net advances amount to ₹ 186,394 crores and the gross NPA ratio of the Bank is 2.10% as at March 31, 2019.	<p>The audit procedures performed, among others, included:</p> <ul style="list-style-type: none"> - Considering the Bank's policies for NPA identification and provisioning and assessing compliance with the IRAC norms. - Understanding, evaluating and testing the design and operating effectiveness of key controls (including application controls) around identification of non-performing advances based on the extant guidelines on IRAC.

Key audit matters	How our audit addressed the key audit matter
<p>The Reserve Bank of India’s (“RBI”) guidelines on Income recognition and asset classification (“IRAC”) prescribe the prudential norms for identification and classification of NPA and the minimum provision required for such assets from time to time. The Bank is also required to apply its judgement to determine the identification and provision required against NPA by applying quantitative as well as qualitative factors.</p> <p>The provisioning for identified NPA is estimated based on ageing and classification of NPA, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI.</p> <p>Since the identification of NPA and provisioning for advances require significant level of estimation and given its significance to the overall audit including possible observations by RBI which could result in disclosures in the financial statements, we have ascertained identification and provisioning for NPA as a key audit matter.</p>	<ul style="list-style-type: none"> - Performing other procedures including substantive audit procedures covering the identification of NPA by the Bank. These procedures included: <ul style="list-style-type: none"> - Testing of the exception reports generated from the application systems where the advances have been recorded. - Reading the accounts reported by the Bank and other banks as Special Mention Accounts (“SMA”) in RBI’s central repository of information on large credits (CRILC) to identify stress. - Reading account statements and other related information of the borrowers selected based on quantitative and qualitative risk factors. - Performing inquiries 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. Examining the early warning reports generated by the Bank to identify stressed loan accounts. - Holding specific discussions with the management of the Bank on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors. - Read the RBI Annual Financial Inspection report for the financial years 2016-17 and 2017-18 and other communication with regulators. - Read the minutes of meeting of board level committees, risk management committee, credit and NPA review committees and internal audit reports for any recorded instances of non-recognition of NPA and inadequate provisioning on NPA, than as required by the IRAC. <p>With respect to provisioning of advances, we performed the following procedures:</p> <ul style="list-style-type: none"> - Gained an understanding of the Bank’s process for provisioning of advances. - Tested on a sample basis the realizable value of assets provided as security against loans classified as non-performing for determining the provision. - Tested on a sample basis the calculation performed by the management for compliance with RBI regulations and internally laid down policies for provisioning.

Key audit matters	How our audit addressed the key audit matter
Information Technology (“IT”) Systems and controls:	
<p>The Bank’s operations rely on multiple integrated / non-integrated IT Systems and applications. The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. These systems also play a key role in the financial accounting and reporting process of the Bank.</p> <p>Due to the pervasive nature and complexity of the IT environment we have ascertained IT systems and controls as a key audit matter.</p>	<ul style="list-style-type: none"> - We involved specialized IT auditors as part of the audit team for testing IT General Controls (logical access, change management and aspects of IT operations controls), application controls and IT dependent manual controls implemented by the Bank, and testing the information produced by the Bank’s. - Tested the design and operating effectiveness of the Bank’s IT access controls over the information systems that are critical to financial reporting. - Tested the Bank’s periodic review of access rights. We inspected requests of changes to systems for approval and authorisation. - Considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit. - Tested key application controls to evaluate their operating effectiveness. - Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

Information Other than the Standalone Financial Statements and Auditor’s Report Thereon

The Bank’s Board of Directors is responsible for the other information. The other information received by us comprises the information included in the Basel III - Pillar 3 disclosures but does not include the financial statements and our auditor’s reports thereon, which we obtained prior to the date of this auditor’s report, and other elements of the Annual Report, which are expected to be made available to us after that date.

Our opinion on the Standalone Financial Statements does not cover the other information and 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 and, in doing so, consider whether such other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other elements of the Annual Report are expected to be made available to us after the date of this auditor’s report.

When we read the other elements of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance and shall comply with the relevant applicable requirements of the Standard on Audit for The Auditor’s Responsibility in relation to Other Information in Documents containing Audited Financial Statements.

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 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 provisions of Section 29 of the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank and the guidelines and directions issued by the Reserve Bank of India 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

Those Charged with Governance 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 SA 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 Standalone Financial Statements.

As part of an audit in accordance with SA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 system 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 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 for the financial year ended March 31, 2019 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 Standalone Financial Statements of the Bank for the corresponding year ended March 31, 2018 were audited by a predecessor auditor who expressed an unmodified opinion on those financial statements vide their report dated April 19, 2018.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014.
2. As required sub section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - (a) We have 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) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - (c) The financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches; we have visited 124 branches for the purpose of our audit.
3. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) 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;
 - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion, the entity being a banking company, the remuneration to whole-time directors during the year ended March 31, 2019 has been paid by the Bank in accordance with the provisions of Section 35B (1) of the Banking Regulation Act, 1949; and
- (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, as amended, 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 financial statements – Refer Schedule 12 and Schedule 18 - Note 9.4 to the 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 9.5 to the 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 S. R. BATLIBOI & CO. LLP
Chartered Accountants
Firm's Registration No.: 301003E/E300005

per Viren H. Mehta
Partner
Membership Number: 048749

Mumbai
May 22, 2019

Annexure 1 to Independent Auditors' Report

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF INDUSIND BANK LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

To the Members of IndusInd Bank Limited

We have audited the internal financial controls over financial reporting of IndusInd Bank Limited (the "Bank") as of March 31, 2019 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 over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorisations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. BATLIBOI & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Viren H. Mehta**
Partner
Membership Number: 048749

Mumbai
22 May 2019

Balance Sheet as at March 31, 2019

	Schedule	As at 31.03.2019	Rupees in '000s As at 31.03.2018
CAPITAL AND LIABILITIES			
Capital	1	602,68,69	600,22,32
Employee Stock Options Outstanding	18(Note 10.2)	11,18,84	14,57,11
Reserves and Surplus	2	26072,09,81	23226,84,85
Deposits	3	194867,90,69	151639,17,43
Borrowings	4	47321,12,24	38289,07,82
Other Liabilities and Provisions	5	8944,41,55	7856,26,52
TOTAL		277819,41,82	221626,16,05
ASSETS			
Cash and Balances with Reserve Bank of India	6	9961,17,40	10962,40,60
Balances with Banks and Money at Call and Short Notice	7	4822,22,67	2253,47,14
Investments	8	59266,15,80	50076,71,74
Advances	9	186393,50,14	144953,65,76
Fixed Assets	10	1710,01,16	1338,75,31
Other Assets	11	15666,34,65	12041,15,50
TOTAL		277819,41,82	221626,16,05
Contingent Liabilities	12	952668,44,61	662099,15,62
Bills for Collection		32971,50,77	37415,47,98
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 S R Batliboi & Co. LLP

Chartered Accountants

Firm Registration No: 301003E/E300005

per Viren H Mehta

Partner

Membership No: 048749

Place : Mumbai

Date : May 22, 2019

R. Seshasayee

Chairman

Kanchan Chitale

Director

Arun Tiwari

Director

S. V. Zaregaonkar

Chief Financial Officer

Romesh Sobti

Managing Director

Shanker Annaswamy

Director

Siraj Chaudhry

Director

Haresh Gajwani

Company Secretary

Profit and Loss Account for the year ended March 31, 2019

	Schedule	Year ended 31.03.2019	Rupees in '000s Year ended 31.03.2018
I. INCOME			
Interest Earned	13	22261,15,05	17280,74,87
Other Income	14	5646,71,89	4750,10,33
TOTAL		27907,86,94	22030,85,20
II. EXPENDITURE			
Interest Expended	15	13414,96,68	9783,30,45
Operating Expenses	16	6404,68,36	5591,44,36
Provisions and Contingencies	18(Note 12.1)	4787,12,11	3050,11,64
TOTAL		24606,77,15	18424,86,45
III. PROFIT			
Net Profit for the year		3301,09,79	3605,98,75
Profit brought forward		9311,49,42	7118,38,07
TOTAL		12612,59,21	10724,36,82
IV. APPROPRIATIONS			
a) Transfer to Statutory Reserve		825,27,45	901,49,69
b) Transfer to Capital Reserve		39,53,24	7,61,93
c) Transfer to Investment Fluctuation Reserve Account		115,11,90	-
d) Dividend paid including tax on dividend [Refer Schedule 18 (Note 12.4)]		542,93,85	43224,16
e) Deductions during the year [Refer Schedule 18 (Note 12.5)]		(17,21,62)	71,51,62
		1505,64,82	1412,87,40
Balance carried over to the Balance Sheet		11106,94,39	9311,49,42
TOTAL		12612,59,21	10724,36,82
V. EARNINGS PER EQUITY SHARE			
(Face value of ₹10/- per share)			
Basic (₹)	18(Note 11.5)	54.90	60.19
Diluted (₹)	18(Note 11.5)	54.46	59.57
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 S R Batliboi & Co. LLP

Chartered Accountants

Firm Registration No: 301003E/E300005

per Viren H Mehta

Partner

Membership No: 048749

R. Seshasayee

Chairman

Kanchan Chitale

Director

Arun Tiwari

Director

S. V. Zaregaonkar

Chief Financial Officer

Romesh Sobti

Managing Director

Shanker Annaswamy

Director

Siraj Chaudhry

Director

Haresh Gajwani

Company Secretary

Place : Mumbai

Date : May 22, 2019

Cash Flow Statement for the year ended March 31, 2019

	Year ended 31.03.2019	Rupees in '000s Year ended 31.03.2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	4980,57,25	5480,67,20
Adjustments for :		
Depreciation on Fixed assets	228,85,18	211,64,34
Depreciation on Investments	173,47,21	120,86,12
Employees Stock Option expenses	30,33	1,21,34
Loan Loss and Other Provisions	2934,17,44	1054,57,07
Amortisation of premium on HTM investments	294,40,10	179,32,22
(Profit) / Loss on sale of fixed assets	1,17,50	(8,00,66)
Operating Profit before Working Capital changes	8612,95,01	7040,27,63
Adjustments for :		
(Increase)/Decrease in Advances	(44374,01,80)	(32927,72,06)
(Increase)/Decrease in Investments	(9657,31,37)	(13674,76,26)
(Increase)/Decrease in Other Assets	(2980,21,85)	(3038,10,85)
Increase/(Decrease) in Deposits	43228,73,26	25066,95,15
Increase/(Decrease) in Other Liabilities	1105,36,64	(1191,62,68)
Cash generated from / (used in) Operations	(4064,50,11)	(18724,99,07)
Direct Taxes paid (net of refunds)	(2324,44,76)	(1975,45,00)
Net Cash generated from / (used in) Operating Activities	(6388,94,87)	(20700,44,07)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including WIP)	(643,46,44)	(235,79,27)
Proceeds from sale of Fixed Assets	5,52,73	16,24,47
Net Cash used in Investing Activities	(637,93,71)	(219,54,80)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (net of issue expenses)	100,54,25	101,96,50
Proceeds from issue of Long Term Infrastructure Bonds	-	-
Dividends paid	(542,93,85)	(432,24,16)
Proceeds from Perpetual Debt instruments	1489,90,00	1000,00,00
Redemption of Sub-ordinated Tier II capital	-	-
Increase/(Decrease) in Borrowings	7542,14,42	14835,38,38
Net Cash generated from / (used in) Financing Activities	8589,64,82	15505,10,72
Effect of foreign currency translation reserve	4,76,09	2,50,47
Net Increase / (Decrease) in Cash and Cash Equivalents	1567,52,33	(5412,37,68)
Cash and Cash Equivalents at the beginning of the year	13215,87,74	18628,25,42
Cash and Cash Equivalents at the end of the year	14783,40,07	13215,87,74

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 S R Batliboi & Co. LLP**

Chartered Accountants

Firm Registration No: 301003E/E300005

per Viren H Mehta

Partner

Membership No: 048749

R. Seshasayee

Chairman

Kanchan Chitale

Director

Arun Tiwari

Director

S. V. Zaregaonkar

Chief Financial Officer

Romesh Sobti

Managing Director

Shanker Annaswamy

Director

Siraj Chaudhry

Director

Haresh Gajwani

Company Secretary

Place : Mumbai

Date : May 22, 2019

Schedules

	As at 31.03.2019	Rupees in '000s As at 31.03.2018
SCHEDULE - 1 CAPITAL		
Authorised Capital		
70,00,00,000 (Previous year 70,00,00,000) equity shares of ₹ 10 each	700,00,00	700,00,00
Issued, Subscribed and Called Up Capital		
60,26,86,868 (Previous year 60,02,23,187) equity shares of ₹ 10 each	602,68,69	600,22,32
Paid up Capital		
60,26,86,868 (Previous year 60,02,23,187) equity shares of ₹ 10 each [Refer Schedule 18 (Note 1.1)]	602,68,69	600,22,32
TOTAL	602,68,69	600,22,32
SCHEDULE - 2 RESERVES AND SURPLUS		
I Statutory Reserve		
Opening balance	3824,26,69	2922,77,00
Additions during the year	825,27,45	901,49,69
	4649,54,14	3824,26,69
II Share Premium Account		
Opening balance	9471,15,41	9369,42,05
Additions during the year	101,76,48	101,73,36
	9572,91,89	9471,15,41
III General Reserve		
Balance as at the end of the year	1,35,57	1,35,57
	1,35,57	1,35,57
IV Capital Reserve		
Opening balance	223,36,80	215,74,87
Additions during the year	39,53,24	7,61,93
	262,90,04	223,36,80
V Investment Allowance Reserve		
Balance as at the end of the year	1,00,00	1,00,00
	1,00,00	1,00,00
VI Investment Reserve Account		
Balance as at the end of the year	40,52,98	40,52,98
	40,52,98	40,52,98
VII Investment Fluctuation Reserve		
Opening balance	-	-
Additions during the year	115,11,90	-
	115,11,90	-
VIII Revaluation Reserve		
Opening balance	362,20,33	374,59,43
Reduction during the year (Refer Schedule 18 (Note 9.3.3))	(29,69,37)	-
Deductions during the year	(6,95,80)	(12,39,10)
	325,55,16	362,20,33
IX Foreign Currency Translation Reserve		
Opening balance	(8,52,35)	(11,02,82)
Credits during the year	4,76,09	2,50,47
	(3,76,26)	(8,52,35)
X Balance in the Profit and Loss Account		
	11106,94,39	9311,49,42
TOTAL	26072,09,81	23226,84,85

Schedules (Contd.)

		Rupees in '000s	
		As at 31.03.2019	As at 31.03.2018
SCHEDULE - 3 DEPOSITS			
A	I Demand Deposits		
	i) From Banks	597,47,82	393,92,35
	ii) From Others	28986,99,87	20447,06,25
	II Savings Bank Deposits	54485,66,51	45888,27,30
	III Term Deposits		
	i) From Banks	8781,87,79	5287,92,58
	ii) From Others	102015,88,70	79621,98,95
	TOTAL	194867,90,69	151639,17,43
B	Deposits of Branches		
	I In India	194867,90,69	151639,17,43
	II Outside India	-	-
	TOTAL	194867,90,69	151639,17,43
SCHEDULE - 4 BORROWINGS			
I	Borrowings in India		
	i) Reserve Bank of India	-	-
	ii) Other Banks	1715,54,93	757,67,53
	iii) Other Institutions and Agencies	20468,73,76	21474,02,79
	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	2000,00,00
	II Borrowings outside India	19646,93,55	12057,37,50
	TOTAL	47321,12,24	38289,07,82
	Secured borrowings other than Collateralised Borrowing and Lending Obligation and Repo Borrowings included in I above	-	-
SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS			
I	Inter-office Adjustments (Net)	274,81,49	401,44,70
II	Bills Payable	573,66,27	667,65,72
III	Interest Accrued	1184,36,65	788,20,11
IV	Others [Refer Schedule 18 (Note 4.11) for Standard Assets Provisions]	6911,57,14	5998,95,99
	TOTAL	8944,41,55	7856,26,52
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I	Cash in hand (including foreign currency notes)	964,47,15	1069,20,30
II	Balances with Reserve Bank of India		
	i) In Current Account	8996,70,25	9893,20,30
	ii) In Other Accounts	-	-
	TOTAL	9961,17,40	10962,40,60

Schedules (Contd.)

		Rupees in '000s	
		As at 31.03.2019	As at 31.03.2018
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I	In India		
	i) Balances with Banks		
	a) In Current Accounts	650,43,54	618,43,12
	b) In Other Deposit Accounts	1954,75,00	310,25,00
	ii) Money at Call and Short Notice - With Other Institutions	-	-
	TOTAL	2605,18,54	928,68,12
II	Outside India		
	i) In Current Accounts	1387,18,13	493,80,89
	ii) In Other Deposit Accounts	-	635,45,63
	iii) Money at Call and Short Notice	829,86,00	195,52,50
	TOTAL	2217,04,13	1324,79,02
	GRAND TOTAL	4822,22,67	2253,47,14
SCHEDULE - 8 INVESTMENTS			
I	In India		
	Gross Value	59648,21,79	50285,30,52
	Less : Aggregate of provision / depreciation	382,05,99	208,58,78
	Net value of Investments in India	59266,15,80	50076,71,74
	Comprising :		
	i) Government securities*	48644,76,19	40365,98,63
	ii) Other approved securities	-	-
	iii) Shares	129,36,45	291,93,76
	iv) Debentures and bonds	5290,03,44	4476,41,88
	v) Subsidiaries and / or Joint Ventures	0	-
	vi) Others - Security Receipts, Pass Through Certificates, Units of schemes of Mutual Funds, Venture Capital Funds and Others	5201,99,72	4942,37,47
II	Outside India	-	-
	TOTAL	59266,15,80	50076,71,74
*Includes securities of ₹ 1,105.22 crores (previous year ₹ 274.38 crores) pledged for clearing facility and margin requirements.			
SCHEDULE - 9 ADVANCES			
A	i) Bills Purchased and Discounted	587,37,01	4331,25,05
	ii) Cash Credits, Overdrafts and Loans Repayable on Demand	58066,82,92	43077,06,30
	iii) Term Loans	127739,30,21	97545,34,41
	TOTAL	186393,50,14	144953,65,76
B	i) Secured by Tangible Assets (including advances against book debts)	146489,54,88	112723,03,02
	ii) Covered by Bank / Government Guarantees (including advances against L/Cs issued by Banks)	2459,80,00	2834,42,39
	iii) Unsecured	37444,15,26	29396,20,35
	TOTAL	186393,50,14	144953,65,76

Schedules (Contd.)

		As at 31.03.2019	Rupees in '000s As at 31.03.2018
C	I		
	Advances in India		
	i) Priority Sector	60348,94,68	45314,30,79
	ii) Public Sector	6603,98,65	5090,73,31
	iii) Banks	-	64,00
	iv) Others	114893,16,77	90151,67,34
	TOTAL	181846,10,10	140557,35,44
	II		
	Advances Outside India	4547,40,04	4396,30,32
	TOTAL	186393,50,14	144953,65,76
SCHEDULE - 10 FIXED ASSETS			
I	Premises		
	i) At cost, as at the beginning of the year	575,64,31	586,58,71
	ii) Revaluation during the year	(29,69,37)	-
	iii) Additions during the year	329,56,52	-
		875,51,46	586,58,71
	iv) Less : Deductions during the year	1,35,71	10,94,40
	v) Less : Depreciation to date (Refer Schedule No. 18(9.14))	91,22,68	82,15,41
	TOTAL	782,93,07	493,48,90
II	Other Fixed Assets (including furniture and fixtures)		
	i) At cost, as at the beginning of the year	1945,09,81	1735,37,02
	ii) Additions during the year	317,39,35	238,78,76
		2262,49,16	1974,15,78
	iii) Less : Deductions during the year	40,14,63	29,05,97
	iv) Less : Depreciation to date [Refer Schedule No. 18(9.14)]	1317,21,21	1125,27,62
	TOTAL	905,13,32	819,82,19
III	Capital Work in Progress	21,94,77	25,44,22
	GRAND TOTAL	1710,01,16	1338,75,31
SCHEDULE - 11 OTHER ASSETS			
I	Interest Accrued	1748,67,24	1377,69,80
II	Tax paid in advance / Tax deducted at source (net of provision)	1240,88,58	819,08,61
III	Stationery and Stamps	51,34	56,81
IV	Non-banking assets acquired in satisfaction of claims (Refer Schedule 18 (Note 12.5))	368,87,55	372,20,40
V	Others [Deferred Tax Assets (Refer Schedule 18 (Note 11.6))]	12307,39,94	9471,59,88
	TOTAL	15666,34,65	12041,15,50
SCHEDULE - 12 CONTINGENT LIABILITIES			
I	Claims against the Bank not acknowledged as debts	395,63,94	476,51,86
II	Liability on account of outstanding Forward Exchange Contracts	473430,65,55	351440,73,62
III	Liability on account of outstanding Derivative Contracts	402254,88,57	245530,75,62
IV	Guarantees given on behalf of constituents		
	- In India	49676,58,49	45380,96,66
	- Outside India	783,23,73	559,32,07
V	Acceptances, Endorsements and Other Obligations	23398,38,34	16587,23,27
VI	Other Items for which the Bank is contingently liable	2729,05,99	2123,62,52
	TOTAL	952668,44,61	662099,15,62

Schedules (Contd.)

		Rupees in '000s	
		Year ended 31.03.2019	Year ended 31.03.2018
SCHEDULE - 13 INTEREST EARNED			
I	Interest/ Discount on Advances/ Bills	18256,67,91	13699,90,54
II	Income on Investments	3677,34,05	3074,38,28
III	Interest on Balances with Reserve Bank of India and other inter-bank funds	102,02,71	321,47,51
IV	Others	225,10,38	184,98,54
	TOTAL	22261,15,05	17280,74,87
SCHEDULE - 14 OTHER INCOME			
I	Commission, Exchange and Brokerage	4072,96,41	3401,98,21
II	Profit / (Loss) on Sale of Investments (Net)	115,11,90	363,78,33
III	Profit / (Loss) on Sale of Land, Buildings and Other Assets	(1,17,50)	8,00,66
IV	Profit on exchange transactions / Derivatives (Net)	1359,31,10	921,01,58
V	Income earned by way of dividend from companies in India	33,88	30,02
VI	Miscellaneous Income	100,16,10	55,01,53
	TOTAL	5646,71,89	4750,10,33
SCHEDULE - 15 INTEREST EXPENDED			
I	Interest on Deposits	10609,04,13	8045,95,62
II	Interest on Reserve Bank of India / Inter-Bank Borrowings	611,46,53	188,28,69
III	Other Interest	2194,46,02	1549,06,14
	TOTAL	13414,96,68	9783,30,45
SCHEDULE - 16 OPERATING EXPENSES			
I	Payments to and Provisions for Employees	1853,51,34	1780,68,56
II	Rent, Taxes and Lighting (includes operating lease rentals)	408,58,52	373,02,03
III	Printing and Stationery	72,72,42	65,71,65
IV	Advertisement and Publicity	40,46,82	32,54,70
V	Depreciation on Bank's Property	228,85,18	211,64,34
VI	Directors' Fees, Allowances and Expenses	3,67,92	2,78,73
VII	Auditors' Fees and Expenses	1,96,03	2,07,36
VIII	Law Charges	67,35,21	71,57,65
IX	Postage, Telegrams, Telephones, etc.	141,56,69	130,51,15
X	Repairs and Maintenance	335,62,77	341,82,56
XI	Insurance	194,69,47	167,80,30
XII	Service Provider Fees	459,97,54	418,24,15
XIII	Other Expenditure	2595,68,45	1993,01,18
	TOTAL	6404,68,36	5591,44,36

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 are valued at lower of cost and the closing price on a recognised stock exchange. Unquoted equity shares are valued at their break-up value or at Re. 1 per company where the latest Balance Sheet is not available.
- (viii) Units of the schemes of mutual funds are valued at the lower of cost and Net Asset Value (NAV) provided by the respective schemes of mutual funds.

- (ix) Investments in equity shares held as long-term investments by erstwhile IndusInd Enterprises & Finance Limited and Ashok Leyland Finance Limited (since merged with the Bank) are valued at cost and classified as part of HTM category. Provision towards diminution in the value of such long-term investments is made only if the diminution in value is not temporary in the opinion of management.
- (x) Security Receipts (SR) are valued at the lower of redemption value and NAV obtained from the Securitisation Company (SC) / Reconstruction Company (RC). 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 Re. 1 per VCF or AIF, as the case may be.

