CIN L65191PN1994PLC076333

IndusInd Bank

June 30, 2017

The Asst. Vice President
Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra–Kurla Complex
Bandra (East),
Mumbai – 400 051

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

NSE Symbol: INDUSINDBK

BSE Scrip Code: 532187

Dear Sir,

Subject: Notice of 23rd Annual General Meeting of the Bank for Financial Year 2016-17

We forward herewith the Notice of the Twenty-third (23rd) Annual General Meeting (AGM) of the Bank to be held on Wednesday, July 26, 2017 at 2.00 p.m. at Hotel Sheraton Grand (formerly, Hotel Le Meridien), Raja Bahadur Mill Road, Pune – 411 001, Maharashtra.

Annual Report of the Bank along with the AGM Notice indicating the process and manner of e-Voting, and the Attendance Slip, have been hosted on the website of the Bank at www.indusind.com.

Kindly take the above information on record and oblige.

Thanking you,

Yours faithfully,
For IndusInd Bank Limited

Haresh Gajwani
Company Secretary

Encl: a/a

NOTICE

INDUSIND BANK LIMITED

CIN: L65191PN1994PLC076333

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 / 2400 / 2361

E-mail: investor@indusind.com, **Website:** www.indusind.com

NOTICE is hereby given that the Twenty-third Annual General Meeting (AGM) of the Members of IndusInd Bank Limited (the 'Bank') will be held on Wednesday, July 26, 2017, at 2.00 p.m., at Hotel Sheraton Grand (formerly, Hotel Le Meridien), Raja Bahadur Mill Road, Pune – 411 001, Maharashtra, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements for the Financial Year ended March 31, 2017, 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, 2017.
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, applicable provisions of the Banking Regulation Act, 1949, and subject to the approval of the Reserve Bank of India, M/s Price Waterhouse Chartered Accountants LLP, Mumbai, Chartered Accountants (Firm's Regn. No. 012754N / N500016), be and are hereby appointed as Statutory Auditors of the Bank, 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, plus Service Tax and such other Taxes as may be applicable, and reimbursement of out-of-pocket expenses in connection with the audit of the Financial Statements of the Bank."

SPECIAL BUSINESS:

5. **Re-appointment of Mr. R. Seshasayee (DIN: 00047985), as Part-time Non-Executive Chairman of the Bank**

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

   "RESOLVED THAT pursuant to the provisions of Sections 10A, 35B and other applicable Sections of the Banking Regulation Act, 1949, including any amendments thereof and Rules, Circulars and Guidelines issued by the Reserve Bank of India, provisions of the Companies Act, 2013 and the Rules made thereunder, pursuant to Article 121 of the Articles of Association of the Bank, and subject to approval of the Reserve Bank of India, consent of the Members be and is hereby accorded for the re-appointment of Mr. R. Seshasayee (DIN: 00047985) as 'Part-time Non-Executive Chairman' of the Bank for a period of two years, with effect from July 24, 2017, on existing terms (including payment of remuneration in the form of Profit-related Commission), or on such terms and conditions as may be decided by the Board and approved by the Reserve Bank of India.

   RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be required and to delegate all or any of its powers herein conferred to any Committee of the Board (including Nomination and Remuneration Committee) to give effect to this Resolution."

6. **Borrowing of monies pursuant to Section 180(1)(c) of the Companies Act, 2013, and other applicable provisions**

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

   "RESOLVED THAT in supersession of earlier resolutions pursuant to the provisions of Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, and the relevant references given under the Articles

of Association of the Bank, and subject to receipt of such other approvals, consents, permissions, sanctions required to be obtained from Statutory Authorities including but not limited to Reserve Bank of India, consent of the members be and is hereby accorded for borrowings by the Board of Directors from time to time, of such sum or sums of monies, in Indian and Foreign Currency, as they may deem necessary, for the purpose of carrying on the business of the Bank, so however, that apart from temporary loans obtained from the bankers in the ordinary course of business and acceptance of deposits of money from public repayable on demand or otherwise and / or temporary loans obtained in the ordinary course of business, whether in India or outside India, the total amount of such borrowings outstanding at any time shall not exceed ₹ 50,000 crores (Rupees Fifty Thousand crores only), notwithstanding that the monies to be borrowed along with the monies already borrowed by the Bank (including temporary loans, if any, obtained for the purpose of financing expenditure of Capital nature) will exceed the aggregate of the Paid-Up Share Capital of the Bank and its Free Reserves.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to execute all such agreements, documents, instruments and writings, and to do all such acts, deeds, matters and things as may be required and to delegate all or any of its powers herein conferred, to any Committee of the Board (including the Finance Committee / Committee of Directors) or any personnel of the Bank to act on their behalf as they may deem fit to give effect to this Resolution."