4. Derivatives

Derivative contracts are designated as hedging or trading and accounted for as follows:

- 4.1 The hedging contracts comprise of Forward Rate Agreements, Interest Rate Swaps, and Currency Swaps undertaken to hedge interest rate and currency risk on certain assets and liabilities. The net interest receivable or payable is accounted on an accrual basis over the life of the swaps. However, where the hedge is designated with an asset or liability that is carried at market value or lower of cost and market value, then the hedging instrument is also marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated assets or liabilities.
- 4.2 The trading contracts comprise of trading in Interest Rate Swaps, Interest Rate Futures and Currency Futures. The gain or loss arising on unwinding or termination of the contracts, is accounted for in the Profit and Loss account. Trading contracts outstanding as at the Balance Sheet date are re-valued at their fair value and resulting gains or losses are recognised in the Profit and Loss account.
- 4.3 Gains or losses on the termination of hedge swaps is deferred and recognised over the shorter of the remaining life of the hedge swap or the remaining life of the underlying asset or liability.
- 4.4 Premium paid and received on currency options is accounted when due in the Profit and Loss Account.
- 4.5 Fair value of derivative is determined with reference to bid / asks quoted market price or by using valuation models. Where the fair value is calculated using valuation models, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to the present value. The valuation takes into consideration all relevant market factors (e.g. prices, interest rate, currency exchange rates, volatility, liquidity etc.). Most market parameters are either 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. Depreciation relating to revaluation is adjusted against the Revaluation Reserve.
- 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.

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.

- 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. Capital

1.1 Capital Issue

During the year ended March 31, 2019, 24,63,681 equity shares of ₹ 10 each fully paid (Previous year 20,74,482 equity shares of ₹ 10 each fully paid) aggregating to an amount of ₹ 100.54 crores (Previous year ₹ 101.97 crores) which includes the share capital and share premium, were allotted on various dates to the employees who exercised their stock options.

1.2 Capital Adequacy Ratio

The Bank computes Capital Adequacy Ratio as per Basel III Capital Regulations issued by RBI.

Under Basel III Capital Regulations, on an on-going basis, the Bank has to maintain a Minimum Total Capital (MTC) of 10.875% (Previous year 10.875%) 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, 2019	March 31, 2018
1.	Common Equity Tier 1 capital ratio	12.07%	13.42%
2.	Tier 1 capital ratio	13.70%	14.58%
3.	Tier 2 capital ratio	0.46%	0.45%
4.	Total Capital ratio (CRAR)	14.16%	15.03%
5.	Amount of equity capital raised	100.54	101.97
6.	Amount of Additional Tier 1 capital raised,	1,489.90	1,000.00
	of which:		
	Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
	Perpetual Debt Instruments (PDI)	1,489.90	1,000.00
7.	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)]	-	-

2. Investments
2.1 Details of Investments

(₹ in crores)

	March 31, 2019	March 31, 2018
(1) Value of Investments		
(i) Gross value of Investments	59,648.22	50,285.31
(a) In India	59,648.22	50,285.31
(b) Outside India	-	-
(ii) Provisions for Depreciation	382.06	208.59
(a) In India	382.06	208.59
(b) Outside India	-	-
(iii) Net value of Investments	59,266.16	50,076.72
(a) In India	59,266.16	50,076.72
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on Investments		
(i) Opening balance	208.59	87.72
(ii) Add: Provision made during the year	173.47	120.87
(iii) Less: Write-off / (write-back) of excess provisions during the year	-	-
(iv) Closing balance	382.06	208.59

2.2 Category-wise details of Investments (Net of provision for depreciation)

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018			
	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
i) Government securities	40,347.87	8,296.89	-	48,644.76	30,438.85	9,927.14	-	40,365.99
ii) Other approved securities	-	-	-	-	-	-	-	-
iii) Shares	3.75	125.62	-	129.37	4.75	287.19	-	291.94
iv) Debentures and bonds	-	5,290.03	-	5,290.03	-	4,476.42	-	4,476.42
v) Subsidiaries and/ or Joint Ventures	0	-	-	0	-	-	-	-
vi) Others - Security Receipts, Pass Through Certificates, investment in units of Mutual Funds, Commercial Paper, Venture Capital, etc.	186.80	5,015.20	-	5,202.00	99.42	4,842.95	-	4,942.37
Total	40,538.42	18,727.74	-	59,266.16	30,543.02	19,533.70	-	50,076.72

2.3 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, 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	-	-	-	-
Year ended March 31, 2018				
Securities sold under repo				
i) Government Securities	11.17	1,159.00	18.35	-
ii) Corporate Debt Securities	-	-	-	-
iii) Any Other Securities	-	-	-	-
Securities purchased under reverse repo				
i) Government Securities	150.00	13,300.00	2,046.83	-
ii) Corporate Debt Securities	-	-	-	-
iii) Any Other Securities	-	-	-	-

2.4 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	-

Issuer composition of Non-SLR investments as at March 31, 2018

(₹ in crores)

No.	Issuer	Amount ⁽¹⁾	Extent of private placement	Extent of 'below investment grade' securities ⁽³⁾	Extent of 'unrated' securities	Extent of 'unlisted' securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Sector Undertakings	338.16	338.16	-	-	-
2	Financial Institutions	883.43	883.43	-	-	-
3	Banks	2,803.28	2,803.28	-	-	-
4	Private Corporates	4,563.09	4,555.84	-	-	7.25
5	Subsidiaries / Joint Ventures	-	-	-	-	-
6	Others	1,331.36	1,331.36	-	-	-
7	Provision held towards depreciation	(208.59)				
	Total	9,710.73	9,912.07	-	-	7.25

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.

2.5 Non-performing Non-SLR investments

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance	28.98	2.26
Additions during the year	44.36	27.05
Reductions / Redemption during the year	0.33	0.33
Closing balance	73.01	28.98
Total provisions held	71.76	24.32

2.6 Sale / transfer from HTM category

During the year ended March 31, 2019 and year ended March 31, 2018, the value of sales and transfer of securities to/from HTM category, excluding one-time transfer of securities from HTM and sale on account of Open Market Operation (OMO), has not exceeded 5% of the book value of investments held in HTM category at the beginning of the year. As such, in line with RBI guidelines, specific disclosures on book value, market value, and provisions if any, relating to such sale and transfers are not required to be made.

3. Derivatives**3.1 Interest Rate Swaps, Forward Rate Agreements and Cross Currency Swaps:**

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Notional principal of swap agreements	386,427.12	230,162.23
(ii) Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	2,740.61	1,754.93
(iii) Collateral required by the Bank upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps – With banks	76.65%	71.06%
(v) Net Fair value of the swap book	595.98	372.23

The nature and terms of Interest Rate Swaps (IRS) 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 IRSs outstanding as on March 31, 2018 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	705	51,058.89	MIBOR	Floating Receivable vs Fixed Payable
Trading	688	48,885.45	MIBOR	Fixed Receivable vs Floating Payable
Trading	402	28,850.00	MIFOR	Floating Receivable vs Fixed Payable
Trading	505	31,780.00	MIFOR	Fixed Receivable vs Floating Payable
Trading	7	511.76	EURIBOR	Floating Receivable vs Fixed Payable
Trading	21	493.77	EURIBOR	Fixed Receivable vs Floating Payable
Trading	32	30.14	EURIBOR	Fixed Receivable vs Floating Payable
Trading	161	19,233.39	LIBOR	Floating Receivable vs Fixed Payable
Trading	366	16,491.10	LIBOR	Fixed Receivable vs Floating Payable

The nature and terms of Cross Currency Swaps (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)
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 and 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 CCS outstanding as on March 31, 2018 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	1	9.70	EURIBOR	Floating Receivable vs Fixed Payable (Cross Currency Swap)
Trading	51	8,976.20	LIBOR	Floating Receivable vs Fixed Payable (Cross Currency Swap)
Trading	3	2,854.63	LIBOR	Fixed Receivable vs Floating Payable (Coupon only Swap)
Trading	178	7,846.01	LIBOR	Fixed Receivable vs Floating Payable (Cross Currency Swap)
Trading	1	153.76	LIBOR	Fixed Receivable vs Floating Payable (Principal Only Swap)
Trading	3	65.66	MIBOR	Fixed Receivable vs Floating Payable (Cross Currency Swap)
Trading	4	595.40	NA	Fixed Receivable vs Fixed Payable (Coupon Only Swap)
Trading	130	4,212.64	NA	Fixed Receivable vs Fixed Payable (Cross Currency Swap)
Trading	20	908.26	NA	Fixed Receivable vs Fixed Payable (Principal Only Swap)
Trading	3	104.99	NA	Floating Receivable vs Fixed Payable (Principal Only Swap)
Trading	3	63.90	LIBOR/LIBOR	Floating Receivable vs Floating Payable (Cross Currency Swap)
Trading	1	28.82	LIBOR/MIBOR	Floating Receivable vs Floating Payable (Cross Currency Swap)
Trading	6	1,099.32	LIBOR/MIFOR	Floating Receivable vs Floating Payable (Cross Currency Swap)
Trading	15	4,008.26	MIBOR/LIBOR	Floating Receivable vs Floating Payable (Cross Currency Swap)
Merchant and Cover	1	32.81	LIBOR	Floating Receivable vs Fixed Payable (Cross Currency Swap)
Merchant and Cover	1	25.00	LIBOR	Fixed Receivable vs Floating Payable (Cross Currency Swap)
Merchant and Cover	4	980.15	NA	Fixed Receivable vs Fixed Payable (Cross Currency Swap)
Trading	2	244.80	EURIBOR/LIBOR	Floating Receivable vs Floating Payable (Cross Currency Swap)
Trading	1	14.48	LIBOR	Fixed Receivable vs Fixed Payable (Cross Currency Swap)
Trading	1	85.91	LIBOR	Floating Receivable vs Floating Payable (Cross Currency Swap)
Trading	1	252.97	LIBOR/SOR	Floating Receivable vs Floating Payable (Cross Currency Swap)
Trading	1	264.06	SOR/LIBOR	Floating Receivable vs Floating Payable (Cross Currency Swap)

3.2 Exchange Traded Interest Rate Derivatives

The details of Exchange Traded Interest Rate Derivatives undertaken during the year ended March 31, 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)	-

The details of Exchange Traded Interest Rate Derivatives undertaken during the year ended March 31, 2018 are as below:

(₹ in crores)

Sr. No.	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	
	a) FutureBond/697GS2026/27/07/2017	0.04
	b) FutureBond/697GS2026/31/08/2017	18.30
	c) FutureBond/697GS2026/28/09/2017	4.04
	d) FutureBond/679GS2027/28/09/2017	56.74
	e) FutureBond/679GS2027/26/10/2017	4.00
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2018 (instrument-wise)	-
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-
(iv)	Marked-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-

3.3 Risk Exposure in Derivatives

Derivatives Policy approved by the Board of Directors defines the framework for carrying out derivatives business and lays down policies and processes to measure, monitor and report risk arising from derivative transactions. The policy provides for (a) appropriate risk limits for different derivative products and (b) authority levels for review of limit breaches and to take appropriate actions in such events. As part of the Derivatives Policy, the Bank has a Product Suitability and Customer Appropriateness Policy, which is used to classify customers on the basis of their need for various derivative products and their competence in understanding such products and the attendant risks involved.

Risk Management Department of the Bank is responsible for measuring, reporting and monitoring risk arising from derivatives transactions. It functions independent of Treasury business and undertakes the following activities:

- 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.

The following table presents quantitative disclosures relating to Derivatives:

(₹ in crores)

Sr. No	Particulars	March 31, 2019		March 31, 2018	
		Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
1	Derivatives (Notional Principal Amount) (Note 1)	519,058.62	356,626.92	399,637.00	197,334.49
	a) For hedging	-	-	-	-
	b) For trading	519,058.62	356,626.92	399,637.00	197,334.49
2	Marked to Market Positions (Note 2)				
	a) Asset (+)	5,279.58	2,790.58	3,260.91	1,082.20
	b) Liability (-)	(3,966.38)	(2,440.42)	(2,687.97)	(728.06)
3	Credit Exposure (Note 3)	17,939.11	6,052.65	14,400.55	3,057.53
4	Likely impact of one percentage change in interest rate (100*PV01) (Note 4)				
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	82.02	91.73	101.56	85.13
5	Maximum and Minimum of 100*PV01 observed during the year (Note 5)				
	a) on hedging	-	-	-	-
	b) on trading				
	Maximum	108.52	108.03	102.71	88.28
	Minimum	59.04	40.01	4.82	0.36

Note 1: Outstanding Notional principal amount of exchange traded currency future trades was ₹ 7.77 crores as at March 31, 2019 (Previous year ₹ 85.76 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.

4. Asset Quality

4.1 Non-Performing Assets

The details of movement of gross non-performing assets (NPAs), net NPAs and provisions during the year ended March 31, 2019 and the year ended March 31, 2018 are given below:

(₹ in crores)

		March 31, 2019	March 31, 2018
(i)	Net NPAs to Net Advances (%)	1.21%	0.51%
(ii)	Movement of Gross NPAs		
	a) Opening balance	1,704.91	1,054.87
	b) Additions during the year	5,386.83	3,324.55
	c) Reductions during the year		
	(i) Upgradations	273.54	292.25
	(ii) Recoveries (excluding recoveries made from upgraded accounts)	947.81	1,599.48
	(iii) Technical/Prudential write-offs	-	-
	(iv) Write-offs other than those under (iii) above	1,922.98	782.78
	(v) Sub-total	3,144.33	2,674.51
	d) Closing balance	3,947.41	1,704.91
(iii)	Movement of Net NPAs		
	a) Opening balance	745.67	438.91
	b) Additions during the year	2,535.71	2,003.70
	c) Reductions during the year	1,033.10	1,696.94
	d) Closing balance	2,248.28	745.67
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	959.24	615.96
	b) Provisions made during the year	2,851.12	1,320.85
	c) Write-off / write back of excess provisions	2,111.23	977.57
	d) Closing balance	1,699.13	959.24

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.
- 3) Advances granted to various companies and SPVs belonging to a Group in the infrastructure sector amounting to ₹ 3,004 crores (exposure to holding company of ₹ 2,000 crores and operating companies / SPVs ₹ 1,004 crores), were classified as 'Non-performing –sub-standard' and provided for, in excess of Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to the Advances Portfolio (IRAC norms) ; an accelerated provision has been made taking the provision against holding company

exposure to 70% and operating companies / SPVs to 25%; a part of the loan to the holding company has been subsequently written off as at March 31, 2019.

4.2 Provision coverage ratio

Provision coverage ratio as at March 31, 2019 is 43.04% (Previous year 56.26%).

4.3 Details of technical write-offs and recoveries made thereon

(₹ in crores)

Items	March 31, 2019	March 31, 2018
Opening balance of technical / prudential written off accounts	-	-
Add: Technical / prudential write-offs during the year	-	-
Sub-total	-	-
Less : Recoveries made from previously technical / prudential written-off accounts during the year	-	-
Closing balance of technical / prudential written-off accounts	-	-

4.4 Divergence in Asset Classification and Provisioning for NPAs

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 disclosure's, 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, 2018.

Details relating to divergence between the non-performing advances reported by the Bank, and as assessed by RBI during 2017-18 in their Supervisory Programme for Assessment of Risk and Capital pertaining to the year ended March 31, 2017 are as below:

(₹ in crores)

Sr. No.	Particulars	Amount
1.	Gross NPAs as on March 31, 2017 as reported by the Bank	1,054.87
2.	Gross NPAs as on March 31, 2017 as assessed by RBI	2,405.07
3.	Divergence in Gross NPAs (2-1) (Refer Note 1 and 2 below)	1,350.20
4.	Net NPAs as on March 31, 2017 as reported by the Bank	438.91
5.	Net NPAs as on March 31, 2017 as assessed by RBI	1,440.03
6.	Divergence in Net NPAs (5-4)	1,001.12
7.	Provisions for NPAs as on March 31, 2017 as reported by the Bank	615.96
8.	Provisions for NPAs as on March 31, 2017 as assessed by RBI	965.04
9.	Divergence in provisioning (8-7)	349.08
10.	Reported Net Profit after Tax (PAT) for the year ended March 31, 2017	2,867.89
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence in provisioning	2,639.62

Notes:

- 1) Out of ₹ 1,350.20 crores identified by RBI as non-performing advances, four accounts amounting to ₹ 809.50 crore were fully realised during the year ended March 31, 2018. This includes one large cement company account with an exposure of ₹ 551.70 crores that was resolved as per the resolution plan arrived at the Joint Lenders Forum. Borrower accounts with an exposure of ₹ 118.80 crore were resolved by way of sale to Asset Reconstruction Companies.
- 2) The remaining borrower accounts were classified as non-performing advances during the year ended March 31, 2018 and provided for accordingly.

4.5 Sector-wise advances

(₹ in crores)

Sr. No.	Sector	March 31, 2019			March 31, 2018		
		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	19,264.34	262.14	1.36%	13,011.07	174.09	1.34%
2	Advances to industries sector eligible as priority sector lending Of which: (refer note below):	5,340.14	64.41	1.21%	5,049.12	-	-
a)	Gems and Jewellery	1,063.87	-	-	1,001.99	-	-
b)	Construction (Other than Infrastructure)	17.34	-	-	21.58	-	-
c)	Infrastructure	18.80	-	-	19.64	-	-
d)	Basic Metal and Metal Products	706.82	3.00	-	-	-	-
3	Services	35,620.87	396.24	1.11%	27,212.84	284.79	1.05%
4	Personal loans	417.43	10.88	2.61%	233.95	8.72	3.73%
	Sub-total (A)	60,642.78	733.67	1.21%	45,506.98	467.60	1.03%
B	Non Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry Of which: (refer note below):	37,960.01	1,528.27	4.03%	33,654.24	494.66	1.47%
a)	Gems and Jewellery	5,202.33	104.30	2.00%	5,885.54	102.33	1.74%
b)	Construction (Other than Infrastructure)	1,107.63	2.13	0.19%	3,583.03	92.18	2.57%
c)	Infrastructure	12,813.09	1,250.42	9.76%	6,561.89	219.05	3.34%
d)	Basic Metal and Metal Products	4,985.71	0.30	0.01%	-	-	-
3	Services	78,980.07	1,412.81	1.79%	59,524.12	575.48	0.97%
4	Personal loans	10,509.77	272.66	2.59%	7,227.56	167.17	2.31%
	Sub-total (B)	1,27,449.85	3,213.74	2.52%	1,00,405.92	1,237.31	1.23%
	Total (A+B)	1,88,092.63	3,947.41	2.10%	1,45,912.90	1,704.91	1.17%

Note:

Segments contributing in excess of 10% of the Sector as at March 31, 2019 are individually listed; Basic Metal and Metal Products constituted less than 10% on March 31, 2018.

(₹ in crores)

4.6 Details of Loan Assets subjected to Restructuring as on March 31, 2019

Sr. No	Type of Restructuring → Asset Classification → Details →	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
		Stan Dard	Sub- Stan Dard	Doubtful	Loss	Total	Stan dard	Sub- Stan Dard	Doubtful	Loss	Total	Stan Dard	Sub- Stan Dard	Doubtful	Loss	Total	
1	Restructured Accounts as on 01/04/2018	No. of borrowers Amount outstanding Provision thereon	3 82.51 6.89	- - -	- - -	3 82.51 6.89	2 0.17 0.17	- - -	- - -	2 0.17 0.17	2 219.04 92.35	5 82.68 7.06	- 219.04 92.35	- - -	2 219.04 92.35	7 301.72 99.41	
2	Fresh restructuring during the year	No. of borrowers Amount outstanding Provision thereon	- 0.16 -	- - -	- 0.16 -	4,415 169.40 0.21	5 1.59 0.23	- - -	- - -	4,420 169.40 0.21	6 1.82 33.41	1 171.15 0.23	- - -	- - -	6 171.38 33.70	4,421 171.38 33.70	
3	Upgradation to restructured standard category during the FY	No. of borrowers Amount outstanding Provision thereon	-1 -38.34 -3.20	- - -	-1 -38.34 -3.20	- - -	- - -	- - -	- - -	- - -	- - -	-1 -38.34 -3.20	- - -	- - -	- - -	-1 -38.34 -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	No. of borrowers Amount outstanding Provision thereon	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
5	Downgradations of restructured accounts during the FY	No. of borrowers Amount outstanding Provision thereon	- - -	- - -	- - -	-68 -2.66 -0.20	68 2.66 0.20	- - -	- - -	- - -	- - -	-68 -2.66 -0.20	- - -	- - -	- - -	- - -	
6	Write-offs of restructured accounts during the FY 2018-19	No. of borrowers Amount outstanding Provision thereon	- -11.45 -1.59	- - -	- -11.45 -1.59	-561 -35.55 -0.20	68 2.66 0.20	- - -	-629 -38.21 -0.20	-1 -110.05 -44.02	-1 -110.05 -44.02	-561 -47.00 -1.59	-68 -2.66 -0.20	-1 -110.05 -44.02	-630 -159.71 -45.81	-630 -159.71 -45.81	
7	Restructured Accounts as on 31/03/2019 (closing figure)	No. of borrowers Amount outstanding Provision thereon	2 32.88 2.10	- - -	2 32.88 2.10	3,788 131.36 0.18	5 1.59 0.08	1 0.23 0.08	1 108.99 81.74	7 110.81 81.82	1 108.99 81.74	3,795 165.83 2.28	1 108.99 0.08	1 108.99 81.74	3,797 275.05 84.10	3,797 275.05 84.10	

- Provision includes diminution / FTL / 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.

4.6 Details of Loan Assets subjected to Restructuring as on March 31, 2018

(₹ in crores)

Sr. No	Type of Restructuring →	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
		Sub-Standard	Doubtful	Loss	Total	Sub-Standard	Doubtful	Loss	Total	Sub-Standard	Doubtful	Loss	Total	Sub-Standard	Doubtful	Loss	Total
		Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard
1	Restructured Accounts as on 01/04/2017	No. of borrowers Amount outstanding Provision thereon	4 230.57 31.98	1 31.98 31.98	5 262.55 53.23	3 14.40 4.25	- - -	3 14.40 4.25	2 205.06 10.00	- - -	- - -	2 205.06 10.00	9 450.03 35.50	1 31.98 31.98	- - -	10 482.01 67.48	
2	Fresh restructuring during the year	No. of borrowers Amount outstanding Provision thereon	- 3.60 -	- 0.02 0.02	- 3.60 0.02	- 0.02 0.02	- - -	- 0.02 0.02	- 13.98 -	- -	- -	13.98 -	- 3.62 0.02	- 13.98 -	- -	- 17.60 0.02	
3	Upgradation to restructured standard category during the FY	No. of borrowers Amount outstanding Provision thereon	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers Amount outstanding Provision thereon	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
5	Downgradations of restructured accounts during the FY	No. of borrowers Amount outstanding Provision thereon	-1 -129.06 -9.50	1 129.06 9.50	-1 -14.24 -4.09	-1 14.24 4.09	- - -	-1 -205.06 -10.00	2 205.06 92.35	-2 -348.36 -23.59	- - -	2 205.06 92.35	-4 -348.36 -23.59	4 348.36 105.94	- - -	- - 82.35	
6	Write-offs of restructured accounts during the FY 2017-18	No. of borrowers Amount outstanding Provision thereon	- 22.60 -4.86	-2 -161.04 -41.48	-2 -183.64 -46.34	-1 -14.24 -4.09	- - -	-1 -14.25 -4.10	- - -	- - -	- - -	- - -	- -22.61 -4.87	-3 -175.28 -45.57	- - -	-3 -197.89 -50.44	
7	Restructured Accounts as on 31/03/2018 (closing figure)	No. of borrowers Amount outstanding Provision thereon	3 82.51 6.89	- 0.17 0.17	3 82.51 6.89	2 0.17 0.17	- - -	2 0.17 0.17	2 219.04 92.35	- - -	- - -	2 219.04 92.35	5 82.68 7.06	2 219.04 92.35	- - -	7 301.72 99.41	

1. Provision includes diminution / FITL / NPA provision, wherever applicable.
2. Sr. No. 2 includes additions to existing restructured accounts of ₹ 17.60 crores (provision ₹ 0.02 crores).
3. Sr. No. 6 includes reductions in existing restructured accounts of ₹ 197.89 crores (provision ₹ 50.44 crores) due to repayment, CDR exit, OTS, sold to ARC, and restructuring failures.
4. In case of NPAs, outstanding reported is net of unrealised interest.

- 4.7** In accordance with the Revised Framework on Resolution of Stressed Assets issued by RBI vide a circular dated February 12, 2018, the extant instructions on resolution of stressed assets such as Framework for Revitalising Distressed Assets, Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long Term Project Loans, Strategic Debt Restructuring Scheme (SDR), Change in Ownership outside SDR, and Scheme for Sustainable Structuring of Stressed Assets (S4A) have been withdrawn. The Joint Lenders' Forum as an institutional mechanism for resolution of stressed accounts was also discontinued. However, accounts where the schemes have been implemented by then were allowed to continue, and the following details pertain to such accounts where the respective schemes have been implemented before the said circular became effective.

a) Details of cases where scheme for Sustainable Structuring of Stressed Assets (S4A) is implemented :

(₹ in crores)

No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
		In Part A	In Part B	
As at March 31, 2019				
Classified as Standard	35.27	20.53	14.74	7.07
Classified as NPA	-	-	-	-
As at March 31, 2018				
Classified as Standard	35.47	20.73	14.74	7.09
Classified as NPA	-	-	-	-

b) Details of cases under Flexible Structuring of Existing Loans :

(₹ in crores)

Year ended	No. of borrowers taken up for flexibly structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring (years)	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
March 31, 2019	-	-	-	-	-
March 31, 2018	1	51.85	-	6.25	7.83

c) Details of cases under Strategic Debt Restructuring Scheme (SDR) (accounts which are currently under the stand-still period) :

As at March 31, 2019

(₹ in crores)

No. of accounts where SDR has been invoked	Amount outstanding		Amount outstanding with respect to accounts where conversion of debt to equity is pending		Amount outstanding with respect to accounts where conversion of debt to equity has taken place	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
-	-	-	-	-	-	-

As at March 31, 2018

(₹ in crores)

No. of accounts where SDR has been invoked	Amount outstanding		Amount outstanding with respect to accounts where conversion of debt to equity is pending		Amount outstanding with respect to accounts where conversion of debt to equity has taken place	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
-	-	-	-	-	-	-

- d)** Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period) as at March 31, 2019: 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, 2019: Nil (Previous year Nil)
- f)** During the year ended March 31, 2019, no MSME account was restructured.
- 4.8 a)** **Details of financial assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for asset reconstruction :**

(₹ in crores)

		March 31, 2019	March 31, 2018
1)	No. of accounts	1,252	2,892
2)	Aggregate value (net of provisions) of accounts sold to SC / RC	548.80	466.56
3)	Aggregate consideration	571.24	484.80
4)	Additional consideration realized in respect of accounts transferred in earlier years	8.07	0.30
5)	Aggregate gain / (loss) over net book value	30.51	18.54

- b)** **Details of book value of investment in security receipts (SRs) :**

(₹ in crores)

Particulars	March 31, 2019	March 31, 2018
Backed by NPAs sold by the Bank as underlying	804.28	569.54
Backed by NPAs sold by the other Banks/Financial Institutions/ Non-Banking Financial Companies as underlying	-	19.12
Total	804.28	588.66

c) **Details of Investment in Security Receipts (SRs) :**

(₹ in crores)

Particulars		As at March 31, 2019			As at March 31, 2018		
		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	734.94	69.34	-	504.55	64.99	-
	Provision held against (i)	186.27	36.13	-	112.86	29.50	-
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	-	19.12	-	-
	Provision held against (ii)	-	-	-	-	-	-
Total (i) + (ii)		734.94	69.34	-	523.67	64.99	-

(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)

4.9 During the year ended March 31, 2019, there has been no individual purchase / sale of non-performing financial assets from/ to other banks (Previous year Nil).

4.10 During the year ended March 31, 2019, there was no sale of assets through securitization except sale of assets to SC/RC (Previous year Nil).

4.11 Provision on Standard Assets

In accordance with RBI guidelines, general provision on standard assets is made at the following rates:

- At 1% on standard advances to Commercial Real Estate Sector;
- At 0.25% on standard direct advances to SME and Agriculture; and
- At 0.40% of the balance outstanding in other standard assets.

Standard assets provision also includes additional provision made pursuant to RBI instructions including provisions towards restructured standard assets.

The provision on standard assets is included in 'Other Liabilities and Provisions – Others' in Schedule 5, and is not netted off from Advances. The amount of provision held on standard assets is as below:

(₹ in crores)

Items	March 31, 2019	March 31, 2018
Provision held for Standard Assets	819.72	738.65
[Including ₹ 52.00 crores towards Unhedged Foreign Currency Exposure of clients (Previous year ₹ 52.00 crores)]		

4.12 Unhedged Foreign Currency Exposure (UFCE) of Clients

Foreign exchange risk is the risk of loss arising out of adverse movements in foreign exchange rates affecting both on-balance sheet and off-balance sheet exposures. The forex positions that are not effectively hedged either by way of natural hedge or through derivatives/forward contracts expose a client to the risk of loss due to volatility in the forex rates. The Bank assesses the risk arising out of such UFCE of the clients at the time of credit appraisal and monitors the same at regular intervals. The provision for standard assets as of March 31, 2019, included an amount of ₹ 52.00 crores (Previous year ₹ 52.00 crores) towards UFCE. Further, capital held under Basel III Capital Regulations, as of March 31, 2019, includes an amount of ₹ 169.29 crores (Previous year ₹ 185.09 crores) on account of UFCE, computed at the applicable risk weights.

4.13 Floating provision

(₹ in crores)

Items	March 31, 2019	March 31, 2018
Opening balance	70.00	-
Provisions made during the year	-	70.00
Draw-down made during the year	-	-
Closing balance	70.00	70.00

4.14 As on March 31, 2019 and March 31, 2018, no resolution plan in respect of accounts wherein aggregate exposure of the lenders amounted to ₹ 2,000 crores or above, has been implemented in accordance with the Revised Framework on Resolution of Stressed Assets issued by RBI vide a circular dated February 12, 2018.

5. Business ratios

Ratio	March 31, 2019	March 31, 2018
i) Interest income as a percentage to working funds	9.38%	9.10%
ii) Non-interest income as a percentage to working funds	2.38%	2.50%
iii) Operating profit as a percentage to working funds	3.41%	3.50%
iv) Return on assets	1.39%	1.90%
v) Business (deposits plus gross advances) per employee (₹ in lakhs)	1,346.77	1,154.37
vi) Profit per employee (₹ in lakhs)	11.90	14.26

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.

6. Asset Liability Management

6.1 Maturity Pattern of certain items of Assets and Liabilities

As at March 31, 2019:

(₹ in crores)

	Deposits	Loans & Advances*	Investments	Borrowings	Foreign currency assets	Foreign currency liabilities
Day 1	923.45	856.13	-	0.51	1,016.56	84.59
2 to 7 Days	6,051.36	8,494.75	41.34	2,910.54	1,197.64	1,308.67
8 to 14 Days	5,978.91	3,710.29	-	-	1,124.46	59.49
15 to 30 Days	6,060.89	7,145.65	101.17	3,070.48	585.66	3,223.67
31 days to 2 months	8,505.78	5,528.39	702.55	5,717.72	1,754.50	147.87
Over 2 months to 3 months	14,875.82	8,686.43	2,434.36	1,970.47	2,431.07	1,400.86
Over 3 months to 6 months	14,587.96	11,241.67	2,471.41	4,018.96	1,320.18	2,705.05
Over 6 months to 1 year	42,167.18	23,006.57	6,216.97	7,231.34	1,099.66	5,654.11
Over 1 year to 3 years	27,520.15	68,294.44	5,860.11	14,283.74	797.38	8,592.58
Over 3 years to 5 years	19,323.50	24,983.41	3,037.64	3,756.86	2,392.13	3,209.64
Over 5 years to 7 years	9,854.46	7,935.38	5,559.95	791.35	821.69	1,390.85
Over 7 years to 10 years	14,341.53	6,303.75	12,670.70	3,569.15	222.01	185.28
Over 10 years to 15 years	14,292.45	9,610.43	8,263.92	-	93.11	115.45
Above 15 years	10,384.47	3,296.21	11,906.04	-	-	88.27
Total	1,94,867.91	1,89,093.50	59,266.16	47,321.12	14,856.05	28,166.38

* Loans & Advances include an amount of ₹ 2,700 crores of bills rediscounted under Bill Re-Discounting Scheme.

The above information is as provided to RBI, as per MIS for internal reporting purpose and relied upon by the auditors.

As at March 31, 2018

(₹ in crores)

	Deposits	Loans & Advances*	Investments	Borrowings	Foreign currency assets	Foreign currency liabilities
Day 1	822.35	689.17	-	0.39	1,447.10	310.95
2 to 7 Days	3,765.32	5,475.17	35.56	8,244.25	1,111.70	942.55
8 to 14 Days	5,245.91	5,510.78	1.10	-	541.80	51.52
15 to 30 Days	3,547.53	5,214.22	4.98	814.69	977.27	999.83
31 days to 2 months	9,822.62	5,495.79	282.81	814.69	1,964.65	913.71
Over 2 months to 3 months	10,345.54	6,870.29	2,379.11	-	2,962.65	97.35
Over 3 months to 6 months	9,229.09	11,999.72	2,299.77	3,032.59	1,802.97	519.02
Over 6 months to 1 year	33,352.50	19,651.62	4,716.85	3,387.75	1,245.41	3,488.70
Over 1 year to 3 years	21,765.34	49,134.46	6,652.40	15,601.25	1,492.10	9,164.52
Over 3 years to 5 years	16,017.03	15,675.57	3,665.57	1,878.08	1,962.44	1,867.55
Over 5 years to 7 years	7,838.82	6,677.20	3,958.18	942.08	263.49	998.16
Over 7 years to 10 years	11,409.27	6,674.85	7,327.46	3,573.31	366.15	159.96
Over 10 years to 15 years	11,136.65	2,977.04	9,735.89	-	-	81.54
Above 15 years	7,341.20	5,007.78	9,017.04	-	-	56.07
Total	1,51,639.17	1,47,053.66	50,076.72	38,289.08	16,137.73	19,651.43

* Loans & Advances include an amount of ₹ 2,100 crores of bills rediscounted under Bill Re-Discounting Scheme.

The above information is as provided to RBI, as per MIS for internal reporting purpose and relied upon by the auditors.

6.2 Liquidity Coverage Ratio (LCR)

Liquidity Coverage Ratio (LCR) aims to ensure that the Bank is able to maintain an adequate level of unencumbered High Quality Liquid Assets (HQLAs) to meet its liquidity needs convertible into cash under significantly severe liquidity stress scenario lasting for a 30-calendar 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 the ratio of unencumbered HQLAs to Net Cash Outflows over the next 30 calendar days. The following table presents the minimum LCR to be maintained, in terms of RBI guidelines.

Effective from	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019
Minimum LCR	80%	90%	100%

The Bank maintains HQLA in terms of Cash, unencumbered excess SLR, proportion of statutory SLR as allowed by RBI, excess statutory cash reserve and high rated corporate bonds issued by entities other than financial institutions. For the purposes of LCR computation, the Bank has considered all inflows and outflows that may have a quantifiable impact under the liquidity stress scenario.

Quantitative disclosure:

Following is the quantitative disclosures relating to LCR for the year ended March 31, 2019, wherein the amounts are average of daily positions during the quarter:

	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		29,741.09		32,786.20		37,104.72		39,425.68
Cash Outflows								
2								
(i)	4,507.26	225.36	4,669.40	233.47	4,877.34	243.87	5,406.12	270.31
(ii)	32,497.88	3,249.79	33,056.86	3,305.69	36,196.45	3,619.65	41,245.19	4,124.52
3								
(i)	-	-	-	-	-	-	-	-
(ii)	62,781.55	31,623.44	66,099.16	33,461.20	71,635.86	37,117.65	75,681.46	39,417.45
(iii)	-	-	-	-	-	-	-	-
4								
5								
(i)	51,172.05	51,172.05	27,150.87	27,150.87	27,640.36	27,640.36	59,124.00	59,124.00
(ii)	-	-	-	-	-	-	-	-
(iii)	-	-	-	-	-	-	-	-
6	1,970.64	1,970.64	3,724.26	3,724.26	3,773.13	3,773.13	3,231.19	3,231.19
7	56,888.42	2,009.54	64,193.62	2,342.26	64,983.91	2,356.08	63,933.20	2,280.68
8		90,250.82		70,217.75		74,750.74		108,448.15

(₹ in crores)

(₹ 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)
Cash Inflows								
9	-	-	-	-	-	-	-	-
10	68,566.48	61,914.93	45,875.51	38,811.39	44,525.48	38,427.68	79,299.76	72,970.50
11	-	-	10.33	5.16	-	-	164.17	82.08
12		61,914.93		38,816.55		38,427.68		73,052.58
13		29,741.09		32,786.20		37,104.72		39,425.68
14		28,335.89		31,401.20		36,323.06		35,395.57
15		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.

Following is the quantitative disclosures relating to LCR for the year ended March 31, 2018, wherein the amounts are average of daily positions during the quarter:

(₹ in crores)

	June 2017		September 2017		December 2017		March 2018	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1		29,282.27		31,189.34		27,192.33		29,805.10
Cash Outflows								
2	Retail deposits and deposits from small business customers, of which:							
(i)	4,166.26	208.31	4,234.96	211.75	4,326.15	216.31	4,410.11	220.51
(ii)	30,112.98	3,011.30	32,576.68	3,257.67	33,467.16	3,346.72	33,726.48	3,372.65
3	Unsecured wholesale funding, of which:							
(i)	-	-	-	-	-	-	-	-
(ii)	53,626.39	30,651.01	61,506.95	33,386.14	61,228.49	31,676.92	65,395.37	34,259.98
(iii)	-	-	-	-	-	-	-	-
4	Secured wholesale funding							
5	Additional requirements, of which							
(i)	19,977.34	19,977.34	12,437.81	12,437.81	24,618.94	24,618.94	36,291.31	36,291.31
(ii)	Outflows related to loss of funding on debt products							
(iii)	Credit and liquidity facilities							
6	1,382.25	1,382.25	1,862.65	1,862.65	766.52	766.52	1,924.36	1,924.36
7	44,749.53	1,583.00	41,342.61	1,415.73	46,683.83	1,641.55	51,553.36	1,797.53
8	Total Cash Outflows		56,813.21		62,266.96		77,866.34	

(₹ in crores)

	June 2017		September 2017		December 2017		March 2018	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
Cash Inflows								
9	-	-	-	-	-	-	-	-
10	26,813.60	24,574.69	27,146.48	22,900.39	37,998.32	33,609.25	55,913.65	50,616.83
11	530.52	265.26	427.47	213.73	75.74	37.87	-	-
12		24,839.95		23,114.12		33,647.12		50,616.83
13		29,282.27		31,189.34		27,192.33		29,805.10
14		31,973.26		29,457.63		28,619.84		27,249.51
15		91.58%		105.88%		95.01%		109.38%

The above information is provided as per MIS for internal reporting purpose and relied upon by the auditors.

7. Exposures

7.1 Exposure to Real Estate Sector:

(₹ in crores)

Particulars	March 31, 2019	March 31, 2018
(a) Direct exposure		
(i) Residential Mortgages - of which housing loans eligible for inclusion in priority sector advance ₹ 379.03 crores (Previous year ₹ 155.85 crores)]	11,039.75	9,367.74
(ii) Commercial Real Estate	20,509.03	12,376.32
(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)	5,206.11	3,187.56
Total Exposure to Real Estate Sector	36,754.89	24,931.62

7.2 Exposure to Capital Market:

(₹ in crores)

Particulars	March 31, 2019	March 31, 2018
(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	197.87	340.87
(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	258.45	203.07
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds, i.e. where the primary security other than shares / convertible bonds/ convertible debentures/ units of equity oriented mutual funds does not fully cover the advances	5,576.64	5,092.19
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	1,446.23	1,716.24
(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	-	-

Particulars	March 31, 2019	March 31, 2018
(vii) Bridge loans to companies against expected equity flows/issues	-	-
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix) Financing to stockbrokers for margin trading	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered)	186.79	99.42
(xi) Irrevocable payment commitments issued by custodian banks in favour of stock exchanges	-	-
Total Exposure to Capital Market	7,665.98	7,451.79

During the year ended March 31, 2019 and the year ended March 31, 2018, no debt has been converted to equity as a part of strategic debt restructuring which is exempt from CME limit.

7.3 Risk Category-wise exposure to country risk

(₹ in crores)

Risk category	March 31, 2019		March 31, 2018	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	3,220.82	-	3,121.26	6.35
Low	7,018.25	-	5,054.25	-
Moderate	332.13	-	208.61	-
High	525.93	-	248.86	-
Very High	295.56	-	376.03	-
Restricted	241.76	-	112.26	-
Off Credit	0.03	-	72.37	-
Total	11,634.48	-	9,193.64	6.35

7.4 Single borrower limit and Group Borrower Limit

During the year ended March 31, 2019 and year ended March 31, 2018, the Bank's credit exposures to single borrowers and group borrowers were within the prudential limits prescribed by RBI.

7.5 Unsecured advances

The Bank has not extended any project advances where the collateral is an intangible asset such as a charge over rights, licenses, authorizations, etc. (Previous year Nil). The Unsecured Advances of ₹ 37,444.15 crores (Previous year ₹ 29,396.20 crores) as disclosed in Schedule 9B (iii) are without any collateral or security.

7.6 Details of factoring exposure

The factoring exposure of the Bank as at March 31, 2019 is ₹ 138.95 crores (Previous year ₹ 46.59 crores).

8. Concentration of Deposits, Advances, Exposures and NPAs

8.1 Concentration of Deposits

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Total Deposits of twenty largest depositors	47,378.61	36,058.36
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	24.31%	23.78%

8.2 Concentration of Advances

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Total Advances to twenty largest borrowers	44,361.94	37,343.05
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	14.58%	15.32%

Advances are computed as per the definition of Credit Exposure including derivatives as prescribed in Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

8.3 Concentration of Exposures

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Total Exposure to twenty largest borrowers / customers	44,362.21	37,343.05
Percentage of Exposure of twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	14.07%	14.79%

Exposures are computed as per the definition in Master Circular on Exposure Norms DBR.No.Dir. BC.12/13.03.00/2015-16 dated July 1, 2015 and includes credit, derivatives and investment exposure.

8.4 Concentration of NPAs

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Total Exposure to top four NPA accounts	2,055.83	417.54

Note: The Exposure herein is Funded Exposure, net of unrealised interest.

8.5 Intra-Group Exposure

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Total amount of intra-group exposure	-	-
Total amount of top-20 intra-group exposure	-	-
Percentage of Intra Group Exposure to Total Exposure of the Bank on borrower/ Customer	-	-
Details of Breach of Limit on Intra Group exposure and Regulatory action thereon, if any	-	-

8.6 Priority Sector Lending Certificates (PSLC):

(₹ in crores)

	Year ended March 31, 2019		Year ended March 31, 2018	
	PSLC Sold	PSLC Purchased	PSLC Sold	PSLC Purchased
1) PSLC Agriculture	-	800.00	-	-
2) PSLC Small Farmers / Marginal Farmers	500.00	775.00	-	-
3) PSLC Micro Enterprises	4,525.00	-	83.00	-
4) PSLC General	7,800.00	10,575.00	900.00	1,000.00

9. Miscellaneous
9.1 Amount of Provisions for taxation during the year

(₹ in crores)

Particulars	March 31, 2019	March 31, 2018
Current tax	1,972.76	1,900.02
Incremental deferred tax asset net of deferred tax liability (Refer Note 11.6 of Schedule 18)	(293.29)	(25.33)
Total	1,679.47	1,874.69

9.2 Penalties imposed by RBI

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.

During the year ended March 31, 2018, RBI imposed a penalty of ₹ 3.00 crores for non-adherence to Income Recognition and Asset Classification norms and regulatory restriction pertaining to non-fund based facilities in exercise of powers vested under Section 47(A)(1)(c) read with section 46(4) of the Banking Regulation Act, 1949. This penalty was duly paid by the Bank.

9.3 Fixed Assets

9.3.1 Cost of premises includes ₹ 4.09 crores (Previous year ₹ 4.09 crores) in respect of properties for which execution of documents and registration formalities are in progress. Of these properties, the Bank has not obtained full possession of one property having written down value of ₹ 1.48 crores (Previous year ₹ 1.51 crores) and has filed a suit for the same.

9.3.2 Computer software

The movement in fixed assets capitalized as computer software is given below:

(₹ in crores)

Particulars	March 31, 2019	March 31, 2018
At cost at the beginning of the year	389.71	338.52
Addition during the year	78.01	51.19
Deduction during the year	0.03	-
Accumulated depreciation as at the end of the year	315.74	260.50
Closing balance as at the end of the year	151.95	129.21
Depreciation charge for the year	55.27	53.24

9.3.3 Premises owned by the Bank were revalued as at March 31, 2019 in accordance with Bank's policy and an amount of ₹ 29.69 crores (Previous year Nil) was debited to Revaluation Reserve Account.

9.4 Contingent Liabilities

The Bank's pending litigations include claims against the Bank by clients and counterparties and proceedings pending with tax authorities. The Bank has reviewed its pending litigations and proceedings and has adequately provided for where provisions are required, and disclosed as contingent liabilities where applicable. Claims against the Bank not acknowledged as debts comprise of tax demands of ₹ 89.41 crores (Previous year ₹ 176.28 crores) in respect of which the Bank is in appeal, and legal cases sub judice of ₹ 306.22 crores (Previous year ₹ 300.24 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 that 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 has been filed and is pending before the SC for disposal. Since there are no other directions from the EPFO and pending decision of the review petition on the subject, no liability is currently ascertainable and consequently no effect has been given in the financial statement.

9.5 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.

9.6 Overseas Asset, NPAs and Revenue

During the year, the Bank earned a revenue of ₹ 305.53 crores through overseas assets (Previous year ₹ 116.78 crores). The overseas assets as at March 31, 2019 amounted to ₹ 4,547.40 crores (Previous year ₹ 4,396.30 crores) and there were no NPAs (Previous year Nil). Assets for this purpose is defined to include client advances.

9.7 The Bank does not have any Off-Balance Sheet SPVs which are required to be consolidated as per accounting standards (Previous year Nil).

9.8 Transfers to Depositor Education and Awareness Fund (DEAF):

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance of amounts transferred to DEAF	23.63	18.95
Add: Amounts transferred to DEAF during the year	5.92	5.10
Less: Amounts reimbursed by DEAF towards claims	0.49	0.42
Closing balance of amounts transferred to DEAF	29.06	23.63

9.9 There is no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank (Previous year Nil).

9.10 Corporate Social Responsibility (CSR)

During the year, the Bank has spent an amount of ₹ 55.46 crores (Previous year ₹ 20.47 crores) towards CSR initiatives through various projects in the areas of Environment (Watershed Development, Afforestation, Lake/Pond Rejuvenation), Education, Rural Development and Inclusiveness, Preventive Healthcare and Sports. Of the total CSR spends, no amount was incurred towards capital expenditure (Previous year ₹ 0.13 crores).

9.11 Drawdown from Reserves

During the year ended March 31, 2019 and year ended March 31, 2018, the Bank did not draw down from the reserves (refer note 12.5 of Schedule 18).

9.12 Credit Default Swaps

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended March 31, 2019 (Previous year Nil).

9.13 On October 14, 2017, the Board of Directors of the Bank and Bharat Financial Inclusion Limited (BFIL), at their respective meetings, approved a merger of BFIL with the Bank in an all-stock transaction through a Composite Scheme of Arrangement (Scheme). The Competition Commission of India has approved the proposed Scheme and RBI has conveyed their 'No Objection' for the Scheme and an approval for incorporating a Wholly-Owned-Subsidiary to act as Business Correspondent of the Bank. The Scheme has received 'no adverse remarks' from the National Stock Exchange of India Limited and BSE Limited, basis the comments received from the Securities and Exchange Board of India. For the purposes of implementing the Scheme, IndusInd Financial Inclusion Limited (IFIL) has been incorporated on August 06, 2018 as a wholly owned subsidiary of the Bank. Pursuant to an order of National Company Law Tribunal (NCLT), the following meetings were convened: (a) shareholders' meeting of the Bank, on December 11, 2018; (b) shareholders' meeting and creditors' meetings of BFIL, on December 11, 2018; and (c) shareholders' meeting of IFIL, on December 7, 2018. The shareholders and creditors of the Bank, BFIL and IFIL, as applicable, have approved the Scheme at the aforesaid meetings. The petition filed with NCLT to sanction the Scheme was heard on April 23, 2019 and the matter was reserved by the NCLT for final order. Accordingly, the proposed Scheme has not been given effect to in the standalone profit for the year ended March 31, 2019 or the standalone balance sheet as at that date.

9.14 Movement in depreciation of Fixed Assets

(₹ in crores)

Depreciation	2018-19	2017-18
Premises		
At the beginning of the year	82.15	74.96
Transferred from Revaluation Reserve	6.03	6.13
Charge for the year	3.25	2.05
Deduction during the year	0.20	0.99
Depreciation to date	91.23	82.15
Other Fixed Assets		
At the beginning of the year	1,125.28	940.21
Charge for the year	225.60	209.59
Deduction during the year	33.67	24.52
Depreciation to date	1,317.21	1,125.28

9.15 Bancassurance business

Commission, Exchange and Brokerage in Schedule 14 include the following fees earned on Bancassurance business:

(₹ in crores)

Particulars	Year ended March 2019	Year ended March 2018
For selling life insurance policies	121.32	93.60
For selling non-life insurance policies	99.78	96.10
For selling mutual fund products	85.96	155.28
Others	-	-
Total	307.06	344.98

10. Employee Stock Option Scheme (ESOS)

10.1 The shareholders of the Bank approved Employee Stock Option Scheme (ESOS 2007) on September 18, 2007. ESOS enables the Board and the Compensation Committee to grant such number of stock options of the Bank not exceeding 7% of the aggregate number of issued and paid up equity shares of the Bank, in line with the guidelines issued by the SEBI. The options vest within a maximum period of five years from the date of grant of option. The exercise price for each grant is decided by the Compensation Committee, which is normally based on the latest available closing price. Upon vesting, the options have to be exercised within a maximum period of five years. The stock options are equity settled where the employees will receive one equity share per stock option.

Pursuant to the ESOS 2007 scheme, the Compensation Committee of the Bank has granted 4,18,91,300 options as set out below:

Sr. No	Date of grant	2018-19		2017-18	
		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
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

Sr. No	Date of grant	2018-19		2017-18	
		No of options	Range of exercise price (₹)	No of options	Range of exercise price (₹)
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		
56.	28-Sep-18	1,09,000	1,682.00		
57.	20-Mar-19	85,000	1,725.20		

10.2 Recognition of expense

The Bank follows the intrinsic value method to recognize employee costs relating to ESOS, in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the ICAI. Excess of fair market price over the exercise price of an option at the grant date, is 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.