7. 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 the 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, if any, and the relevant references given under the Articles of Association of the Bank, and subject to receipt of such other approvals, consents, permissions, sanctions required to be obtained from Statutory Authorities including but not limited to Reserve Bank of India, consent of the Members be and is hereby accorded to the Board of Directors of the Bank (including any Committee of the Board), for borrowings / raising of funds by the Bank in Indian / Foreign Currency, by way of issue of Securities, in the nature of Bonds / Non-Convertible Debentures (NCDs), i.e., Long-Term Bonds including Infrastructure Bonds / Subordinated Non-Convertible Debentures or Bonds eligible to be included in the Additional Tier I and Tier II Capital of the Bank or any other instrument of a similar nature, aggregating upto an amount not exceeding ₹ 10,000 crores (Rupees Ten thousand crores only), whether secured or 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 in one or more tranches and on such terms and conditions including the Price, Coupon, Premium, Discount, Tenor, Interest, Repayment, Security, etc. for each series / tranches as deemed fit by the Board in its absolute discretion, 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, during a period of one year from the date of passing of this Resolution, and that 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 authorized to execute all such agreements, documents, instruments and writings and to do all such acts, deeds, matters and things as may be required, and to delegate all or any of its powers herein conferred to any 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

Place : Mumbai
Date : May 9, 2017

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.**

   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.

   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.

2. Members / Proxies should bring the Attendance Slip duly filled in for attending the AGM and hand it over at the Registration Counter at the venue.

3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts in respect of the Resolutions stated at Items Numbers 3-7 is annexed hereto.

4. 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 (Shares-Based Employee Benefits) Regulations, 2014, will be available for inspection at the AGM.

6. The Register of Members and Share Transfer Books will remain closed from Thursday, July 20, 2017 to Wednesday, July 26, 2017 (both days inclusive) for determining the entitlement of the shareholders for Dividend on Equity Shares for FY 2016-17:

   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., Wednesday, July 19, 2017;

   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 Wednesday, July 19, 2017.

7. Dividend would be made payable on or after Monday, July 31, 2017 to the shareholders whose names appear in the Register of Members on Wednesday, July 19, 2017.

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 "Green Initiative", Shareholders who have not registered their e-mail addresses and contact numbers can register the same 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 along with the AGM Notice indicating, inter-alia the process and manner of Remote e-Voting along with Attendance Slip and Proxy Form, will 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 / retiring by rotation in accordance with Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are attached to this Notice.

10. Members are requested to note that pursuant to provisions of Section 124 of the Companies Act, 2013, the amounts of Dividend remaining Unpaid or Unclaimed for a period of seven consecutive years or more from the date of their transfer to the Unpaid Dividend Accounts of the Bank are required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. The amount of Unclaimed Dividend for the Financial Year 2009-10 will be transferred to the IEPF in Financial Year 2017-18.

    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, notified by Ministry of Corporate Affairs on September 5, 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.

    In this connection, the Bank has sent Intimation Letters to members in December 2016 in respect of the shares on which Dividend had remained Unpaid or Unclaimed for seven consecutive years or more, requesting them to claim such dividend so as to avoid the corresponding shares being transferred to the IEPF Authority. An advertisement to this effect was published in leading English and vernacular newspapers on December 6, 2016.

    The said Rules also prescribe the procedure to be followed by an investor to claim the Shares / Dividend amount transferred to IEPF.

    Members are requested to contact Link Intime India Private Limited (Contact Details and Office Address given elsewhere in this Notice) / Bank's Secretarial and Investor Services team for obtaining the unclaimed dividends standing in their names.

    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.

11. 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 meeting.

12. 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 venue of the AGM, to enable the Members to cast their votes electronically on the Resolutions mentioned in the accompanying Notice. 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 Sunday, July 23, 2017

    End of remote e-Voting: At 5.00 p.m. on Tuesday, July 25, 2017

    Remote e-Voting shall not be allowed beyond 5.00 p.m. on Tuesday, July 25, 2017. During the e-Voting period, shareholders of the Bank holding shares either in physical form or in dematerialised form as on the cut-off date may cast their votes electronically. The cut-off date for the purpose of e-Voting is Wednesday, July 19, 2017.