10.3 Stock option activity under the scheme is set out below:

	2018-19		2017-18	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,13,16,874	854.18	1,17,32,111	657.14
Granted during the year	2,58,000	1,747.78	17,93,500	1,732.20
Forfeited / surrendered during the year	1,24,610	1,591.98	1,31,275	985.11
Exercised during the year	24,63,681	408.10	20,74,482	491.52
Expired during the year	2,310	253.60	2,980	253.41
Outstanding at the end of the year	89,84,273	992.08	1,13,16,874	854.18
Options exercisable at the end of the year	68,40,698	816.40	71,11,745	548.15

The weighted average price of options exercised during the year is ₹ 1,554.61 (Previous year ₹ 1,626.08).

Following table summarizes the information about stock options outstanding as at March 31, 2019:

Date of grant	2018-19			2017-18		
	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)
28-Jan-10 A				48.00	4,00,000	0.84
28-Jun-10				196.50	18,662	0.24
17-Jan-11	228.70	1,70,000	-	228.70	8,40,000	0.82
07-Feb-11 A				220.45	1,07,500	0.86
24-Jun-11	253.60	17,620	0.23	253.60	61,333	0.88
21-Dec-11	231.95	2,53,000	0.73	231.95	4,03,000	1.36
29-Feb-12	304.05	34,000	0.92	304.05	67,000	1.43
19-Apr-12	345.60	29,000	1.05	345.60	39,500	1.70
25-May-12	304.55	3,093	1.15	304.55	5,675	1.16
10-Jul-12	343.25	1,47,400	1.28	343.25	1,47,400	1.79
10-Oct-12	365.75	2,700	1.53	365.75	3,750	1.88
20-Jun-13	478.45	27,000	2.22	478.45	28,500	3.12
18-Jul-13	453.90	1,46,480	2.30	453.90	2,50,630	2.60
23-Sep-13	411.50	10,000	2.48	411.50	10,000	2.49
29-Oct-13	412.25	2,560	2.58	412.25	3,560	3.58
29-Jan-14	389.85	2,030	2.84	389.85	9,100	3.40
29-Jan-14 A	300.00	7,00,000	2.84	300.00	7,00,000	2.84
25-Mar-14	490.30	1,25,000	2.99	490.30	1,25,510	3.00
15-May-14	537.05	3,000	3.13	537.05	8,765	3.58
02-Jun-14	533.95	13,66,510	3.18	533.95	18,08,320	3.30
09-Jul-14	551.10	1,700	3.28	551.10	1,700	4.28
13-Oct-14	623.25	20,100	3.54	623.25	23,865	3.72

Date of grant	2018-19			2017-18		
	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-15	831.85	37,000	3.80	831.85	38,150	3.84
23-Feb-15	876.80	1,040	3.90	876.80	1,040	4.56
30-Mar-15	880.75	8,380	4.00	880.75	9,000	4.01
22-May-15	848.20	5,000	4.15	848.20	41,114	4.27
24-Jul-15	949.80	7,85,210	4.32	949.80	10,97,095	4.50
21-Sep-15	918.65	11,000	4.48	918.65	70,760	5.27
04-Nov-15	911.85	58,580	4.60	911.85	61,040	4.68
12-Jan-16	936.75	2,345	4.79	936.75	3,500	4.80
12-Jan-16	886.75	10,00,000	4.79	886.75	10,00,000	4.80
12-May-16	1,053.75	3,275	5.12	1,053.75	8,510	5.25
11-Jul-16	1,126.70	16,890	5.28	1,126.70	22,420	5.41
23-Aug-16	1,186.75	1,99,180	5.40	1,186.75	2,04,340	5.65
10-Oct-16	1,220.85	17,83,680	5.53	1,220.85	18,17,340	5.56
16-Nov-16	1,093.10	6,520	5.64	1,093.10	23,270	6.09
27-Jan-17	1,265.40	16,550	5.83	1,265.40	19,025	5.97
24-Mar-17	1,383.90	47,990	5.99	1,383.90	49,000	6.00
19-Apr-17	1,431.75	14,020	6.06	1,431.75	16,000	6.07
09-May-17	1,424.85	69,000	6.11	1,424.85	69,000	6.12
19-Jun-17	1,498.90	33,420	6.22	1,498.90	38,500	6.23
11-Jul-17	1,560.35	35,000	6.28	1,560.35	35,000	6.29
12-Oct-17	1,717.25	65,000	6.54	1,717.25	69,000	6.55
11-Jan-18	1,734.10	43,000	6.79	1,734.10	43,000	6.80
27-Mar-18	1,759.75	14,23,000	6.99	1,759.75	15,17,000	7.00
08-May-18	1,889.80	64,000	7.11			
28-Sep-18	1,682.00	1,09,000	7.50			
20-Mar-19	1,725.20	85,000	7.98			

10.4 Fair value methodology:

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2018-19	2017-18
Average dividend yield	0.40 - 0.45%	0.30 - 0.38%
Expected volatility	22.51 - 28.30%	25.60 - 28.94%
Risk free interest rates	6.91 - 8.09%	6.54 - 7.23%
Expected life of options (in years)	4.52	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, 2019 is ₹ 0.30 crores (Previous year ₹ 1.21 crores). Had the Bank adopted the Black - Scholes model based fair valuation, compensation cost for the year ended March 31, 2019, would have increased by ₹ 91.80 crores (Previous year ₹ 68.81 crores) and the pro forma profit after tax would have been lower by ₹ 59.72 crores (Previous year ₹ 44.99 crores). On a pro forma basis, the basic and diluted earnings per share would have been as follows:

Particulars	March 31, 2019	March 31, 2018
Pro forma basis		
Basic earnings per share ₹	53.90	59.44
Diluted earnings per share ₹	53.47	58.82

The weighted average fair value of options granted during the year 2018-19 is ₹ 594.84 (Previous year ₹ 593.37).

11. Disclosures – Accounting Standards

11.1 Employee Benefits (AS-15)

Gratuity:

Gratuity is a defined benefit plan. The Bank has obtained qualifying insurance policies from 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, 2019	March 31, 2018
Changes in the present value of the obligation		
1. Opening balance of Present Value of Obligation	89.48	75.31
2. Interest Cost	6.31	5.05
3. Current Service Cost	17.94	16.44
4. Benefits Paid	(11.43)	(6.40)
5. Actuarial loss / (gain) on Obligation	8.22	(0.92)
6. Closing balance of Present Value of Obligation	110.52	89.48
Reconciliation of opening and closing balance of the fair value of the Plan Assets		
1. Opening balance of Fair value of Plan Assets	93.52	81.53
2. Adjustment to Opening Balance	0.26	0.66
3. Expected Return on Plan assets	7.01	6.54
4. Expenses	-	-
5. Contributions	29.46	15.51
6. Benefits Paid	(11.43)	(6.40)
7. Actuarial gain / (loss) on Plan Assets	(1.85)	(4.32)
8. Closing balance of Fair Value of Plan Assets	116.97	93.52

(₹ in crores)

	March 31, 2019	March 31, 2018
Profit and Loss – Expenses		
1. Current Service Cost	17.94	16.44
2. Interest Cost	6.31	5.05
3. Expected Return on Plan assets	(7.01)	(6.54)
4. Expenses	-	-
5. Net Actuarial loss recognised in the year	10.07	3.40
6. Expenses recognised in the Profit and Loss account	27.31	18.35
Funded status	100% insurance managed funds	100% insurance managed funds
Actuarial Assumptions		
1. Discount Rate	7.50-7.68%	7.55%
2. Expected Rate of Return on Plan Assets	4.22-8.00%	6.50-8.00%
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

(₹ in crores)

Particulars	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Defined Benefit Obligations	110.52	89.48	75.31	61.67	46.38
Plan Assets	116.97	93.52	81.53	65.34	49.58
Surplus / (Deficit)	6.45	4.04	6.21	3.67	3.20
Experience Adjustments on Plan Liabilities	(8.22)	0.92	(4.07)	(7.60)	(4.25)
Experience Adjustments on Plan Assets	(1.85)	(4.32)	1.22	(0.80)	(0.35)

Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date is ₹ 35 crores (Previous year ₹ 28 crores).

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)

Assets/ Liabilities	March 31, 2019	March 31, 2018
Present value of Interest Rate guarantee on Provident Fund	1.75	0.99
Present value of Total Obligation	195.52	165.01
Fair value of Plan Assets	197.08	164.86
Net asset / (liability) recognized in the Balance Sheet	1.56	(0.15)
Assumptions		
Normal Retirement age	60 years	60 years
Expected guaranteed interest on PF in future	8.65%	8.55%
Discount rate	7.60-7.80%	7.55%
Expected average remaining working lives of employees (years)	11.16-24.91	7.02-8.60
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, 2019	March 31, 2018
Total actuarial liability	65.09	51.24
Total expense included in Schedule 16(I)	17.06	11.10
Assumptions		
Discount Rate	7.68%	7.55%
Salary escalation rate	5.00%	5.00%

11.2 Segment Reporting (AS 17)

The Bank operates in four business segments, viz. Treasury, Corporate / Wholesale Banking, Retail Banking and Other Banking Operations. There are no significant residual operations carried by the Bank.

Business Segments

(₹ in crores)

Business Segment	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operation		Total	
	31/03/19	31/03/18	31/03/19	31/03/18	31/03/19	31/03/18	31/03/19	31/03/18	31/03/19	31/03/18
Revenue	4,417.55	4,095.20	9,044.90	7,036.38	15,052.34	11,779.15	69.69	72.75	28,584.48	22,983.48
Inter Segment Revenue									(676.61)	(952.63)
Total Income									27,907.87	22,030.85
Result	483.58	605.79	2,790.64	2,124.05	5,019.61	4,112.51	23.24	25.40	8,317.07	6,867.75
Unallocated Expenses									(228.85)	(211.64)
Operating Profit									8,088.22	6,656.11
Provisions and Contingencies (other than tax)									(3,107.65)	(1,175.43)
Tax Expenses									(1,679.47)	(1,874.69)
Extraordinary profit/ loss									-	-
Net Profit									3,301.10	3,605.99
Other Information:										
Segment Assets	69,884.49	56,969.78	83,007.71	68,167.50	1,14,130.74	86,296.31	-	-	2,67,022.94	2,11,433.59
Unallocated Assets									10,796.48	10,192.57
Total Assets									2,77,819.42	2,21,626.16
Segment Liabilities	47,955.99	38,717.43	87,976.08	67,234.30	1,08,289.81	85,833.83	-	-	2,44,221.88	1,91,785.56
Unallocated Liabilities									33,597.54	29,840.60
Total Liabilities									2,77,819.42	2,21,626.16

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.

11.3 Related party transactions (AS-18)

The following is the information on transactions with related parties:

Key Management Personnel

Mr. Romesh Sobti, Managing Director

Associates

IndusInd Marketing and Financial Services Private Limited

Subsidiaries

The Bank has incorporated a wholly owned subsidiary named IndusInd Financial Inclusion Limited during the financial year ended March 31, 2019. The aforesaid subsidiary company is yet to commence its operations as on March 31, 2019.

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided as there is only one related party in each of the above categories.

11.4 Operating Leases (AS 19)

The Bank has taken a number of premises on operating lease for branches, offices, ATMs and residential premises for staff. The Bank has not given any assets on operating lease. The details of maturity profile of future operating lease payments are given below:

(₹ in crores)

	March 31, 2019	March 31, 2018
Future lease rentals payable as at the end of the year:		
- Not later than one year	316.51	325.04
- Later than one year but not later than five years	1,021.65	928.41
- Later than five years	523.24	326.12
Total of minimum lease payments recognized in the Profit and Loss Account for the year	298.40	280.11
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.

11.5 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, 2019	March 31, 2018
Net Profit after tax (₹ in crores)	3,301.10	3,605.99
Basic weighted average number of equity shares	60,13,45,091	59,90,63,006
Diluted weighted average number of equity shares	60,61,87,857	60,53,75,114
Nominal value of Equity Shares (₹)	10	10
Basic Earnings per Share (₹)	54.90	60.19
Diluted Earnings per Share (₹)	54.46	59.57

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.

11.6 Deferred Tax (AS 22)

The major components of deferred tax assets / liabilities are as under:

(₹ in crores)

	March 31, 2019 Deferred Tax		March 31, 2018 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	-	8.47	-	16.68
Difference between Provisions for doubtful debts and advances and amount allowable under Section 36(1)(viii) of the Income Tax Act, 1961	976.24	-	597.72	-
Difference between income as per the books of account and income offered under the Income Tax Act, 1961	-	352.76	-	252.84
Others	56.08	-	49.60	-
Sub-total	1,032.32	361.23	647.32	269.52
Net closing balance carried to the Balance Sheet (included in Sch. 11 – Others)	671.09		377.80	

12. Additional Disclosures
12.1 Provisions and Contingencies charged to the Profit and Loss account for the year consist of:

(₹ in crores)

Particulars	March 31, 2019	March 31, 2018
Depreciation on Investments	173.47	120.87
Provision for non-performing assets including bad debts written off (net of write backs)	2,719.01	900.90
Income Tax / Deferred Tax (Refer Note 9.1 of Schedule 18)	1,679.47	1,874.69
Other Provision and Contingencies (includes floating provision, provision towards standard assets and others)	215.17	153.66
Total	4,787.12	3,050.12

12.2 Movement in provisions
a) Movement in provision for credit card and debit card reward points

(₹ in crores)

Particulars	2018-19	2017-18
Opening provision for Reward Points	30.97	22.80
Provision for Reward Points made during the year	43.44	34.52
Utilisation / write back of provision for Reward Points	(32.44)	(26.35)
Effect of change in rate for accrual of Reward Points	-	-
Closing provision for Reward Points	41.97	30.97

b) Provision pertaining to fraud accounts:

(₹ in crores)

Particulars	2018-19	2017-18
Number of frauds reported	66	32
Amount involved in frauds	14.33	118.19
Provisions made during the year	3.36	101.42
Amount of unamortised provision debited from "other reserves" as at the end of the year	-	71.52

In respect of two borrower accounts where fraud was detected during the year ended March 31, 2018, the Bank opted to make the provision over four quarters, in accordance with the RBI circular DBR.No.BP.BC.92/21.04.048/2015-16 dated April 18, 2016. Accordingly, the Bank has charged to the Profit and Loss account an amount of ₹ 71.52 crores during the year (Previous Year ₹ 23.84 crores).

12.3 Disclosure relating to Complaints**A (i) Customer complaints (other than complaints relating to ATM transactions):**

No.	Particulars	2018-19	2017-18
(a)	No. of complaints pending at the beginning of the year	734	2,009
(b)	No. of complaints received during the year	34,861	46,223
(c)	No. of complaints redressed during the year	34,969	47,498
(d)	No. of complaints pending at the end of the year	626	734

(ii) Customer complaints relating to transactions on the Bank's ATMs:

No.	Particulars	2018-19	2017-18
(a)	No. of complaints pending at the beginning of the year	14	20
(b)	No. of complaints received during the year	339	1,491
(c)	No. of complaints redressed during the year	339	1,497
(d)	No. of complaints pending at the end of the year	14	14

(iii) Customer complaints relating to transactions on other banks' ATMs:

No.	Particulars	2018-19	2017-18
(a)	No. of complaints pending at the beginning of the year	4	55
(b)	No. of complaints received during the year	114	414
(c)	No. of complaints redressed during the year	115	465
(d)	No. of complaints pending at the end of the year	3	4

(iv) Customer complaints [Total of (i)+(ii)+(iii)]:

No.	Particulars	2018-19	2017-18
(a)	No. of complaints pending at the beginning of the year	752	2,084
(b)	No. of complaints received during the year	35,314	48,128
(c)	No. of complaints redressed during the year	35,423	49,460
(d)	No. of complaints pending at the end of the year	643	752

B. Awards passed by the Banking Ombudsman:

No.	Particulars	2018-19	2017-18
(a)	No. of unimplemented Awards at the beginning of the year	-	-
(b)	No. of Awards passed by the Banking Ombudsman during the year	-	-
(c)	No. of Awards implemented during the year	-	-
(d)	No. of unimplemented Awards at the end of the year	-	-

(Compiled by management and relied upon by auditors)

12.4 Proposed Dividend:

The Board of Directors, in their meeting held on May 22, 2019 have proposed a final dividend of ₹ 7.50 per equity share amounting to ₹ 544.93 crores, inclusive of corporate dividend tax. The proposal is subject to the approval of shareholders at the ensuing 25th Annual General Meeting and accordingly, this proposed dividend amounting to ₹ 544.93 crores is not recognised as a liability on March 31, 2019 and the same has not been considered as an appropriation from the Profit and Loss Account for the year ended March 31, 2019.

Dividend for the year ended March 31, 2018 paid during the year pursuant to the approval of the shareholders at the 24th Annual General Meeting, at the rate of ₹ 7.50 per equity share amounting to ₹ 542.94 crores including corporate dividend tax, has been considered as an appropriation from the Profit and Loss Account during the year.

12.5 Non-banking Assets acquired in Satisfaction of Claims

During the financial year 2017-18, Bank acquired a vacant land parcel, the value of which at ₹ 347.55 crores, was included under the head "Non-Banking Asset acquired in satisfaction of claims" vide item No. IV of Schedule 11 - Other Assets in the Balance Sheet as at March 31, 2018. Impairment, if any, was tested basis the valuation reports from two independent valuers / appraisers. In accordance with the clarification issued by RBI on May 8, 2019, a provision of ₹ 130.35 crores has been made by debiting ₹ 76.05 crores to the Profit and Loss Account and ₹ 54.30 crores to Reserves and Surplus - Balance in Profit and Loss Account which will be reversed, along with the corresponding charge, into the Profit and Loss Account over the next three quarters.

12.6 Letters of Comfort

The Bank has not issued any letters of comfort during the year ended March 31, 2019 (Previous year Nil).

12.7 Disclosure on Remuneration**Nomination and Remuneration Committee**

The Nomination and Remuneration Committee (NRC) presently comprises four members, three of whom are Independent Directors. On aspects relating to remuneration, the mandate of the 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, and performance and behavioural track record of the employee.

Other Disclosures

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Number of meetings held by NRC during the financial year and remuneration paid to its members	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.	During the year, five meetings of the NRC were held and the members were paid aggregate sitting fees of ₹ 4,60,000 for the five meetings.
Number of employees having received a variable remuneration award during the financial year	116 employees belonging to the category of WTD / CEO / Risk Takers/ Other Control function staff had received a variable remuneration award	102 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 ₹ 2.15 crores to be paid as cash in FY 2019-20 and FY 2020-21	The outstanding deferred remuneration is ₹ 1.86 crores to be paid as cash in FY 2018-19 and FY 2019-20
Total amount of deferred remuneration paid out in the financial year	The deferred remuneration paid during the year 2018-19 was ₹ 1.72 crores	The deferred remuneration paid during the year 2017-18 was ₹ 1.47 crores
Breakdown of amount of remuneration awards for the financial year	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	Breakup of remuneration awards for the 111 employees defined as WTD / CEO / Risk Takers/ Other control function staff (a) Fixed pay – ₹ 140.20 crores (b) Variable pay – ₹ 55.49 crores for FY 2016-17 (c) Deferred remuneration – ₹ 1.86 crores (d) Non-deferred remuneration – ₹ 53.63 crores

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
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 ₹ 1.44 crores was paid as sitting fees to the Non-Executive Directors during the year ended March 31, 2019 (Previous year ₹ 1.28 crores). In accordance with RBI guidelines and the approval accorded at the 22nd Annual General Meeting, an amount of ₹ 0.86 crores (Previous year ₹ 0.93 crores) has been paid as remuneration to Non-Executive Directors during the year ended March 31, 2019.

13. The Micro, Small and Medium Enterprises Development Act, 2006 that came into force from October 2, 2006, provides for certain disclosures in respect of Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or interest payments due to delays in such payments.
14. Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report of even date.

For INDUSIND BANK LIMITED**For S R Batliboi & Co. LLP**

Chartered Accountants

Firm Registration No: 301003E/E300005

per Viren H Mehta

Partner

Membership No: 048749

Place : Mumbai

Date : May 22, 2019

R. Seshasayee

Chairman

Kanchan Chitale

Director

Arun Tiwari

Director

S. V. Zaregaonkar

Chief Financial Officer

Romesh Sobti

Managing Director

Shanker Annaswamy

Director

Siraj Chaudhry

Director

Haresh Gajwani

Company Secretary

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 ("the Bank") and its subsidiary (the Bank and its subsidiary together referred to as "the Group") and its associate, which comprise the Consolidated Balance sheet as at March 31, 2019, the Consolidated Profit and Loss Account, the Consolidated Cash Flow Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the 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 reports of other auditors on separate financial statements and on the other financial information of the associate, the aforesaid Consolidated Financial Statements give the information required by Companies Act, 2013, as amended ("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 consolidated state of affairs of the Group and its associate as at March 31, 2019, its consolidated profit and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SA) 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 in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the 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 audit 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 Consolidated Financial Statements for the year ended March 31, 2019. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements.

The results of the audit procedures performed by us and by the other auditors of the components not audited by us, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Key audit matters	How our audit addressed the key audit matter
Identification of and provisioning for Non-performing advances:	
<p>Advances constitute a significant portion of the Group's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Group. As at 31 March 2019 the Group's net advances amount to Rs 186,394 crores and the gross NPA ratio of the Bank is 2.10% as at March 31, 2019.</p> <p>The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of NPA and the minimum provision required for such assets from time to time. The Group is also required to apply its judgement to determine the identification and provision required against NPA by applying quantitative as well as qualitative factors.</p> <p>The provisioning for identified NPA is estimated based on ageing and classification of NPA, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI.</p> <p>Since the identification of NPA and provisioning for advances require significant level of estimation and given its significance to the overall audit including possible observations by RBI which could result in disclosures in the financial statements, we have ascertained identification and provisioning for NPA as a key audit matter.</p>	<p>The audit procedures performed, among others, included:</p> <ul style="list-style-type: none"> - Considering the Group's policies for NPA identification and provisioning and assessing compliance with the IRAC norms. - Understanding, evaluating and testing the design and operating effectiveness of key controls (including application controls) around identification of non-performing advances based on the extant guidelines on IRAC. - Performing other procedures including substantive audit procedures covering the identification of NPA by the Group. These procedures included: <ul style="list-style-type: none"> - Testing of the exception reports generated from the application systems where the advances have been recorded. - Reading the accounts reported by the Group and other banks as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRILC) to identify stress. - Reading account statements and other related information of the borrowers selected based on quantitative and qualitative risk factors. - Performing inquiries 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. Examining the early warning reports generated by the Group to identify stressed loan accounts. - Holding specific discussions with the management of the Bank on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors. - Read the RBI Annual Financial Inspection report for the financial years 2016-17 and 2017-18 and other communication with regulators. - Read the minutes of meeting of board level committees, risk management committee, credit and NPA review committees and internal audit reports for any recorded instances of non-recognition of NPA and inadequate provisioning on NPA, than as required by the IRAC.

Key audit matters	How our audit addressed the key audit matter
	<p>With respect to provisioning of advances, we performed the following procedures:</p> <ul style="list-style-type: none"> - Gained an understanding of the Group's process for provisioning of advances. - Tested on a sample basis the realizable value of assets provided as security against loans classified as non-performing for determining the provision. - Tested on a sample basis the calculation performed by the management for compliance with RBI regulations and internally laid down policies for provisioning.
Information Technology ("IT") Systems and controls:	
<p>The Group's operations rely on multiple integrated / non-integrated IT Systems and applications. The reliability and security of IT systems plays a key role in the business operations of the Group. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. These systems also play a key role in the financial accounting and reporting process of the Group.</p> <p>Due to the pervasive nature and complexity of the IT environment we have ascertained IT systems and controls as a key audit matter.</p>	<ul style="list-style-type: none"> - We involved specialized IT auditors as part of the audit team for testing IT General Controls (logical access, change management and aspects of IT operations controls), application controls and IT dependent manual controls implemented by the Group, and testing the information produced by the Group's - Tested the design and operating effectiveness of the Group's IT access controls over the information systems that are critical to financial reporting. - Tested the Group's periodic review of access rights. We inspected requests of changes to systems for approval and authorization. - Considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit. - Tested key application controls to evaluate their operating effectiveness. - Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information received by us comprises the information included in the Basel III - Pillar 3 disclosures but does not include the financial statements and our auditor's reports thereon, which we obtained prior to the date of this auditor's report, and other elements of the Annual Report, which are expected to be made available to us after that date.

Our opinion on the Consolidated Financial Statements does not cover the other information and 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 and, in doing so, consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude

that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other elements of the Annual Report are expected to be made available to us after the date of this auditor's report.

When we read the other elements of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance and shall comply with the relevant applicable requirements of the Standard on Audit for The Auditor's Responsibility in relation to Other Information in Documents containing Audited Financial Statements.

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 in accordance the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 in so far as they apply to the Group and the guidelines and directions issued by the Reserve Bank of India from time to time.

The respective Board of Directors of the companies included in Group and of its associate company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate company 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated 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 Group and its associate company are responsible for assessing the ability of the Group 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.

Those Charged with Governance are also responsible for overseeing the financial reporting process of the Group.

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 SA 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 SA, 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 has adequate internal financial controls system 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 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 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 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 company 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 for the financial year ended March 31, 2019 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 Rs. 0.27 crores for the year ended March 31, 2019, as considered in the Consolidated Financial Statements, in respect of associate company whose financial statements and other financial information have been audited by another auditor whose report has been furnished to us by the management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this associate company, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate company, is based solely on the reports of such other auditor.

Our opinion above 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.

- (b) The Consolidated Financial Statements of the Bank for the corresponding year ended March 31, 2018 were audited by a predecessor auditor who expressed an unmodified opinion on those financial statements vide their report dated April 19, 2018.

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 company, as noted in the 'Other Matters' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books of the Bank and reports of the other auditor;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the 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 specified under Section 133 of the Act, read with Companies (Accounts) Rules, 2014, as amended;
- (e) On the basis of the written representations received from the directors of the Bank as on March 31, 2019 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its associate company, none of the directors of the Group's companies and its associate company is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements, refer to our separate report in "Annexure 1" to this Report;
- (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the holding company, being a banking company for the year ended March 31, 2019. However, the remuneration to whole-time directors of the Bank during the year ended March 31, 2019 has been paid by the Bank in accordance with the provisions of Section 35B (1) of the Banking Regulation Act, 1949. Based on the consideration of respective reports of the statutory auditors of the Bank's subsidiary company and its associate company, the remuneration paid to their respective directors during the year ended March 31, 2019 was in accordance with the provision of section 197 of the Act;
- (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, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements of the associate company, as noted in the 'Other Matters' paragraph:
 - i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate company in its Consolidated Financial Statements – Refer Note 3 of Schedule 18 and Schedule 12 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 4 of Schedule 18 to the Consolidated Financial Statements in respect of such items as it relates to the Group and the Group's share of net profit/loss in respect of its associate company;

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank, its subsidiary company and associate company during the year ended March 31, 2019.

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

Firm's Registration No.: 301003E/E300005

per Viren H. Mehta

Partner

Membership Number: 048749

Mumbai
May 22, 2019

Annexure 1 to Independent Auditors' Report

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF INDUSIND BANK LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of IndusInd Bank Limited

In conjunction with our audit of the Consolidated Financial Statements of IndusInd Bank Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of IndusInd Bank Limited (hereinafter referred to as the "Bank") and its associate company, which is a company incorporated in India, as of that date. The provisions of Section 143(3)(i) of the Act does not currently apply to Bank's subsidiary company incorporated in India.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Bank and its associate company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank and its associate company, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

- a) Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Bank, insofar as it relates to an associate company, which is a company incorporated in India, is based on the corresponding report of the auditors of the associate company incorporated in India.
- b) The provisions of Sec 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting does not currently apply to the subsidiary company of the Bank.

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

Firm's Registration No.: 301003E/E300005

per Viren H. Mehta

Partner

Membership Number: 048749

Mumbai
May 22, 2019

Consolidated Balance Sheet as at March 31, 2019

	Schedule	As at 31.03.2019	Rupees in '000s As at 31.03.2018
CAPITAL AND LIABILITIES			
Capital	1	602,68,69	600,22,32
Employee Stock Options Outstanding	18 (Note 9.2)	11,18,84	14,57,11
Reserves and Surplus	2	26073,36,99	23228,46,50
Deposits	3	194867,90,69	151639,17,43
Borrowings	4	47321,12,24	38289,07,82
Other Liabilities and Provisions	5	8944,42,55	7856,26,52
TOTAL		277820,70,00	221627,77,70
ASSETS			
Cash and Balances with Reserve Bank of India	6	9961,17,40	10962,40,60
Balances with Banks and Money at Call and Short Notice	7	4822,22,67	2253,47,14
Investments	8	59268,04,38	50078,33,39
Advances	9	186393,50,14	144953,65,76
Fixed Assets	10	1710,01,16	1338,75,31
Other Assets	11	15665,74,25	12041,15,50
TOTAL		277820,70,00	221627,77,70
Contingent Liabilities	12	952668,44,61	662099,15,62
Bills for Collection		32971,50,77	37415,47,98
Significant Accounting Policies	17		
Notes to the Consolidated Financial Statements	18		

The schedules referred to above form an integral part of the Consolidated Balance Sheet.

As per our report of even date.

For INDUSIND BANK LIMITED

For S R Batliboi & Co. LLP

Chartered Accountants

Firm Registration No: 301003E/E300005

per Viren H Mehta

Partner

Membership No: 048749

Place : Mumbai

Date : May 22, 2019

R. Seshasayee

Chairman

Kanchan Chitale

Director

Arun Tiwari

Director

S. V. Zaregaonkar

Chief Financial Officer

Romesh Sobti

Managing Director

Shanker Annaswamy

Director

Siraj Chaudhry

Director

Haresh Gajwani

Company Secretary

Consolidated Profit and Loss Account for the year ended March 31, 2019

	Schedule	Year ended 31.03.2019	Rupees in '000s Year ended 31.03.2018
I. INCOME			
Interest Earned	13	22261,15,05	17280,74,87
Other Income	14	5646,71,89	4750,10,33
TOTAL		27907,86,94	22030,85,20
II. EXPENDITURE			
Interest Expended	15	13414,96,68	9783,30,45
Operating Expenses	16	6405,29,76	5591,44,36
Provisions and Contingencies	18 (Note 11.1)	4787,12,11	3050,11,64
TOTAL		24607,38,55	18424,86,45
III. PROFIT			
Net Profit for the year		3300,48,39	3605,98,75
Add : Share in profit/(loss) of Associate		26,93	13,33
Profit brought forward		9313,10,72	7119,86,04
TOTAL		12613,86,04	10725,98,12
IV. APPROPRIATIONS			
Transfer to			
a) Transfer to Statutory Reserve		825,27,45	901,49,69
b) Transfer to Capital Reserve		39,53,24	7,61,93
c) Transfer to Investment Reserve Account		-	-
d) Transfer to Investment Fluctuation Reserve Account		115,11,90	-
e) Dividend paid including tax on dividend (Refer Schedule 18 (Note 11.2))		542,93,85	432,24,16
f) Deductions during the year		(17,21,62)	71,51,62
		1505,64,82	1412,87,40
Balance carried over to the Balance Sheet		11108,21,22	9313,10,72
TOTAL		12613,86,04	10725,98,12
V. EARNINGS PER EQUITY SHARE (Face value of ₹10/- per share)			
Basic (₹)	18 (Note 10.5)	54.89	60.20
Diluted (₹)	18 (Note 10.5)	54.45	59.58
Significant Accounting Policies	17		
Notes to the Consolidated 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 INDUSIND BANK LIMITED

For S R Batliboi & Co. LLP

Chartered Accountants

Firm Registration No: 301003E/E300005

per Viren H Mehta

Partner

Membership No: 048749

Place : Mumbai

Date : May 22, 2019

R. Seshasayee

Chairman

Kanchan Chitale

Director

Arun Tiwari

Director

S. V. Zaregaonkar

Chief Financial Officer

Romesh Sobti

Managing Director

Shanker Annaswamy

Director

Siraj Chaudhry

Director

Haresh Gajwani

Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2019

	Year ended 31.03.2019	Rupees in '000s Year ended 31.03.2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	4979,95,85	5480,67,20
Adjustments for :		
Depreciation on Fixed assets	228,85,18	211,64,34
Depreciation on Investments	173,47,21	120,86,12
Employees Stock Option expenses	30,33	1,21,34
Loan Loss and Other Provisions	2934,17,44	1054,57,07
Amortisation of premium on HTM investments	294,40,10	179,32,22
(Profit) / Loss on sale of fixed assets	117,50	(8,00,66)
Share in Current Year profit of Associate	26,93	13,33
Operating Profit before Working Capital changes	8612,60,54	7040,40,96
Adjustments for :		
(Increase)/Decrease in Advances	(44374,01,80)	(32927,72,06)
(Increase)/Decrease in Investments	(9657,58,30)	(13674,89,59)
(Increase)/Decrease in Other Assets	(2979,60,45)	(3038,10,85)
Increase/(Decrease) in Deposits	43228,73,26	25066,95,15
Increase/(Decrease) in Other Liabilities	1105,36,64	(1191,62,68)
Cash generated from / (used in) Operations	(4064,50,11)	(18724,99,07)
Direct Taxes paid (net of refunds)	(2324,44,76)	(1975,45,00)
Net Cash from / (used in) Operating Activities	(6388,94,87)	(20700,44,07)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including WIP)	(643,46,44)	(235,79,27)
Proceeds from sale of Fixed Assets	5,52,73	16,24,47
Net Cash used in Investing Activities	(637,93,71)	(219,54,80)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (net of issue expenses)	100,54,25	101,96,50
Proceeds from issue of Long Term Infrastructure Bonds	-	-
Dividends paid	(542,93,85)	(432,24,16)
Proceeds from Perpetual Debt instruments	1489,90,00	1000,00,00
Redemption of Sub-ordinated Tier II capital	-	-
Increase/(Decrease) in Borrowings	7542,14,42	14835,38,38
Net Cash generated from / (used in) Financing Activities	8589,64,82	15505,10,72
Effect of foreign currency translation reserve	4,76,09	2,50,47
Net Increase / (Decrease) in Cash and Cash Equivalents	1567,52,33	(5412,37,68)
Cash and Cash Equivalents at the beginning of the year	13215,87,74	18628,25,42
Cash and Cash Equivalents at the end of the year	14783,40,07	13215,87,74

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 comprise of Cash in Hand and Balances with RBI (Schedule 6) and Balances with Banks and Money at Call and Short Notice (Schedule 7).

As per our report of even date.

For INDUSIND BANK LIMITED**For S R Batliboi & Co. LLP**

Chartered Accountants

Firm Registration No: 301003E/E300005

per Viren H Mehta

Partner

Membership No: 048749

Place : Mumbai

Date : May 22, 2019

R. Seshasayee

Chairman

Kanchan Chitale

Director

Arun Tiwari

Director

S. V. Zaregaonkar

Chief Financial Officer

Romesh Sobti

Managing Director

Shanker Annaswamy

Director

Siraj Chaudhry

Director

Haresh Gajwani

Company Secretary

Schedules to the Consolidated Financial Statements

	As at 31.03.2019	Rupees in '000s As at 31.03.2018
SCHEDULE - 1 CAPITAL		
Authorised Capital		
70,00,00,000 (Previous year 70,00,00,000) equity shares of ₹ 10 each	700,00,00	700,00,00
Issued, Subscribed and Called Up Capital		
60,26,86,868 (Previous year 60,02,23,187) equity shares of ₹ 10 each	602,68,69	600,22,32
Paid up Capital		
60,26,86,868 (Previous year 60,02,23,187) equity shares of ₹ 10 each Refer Schedule 18 (Note 1)	602,68,69	600,22,32
TOTAL	602,68,69	600,22,32
SCHEDULE - 2 RESERVES AND SURPLUS		
I Statutory Reserve		
Opening balance	3824,26,69	2922,77,00
Additions during the year	825,27,45	901,49,69
	4649,54,14	3824,26,69
II Share Premium Account		
Opening balance	9471,15,41	9369,42,05
Additions during the year	101,76,48	101,73,36
	9572,91,89	9471,15,41
III General Reserve		
Balance as at the end of the year	1,35,57	1,35,57
	1,35,57	1,35,57
IV Capital Reserve		
Opening balance	223,36,80	215,74,87
Additions during the year	39,53,24	7,61,93
	262,90,04	223,36,80
V Capital Reserve on Consolidation		
Opening Balance	35	35
Addition during the Year	-	-
Balance as at the end of the year	35	35
VI Investment Allowance Reserve		
Balance as at the end of the year	1,00,00	1,00,00
	1,00,00	1,00,00
VII Investment Reserve Account		
Balance as at the end of the year	40,52,98	40,52,98
	40,52,98	40,52,98
VIII Investment Fluctuation Reserve		
Opening balance	-	-
Additions during the year	115,11,90	-
	115,11,90	-

Schedules to the Consolidated Financial Statements (Contd.)

	As at 31.03.2019	Rupees in '000s As at 31.03.2018
IX Revaluation Reserve		
Opening balance	362,20,33	374,59,43
Reduction during the year	(29,69,37)	-
Deductions during the year	(6,95,80)	(12,39,10)
Balance as at the end of the year	325,55,16	362,20,33
X Foreign Currency Translation Reserve		
Opening balance	(8,52,35)	(11,02,82)
Credits during the year	4,76,09	2,50,47
Balance as at the end of the year	(3,76,26)	(8,52,35)
XI Balance in the Profit and Loss Account	11108,21,22	9313,10,72
TOTAL	26073,36,99	23228,46,50
SCHEDULE - 3 DEPOSITS		
A I Demand Deposits		
i) From Banks	597,47,82	393,92,35
ii) From Others	28986,99,87	20447,06,25
II Savings Bank Deposits	54485,66,51	45888,27,30
III Term Deposits		
i) From Banks	8781,87,79	5287,92,58
ii) From Others	102015,88,70	79621,98,95
TOTAL	194867,90,69	151639,17,43
B Deposits of Branches		
I In India	194867,90,69	151639,17,43
II Outside India	-	-
TOTAL	194867,90,69	151639,17,43
SCHEDULE - 4 BORROWINGS		
I Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other Banks	1715,54,93	757,67,53
iii) Other Institutions and Agencies	20468,73,76	21474,02,79
iv) Long Term Infrastructure Bonds	2000,00,00	2000,00,00
v) Unsecured Non-Convertible Perpetual Non-Cumulative Bonds (Subordinated Debt qualifying as Additional Tier 1 Capital)	3489,90,00	2000,00,00
II Borrowings outside India	19646,93,55	12057,37,50
TOTAL	47321,12,24	38289,07,82
Secured borrowings other than Collateralised Borrowing and Lending Obligation and Repo Borrowings included in I above	-	-
SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS		
I Inter-office Adjustments (Net)	274,81,49	401,44,70
II Bills Payable	573,66,27	667,65,72
III Interest Accrued	1184,36,65	788,20,11
IV Others	6911,58,14	5998,95,99
TOTAL	8944,42,55	7856,26,52

Schedules to the Consolidated Financial Statements (Contd.)

	As at 31.03.2019	Rupees in '000s As at 31.03.2018
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I Cash in hand (including foreign currency notes)	964,47,15	1069,20,30
II Balances with Reserve Bank of India		
i) In Current Account	8996,70,25	9893,20,30
ii) In Other Accounts	-	-
TOTAL	9961,17,40	10962,40,60
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I In India		
i) Balances with Banks		
a) In Current Accounts	650,43,54	618,43,12
b) In Other Deposit Accounts	1954,75,00	310,25,00
ii) Money at Call and Short Notice - With Other Institutions	-	-
TOTAL	2605,18,54	928,68,12
II Outside India		
i) In Current Accounts	1387,18,13	493,80,89
ii) In Other Deposit Accounts	-	635,45,63
iii) Money at Call and Short Notice	829,86,00	195,52,50
TOTAL	2217,04,13	1324,79,02
GRAND TOTAL	4822,22,67	2253,47,14
SCHEDULE - 8 INVESTMENTS		
I In India		
Gross Value	59650,10,37	50286,92,17
Less : Aggregate of provision/depreciation	382,05,99	208,58,78
Net value of Investments in India	59268,04,38	50078,33,39
Comprising :		
i) Government securities*	48644,76,19	40365,98,63
ii) Other approved securities	-	-
iii) Shares	129,36,15	291,93,46
iv) Debentures and bonds	5290,03,44	4476,41,88
v) Subsidiaries and/ or Joint Ventures	0	-
vi) Others - Security Receipt, Units of schemes of Mutual Funds and Others	5201,99,72	4942,37,47
vii) Associate (1)	1,88,88	1,61,95
II Outside India	-	-
TOTAL	59268,04,38	50078,33,39

Schedules to the Consolidated Financial Statements (Contd.)

	As at 31.03.2019	Rupees in '000s As at 31.03.2018
(1) Investment in Associate		
Investment at Cost	30	30
Add : Capital Reserve on the date of Acquisition	35	35
Equity Investment in Associate	65	65
Add : Post-acquisition profit / loss of Associate (Equity method)	1,88,23	1,61,30
Less : Share of Unrealised Profit in Associate	-	-
TOTAL	1,88,88	1,61,95
*Includes securities of ₹ 1,105.22 crores (previous year ₹ 274.38 crores) pledged for clearing facility and margin requirements.		
SCHEDULE - 9 ADVANCES		
A		
i) Bills Purchased and Discounted	587,37,01	4331,25,05
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	58066,82,92	43077,06,30
iii) Term Loans	127739,30,21	97545,34,41
TOTAL	186393,50,14	144953,65,76
B		
i) Secured by Tangible Assets (includes advances against book debts)	146489,54,88	112723,03,02
ii) Covered by Bank/ Government Guarantees (includes advances against L/Cs issued by Banks)	2459,80,00	2834,42,39
iii) Unsecured	37444,15,26	29396,20,35
TOTAL	186393,50,14	144953,65,76
C		
I Advances in India		
i) Priority Sector	60348,94,68	45314,30,79
ii) Public Sector	6603,98,65	5090,73,31
iii) Banks	-	64,00
iv) Others	114893,16,77	90151,67,34
TOTAL	181846,10,10	140557,35,44
II Advances Outside India	4547,40,04	4396,30,32
TOTAL	186393,50,14	144953,65,76
SCHEDULE - 10 FIXED ASSETS		
I Premises		
i) At cost, as at the beginning of the year	575,64,31	586,58,71
ii) Revaluation during the year	(29,69,37)	-
iii) Additions during the year	329,56,52	-
	875,51,46	586,58,71
iv) Less : Deductions during the year	1,35,71	10,94,40
v) Less : Depreciation to date (Refer Schedule 18 (Note 2.4))	91,22,68	82,15,41
TOTAL	782,93,07	493,48,90

Schedules to the Consolidated Financial Statements (Contd.)

	As at 31.03.2019	Rupees in '000s As at 31.03.2018
II Other Fixed Assets (including furniture and fixtures)		
i) At cost, as at the beginning of the year	1945,09,81	1735,37,02
ii) Additions during the year	317,39,35	238,78,76
	<u>2262,49,16</u>	<u>1974,15,78</u>
iii) Less : Deductions during the year	40,14,63	29,05,97
iv) Less : Depreciation to date (Refer Schedule 18 (Note 2.4))	1317,21,21	1125,27,62
TOTAL	905,13,32	819,82,19
III Capital Work in Progress & Other Intangible Asset	21,94,77	25,44,22
GRAND TOTAL	1710,01,16	1338,75,31
SCHEDULE - 11 OTHER ASSETS		
I Interest Accrued	1748,67,24	1377,69,80
II Tax paid in advance / Tax deducted at source (net of provision)	1240,88,58	819,08,61
III Stationery and Stamps	51,34	56,81
IV Non-banking assets acquired in satisfaction of claims	368,87,55	372,20,40
V Others [Deferred Tax Assets (Refer Schedule 18 (Note 10.6))]	12306,79,54	9471,59,88
TOTAL	15665,74,25	12041,15,50
SCHEDULE - 12 CONTINGENT LIABILITIES		
I Claims against the Bank not acknowledged as debts	395,63,94	476,51,86
II Liability on account of outstanding Forward Exchange Contracts	473430,65,55	351440,73,62
III Liability on account of outstanding Derivative Contracts	402254,88,57	245530,75,62
IV Guarantees given on behalf of constituents		
- In India	49676,58,49	45380,96,66
- Outside India	783,23,73	559,32,07
V Acceptances, Endorsements and Other Obligations	23398,38,34	16587,23,27
VI Other Items for which the Bank is contingently liable	2729,05,99	2123,62,52
TOTAL	952668,44,61	662099,15,62

Schedules to the Consolidated Financial Statements (Contd.)

	Year ended 31.03.2019	Rupees in '000s Year ended 31.03.2018
SCHEDULE - 13 INTEREST EARNED		
I Interest/ Discount on Advances/ Bills	18256,67,91	13699,90,54
II Income on Investments	3677,34,05	3074,38,28
III Interest on Balances with RBI and Other Inter-Bank Funds	102,02,71	321,47,51
IV Others	225,10,38	184,98,54
TOTAL	22261,15,05	17280,74,87
SCHEDULE - 14 OTHER INCOME		
I Commission, Exchange and Brokerage	4072,96,41	3401,98,21
II Profit/ (Loss) on Sale of Investments	115,11,90	363,78,33
III Profit/ (Loss) on Sale of Land, Buildings and Other Assets (Net)	(1,17,50)	8,00,66
IV Profit on exchange transactions / Derivatives (Net)	1359,31,10	921,01,58
V Income earned by way of dividend from companies in India	33,88	30,02
VI Miscellaneous Income	100,16,10	55,01,53
TOTAL	5646,71,89	4750,10,33
SCHEDULE - 15 INTEREST EXPENDED		
I Interest on Deposits	10609,04,13	8045,95,62
II Interest on Reserve Bank of India/ Inter-Bank Borrowings	611,46,53	188,28,69
III Other Interest	2194,46,02	1549,06,14
TOTAL	13414,96,68	9783,30,45
SCHEDULE - 16 OPERATING EXPENSES		
I Payments to and Provisions for Employees	1853,51,34	1780,68,56
II Rent, Taxes and Lighting (includes operating lease rentals)	408,58,52	373,02,03
III Printing and Stationery	72,72,43	65,71,65
IV Advertisement and Publicity	40,46,82	32,54,70
V Depreciation on Bank's Property	228,85,18	211,64,34
VI Directors' Fees, Allowances and Expenses	3,67,92	2,78,73
VII Auditors' Fees and Expenses	1,97,03	2,07,36
VIII Law Charges	67,84,04	71,57,65
IX Postage, Telegrams, Telephones, etc.	141,56,71	130,51,15
X Repairs and Maintenance	335,62,77	341,82,56
XI Insurance	194,69,47	167,80,30
XII Service Provider Fees	459,97,54	418,24,15
XIII Other Expenditure	2595,79,99	1993,01,18
TOTAL	6405,29,76	5591,44,36

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 Principles of Consolidation

The consolidated financial statements of the Group comprise the financial statements of IndusInd Bank Limited (the Bank), IndusInd Financial Inclusion Limited (IFIL), 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.

1.3 Basis of preparation

The accompanying financial statements have been prepared under the historical cost convention except where otherwise stated, and in accordance with statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013, (the Act) and practices prevailing within the banking industry in India.

The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Any revision to accounting estimates is recognised prospectively in current and future periods.

The consolidated financial statements present the accounts of IndusInd Bank Limited with its Subsidiary as under:

Name of the Associate	Country of Origin	% Shareholding of Group as at March 31, 2019	% Shareholding of Group as at March 31, 2018
IndusInd Financial Inclusion Limited	India	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, 2019	% Shareholding of Group as at March 31, 2018
IndusInd Marketing & Financial Services Private Limited	India	30%	30%

2. Transactions involving Foreign Exchange

2.1 Monetary assets and liabilities of domestic and integral foreign operations denominated in foreign currency are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are recognised in the Profit and Loss account.

- 2.2 Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- 2.3 Both monetary and non-monetary assets and liabilities of non-integral foreign operations are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are accumulated in the foreign currency translation reserve until disposal of the net investment in the non-integral foreign operation.
- 2.4 All foreign exchange contracts outstanding at the Balance Sheet date are re-valued on present value basis and the resulting gains or losses are recognised in the Profit and Loss account.
- 2.5 Swap Cost arising on account of foreign currency swap contracts to convert foreign currency funded liabilities and assets into rupee liabilities and assets is amortised to the Profit and Loss account under the head 'Interest – Others' over the underlying swap period.
- 2.6 Income and expenditure of domestic and integral foreign operations denominated in a foreign currency is translated at the rates of exchange prevailing on the date of the transaction. Income and expenditure of non-integral foreign operations is translated at quarterly average closing rates.
- 2.7 Contingent liabilities at the Balance Sheet date on account of outstanding forward foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in a foreign currency are stated at the closing rates of exchange notified by the FEDAI.

3. Investments

Significant accounting policies in accordance with RBI guidelines are as follows:

3.1 **Categorisation of Investments**

The Bank classifies its investment at the time of purchase into one of the following three categories:

- (i) **Held to Maturity (HTM)** – Securities acquired with the intention to hold till maturity.
- (ii) **Held for Trading (HFT)** – Securities acquired with the intention to trade.
- (iii) **Available for Sale (AFS)** – Securities which do not fall within the above two categories.

Subsequent shifting amongst the categories is done in accordance with RBI guidelines.

3.2 **Classification of Investments**

For the purpose of disclosure in the Balance Sheet, investments are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures, and (vi) Other Investments.