13. Voting rights of the Members shall be in proportion to their share in the Paid-up Equity Share Capital of the Bank as on the cut-off date.

14. 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.

    Members who have registered their e-mail IDs with the Bank / their respective Depository Participants are being forwarded the Login ID and Password for Remote e-Voting via e-mail.

    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., Wednesday, July 19, 2017 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.

15. The Bank has appointed Mr. S.N. Bhandari (C.P. No. 366), or failing him Ms Manisha Maheshwari (C.P. No. 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.

16. 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., Wednesday, July 19, 2017 shall be entitled to avail of the facility of Remote e-Voting as well as electronic voting at the AGM.

    A person who is not a Member as on the cut-off date should treat this Notice as for information purpose only.

17. 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, who have not cast their votes through Remote e-voting, may cast their votes at the AGM through the Electronic Voting System.

    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.

18. Instructions for electronic voting at the AGM / Remote e-Voting are as under:

(i) GENERAL INFORMATION:

(a) There will be one USER ID for casting vote through remote e-Voting for every Client ID No. / Folio No., irrespective of the number of joint-holders.

(b) Members can opt for only one mode of voting, i.e., either through remote e-Voting or electronic voting at the AGM.

(c) Corporate and Institutional shareholders shall be entitled to vote through their Authorised Representatives with proof of their authorization / PoA.

(ii) PROCESS FOR MEMBERS OPTING FOR REMOTE E-VOTING:

(a) Members whose e-mail addresses are registered with the Bank / Depository Participant(s), as the case may be, will receive an e-mail from NSDL informing the USER-ID and Password and the following steps are to be followed:

(i) Open e-mail and open PDF file, "IBL e-Voting.pdf" with your Client ID or Folio No. as Password. The said PDF file contains your User ID and Password for e-voting. Please note that the Password is an initial Password.

Note: Shareholders already registered with NSDL for e-voting will not receive the PDF file "IBL e-Voting.pdf".

(ii) Launch Internet browser by typing the following URL: https://www.evoting.nsdl.com/

(iii) Click on "Shareholder – Login".

(iv) Insert User ID and Password as Initial Password noted in Step II (a) (i) above. Click on "Login".

Note: Shareholders who have forgotten the User Details / Password can use "Forgot User Details / Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.

For Shareholders holding shares in Demat mode, User ID is the combination of DP ID and Client ID.

For Shareholders holding shares in Physical mode, User ID is the combination of EVEN (E-Voting Event Number) and Folio No.

(v) "Password Change" menu appears. Change the Password with new Password of your choice, with minimum 8 digits / characters or combination thereof. Note new Password. It is strongly recommended that your Password be not shared with any other person and utmost care be taken to keep it confidential.

(vi) Home page of "e-Voting" opens. Click on "e-Voting: Active Voting Cycles".

(vii) Select "EVEN" of IndusInd Bank Limited.

(viii) Now you are ready for e-Voting as "Cast Vote" page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the Resolution, you will not be allowed to modify your vote.

(xii) Corporate and Institutional shareholders (i.e., Companies, Trusts, Societies, etc., other than Individuals, HUFs, NRIs) are required to send a scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority Letter, etc. together with attested specimen signature of the authorized signatory(ies), to the Scrutinizer through e-mail at indusindscrutinizer@gmail.com or iblevoting@indusind.com, with a copy marked to evoting@nsdl.co.in.

(b) Members whose e-mail IDs are not registered with the Bank / Depository Participant(s) and Members who have requested for a physical copy of the Annual Report and Notice of the AGM:

(i) Initial Password in the format given below is provided at the bottom of the Attendance Slip.

EVEN (e-Voting Event Number)	USER ID	PASSWORD / PIN

(ii) Please follow all steps from Sr. No. i to xii above, to cast your vote.

19. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) for Shareholders and e-voting User Manual for Shareholders available at the 'Downloads' section of NSDL's e-voting website: www.evoting.nsdl.com. You can also send your queries / grievances relating to e-voting to Link Intime India Pvt. Ltd. at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083 or via e-mail at rnt.helpdesk@linkintime.co.in.

20. Members requiring any clarifications on e-voting may contact National Securities Depository Limited on toll-free number 1800 222 990 or by e-mail at evoting@nsdl.co.in.