3.3 **Acquisition cost**

- (i) Broken period interest on debt instruments is treated as a revenue item 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 are valued at lower of cost and the closing price on a recognised stock exchange. Unquoted equity shares are valued at their break-up value or at Re. 1 per company where the latest Balance Sheet is not available.
- (viii) Units of the schemes of mutual funds are valued at the lower of cost and Net Asset Value (NAV) provided by the respective schemes of mutual funds.
- (ix) Investments in equity shares held as long-term investments by erstwhile IndusInd Enterprises & Finance Limited and Ashok Leyland Finance Limited (since merged with the Bank) are valued at cost and classified as part of HTM category. Provision towards diminution in the value of such long-term investments is made only if the diminution in value is not temporary in the opinion of management.
- (x) Security Receipts (SR) are valued at the lower of redemption value and NAV obtained from the Securitisation Company (SC) / Reconstruction Company (RC). 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. Profit or loss on sale or redemption of investment in AFS/ HFT category is recognised in the Profit and loss 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 Re. 1 per VCF or AIF, as the case may be.

4. Derivatives

Derivative contracts are designated as hedging or trading and accounted for as follows:

- 4.1 The hedging contracts comprise of Forward Rate Agreements, Interest Rate Swaps, and Currency Swaps undertaken to hedge interest rate and currency risk on certain assets and liabilities. The net interest receivable or payable is accounted on an accrual basis over the life of the swaps. However, where the hedge is designated with an asset or liability that is carried at market value or lower of cost and market value, then the hedging instrument is also marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated assets or liabilities.
- 4.2 The trading contracts comprise of trading in Interest Rate Swaps, Interest Rate Futures and Currency Futures. The gain or loss arising on unwinding or termination of the contracts, is accounted for in the Profit and Loss account. Trading contracts outstanding as at the Balance Sheet date are re-valued at their fair value and resulting gains or losses are recognised in the Profit and Loss account.
- 4.3 Gains or losses on the termination of hedge swaps is deferred and recognised over the shorter of the remaining life of the hedge swap or the remaining life of the underlying asset or liability.
- 4.4 Premium paid and received on currency options is accounted when due in the Profit and Loss Account.
- 4.5 Fair value of derivative is determined with reference to bid / asks quoted market price or by using valuation models. Where the fair value is calculated using valuation models, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to the present value. The valuation takes into consideration all relevant market factors (e.g. prices, interest rate, currency exchange rates, volatility, liquidity etc.). Most market parameters are either 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 In relation to non-performing derivative contracts, provisions is made in accordance with RBI guidelines for the entire amount of overdue and future receivables relating to positive marked to market value of the such derivative contracts.
- 5.6 Advances are disclosed in the Balance Sheet, net of specific provisions and interest suspended for non-performing advances, and floating provisions.
- 5.7 Advances exclude derecognised securitised advances, inter-bank participation certificates issued and bills rediscounted.
- 5.8 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.
- 5.9 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. Depreciation relating to revaluation is adjusted against the Revaluation Reserve.
- 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.

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.
- 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 Consolidated Financial Statements

1. Capital

Capital Issue

During the year ended March 31, 2019, 24,63,681 equity shares of ₹ 10 each fully paid (Previous year 20,74,482 equity shares of ₹10 each fully paid) aggregating to an amount of ₹ 100.54 crores (Previous year ₹ 101.97 crores) which includes the share capital and share premium, were allotted on various dates to the employees who exercised their stock options.

IndusInd Financial Inclusion Limited was incorporated on August 6, 2018 with an authorised share capital of ₹50 crores and has issued 7 shares of ₹ 10 each to the subscribers to the Memorandum of Association. The entire share capital is held by the Bank and its nominees.

2. Fixed Assets

2.1 Cost of premises includes ₹ 4.09 crores (Previous year ₹ 4.09 crores) in respect of properties for which execution of documents and registration formalities are in progress. Of these properties, the Group has not obtained full possession of one property having written down value of ₹ 1.48 crores (Previous year ₹ 1.51 crores) and has filed a suit for the same.

2.2 Computer software

The movement in fixed assets capitalized as computer software is given below:

(₹ in crores)

Particulars	31 March, 2019	31 March, 2018
At cost at the beginning of the year	389.71	338.52
Addition during the year	78.01	51.19
Deduction during the year	0.03	-
Accumulated depreciation as at the end of the year	315.74	260.50
Closing balance as at the end of the year	151.95	129.21
Depreciation charge for the year	55.27	53.24

2.3 Premises owned by the Group were revalued as at March 31, 2019 in accordance with Groups policy and an amount of ₹ 29.69 crores (Previous year Nil) was debited to Revaluation Reserve Account.

2.4 Movement in depreciation of Fixed Assets

(₹ in crores)

Depreciation	2018-19	2017-18
Premises		
At the beginning of the year	82.15	74.96
Transferred from Revaluation Reserve	6.03	6.13
Charge for the year	3.25	2.05
Deduction during the year	0.20	0.99
Depreciation to date	91.23	82.15
Other Fixed Assets		
At the beginning of the year	1,125.28	940.21
Charge for the year	225.60	209.59
Deduction during the year	33.67	24.52
Depreciation to date	1,317.21	1,125.28

3. *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 ₹ 89.41 crores (Previous year ₹ 176.28 crores) in respect of which the Group is in appeal, and legal cases sub judice of ₹ 306.22 crores (Previous year ₹ 300.24 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 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 deduction 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 that 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 has been filed and is pending before the SC for disposal. Since there are no other directions from the EPFO and pending decision of the review petition on the subject, no liability is currently ascertainable and consequently no effect has been given in the financial statement.

4. The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that 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 in the books of account.
5. There is no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Group (Previous year Nil).

6. *Corporate Social Responsibility (CSR)*

The Group has spent an amount of ₹ 55.46 crores (Previous year ₹ 20.47 crores) towards CSR initiatives through various projects in the areas of Environment (Watershed Development, Afforestation, Lake/Pond Rejuvenation), Education, Rural Development and Inclusiveness, Preventive Healthcare and Sports . Of the total CSR spends, no amount was incurred towards capital expenditure (Previous year ₹ 0.13 crores).

7. *Drawdown from Reserves*

During the year ended March 31, 2019 and year ended March 31, 2018, the Group did not draw down from the reserves.

8. On October 14, 2017, the Board of Directors of the Bank and Bharat Financial Inclusion Limited (BFIL), at their respective meetings, approved a merger of BFIL with the Bank in an all-stock transaction through a Composite Scheme of Arrangement (Scheme). The Competition Commission of India has approved the proposed Scheme and RBI has conveyed their 'No Objection' for the Scheme and an approval for incorporating a Wholly-Owned-Subsidiary to act as Business Correspondent of the Bank. The Scheme has received 'no adverse remarks' from the National Stock Exchange of India Limited and BSE Limited, basis the comments received from the Securities and Exchange Board of India. For the purposes of implementing the Scheme, IndusInd Financial Inclusion Limited (IFIL) has been incorporated on August 06, 2018 as a wholly owned subsidiary of the Bank. Pursuant to an order of National Company Law Tribunal (NCLT), the following meetings were convened: (a) shareholders' meeting of the Bank, on December 11, 2018; (b) shareholders' meeting and creditors' meetings of BFIL, on December 11, 2018; and (c) shareholders' meeting of IFIL, on December 7, 2018. The shareholders and creditors of the Bank, BFIL and IFIL, as applicable, have approved the Scheme at the aforesaid meetings. The petition filed with NCLT to sanction the Scheme was heard on April 23, 2019 and the matter was reserved by the NCLT for final order. Accordingly, the proposed Scheme has not been given effect to in the consolidated profit for the year ended March 31, 2019 or the consolidated balance sheet as at that date.

9. Employee Stock Option Scheme (ESOS)

9.1 The shareholders of the Bank approved Employee Stock Option Scheme (ESOS 2007) on September 18, 2007. ESOS enables the Board and the Compensation Committee to grant such number of stock options of the Bank not exceeding 7% of the aggregate number of issued and paid up equity shares of the Bank, in line with the guidelines issued by the SEBI. The options vest within a maximum period of five years from the date of grant of option. The exercise price for each grant is decided by the Compensation Committee, which is normally based on the latest available closing price. Upon vesting, the options have to be exercised within a maximum period of five years. The stock options are equity settled where the employees will receive one equity share per stock option.

Pursuant to the ESOS 2007 scheme, the Compensation Committee of the Bank has granted 4,18,91,300 options as set out below:

Sr. No	Date of grant	2018-19		2017-18	
		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
29.	15-May-14	65,500	537.05	65,500	537.05

Sr. No	Date of grant	2018-19		2017-18	
		No of options	Range of exercise price (₹)	No of options	Range of exercise price (₹)
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		
56.	28-Sep-18	1,09,000	1,682.00		
57.	20-Mar-19	85,000	1,725.20		

9.2 Recognition of expense

The Group 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 the scheme during the year

	2018-19		2017-18	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,13,16,874	854.18	1,17,32,111	657.14
Granted during the year	2,58,000	1,747.78	17,93,500	1,732.20
Forfeited / surrendered during the year	1,24,610	1,591.98	1,31,275	985.11
Exercised during the year	24,63,681	408.10	20,74,482	491.52
Expired during the year	2,310	253.60	2,980	253.41
Outstanding at the end of the year	89,84,273	992.08	1,13,16,874	854.18
Options exercisable at the end of the year	68,40,698	816.40	71,11,745	548.15

The weighted average price of options exercised during the year is ₹ 1,554.61 (Previous year ₹ 1,626.08).

Following table summarizes the information about stock options outstanding as at March 31, 2019:

Date of grant	2018-19			2017-18		
	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)
28-Jan-10 A				48.00	4,00,000	0.84
28-Jun-10				196.50	18,662	0.24
17-Jan-11	228.70	1,70,000	-	228.70	8,40,000	0.82
07-Feb-11 A				220.45	1,07,500	0.86
24-Jun-11	253.60	17,620	0.23	253.60	61,333	0.88
21-Dec-11	231.95	2,53,000	0.73	231.95	4,03,000	1.36
29-Feb-12	304.05	34,000	0.92	304.05	67,000	1.43
19-Apr-12	345.60	29,000	1.05	345.60	39,500	1.70
25-May-12	304.55	3,093	1.15	304.55	5,675	1.16
10-Jul-12	343.25	1,47,400	1.28	343.25	1,47,400	1.79
10-Oct-12	365.75	2,700	1.53	365.75	3,750	1.88
20-Jun-13	478.45	27,000	2.22	478.45	28,500	3.12
18-Jul-13	453.90	1,46,480	2.30	453.90	2,50,630	2.60
23-Sep-13	411.50	10,000	2.48	411.50	10,000	2.49
29-Oct-13	412.25	2,560	2.58	412.25	3,560	3.58
29-Jan-14	389.85	2,030	2.84	389.85	9,100	3.40
29-Jan-14 A	300.00	7,00,000	2.84	300.00	7,00,000	2.84
25-Mar-14	490.30	1,25,000	2.99	490.30	1,25,510	3.00
15-May-14	537.05	3,000	3.13	537.05	8,765	3.58
02-Jun-14	533.95	13,66,510	3.18	533.95	18,08,320	3.30
09-Jul-14	551.10	1,700	3.28	551.10	1,700	4.28

Date of grant	2018-19			2017-18		
	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)
13-Oct-14	623.25	20,100	3.54	623.25	23,865	3.72
17-Jan-15	831.85	37,000	3.80	831.85	38,150	3.84
23-Feb-15	876.80	1,040	3.90	876.80	1,040	4.56
30-Mar-15	880.75	8,380	4.00	880.75	9,000	4.01
22-May-15	848.20	5,000	4.15	848.20	41,114	4.27
24-Jul-15	949.80	7,85,210	4.32	949.80	10,97,095	4.50
21-Sep-15	918.65	11,000	4.48	918.65	70,760	5.27
04-Nov-15	911.85	58,580	4.60	911.85	61,040	4.68
12-Jan-16	936.75	2,345	4.79	936.75	3,500	4.80
12-Jan-16	886.75	10,00,000	4.79	886.75	10,00,000	4.80
12-May-16	1,053.75	3,275	5.12	1,053.75	8,510	5.25
11-Jul-16	1,126.70	16,890	5.28	1,126.70	22,420	5.41
23-Aug-16	1,186.75	1,99,180	5.40	1,186.75	2,04,340	5.65
10-Oct-16	1,220.85	17,83,680	5.53	1,220.85	18,17,340	5.56
16-Nov-16	1,093.10	6,520	5.64	1,093.10	23,270	6.09
27-Jan-17	1,265.40	16,550	5.83	1,265.40	19,025	5.97
24-Mar-17	1,383.90	47,990	5.99	1,383.90	49,000	6.00
19-Apr-17	1,431.75	14,020	6.06	1,431.75	16,000	6.07
09-May-17	1,424.85	69,000	6.11	1,424.85	69,000	6.12
19-Jun-17	1,498.90	33,420	6.22	1,498.90	38,500	6.23
11-Jul-17	1,560.35	35,000	6.28	1,560.35	35,000	6.29
12-Oct-17	1,717.25	65,000	6.54	1,717.25	69,000	6.55
11-Jan-18	1,734.10	43,000	6.79	1,734.10	43,000	6.80
27-Mar-18	1,759.75	14,23,000	6.99	1,759.75	15,17,000	7.00
08-May-18	1,889.80	64,000	7.11			
28-Sep-18	1,682.00	1,09,000	7.50			
20-Mar-19	1,725.20	85,000	7.98			

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:

	2018-19
Average dividend yield	0.40 - 0.45%
Expected volatility	22.51 - 28.30%
Risk free interest rates	6.91 - 8.09%
Expected life of options (in years)	4.52

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been

computed by considering the historical data on daily volatility in the closing equity share price on the National Stock Exchange of India Limited (NSE), over a prior period equivalent to the expected life of the options, till the date of the grant.

The stock-based compensation cost calculated as per the intrinsic value method for the year ended March 31, 2019 is ₹ 0.30 crores (Previous year ₹ 1.21 crores). Had the Bank adopted the Black - Scholes model based fair valuation, compensation cost for the year ended March 31, 2019, would have increased by ₹91.80 crores (Previous year ₹ 68.81 crores) and the pro forma profit after tax would have been lower by ₹ 59.72 crores (Previous year ₹ 44.99 crores). On a pro forma basis, the basic and diluted earnings per share would have been as follows:

Particulars	March 31, 2019	March 31, 2018
Pro forma basis		
Basic earnings per share ₹	54.89	59.44
Diluted earnings per share ₹	54.45	58.82

The weighted average fair value of options granted during the year 2018-19 is ₹594.84 (Previous year ₹ 593.37).

10. Disclosures – Accounting Standards

10.1 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, 2019	March 31, 2018
	Changes in the present value of the obligation		
1.	Opening balance of Present Value of Obligation	89.48	75.31
2.	Interest Cost	6.31	5.05
3.	Current Service Cost	17.94	16.44
4.	Benefits Paid	(11.43)	(6.40)
5.	Actuarial loss / (gain) on Obligation	8.22	(0.92)
6.	Closing balance of Present Value of Obligation	110.52	89.48
	Reconciliation of opening and closing balance of the fair value of the Plan Assets		
1.	Opening balance of Fair value of Plan Assets	93.52	81.53
2.	Adjustment to Opening Balance	0.27	0.66
3.	Expected Return on Plan assets	7.00	6.54
4.	Expenses	-	-
5.	Contributions	29.46	15.51
6.	Benefits Paid	(11.43)	(6.40)
7.	Actuarial gain / (loss) on Plan Assets	(1.85)	(4.32)
8.	Closing balance of Fair Value of Plan Assets	116.97	93.52

(₹ in crores)

		March 31, 2019	March 31, 2018
	Profit and Loss – Expenses		
1.	Current Service Cost	17.94	16.44
2.	Interest Cost	6.31	5.05
3.	Expected Return on Plan assets	(7.01)	(6.54)
4.	Expenses	-	-
5.	Net Actuarial loss recognised in the year	10.07	3.40
6.	Expenses recognised in the Profit and Loss account	27.31	18.35
	Funded status	100% insurance managed funds	100 % insurance managed funds
	Actuarial Assumptions		
1.	Discount Rate	7.50-7.68%	7.55%
2.	Expected Rate of Return on Plan Assets	4.22%	6.50%
3.	Expected Rate of Salary Increase	5.00%	5.00%
4.	Employee Attrition Rate		
-	Past Service 0 to 5 years	30.00%	30.00%
-	Past Service above 5 years	0.50%	0.50%

Estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Experience Adjustment

(₹ in crores)

Particulars	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Defined Benefit Obligations	110.52	89.48	75.31	61.67	46.38
Plan Assets	116.97	93.52	81.53	65.34	49.58
Surplus / (Deficit)	6.45	4.04	6.21	3.67	3.20
Experience Adjustments on Plan Liabilities	(8.21)	0.92	(4.07)	(7.60)	(4.25)
Experience Adjustments on Plan Assets	(1.85)	(4.32)	1.22	(0.80)	(0.35)

Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date is ₹ 35 crores (Previous year ₹ 28 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.

The details of the fund and plan assets position as at March 31, 2019, are as follows:

(₹ in crores)

Assets/ Liabilities	March 31, 2019	March 31, 2018
Present value of Interest Rate guarantee on Provident Fund	1.75	0.99
Present value of Total Obligation	195.52	165.01
Fair value of Plan Assets	197.08	164.86
Net asset / (liability) recognized in the Balance Sheet	1.56	(0.15)
Assumptions		
Normal Retirement age	60 years	60 years
Expected guaranteed interest on PF in future	8.65%	8.55%
Discount rate	7.60-7.80%	7.55%
Expected average remaining working lives of employees (years)	11.16-24.91	7.02-8.60
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, 2019	March 31, 2018
Total actuarial liability	65.09	51.24
Total expense included in Schedule 16(l)	17.06	11.10
Assumptions		
Discount Rate	7.68%	7.55%
Salary escalation rate	5.00%	5.00%

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

(₹ in crores)

Business Segment	Treasury		Corporate/Wholesale Banking		Retail Banking		Other Banking Operation		Total	
	31/03/19	31/03/18	31/03/19	31/03/18	31/03/19	31/03/18	31/03/19	31/03/18	31/03/19	31/03/18
Revenue	4,417.55	4,095.20	9,044.90	7,036.38	15,052.34	11,779.15	69.69	72.75	28,584.48	22,983.48
Inter Segment Revenue									(676.61)	(952.63)
Total Income									27,907.87	22,030.85
Result	483.58	605.79	2,790.64	2,124.05	5,019.61	4,112.51	23.24	25.40	8,317.07	6,867.75
Unallocated Expenses									(229.46)	(211.64)
Operating Profit									8,087.61	6,656.11
Provisions and Contingencies (other than tax)									(3,107.65)	(1,175.43)
Tax Expenses									(1,679.47)	(1,874.69)
Extraordinary profit/ loss									-	-
Net Profit									3,300.48	3,605.99
Add : Share of Profit in Associate									0.27	0.13
Net Profit									3,300.75	3,606.12
Other Information:										
Segment Assets	69,884.49	56,969.78	83,007.71	68,167.50	1,14,130.74	86,296.31	-	-	2,67,022.94	2,11,433.59
Unallocated Assets									10,797.76	10,192.57
Total Assets									2,77,820.70	2,21,626.16
Segment Liabilities	47,955.99	38,717.43	87,976.08	67,234.30	1,08,289.81	85,833.83	-	-	2,44,221.88	1,91,785.56
Unallocated Liabilities									33,598.82	29,840.60
Total Liabilities									2,77,820.70	2,21,626.16

Note:

Fixed Assets, tax paid in advance and tax deducted at source (net of provisions), stationery and stamps, non-banking assets acquired in satisfaction of claims, and others which cannot be allocated to any segments, have been classified as unallocated assets; Depreciation on Fixed Assets has been classified as unallocated expenses. The unallocated liabilities include share capital, employee stock option outstanding, reserves and surplus, proposed dividend and others.

Geographic Segments:

The business operations of the 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 Bank does not have material earnings emanating from foreign operations, the Bank 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

Mr. Romesh Sobti, Managing Director

Associates

IndusInd Marketing and Financial Services Private Limited

Subsidiaries

The Group has incorporated a wholly owned subsidiary named IndusInd Financial Inclusion Limited during the financial year ended March 31, 2019. The aforesaid subsidiary company is yet to commence its operations as on March 31, 2019.

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided as there is only one related party in each of the above categories.

10.4 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, 2019	March 31, 2018
Future lease rentals payable as at the end of the year:		
- Not later than one year	316.51	325.04
- Later than one year but not later than five years	1,021.65	928.41
- Later than five years	523.24	326.12
Total of minimum lease payments recognized in the Profit and Loss Account for the year	298.40	280.11
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 Bank. Details pertaining to earnings per share as per AS 20 are as under:

	For the Year ended	
	March 31, 2019	March 31, 2018
Net Profit after tax (₹ in crores)	3,300.48	3,605.99
Basic weighted average number of equity shares	60,13,45,091	59,90,63,006
Diluted weighted average number of equity shares	60,61,87,857	60,53,75,114
Nominal value of Equity Shares (₹)	10	10
Basic Earnings per Share (₹)	54.89	60.19
Diluted Earnings per Share (₹)	54.45	59.57

The difference between weighted average number of equity shares outstanding between basic and diluted in the above mentioned disclosure is on account of outstanding ESOPs.

10.6 Deferred Tax (AS 22)

The major components of deferred tax assets / liabilities are as under:

(₹ in crores)

Timing difference on account of	March 31, 2019 Deferred Tax		March 31, 2018 Deferred Tax	
	Assets	Liabilities	Assets	Liabilities
Difference between depreciation as per the books of account and depreciation under the Income Tax Act, 1961	-	8.47	-	16.68
Difference between Provisions for doubtful debts and advances and amount allowable under Section 36(1)(vii) of the Income Tax Act, 1961	976.24	-	597.72	-
Difference between income as per the books of account and income offered under the Income Tax Act, 1961	-	352.76	-	252.84
Others	56.08	-	49.60	-
Sub-total	1,032.32	361.23	647.32	269.52
Net closing balance carried to the Balance Sheet (included in Sch. 11 – Others)	671.09		377.80	

Provision for taxation during the year

(₹ in crores)

Particulars	March 31, 2019	March 31, 2018
Current tax	1,972.76	1,900.02
Incremental deferred tax asset net of deferred tax liability (Refer Note 11.1 of Schedule 18)	(293.29)	(25.33)
Total	1,679.47	1,874.69

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, 2019	March 31, 2018
Depreciation on Investments	173.47	120.87
Provision for non-performing assets including bad debts written off (net of write backs)	2,719.01	900.90
Income Tax / Deferred Tax (Refer Note 10.6 of Schedule 18)	1,679.47	1,874.69
Other Provision and Contingencies (includes floating provision, provision towards standard assets and others)	215.16	153.66
Total	4,787.12	3,050.12

11.2 Proposed Dividend:

The Board of Directors, in their meeting held on May 22, 2019 have proposed a final dividend of ₹7.50 per equity share amounting to ₹544.93 crores, inclusive of corporate dividend tax. The proposal is subject to the approval of shareholders at the ensuing 25th Annual General Meeting and accordingly, this proposed dividend amounting to ₹544.93 crores is not recognised as a liability on March 31, 2019 and the same has not been considered as an appropriation from the Profit and Loss Account for the year ended March 31, 2019.

Dividend for the year ended March 31, 2018 paid during the year pursuant to the approval of the shareholders at the 24th Annual General Meeting, at the rate of ₹7.50 per equity share amounting to ₹542.94 crores including corporate dividend tax, has been considered as an appropriation from the Profit and Loss Account during the year.

11.3 Additional information for consolidated accounts (Pursuant to Schedule III of Companies Act, 2013)

(₹ in crores)

Name of the Subsidiary	Net Assets *				Share in Profit or Loss			
	2018-19		2017-18		2018-19		2017-18	
	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount
IndusInd Bank Limited	100.00%	26,687.25	100.00%	23,843.26	100.01%	3,301.10	100.00%	3,605.99
Subsidiary								
IndusInd Financial Inclusion Limited	0.00%	0.00	-	-	(0.02%)	(0.61)	-	-
Associate								
IndusInd Marketing and Financial Services Pvt Ltd	-	-	-	-	0.01%	0.27	0.00%	0.13
Total	100.00%	26,687.25	100.00%	23,843.26	100.00%	3,300.75	100.00%	3,606.12

* Total assets – Total Liability

11.4 Disclosure on Remuneration**Nomination and Remuneration Committee**

The Nomination and Remuneration Committee (NRC) presently comprises four members, three of whom are Independent Directors. On aspects relating to remuneration, the mandate of the 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 / RiskTakers / 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, and performance and behavioural track record of the employee.