21. If you are already registered with NSDL for remote e-voting then you can use your existing User ID and Password for casting your vote. If you have forgotten your Password, you may reset your Password by using "Forgot User Details / Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.

22. Members can also update their Mobile Numbers and e-mail IDs in the User Profile details of the Folio which may be used for sending future communication(s).

23. The remote e-voting period shall commence at 9.00 a.m. on Sunday, July 23, 2017 and shall end at 5.00 p.m. on Tuesday, July 25, 2017.

    The e-Voting platform shall be disabled by NSDL at 5.00 p.m. on Tuesday, July 25, 2017.

24. 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.

25. 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.

26. The Results of the voting along with the Scrutinizer's Report shall be announced not later than 48 hours from the conclusion of the meeting, thereafter hosted on Bank's website at www.indusind.com.

    The Results shall also be displayed at the Registered Office / Secretarial & Investor Services Office of the Bank and hosted on the Bank's website www.indusind.com and on the website of NSDL, besides being communicated to the Stock Exchanges where the securities of the Bank are listed.

27. Members are requested to note that the Bank's Equity Shares are under compulsory Demat trading for all investors, subject to the provisions of SEBI Circular No.21 / 99 dated July 8, 1999. Members are therefore requested to dematerialise their shareholding to avoid inconvenience.

28. Members may avail of the Nomination facility as provided under Section 72 of the Companies Act, 2013.

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 of the Companies Act, 2013 ('the Act') provides that not less than two-thirds of the total number of Directors of a public company shall be persons whose period of Office is liable to determination by retirement by rotation. It further states that one-third of the Directors out of the two-thirds (except Independent Directors and Additional Directors appointed during the year), liable to retire by rotation, shall retire from Office at every Annual General Meeting. The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in Office.

The Bank's Board comprised nine Directors as on March 31, 2017, viz., Mr. R. Seshasayee, Part-time Non-Executive Chairman, six Independent Directors, Mr. Yashodhan M. Kale, Non-Independent Non-Executive Director, and Mr. Romesh Sobti, Managing Director & CEO.

Shareholders had, in the 21st AGM of the Bank held on August 17, 2015, appointed Mr. Yashodhan M. Kale as Director in the category of Non-Independent Non-Executive Director, liable to retire by rotation, and had re-appointed Mr. Romesh Sobti, Managing Director & CEO of the Bank, for a period of three years w.e.f. February 1, 2015, on the basis of approval given by the Reserve Bank of India.

In order to ensure compliance with Section 152(6) of the Act, the Board had considered Mr. Romesh Sobti, Managing Director & CEO, Mr. R. Seshasayee, Part-time Non-Executive Chairman, as liable to retire by rotation, besides Mr. Yashodhan M. Kale, Non-Independent Non-Executive Director.

Accordingly, Shareholders had, in the 22nd AGM of the Bank held on July 1, 2016, re-appointed Mr. R. Seshasayee, Part-time Non-Executive Chairman of the Bank, whose period of office is liable to determination by retirement by rotation in terms of Section 152(6) of the Act.

In terms of Section 149(13) of the Act, Independent Directors are not liable to retire by rotation.

In view of the above, out of three 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 this Notice.

The Board of Directors therefore recommend the re-appointment of Mr. Romesh Sobti set out at Item No. 3 of the Notice for approval by the Members.

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 of the Bank and authorising the Board of Directors to fix their remuneration

Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, provides that a company can appoint a firm of Auditors for a maximum of two terms of five consecutive years. In other words, the Auditors can be appointed for a period of five years at a time. However, banks are also governed by the provisions of the Banking Regulation Act, 1949, and the guidelines issued by the Reserve Bank of India (RBI). As per extant provisions, approval for appointment of Statutory Auditors is granted by RBI on a yearly basis.

It is mandatory for banks to rotate the Auditors on completion of a term of four years. M/s Price Waterhouse Chartered Accountants LLP, Mumbai (Firm's Regn. No. 012754N / N500016) were appointed Statutory Auditors of the Bank at the 21st AGM of the Bank held on August 17, 2015. As M/s Price Waterhouse Chartered Accountants LLP have completed a term of two years, their appointment is being recommended for one more year. Further, their appointment has been approved by the Reserve Bank of India.

The Board of Directors therefore recommend the Ordinary Resolution set out at Item No. 4 of the Notice, for approval by the Members.