Other Disclosures

	Year ended March 31, 2019	Year ended March 31, 2018
Number of meetings held by NRC during the financial year and remuneration paid to its members	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.	During the year, five meetings of the NRC were held and the members were paid aggregate sitting fees of ₹ 4,60,000 for the five meetings.
Number of employees having received a variable remuneration award during the financial year	116 employees belonging to the category of WTD / CEO / Risk Takers/Other Control function staff had received a variable remuneration award	102 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 ₹ 2.15 crores to be paid as cash in FY 2019-20 and FY 2020-21	The outstanding deferred remuneration is ₹ 1.86 crores to be paid as cash in FY 2018-19 and FY 2019-20
Total amount of deferred remuneration paid out in the financial year	The deferred remuneration paid during the year 2018-19 was ₹ 1.72 crores	The deferred remuneration paid during the year 2017-18 was ₹ 1.47 crores
Breakdown of amount of remuneration awards for the financial year	<p>Breakup of remuneration awards for the 126 employees defined as WTD / CEO / Risk Takers/ Other control function staff</p> <p>(a) Fixed pay – ₹ 166.86 crores</p> <p>(b) Variable pay – ₹ 64.94 crores for FY 2017-18</p> <p>(c) Deferred remuneration – ₹ 2.15 crores</p> <p>(d) Non-deferred remuneration – ₹ 62.79 crores</p>	<p>Breakup of remuneration awards for the 111 employees defined as WTD / CEO / Risk Takers/ Other control function staff</p> <p>(a) Fixed pay – ₹ 140.20 crores</p> <p>(b) Variable pay – ₹ 55.49 crores for FY 2016-17</p> <p>(c) Deferred remuneration – ₹ 1.86 crores</p> <p>(d) Non-deferred remuneration – ₹ 53.63 crores</p>
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 ₹ 1.44 crores was paid as sitting fees to the Non-Executive Directors during the year ended March 31, 2019 (Previous year ₹ 1.28 crores). In accordance with RBI guidelines and the approval accorded at the 22nd Annual General Meeting, an amount of ₹ 0.86 crores (Previous year ₹ 0.93 crores) has been paid as remuneration to Non-Executive Directors during the year ended March 31, 2019.

- 12.** The Group has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended March 31, 2019 (Previous year Nil).
- 13.** Previous year's figures have been regrouped / reclassified wherever necessary.
- 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.

As per our report of even date.

For INDUSIND BANK LIMITED**For S R Batliboi & Co. LLP**

Chartered Accountants

Firm Registration No: 301003E/E300005

per Viren H Mehta

Partner

Membership No: 048749

Place : Mumbai

Date : May 22, 2019

R. Seshasayee

Chairman

Kanchan Chitale

Director

Arun Tiwari

Director

S. V. Zaregaonkar

Chief Financial Officer

Romesh Sobti

Managing Director

Shanker Annaswamy

Director

Siraj Chaudhry

Director

Haresh Gajwani

Company Secretary

Disclosures Under Basel III Capital Regulations – March 31, 2019

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/content/home/important-links/regulatory-disclosures-section.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	IndusInd Financial Inclusion Ltd. (IFIL)
		(Amount in ₹)
1	Share Capital	70
2	Reserves & surplus	(61,39,886)
3	Total Assets	10,070
4	Total Liabilities	61,49,886
5	Investments	Nil
6	Turn Over	NA
7	Profit before taxation	(61,39,886)
8	Provision for taxation	Nil
9	Profit after taxation	(61,39,886)
10	Proposed Dividend	Nil
11	% of Shareholding	100%

Notes :

- 1 Names of the Subsidiary which are yet to commence operation : IndusInd Financial Inclusion Limited (IFIL)
- 2 Names of the Subsidiary which have been liquidated or sold during the year : Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr. No.	Name of Associate Companies / Joint Ventures	IndusInd Marketing and Financial Services Pvt Ltd (IMFS)
1	Latest Audited Balance Sheet	March 31, 2019
2	Date on which the Associate or Joint Venture was associated or acquired	June 11, 2004
3	Shares of Associate Company / Joint Venture held by the company on the year end:	
	No. of Shares	3,000
	Amount of Investment in associate / joint venture	₹ 30,000
	Extend of Holding %	30%
4	Description of how there is significant influence	Extent of Equity holding in the Associate company exceeds 20%
5	Reason why the Associate / Joint Venture is not consolidated	Not applicable
6	Net worth attributable to the Banks's share holding (₹ in crores)	1.89 crores
7	Profit / Loss for the year:	
	i. Considered in Consolidated Financial Statement (₹ in crores)	0.27 crores
	ii. Not Considered in Consolidated Financial Statement	Nil

Notes

- 1 Names of Associates or Joint Ventures which are yet to commence operations. : Nil
2 Names of the Associates which have been liquidated or sold during the year. : Nil

For INDUSIND BANK LIMITED

R. Seshasayee
Chairman

Romesh Sobti
Managing Director

Kanchan Chitale
Director

Shanker Annaswamy
Director

Arun Tiwari
Director

Siraj Chaudhry
Director

Place : Mumbai
Date : May 22, 2019

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

US DOLLAR DENOMINATED Standalone Balance Sheet as at March 31, 2019

1 USD = ₹ 69.155		(Millions of US\$)	
	As at 31.03.2019	As at 31.03.2018	
CAPITAL AND LIABILITIES			
Capital	87.15	86.79	
Employee Stock Option Outstanding	1.62	2.11	
Reserves and Surplus	3,770.10	3,358.67	
Deposits	28,178.43	21,927.43	
Borrowings	6,842.76	5,536.70	
Other Liabilities & Provisions	1,293.39	1,136.04	
TOTAL	40,173.45	32,047.74	
ASSETS			
Cash and Balances with Reserve Bank of India	1,440.42	1,585.19	
Balances with Banks & Money at Call and Short Notice	697.31	325.86	
Investments	8,570.05	7,241.23	
Advances	26,953.00	20,960.69	
Fixed Assets	247.27	193.59	
Other Assets	2,265.40	1,741.18	
TOTAL	40,173.45	32,047.74	
Contingent Liabilities	1,37,758.43	95,741.33	
Bills for Collection	4,767.77	5,410.38	

Standalone Profit and Loss Account for the year ended March 31, 2019

1 USD = ₹ 69.155		(Millions of US\$)	
	Year ended 31.03.2019	Year ended 31.03.2018	
I INCOME			
Interest Earned	3,219.02	2,498.84	
Other Income	816.53	686.88	
TOTAL	4,035.55	3,185.72	
II EXPENDITURE			
Interest Expended	1,939.84	1,414.69	
Operating Expenses	926.13	808.54	
Provisions and Contingencies	692.23	441.06	
TOTAL	3,558.20	2,664.29	
III PROFIT			
Profit brought forward	477.35	521.43	
AMOUNT AVAILABLE FOR APPROPRIATION	1,346.47	1,029.34	
IV. APPROPRIATIONS			
a) Transfer to Statutory Reserves	119.34	130.36	
b) Transfer to Capital Reserves	5.72	1.10	
c) Transfer to Investment Fluctuation Reserve	16.65	-	
d) Dividend paid including tax on dividend	78.51	62.50	
e) Deductions during the year	(2.49)	10.34	
	217.73	204.30	
Balance carried over to the Balance Sheet	1,606.09	1,346.47	
TOTAL	1,823.82	1,550.77	

NOTICE

INDUSIND BANK LIMITED

CIN: L65191PN1994PLC076333

Registered Office: 2401, Gen. Thimmayya Road (Cantonment), Pune - 411 001

Tel: (020) 2623 4000-10

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 is hereby given that the Twenty-fifth Annual General Meeting (AGM) of the Members of Indusind Bank Limited (the 'Bank') will be held at 2.00 p.m. on Friday, August 16, 2019, at Hotel Sheraton Grand, Raja Bahadur Mill Road, Pune – 411 001, Maharashtra, 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, 2019, together with the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares of the Bank for the Financial Year ended March 31, 2019.
3. To appoint a Director in place of Mr. Romesh Sobti (DIN: 00031034), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint the Statutory Auditors of the Bank and authorise the Board of Directors 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 for FY 2019-20, for a period commencing from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Bank on remuneration (including terms of payment) to be fixed by the Board of Directors, based on the recommendations of the Audit Committee."

SPECIAL BUSINESS:

5. **Appointment of Mrs. Akila Krishnakumar (DIN: 06629992) 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, Schedule IV and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, and Sections 10A, 16, 20 and other applicable provisions of the Banking Regulation Act, 1949 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, and based on the recommendation of the Nomination & Remuneration Committee, Mrs. Akila Krishnakumar, who was appointed as 'Additional Director' of the Bank with effect from August 10, 2018, 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, be and is hereby appointed as 'Non-Executive Independent Director' of the Bank, for a period of four consecutive years from the date of her appointment by the Board, and shall not be liable to retire by rotation, and shall be eligible for Sitting Fees, reimbursement of expenses, and Profit-related Commission as may be permissible under law from time to time."

6. **Appointment of Mr. Arun Tiwari (DIN: 05345547) 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, Schedule IV and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, and Sections 10A, 16, 20 and other applicable provisions of the Banking Regulation Act, 1949 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as

amended from time to time, and based on the recommendation of the Nomination & Remuneration Committee, Mr. Arun Tiwari, who was appointed as 'Additional Director' of the Bank with effect from August 10, 2018, 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 be and is hereby appointed as 'Non-Executive Independent Director' of the Bank, for a period of four consecutive years from the date of his appointment by the Board, and shall not be liable to retire by rotation, but shall be eligible for Sitting Fees, reimbursement of expenses, and Profit-related Commission as may be permissible under law from time to time."

7. Appointment of Mr. Siraj Chaudhry (DIN: 00161853) 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, Schedule IV and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, and Sections 10A, 16, 20 and other applicable provisions of the Banking Regulation Act, 1949 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, and based on the recommendation of the Nomination & Remuneration Committee, Mr. Siraj Chaudhry, who was appointed as 'Additional Director' of the Bank with effect from January 3, 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 be and is hereby appointed as 'Non-Executive Independent Director' of the Bank, for a period of four consecutive years from the date of his appointment by the Board and shall not be liable to retire by rotation, but shall be eligible for Sitting Fees, reimbursement of expenses, and Profit-related Commission as may be permissible under law from time to time."

8. Appointment of Mr. Rajiv Agarwal (DIN: 00336487) 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, Schedule IV and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, and Sections 10A, 16, 20 and other applicable provisions of the Banking Regulation Act, 1949 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, and based on the recommendation of the Nomination & Remuneration Committee, Mr. Rajiv Agarwal, who was appointed as 'Additional Director' of the Bank with effect from March 15, 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 be and is hereby appointed as 'Non-Executive Independent Director' of the Bank, for a period of four consecutive years from the date of his appointment by the Board, and shall not be liable to retire by rotation, but shall be eligible for Sitting Fees, reimbursement of expenses, and Profit-related Commission as may be permissible under law from time to time."

9. 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 provisions of Sections 42, 71 and other applicable provisions of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, including SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, any amendment, modification, variation, or re-enactment thereto from time to time and the relevant references given under the Articles of Association of the Bank and subject to receipt of such other approvals, consents, permissions and sanctions required to be obtained from the Statutory Authorities, including but not limited to Reserve Bank of India, consent of the Members be and is hereby accorded to the Board (hereinafter referred to as "Board" and which term shall be deemed to include any Committee of the Board or any other persons to whom powers may be delegated by the Board) for borrowings / raising of funds in 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 (NCDs) / Bonds / Medium Term Notes or any other listed debt security eligible to be included as Additional Tier I (AT1) and Tier II (T2) Capital of the Bank or otherwise or any other instrument of a similar nature, aggregating up to an amount not exceeding ₹ 20,000 crores (Rupees Twenty thousand crores only), whether Secured / Unsecured, on Private Placement basis, in domestic and / or overseas market, under one or more Shelf Disclosure Documents and / or under one or more Letters of Offer as may be issued by the

Bank and in one or more tranches and on such terms and conditions for each series / tranches including the price, coupon, premium, discount, tenor, interest, etc. as deemed fit by the Board, in its absolute discretion within the limits in aggregate not exceeding ₹ 20,000 crores, without being required to seek any further consent or approval from Members which be and hereby shall be deemed to have given their approval thereto expressly by the authority of the resolution, during a period of one year from the date of passing of this Resolution, and the said borrowing shall be within the overall borrowing limits of the Bank, as approved by the members from time to time;

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to execute all such agreements, documents, instruments and writings and to do all such acts and deeds, matters and things as may be required, and to delegate all or any of its powers herein conferred to any of the Committee of the Board (including the Finance Committee) or any personnel of the Bank, to act on their behalf as they may deem fit to give effect to this Resolution.”

**By Order of the Board
For IndusInd Bank Limited**

Sd/-

**Haresh K. Gajwani
Company Secretary
(Membership No. A 18225)**

**Place: Mumbai
Date: July 12, 2019**

Corporate Office:

8th Floor, Tower No.1, One Indiabulls Centre,
841, Senapati Bapat Marg, Elphinstone Road (W),
Mumbai – 400 013, Maharashtra
E-mail: investor@indusind.com, Website: www.indusind.com
Secretarial & Investor Services – Phone +91 (022) 6641 2487 / 2359

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF, AND SUCH A PROXY NEED NOT BE A MEMBER OF THE BANK.

A person can act as Proxy on behalf of Members not exceeding Fifty and holding in the aggregate not more than ten per cent (10%) of the total Share Capital of the Bank.

In case a Proxy is proposed to be appointed by a Member holding more than 10 % of the total Share Capital of the Bank carrying voting rights, then such Proxy shall not act as a Proxy for any other person or Shareholder.

The Proxy Form, in order to be valid and effective, should be lodged with the Bank at its Registered Office not later than 48 hours before the commencement of the meeting (i.e. on or before Wednesday, August 14, 2019 at 2.00 p.m.).

Corporate Members intending to send their Authorised Representatives to attend the meeting are requested to send a Certified True Copy of the Board Resolution / Authority, authorising the Representative to attend the meeting.

2. Members / Proxies / Authorised Representatives should bring the Attendance Slip duly filled in for attending the AGM and hand it over at the Registration Counter at the venue. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio number in the Attendance Slip for attending the meeting.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts in respect of the Resolutions stated at Item Numbers 3 to 9 is annexed hereto.
4. During the period beginning 24 hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the Bank provided that not less than 3 days' notice in writing of the intention so to inspect is given to the Bank.

All documents referred to in the accompanying Notice, Explanatory Statement, and terms and conditions of appointment of Directors / Chairman are available in physical or electronic form and are open for Inspection at the Registered Office / Corporate Office and Secretarial & Investor Services Office of the Bank on all working days except Saturdays, Sundays and Bank holidays between 11.00 a.m. and 1.00 p.m. upto the date of the AGM.

5. 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 for inspection at the AGM.
6. The Register of Members and Share Transfer Books of the Bank will remain closed from Saturday, August 10, 2019 up to Friday, August 16, 2019 (both days inclusive) for determining the entitlement of the Shareholders for Dividend on Equity Shares for FY 2018-19:
 - i) in case of Members holding shares in physical form, whose names appear in the Register of Members of the Bank, on or before the cut-off date, i.e., Friday, August 9, 2019;
 - ii) In case of Members holding shares in electronic form, to all Beneficial Owners as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on Friday, August 9, 2019.
7. Dividend would be made payable on or after Wednesday, August 21, 2019 to the Shareholders whose names appear in the Register of Members on Friday, August 9, 2019.
8. Soft copy of the Notice of AGM along with the copy of Annual Report has been sent to those Shareholders who have registered their e-mail IDs with the Bank, or whose e-mail IDs have been made available by the Depositories. The aforesaid documents can also be accessed on the Bank's website: www.indusind.com under – Home / Investors / Annual Reports.

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.

For Members who have not registered their e-mail addresses, physical copies of the Annual Report and the AGM Notice indicating, inter alia, the process and manner of Remote e-voting along with Attendance Slip and Proxy Form shall be sent in the permitted mode.

Further, Shareholders who have registered their e-mail addresses and wish to avail physical copies of the Notice / Annual Report will be provided the same upon request.

9. Brief profile and other relevant information about Directors seeking appointment / re-appointment, in accordance with Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Notice.
10. The Board of Directors of the Bank appointed M/s Haribhakti & Co. LLP as the Statutory Auditors of the Bank for FY 2019-20, due to RBI's direction under their Enforcement Action Framework and the consequent resignation of M/s S.R. Batliboi & Co. LLP, Chartered Accountants, Mumbai. The details are given in the Explanatory Statement to the Notice.
11. Pursuant to Section 124 of the Companies Act, 2013, dividend for the financial year ended March 31, 2012 which remains unpaid or unclaimed for period of seven years, shall become due for transfer on **August 21, 2019** to the Investor Education and Protection Fund of the Central Government. Members who have not claimed their dividend for the above mentioned year are requested to make their claim to the Secretarial and Investor Services of the Bank at 731, Solitaire Corporate Park, 167, Guru Hargovindji Marg, Andheri (East), Mumbai – 400 093 or to Link Intime India Pvt. Ltd., Registrars & Share Transfer Agents of the Bank at C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai – 400 083 **as early as possible but not later than Saturday, August 10, 2019.**

Intimation Letters were sent on May 13, 2019 to Shareholders who have not claimed their dividends for 2011-12 for seven consecutive years. An Advertisement was also published in Financial Express (all editions) and Loksatta (Pune region) on May 14, 2019 requesting the shareholders to claim the dividends from the Bank by Saturday, August 10, 2019, failing which their shares would be transferred to the IEPF Authority within 30 days from the due date, i.e., August 21, 2019.
12. 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, 2011 and earlier periods to the Investor Education and Protection Fund. Members who have so far not claimed their

dividends for the year 2010-11 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://www.iepf.gov.in/IEPFA/refund.html>

13. 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.
14. 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 their PAN details to the 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 and Investor Services Cell of the Bank.
15. Members holding shares in physical mode are requested to register their email IDs with the Registrar & Share Transfer Agents of the Bank, and Members holding shares in Demat mode are requested to register their e-mail IDs with their respective DP in case the same is still not registered. Members are also requested to notify any change in their e-mail ID or bank mandates or address to the Bank and always quote their Folio Number or DP ID and Client ID Numbers in all correspondence with the Bank. In respect of holdings in electronic form, Members are requested to notify any change of e-mail ID or bank mandates or address to their Depository Participants.
16. Members holding shares in electronic form may please note that their bank details as furnished to the respective Depositories will be printed on their Dividend Warrants as per the applicable regulations. The Bank will not entertain any direct request from such Members for deletion or change of such bank details.

Instructions, if any, already given by Members in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form.

In order to avoid fraudulent encashment of Dividend Warrants, Members holding shares in physical form are requested to send to the Registrar & Share Transfer Agent of the Bank at the address mentioned in Note No. 11 above, on or before **Monday, August 5, 2019** their Bank Mandate (providing details of name and address of the Bank's branch, PIN Code and particulars of the Bank Account) or changes therein, if not provided earlier, under the signature of the Sole / First holder quoting their Folio Number. This information shall be printed on the Dividend Warrants. Members may also avail of the Electronic Clearing Service ('ECS') mandate facility provided by the Bank.

17. 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.
18. Members holding shares in physical form are advised to dematerialize their shareholding to avail benefits of dematerialization which include easy liquidity, since trading is permitted only in Demat form.
19. 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 supplied on request.
20. 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.
21. In compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Bank is providing the facility for voting by electronic means, i.e., 'Remote e-voting' to all Members.

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 on the Resolutions mentioned in the accompanying Notice. In case of any unforeseen technical failure or eventuality resulting into non-functionality of the electronic voting system at the meeting, Members would be provided Ballot Papers for casting their votes at the meeting.

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 vote 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, August 13, 2019

End of remote e-voting: At 5.00 p.m. on Thursday, August 15, 2019

Remote e-Voting shall not be allowed beyond 5.00 p.m. on Thursday, August 15, 2019. 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 may cast their votes electronically. The cut-off date for the purpose of e-voting is Friday, August 9, 2019.

22. 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.
23. Login ID and Password for remote e-Voting along with the physical copy of the Notice of the AGM (explaining the process, manner and instructions for Remote e-Voting) are being sent to the Members who have not registered their e-mail IDs with the Bank or with their respective Depository Participants on or before the cut-off date for e-Voting.
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.
25. Any person, who acquires shares of the Bank and becomes a Member of the Bank after dispatch of this Notice and holds shares as of the cut-off date, i.e., Friday, August 9, 2019 may obtain Login ID and Password by sending a request to evoting@nsdl.co.in by mentioning his / her Folio No. / 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 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, Company Secretaries as 'Scrutinizer', for conducting the Remote e-Voting process, including Electronic Voting at the AGM, in a fair and transparent manner.
27. The person 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, August 9, 2019, 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. In addition to Remote e-Voting, the facility for voting through the Electronic Voting System shall also be made available at the AGM. Members attending the AGM and who have not cast their vote through Remote e-Voting may cast their votes at the AGM.
30. 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 with the assistance of Scrutinizer for all those members who are present at the AGM and who have not cast their votes by availing the remote e-Voting facility.
31. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast 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.
32. 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.
33. The results shall be declared on the above resolutions after the Annual General Meeting of the Bank and shall be deemed to be passed on the date of Annual General Meeting. The results along with the Scrutinizer's Report shall be placed on the website of the Bank at www.indusind.com within 48 hours of passing of the resolutions at the Annual General Meeting of the Bank and shall be communicated to National Stock Exchange of India Limited and BSE Limited.
34. The Route Map of the Venue of the Meeting is provided at the end of the Notice. **The prominent landmark for the Venue is 'Opposite Pune Railway Station'.**
35. Webcast facility: The Bank is pleased to provide the facility of live webcast of proceedings of Annual General Meeting. Members who are entitled to participate in the Annual General Meeting can view the proceeding of the Meeting by

logging on the e-voting website of NSDL at <https://www.evoting.nsdl.com> using their secure login credentials. Members are encouraged to use the webcast facility.

36. **Instructions for Electronic Voting at the AGM / remote e-Voting are as under:**

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:

1. 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.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

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.

4. 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***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your votes.
- b) 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.
- c) 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, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) 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.
 - b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) 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.
 - d) Members can also use the OTP (One-Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your Password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. 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" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of Bank to cast your votes.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your votes 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 iblevoting@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 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 on 91 22 2499 4600 or may write to her at TradeWorld, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai-400 013.

EXPLANATORY STATEMENT IN RESPECT OF ORDINARY / SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 3

Appointing of a Director in place of Mr. Romesh Sobti (DIN: 00031034), who retires by rotation and, being eligible, offers himself for re-appointment

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

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, 2019, the Bank's Board comprised ten Directors of which, three Independent Directors, viz., Mrs. Kanchan Chitale, Mr. Shanker Annaswamy and Dr. T.T. Ram Mohan continue to satisfy the criteria prescribed under Section 149(6) of the Act and are not liable to retire by rotation.

Mr. Yashodhan Kale, Non-Executive Director completed his tenure, and has ceased to be Director w.e.f April 16, 2019.

Mr. R. Seshasayee, Non-Executive Part-time Chairman of the Bank is scheduled to retire on July 24, 2019, on completion of his tenure.

Mrs. Akila Krishnakumar, Mr. Arun Tiwari, Mr. Siraj Chaudhry and Mr. Rajiv Agarwal being 'Additional Directors' shall retire at this AGM, and therefore cannot be subject to Retirement by Rotation.

In terms of Section 152 of the Act, Directors liable to retire by rotation at every AGM shall be those who have been longest in office.

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

In view of the above, out of the Directors liable to retire by rotation, Mr. Romesh Sobti, Managing Director & CEO, being longest in Office, retires by rotation and being eligible offers himself for re-appointment.

Brief profile of Mr. Romesh Sobti 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 recommend the re-appointment of Mr. Romesh Sobti, set out at Item No. 3 of the Notice for approval by the Members.

Mr. Romesh Sobti is not related to any other Director of the Bank.

None of the Directors other than Mr. Romesh Sobti 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 Statutory Auditors

M/s S.R. Batliboi & Co. LLP, Chartered Accountants, Mumbai were appointed as Statutory Auditors of the Bank by the Members at the Twenty-fourth Annual General Meeting (AGM) of the Bank held on July 26, 2018, until the conclusion of this AGM.

Reserve Bank of India had, vide Press Release dated June 3, 2019, in terms of their Enforcement Action Framework decided not to approve M/s S.R. Batliboi & Co. LLP for carrying out Statutory Audit assignments in commercial banks, starting April 1, 2019.

The Board of Directors had accordingly decided not to continue with M/s S.R. Batliboi & Co. LLP for the audit assignment of the Bank for FY 2019-20. M/s S.R. Batliboi & Co. LLP have tendered their resignation as Statutory Auditors of the Bank.

The Board of Directors of the Bank had approved the recommendation of the Audit Committee of the Board for appointment of M/s Haribhakti & Co. LLP as the Statutory Auditors of the Bank for FY 2019-20, subject to approval of Reserve Bank of India and the shareholders, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Bank.

RBI have vide their letter dated July 8, 2019 approved the appointment of M/s Haribhakti & Co. LLP, Chartered Accountants (Firm Registration No. 103523W / W100048) as Statutory Auditors of the Bank for FY 2019-20.

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.

There will be no material change in the proposed fees payable to M/s Haribhakti & Co. LLP, Chartered Accountants, the new Statutory Auditors, from the fees paid to the outgoing Auditor. The Board of Directors of the Bank shall determine the same based on recommendations of Audit Committee of the Board of Directors.