None of the Directors or the Key Managerial Personnel of the Bank or their relatives are deemed to be interested, financially or otherwise, in the said Resolution.

ITEM NO. 5

Re-appointment of Mr. R. Seshasayee (DIN: 00047985), as Part-time Non-Executive Chairman of the Bank

Mr. R. Seshasayee (DIN: 00047985) was last re-appointed 'Part-time Non-Executive Chairman' of the Bank on July 24, 2015 for a period of two years.

The Board of Directors had, in their meeting held on May 9, 2017, approved the re-appointment of Mr. R. Seshasayee as 'Part-time Non-Executive Chairman' of the Bank, for a further period of two years, with effect from July 24, 2017, subject to approval of Members and the Reserve Bank of India. Application has been submitted to Reserve Bank of India for re-appointment of Mr. R. Seshasayee as 'Part-time Non-Executive Chairman' for a further period of two years.

In compliance with the applicable provisions of the Companies Act, 2013 and the Banking Regulation Act, 1949, approval of the shareholders for the re-appointment of Mr. R. Seshasayee, as 'Part-time Non-Executive Chairman' is requested, by passing of an Ordinary Resolution, for a period of two years w.e.f., July 24, 2017 on existing terms and conditions (including payment of remuneration in the form of Profit-related Commission), or on such terms as may be decided by the Board and approved by Reserve Bank of India.

Brief profile of Mr. R. Seshasayee, including Directorships and Committee positions held by him in other companies is provided separately in this Notice.

The Board of Directors therefore recommend the Resolution set out at Item No. 5 of the accompanying Notice for re-appointment of Mr. R. Seshasayee as 'Part-time Non-Executive Chairman' for a period of two years w.e.f. July 24, 2017, to be passed as an Ordinary Resolution by the Members.

None of the Directors other than Mr. R. Seshasayee 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

Borrowing of monies pursuant to Section 180(1)(c) of the Companies Act, 2013, and other applicable provisions

In terms of Section 180(1)(c) of the Companies Act, 2013 and the relevant references given under the Articles of Association of the Bank, borrowings by the Bank (apart from deposits accepted in the ordinary course of business by the Bank, temporary loans repayable on demand or within six months from the date of the loan, and temporary loans, if any, obtained from the bankers, other than loans raised for the purpose of financing expenditure of Capital nature) in excess of the Paid-Up Capital of the Bank and its Free Reserves, require approval of the Members by way of a Special Resolution.

Shareholders had, in the 21st Annual General Meeting of the Bank held on August 17, 2015, approved the borrowing of such sum or sums of monies as the Board deemed necessary for the purpose of carrying on the business of the Bank, excluding in the ordinary course of business, not exceeding ₹ 35,000 crores (Rupees Thirty-five thousand crores only).

Pursuant to the above-mentioned approval by the Shareholders, until date, the Bank has been borrowing funds to meet the business requirements with the consent of the Board of Directors, within the overall limit prescribed under the Companies Act, 2013, by way of issuance of various debt securities viz., Bonds / Non-Convertible Debentures or any other security of a similar nature as permitted by the Reserve Bank of India and in accordance with the provisions of SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as may be amended from time to time, and as permitted under any other applicable laws.

Considering the fact that the size of the Balance Sheet and Net Worth of the Bank have increased significantly in the last five years and the substantial growth in business and operations of the Bank, present and future requirements of Capital augmentation for expansion, approval of the Members is requested by way of a Special Resolution in terms of Section 180(1)(c) of the Companies Act, 2013, that the total amount of such borrowings outstanding at any time shall not exceed ₹ 50,000 crores (Rupees Fifty thousand crores only), notwithstanding that the monies to be borrowed

along with the monies already borrowed by the Bank (including temporary loans, if any, obtained for the purpose of financing expenditure of Capital nature) will exceed the aggregate of the Paid-Up Share Capital of the Bank and its Free Reserves.

The Bank shall endeavour to maintain the Capital Structure that would be consistent with its Cash Flow, while optimizing the Cost of Capital. The Bank shall ensure that the Debt-Equity Ratio is within prudent limits.

The Board of Directors therefore recommend the Special Resolution, set out at Item No. 6 of the accompanying Notice, for approval by Members.

None of the Directors or the Key Managerial Personnel of the Bank or their relatives are deemed to be interested, financially or otherwise, in the said Resolution.

ITEM NO. 7

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.

In the last AGM of the Bank held on July 1, 2016, 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 ₹ 5,000 crores (Rupees Five thousand crores only) on Private Placement basis, which is valid for a period of one year from the date of receipt of Members' approval.

Out of the above, Bonds / Non-Convertible Debentures of ₹ 3,500 crores (Rupees Three thousand five hundred crores only) [inclusive of Long-Term Bonds of ₹ 1,500 crores, and Additional Tier I Bonds of ₹ 2,000 crores (in two tranches)] have been issued.

Considering the attractive features of the revised guidelines issued by the 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 mis-matches, the Board of Directors in their meeting held on May 9, 2017 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 (forming part of Tier I / Tier II Capital, in accordance with Basel III Capital Regulations) or any other instrument of a similar nature upto ₹ 10,000 crores (Rupees Ten 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 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 ₹ 10,000 crores (Rupees Ten thousand crores only).

The Board of Directors therefore recommend the Special Resolution set out at Item No. 7 of the accompanying 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

Place : Mumbai
Date : May 9, 2017

ANNEXURE TO THE ITEMS NUMBERS 3 AND 5 OF THE NOTICE

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT / DIRECTORS RETIRING BY ROTATION AT THE TWENTY-THIRD ANNUAL GENERAL MEETING

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard 2 (SS-2) issued by the Institute of Company Secretaries of India]

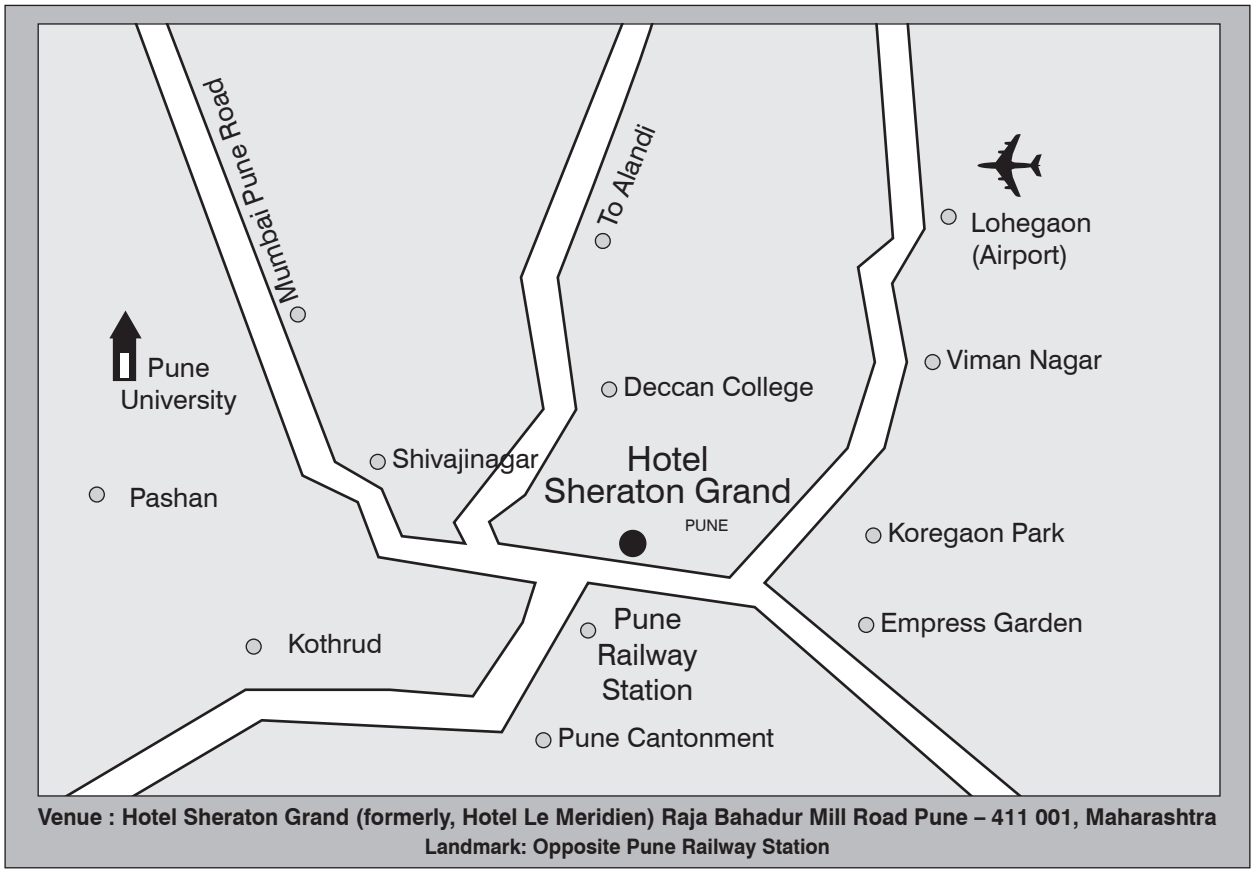
1. Mr. Romesh Sobti, Managing Director & CEO