Brief Profile of Statutory Auditors

M/s Haribhakti & Co. LLP, Chartered Accountants

- Founded in 1954 by Mr. V B Haribhakti, a visionary leader; firm in operation for 65 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 – Private banks, Public sector banks, Foreign banks and Co-operative banks. Unique experience as statutory auditor of the RBI as well as NABARD, SIDBI and EXIM Bank.
- Amongst peer banks, have audited HDFC Bank earlier and currently are the Statutory Auditors of Axis Bank
- Wide audit experience amongst NBFCs, life and general insurance companies, Mutual Funds and AMCs

The Board of Directors recommends the passing of the Ordinary Resolution for appointment of M/s Haribhakti & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Bank for FY 2019-20.

None of the Directors and Key Managerial Personnel of the Bank or their relatives is in any way concerned or interested, financially or otherwise, in the Resolution as set out at Item No. 4 of the Ordinary Business of this Notice

ITEM NO. 5

Appointment of Mrs. Akila Krishnakumar (DIN: 06629992) as 'Non-Executive Independent Director'

Mrs. Akila Krishnakumar was inducted in the Board of the Bank on August 10, 2018 as 'Additional 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 Mrs. Akila Krishnakumar as 'Non-Executive Independent Director' for a period of four consecutive years from the date of her appointment in the Bank's Board.

Mrs. Akila Krishnakumar 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 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, by Circular Resolution, approved Mrs. Akila Krishnakumar'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. Akila Krishnakumar's appointment as Director of the Bank in the category of 'Non-Executive Independent' up to August 9, 2022 .

Brief profile of Mrs. Akila Krishnakumar 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.

The Board recommends the Resolution set out at Item No. 5 of the Notice to be passed by the Members as Ordinary Resolution.

Mrs. Akila Krishnakumar is not related to any other Director of the Bank.

None of the Directors other than Mrs. Akila Krishnakumar 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. 6

Appointment of Mr. Arun Tiwari (DIN: 05345547) as 'Non-Executive Independent Director'

Mr. Arun Tiwari was inducted in the Board of the Bank on August 10, 2018, as 'Additional 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. Arun Tiwari as 'Non-Executive Independent Director' for a period of four consecutive years from the date of his appointment in the Bank's Board.

Mr. Arun Tiwari 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 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 by Circular Resolution, approved Mr. Arun Tiwari'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 his candidature for the Office of Director.

Members are requested to consider Mr. Arun Tiwari's appointment as Director of the Bank in the category of 'Non-Executive Independent' up to August 9, 2022.

Brief profile of Mr. Arun 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 the Resolution set out at Item No. 6 of the Notice to be passed by the Members as Ordinary Resolution.

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. 7

Appointment of Mr. Siraj Chaudhry (DIN: 00161853) as 'Non-Executive Independent Director'

Mr. Siraj Chaudhry was inducted in the Board of the Bank on January 3, 2019, as 'Additional 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. Siraj Chaudhry as 'Non-Executive Independent Director' for a period of four consecutive years from the date of his appointment in the Bank's Board.

Mr. Siraj Chaudhry 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 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, by Circular Resolution, approved Mr. Siraj Chaudhry'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 his candidature for the Office of Director.

Members are requested to consider Mr. Siraj Chaudhry's appointment as Director of the Bank in the category of 'Non-Executive Independent' up to January 2, 2023 .

Brief profile of Mr. Siraj Chaudhry 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 at Item No. 7 of the Notice to be passed by the Members as Ordinary Resolution.

Mr. Siraj Chaudhry is not related to any other Director of the Bank.

None of the Directors other than Mr. Siraj Chaudhry 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

Appointment of Mr. Rajiv Agarwal (DIN: 00336487) as 'Non-Executive Independent Director'

Mr. Rajiv Agarwal was inducted in the Board of the Bank on March 15, 2019, as 'Additional 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. Rajiv Agarwal as 'Non-Executive Independent Director' for a period of four consecutive years from the date of his appointment in the Bank's Board.

Mr. Rajiv Agarwal 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 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, by Circular Resolution, approved Mr. Rajiv Agarwal'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 his candidature for the Office of Director .

Members are requested to consider Mr. Rajiv Agarwal's appointment as Director of the Bank in the category of 'Non-Executive Independent' up to March 14, 2023 .

Brief profile of Mr. Rajiv Agarwal 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 Ordinary Resolution.

Mr. Rajiv Agarwal is not related to any other Director of the Bank.

None of the Directors other than Mr. Rajiv Agarwal 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

Issue of Long-Term Bonds / Non-Convertible Debentures on Private Placement Basis

Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 mandates that a company can make Private Placement of securities subject to the condition that the proposed offer of securities or invitation to subscribe to securities has been previously approved by the Shareholders, by means of a Special Resolution, for each of the offers or invitations. In case of Offers or Invitations for Non-Convertible Debentures, it is sufficient if the company passes Special Resolution only once in a year for all the Offers or Invitations for such debentures on a Private Placement basis during the year.

The Bank may need to raise additional funds to meet the needs of its growing business requirements, including long-term capital for pursuing its growth plans. The Bank may also wish to maintain the desired CRAR by issuing Basel III-compliant Additional Tier I / Tier II debt instruments or any other instruments of a similar nature. Resolution under Section 42 of the Act shall be valid for a period of one year from the date of passing. In the last AGM of the Bank held on July 26, 2018, approval

of the Shareholders had been obtained for issuance of Bonds / Non-Convertible Debentures (NCDs), i.e., Long-Term Bonds including Infrastructure Bonds and Subordinated Non-Convertible Debentures eligible to be included in the Additional Tier I and Tier II Capital of the Bank, upto ₹ 20,000 crores (Rupees Twenty thousand crores only) on Private Placement basis, which is valid for a period of one year from the date of receipt of Shareholders' approval.

Considering the revised guidelines issued by Reserve Bank of India on issue of Long-Term Bonds / Basel III compliant Additional Tier I and Tier II Bonds, and the fact that these Bonds will also assist the Bank in reducing Asset-Liability mismatches, the Board of Directors in their meeting held on July 12, 2019, approved obtaining the consent of the Members for borrowing of monies / raising of funds in Indian / Foreign Currency by way of issue of Securities including but not limited to Long-Term Bonds including Infrastructure Bonds / NCDs / Medium Term Notes (forming part of Tier I / Tier II Capital in accordance with Basel III Capital Regulations) or any other instrument of a similar nature upto ₹ 20,000 crores (Rupees Twenty thousand crores only) in one or more tranches in domestic and / or overseas market in Indian or Foreign Currency, whether Secured or Unsecured as permitted by the Reserve Bank of India, to the eligible investors on Private Placement basis, on such terms and conditions as may be decided by the Board of Directors or any Committee of the Board or such other person(s) as may be authorized by the Board, from time to time. This would form part of the overall borrowing limit as approved by the Members from time to time, pursuant to Section 180(1)(c) of the Companies Act, 2013.

The above-mentioned Bonds / NCDs would be issued by the Bank in accordance with the applicable statutory guidelines for cash, either at par or at premium or at a discount to the Face Value, depending upon the prevailing market conditions and on such terms and conditions including the Interest, Tenor, Coupon, Repayment, Security, etc. or otherwise, as it may deem expedient, and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board shall in its absolute discretion deem fit, without being required to seek any further consent or approval from Members and intent that they shall be deemed to have given their approval thereto expressly by the authority of the resolution.

Approval of the Members is requested by way of a Special Resolution for issuance of Long-Term Bonds, including Infrastructure Bonds / Subordinated Non-Convertible Debentures (NCDs) / Bonds eligible to be included in the Additional Tier I and Tier II Capital of the Bank in the Domestic / Overseas market, on Private Placement basis, in one or more tranches under one or more Shelf Disclosure Documents and one or more Letters of Offer, and on such terms and conditions for each series / tranches including the Price, Coupon, Premium, Discount, Tenor, Interest, Repayment, Security etc., as deemed fit by the Board for an amount not exceeding ₹ 20,000 crores (Rupees Twenty thousand crores only).

The Board of Directors therefore recommend the Special Resolution set out at Item No. 9 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.

**By Order of the Board
For IndusInd Bank Limited**

Sd/-

**Haresh K. Gajwani
Company Secretary
(Membership No. A 18225)**

**Place: Mumbai
Date: July 12, 2019**

Corporate Office:

8th Floor, Tower No.1, One Indiabulls Centre,
841, Senapati Bapat Marg, Elphinstone Road (W),
Mumbai – 400 013, Maharashtra
E-mail: investor@indusind.com, Website: www.indusind.com
Secretarial & Investor Services – Phone +91 (022) 6641 2487 / 2359

Annexure to the Items Numbers 3 and 5 to 9 of the Notice:
DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE TWENTY-FIFTH ANNUAL GENERAL MEETING

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard 2 issued by the Institute of Company Secretaries of India]

1. Mr. Romesh Sobti, Managing Director & CEO

DIN	00031034
Date of Birth	March 24, 1950
Age	69 years
Date of first Appointment on the Board of the Bank	February 1, 2008
Qualifications	B.E. (Hons.) in Electrical Engineering; and Diploma in Corporate Laws and Secretarial Practice.
Brief Resume including experience	<p>Mr. Romesh Sobti has been Managing Director & CEO of the Bank since February 1, 2008.</p> <p>Mr. Sobti is a career banker with 44 years of experience in all 3 sectors of banking - public, foreign and private.</p> <p>Mr. Sobti was the Executive Vice President – Country Executive, India and Head, UAE and Sub-Continent, at ABN AMRO Bank N.V. He joined ABN AMRO Bank N.V. in November 1990 and over a 17 year period, was CEO for 12 years.</p> <p>In his banking career, Mr. Sobti has also been associated with ANZ Grindlays Bank plc (now Standard Chartered Bank) and State Bank of India in the past.</p>
Nature of his Expertise in specific functional areas	Banking
List of Directorships / Memberships / Chairmanships of Committees of other Boards (Listed entities)	None
No. of Equity Shares held in the Bank as on March 31, 2019	7,30,000
No. of Board meetings attended during the year	11 / 12
Relationship between Directors inter-se, Managers and Other Key Managerial Personnel of the Bank	None
Terms and conditions of appointment / re-appointment	As may be decided by the Board of Directors, and approved by the Reserve Bank of India, from time to time.
Remuneration paid per annum	As approved by Reserve Bank of India.
Remuneration last drawn	Details of Remuneration paid to the Managing Director & CEO during FY 2018-19, is given in the 'Report on Corporate Governance' which forms an integral part of this Annual Report.

2. Mrs. Akila Krishnakumar, Additional Director

DIN	06629992
Date of Birth	March 31, 1962
Age	57 years
Date of first Appointment on the Board of the Bank	August 10, 2018
Qualifications	Masters in Management Studies
Brief Resume including experience	<p>Mrs. Akila Krishnakumar was 'President of Global Technology and Country Head' until February 2013 at SunGard – a Fortune 500 Company and a global leader in Financial Services Software.</p> <p>During her career of 30 years, she has led Technology-driven companies which were building enterprise-scale solutions across the world.</p> <p>Her focus has been on operational excellence, talent engagement and customer relevance, which has repeatedly delivered robust returns for many businesses that she has managed.</p> <p>She had been on the Board of State Bank of Mysore from June 1, 2016 to March 31, 2017.</p>
Nature of his Expertise in specific functional areas	Information Technology & Payments Systems
List of Directorships / Memberships / Chairmanships of Committees of other Boards (Listed entities)	
1. Directorships in other listed entities:	(i) Heidelberg Cement India Ltd. (ii) Matrimony.com Ltd.
2. Chairmanships of the Committees' of other Boards:	NIL
3. Membership of Committees of other Boards	(i) Risk Management Committee
No. of Equity Shares held in the Bank as on March 31, 2019	NIL
No. of Board meetings attended during the year	5/6 *
Relationship between Directors inter-se, Managers and Other Key Managerial Personnel of the Bank	None
Terms and conditions of appointment / re-appointment	As may be recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.
Remuneration sought to be paid	Sitting Fees and Commission on the profit within the limits stipulated by law.
Remuneration last drawn	<p>Remuneration for the period from Date of Appointment until March 31, 2019.</p> <p>Sitting Fees: ₹ 7,20,000/-</p> <p>Commission: ₹ 6,41,304/-</p>

*Note: The number of Board Meetings attended by Additional Directors is as per their individual dates of appointment.

3. Mr. Arun Tiwari, Additional Director

DIN	05345547
Date of Birth	July 1, 1957
Age	61 years
Date of first Appointment on the Board of the Bank	August 10, 2018
Qualifications	M. Sc. in Chemistry
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>He 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>
Nature of his Expertise in specific functional areas	Banking
List of Directorships / Memberships / Chairmanships of Committees of other Boards (Listed entities)	
1. Directorships in other listed entities:	(i) Setco Automotive Ltd.
2. Chairmanships of the Committees of other Boards:	NIL
3. Membership of Committees of other Boards	(i) Audit Committee
No. of Equity Shares held in the Bank as on March 31, 2019	Nil
No. of Board meetings attended during the year	5/6*
Relationship between Directors inter-se, Managers and Other Key Managerial Personnel of the Bank	None
Terms and conditions of appointment / re-appointment	As may be recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.
Remuneration sought to be paid	Sitting Fees and Commission on the Profit within the limits stipulated by law.
Remuneration last drawn	<p>Remuneration for the period from Date of Appointment until March 31, 2019.</p> <p>Sitting Fees: ₹ 13,70,000/-</p> <p>Commission: ₹ 6,41,304/-</p>

*Note: The number of Board Meetings attended by Additional Directors is as per their individual dates of appointment.

4. Mr. Siraj Chaudhry, Additional Director

DIN	00161853
Date of Birth	January 8, 1967
Age	52 years
Date of first Appointment on the Board of the Bank	January 3, 2019
Qualifications	Masters in Business Administration
Brief Resume including experience	<p>Mr. Siraj Chaudhry was Chairman of Cargill India and is currently an advisor to the company. His tenure at Cargill spanned nearly 24 years, and included handling the leadership role in India, as well as a global commodity trading role in Geneva.</p> <p>Under his leadership since 2007, Cargill India successfully built both consumer FMCG businesses in India, and Institutional businesses, backed by world class manufacturing facilities, robust sales and distribution network, and a wide brand portfolio.</p> <p>Mr. Chaudhry is on the Board of Tata Global Beverages Ltd. and Tata Coffee Ltd. as an Independent Director.</p> <p>Mr. Chaudhry holds a MBA from the Indian Institute of Foreign Trade (IIFT) and is a graduate of SRCC, University of Delhi.</p> <p>Mr. Chaudhry has been the past Chair of the National Committee on Food Processing at FICCI and the National Alliance for Edible Oil Fortification, a joint initiative by CII and GAIN to address malnutrition through food fortification.</p> <p>Mr. Chaudhry is presently President of the Food Industry Skill Council under the NSDC. He chairs the Agriculture and Food Committee of USIBC in India and Co- Chairs the Agriculture and Food Committee at American Chambers of Commerce.</p> <p>Mr. Chaudhry has been actively engaged with World Economic Forum on their Agriculture agenda in India. He is a thought leader in the space of Agriculture and Food and is consulted by Central and State Governments for his views in these fields.</p> <p>Mr. Chaudhry is actively involved with several non-governmental organizations, and provides leadership to a few, including India Food Banking Network, United Way of Delhi and Enactus India.</p>
Nature of his Expertise in specific functional areas	Agriculture & Rural Economy
List of Directorships / Memberships / Chairmanships of Committees of other Boards (Listed entities)	
1. Directorships in other listed entities:	(i) Tata Coffee Ltd. (ii) Tata Global Beverages Ltd.
2. Chairmanships of the Committees' of other Boards:	(i) Risk Management Committee

3. Membership of Committees of other Boards	(i) Audit Committee (ii) M&A Committee (iii) Nomination & Remuneration Committee (iv) Corporate Social Responsibility Committee
No. of Equity Shares held in the Bank as on March 31, 2019	Nil
No. of Board meetings attended during the year	3/ 3*
Relationship between Directors inter-se, Managers and Other Key Managerial Personnel of the Bank	None
Terms and conditions of appointment / re-appointment	As may be recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.
Remuneration sought to be paid	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, 2019. Sitting Fees: ₹ 4,50,000/- Commission: ₹ 2,44,444/-

*Note: The number of Board Meetings attended by Additional Directors is as per their individual dates of appointment..

5. Mr. Rajiv Agarwal, Additional Director

DIN	00336487
Date of Birth	January 4, 1957
Age	62 years
Date of first Appointment on the Board of the Bank	March 15, 2019
Qualifications	B.SC (Hons.) Physics, Post Graduate – Polymer Science.
Brief Resume including experience	<p>Mr. Rajiv Agarwal, B. Sc. (Physics), completed the 2-year Course in Materials Science in Cranfield Institute of Technology, UK.</p> <p>Mr. Agarwal has about 38 years of experience in 'Small Scale Industries' segment.</p> <p>Mr. Agarwal had started his career in the family business at JG Vacuum Flasks Pvt. Ltd., manufacturers of thermos flasks and vacuum refills, with significant exports to Europe.</p> <p>During his career, Mr. Agarwal has been a Promoter in several small-scale ventures, primarily manufacturing concerns.</p> <p>Mr. Agarwal is presently Director in Rightsource Technologies Pvt. Ltd. and Autopress India Pvt. Ltd. He is also a Partner in Sensory Solutions.</p> <p>Rightsource Technologies Pvt. Ltd. is a Consulting Company working as a local strategic buying office for large international company manufacturing home and kitchen appliances and cookware.</p> <p>Autopress India Pvt. Ltd., a high-end manufacturer of cookware in the Indian market, was one of the first companies to bring "Triply" cookware under the brand name of STAHL. STAHL is present in about 1,400 top retail outlets across India. STAHL has also brought the first Triply Pressure Cooker to the Indian market.</p>
Nature of his Expertise in specific functional areas	Small Scale Industry
List of Directorships / Memberships / Chairmanships of Committees of other Boards (Listed entities)	None
No. of Equity Shares held in the Bank as on March 31, 2019	Nil
No. of Board meetings attended during the year	1/1*
Relationship between Directors inter-se, Managers and Other Key Managerial Personnel of the Bank	None
Terms and conditions of appointment / re-appointment	As may be recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.
Remuneration sought to be paid	Sitting Fees and Commission on the profit within the limits stipulated by law.
Remuneration last drawn	<p>Remuneration from Date of Appointment until March 31, 2019.</p> <p>Sitting Fees: ₹ 1,20,000/-</p> <p>Commission: ₹ 47,222/-</p>

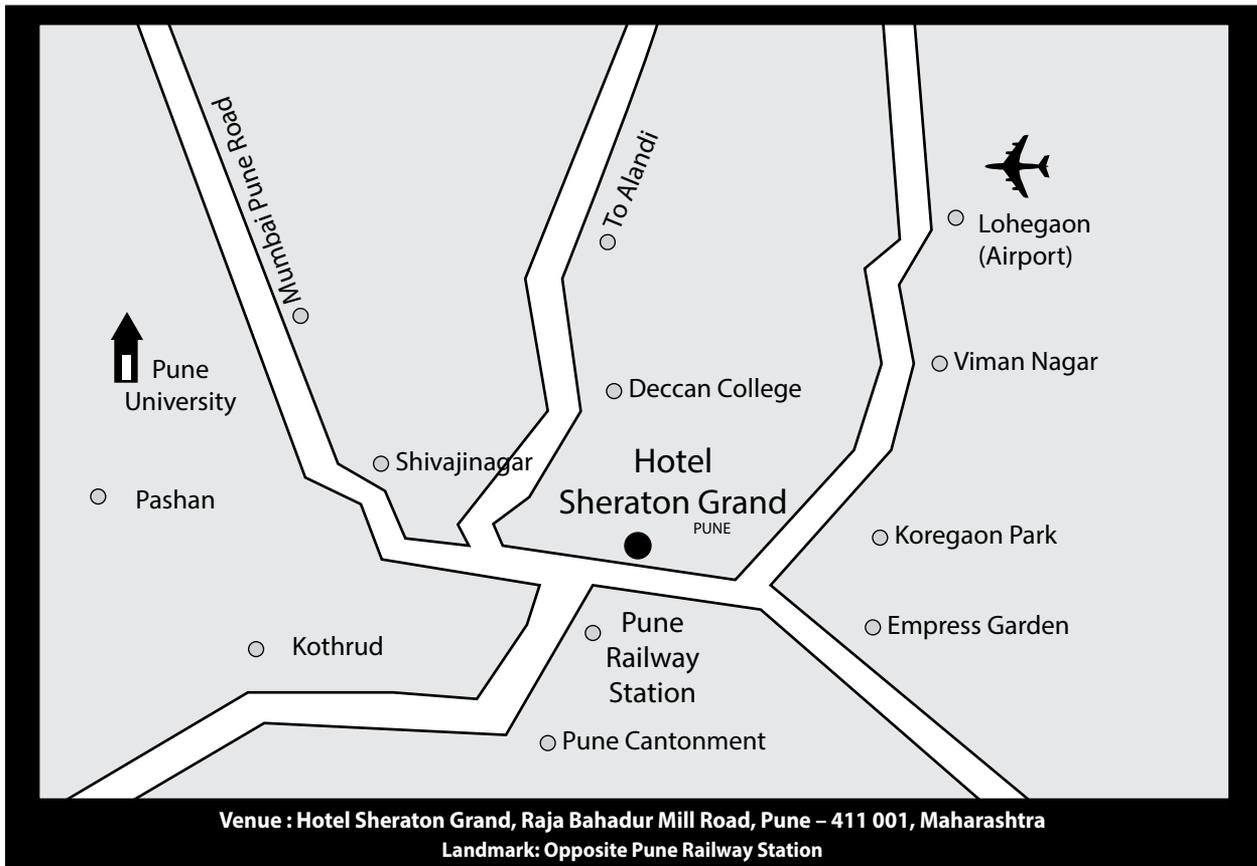
*Note: The number of Board Meetings attended by Additional Directors is as per their individual dates of appointment.

Bank's Branches

Details of branches are accessible on the Bank's website at:

<https://www.indusind.com/locate-us.html?q1=&q2=branches>

Location Map - Venue of the 25th Annual General Meeting is given below:



PROXY FORM

Form No. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L65191PN1994PLC076333

Name of the Company: IndusInd Bank Limited

Registered Office: 2401 Gen. Thimmayya Road (Cantonment), Pune - 411 001.

Secretarial & Investor Services: 731, Solitaire Corporate Park, 167, Guru Hargovindji Marg, Andheri (East), Mumbai – 400 093.

Tel: (022) 6641 2487 / 2359

E-mail ID: investor@indusind.com; **Website:** www.indusind.com

Name of the Member(s)	:	
Registered Address	:	
E-mail ID	:	
Folio No./Client ID	:	
DP ID	:	

I / We being the member(s), of _____ shares of the above named company, hereby appoint:

1. Name : _____
Address : _____
E-mail ID : _____
Signature : _____ or failing him / her
2. Name : _____
Address : _____
E-mail ID : _____
Signature : _____ or failing him / her
3. Name : _____
Address : _____
E-mail ID : _____
Signature : _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the **Twenty-fifth Annual General Meeting of the Bank, to be held on Friday, August 16, 2019, at 2.00 p.m., at Hotel Sheraton Grand, Raja Bahadur Mill Road, Pune – 411 001** and at any adjournment thereof in respect of such resolutions as are indicated below:



Contd...

Ordinary Business	
1.	To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) for the Financial Year ended March 31, 2019, together with the Reports of the Board of Directors and Auditors thereon.
2.	To declare Dividend on Equity Shares of the Bank for the Financial Year ended March 31, 2019.
3.	To appoint a Director in place of Mr. Romesh Sobti (DIN: 00031034), who retires by rotation and, being eligible, offers himself for re-appointment.
4.	To appoint the Statutory Auditors of the Bank and authorise the Board of Directors to fix their remuneration.
Special Business	
5.	Ordinary Resolution: Appointment of Mrs. Akila Krishnakumar (DIN: 06629992) as Non-Executive Independent Director
6.	Ordinary Resolution: Appointment of Mr. Arun Tiwari (DIN: 05345547) as Non-Executive Independent Director
7.	Ordinary Resolution: Appointment of Mr. Siraj Chaudhry (DIN: 00161853) as Non-Executive Independent Director
8.	Ordinary Resolution: Appointment of Mr. Rajiv Agarwal (DIN: 00336487) as Non-Executive Independent Director
9.	Special Resolution: Issue of Long-Term Bonds / Non-Convertible Debentures on Private Placement Basis

Signed this _____ day of _____ 2019

Signature of Shareholder _____

Signature of Proxy holder(s) _____

Affix Revenue Stamp of ₹ 1

Note: This Form of Proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Bank, not less than 48 hours before the commencement of the Meeting. (i.e., on or before Wednesday, August 14, 2019 at 2.00 p.m.)

IndusInd Bank

Registered Office: 2401 General Thimmayya Road, Cantonment, Pune - 411 001.

Tel.: +91 20 3046 1600 - 609

Corporate Office: 8th Floor, Tower 1, One Indiabulls Centre,
841, S.B. Marg, Prabhadevi (W), Mumbai - 400 013.

Tel.: +91 22 2423 1999 / 3049 3999 | **Fax:** +91 22 2423 1998 / 3049 3998

Visit us at www.indusind.com or email us at investor@indusind.com

CIN: L65191PN1994PLC076333



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