DIN	00031034
Date of Birth	March 24, 1950
Age	67 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	Mr. Romesh Sobti has been Managing Director & CEO of the Bank since February 1, 2008. Mr. Romesh Sobti was Executive Vice President – Country Executive, India, and Head, UAE & Sub-Continent, at ABN AMRO Bank N.V. He joined ABN AMRO in November 1990 and graduated from the position of 'Chief Manager' to 'Country Executive' in a period of 6 years. In his Banking career spanning 41 years, Mr. Sobti has been associated with ANZ Grindlays Bank PLC (now Standard Chartered Bank) and State Bank of India in the past.
Nature of his Expertise in specific functional areas	Banking
List of Directorships / Memberships / Chairmanships of Committees of other Boards (Listed and Public entities)	None
No. of Equity Shares held in the Bank as on March 31, 2017	2,00,000 Equity Shares
No. of Board meetings attended during the year	9 / 9
Relationship between Directors inter-se, Managers and Other Key Managerial Personnel of the Bank	None
Terms and conditions of appointment / re-appointment / retiring by rotation	As may be decided by the Board of Directors, and approved by the Reserve Bank of India, from time to time.
Remuneration sought to be paid	As may be decided by the Board of Directors, and subject to revision of 7% y-o-y with the approval of the Reserve Bank of India.
Remuneration last drawn	Details of Remuneration paid to the Managing Director & CEO during FY 2016-17, is given in the 'Report on Corporate Governance', which forms an integral part of the Annual Report.

2. Mr. R. Seshasayee, Part-time Non-Executive Chairman

DIN	00047985
Date of Birth	June 1, 1948
Age	69 years
Date of first Appointment on the Board of the Bank	July 24, 2007
Qualifications	B.Com., A.C.A.
Brief Resume including experience	Mr. Seshasayee has been Part-time Non-Executive Chairman of the Bank since July 24, 2007. Mr. Seshasayee is also presently Non-Executive Chairman on the Board of Infosys Ltd. He had been Non-Executive Vice Chairman of Ashok Leyland Ltd. since 2011, after having been the Managing Director for 13 years. He had held Directorship of ICICI Bank Ltd. from May 6, 1997 to October 31, 2003. Mr. Seshasayee has also been President of the Confederation of Indian Industry, and President of the Society of Indian Automobile Manufacturers.
Nature of his Expertise in specific functional areas	Finance and General Management
List of Directorships / Memberships / Chairmanships of Committees of other Boards (Listed and Public entities)	
1. Directorships in other companies:	(i) Infosys Limited
	(ii) Asian Paints Limited
	(iii) Hinduja National Power Corporation Ltd.
	(iv) Ashley Airways Ltd.
2. Chairmanships of the Committees' of other Boards:	(i) Infosys Limited :
	• CSR Committee
	(ii) Hinduja National Power Corporation Ltd.
	• Risk Committee
3. Membership of the Committees' of other Boards	(i) Infosys Limited :
	• Audit Committee
	• Risk and Strategy Committee
	• Nomination & Remuneration Committee
	(ii) Asian Paints Ltd.
	• Audit Committee
No. of Equity Shares held in the Bank as on March 31, 2017	Nil
No. of Board meetings attended during the year	8 / 9
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 sought to be paid, and last drawn	Details of Remuneration to Non-Executive Directors including the Chairman have been given in the 'Report on Corporate Governance', which forms an integral part of the Annual Report.

Location Map of the Venue of the 23rd Annual General Meeting is given below:



Venue : Hotel Sheraton Grand (formerly, Hotel Le Meridien) Raja Bahadur Mill Road Pune – 411 001, Maharashtra
Landmark: Opposite Pune Railway Station

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, General Thimmaya Road (Cantonment), Pune – 411 001.

Tel: (022) 6641 2487 / 2361

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), _____ 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-third Annual General Meeting of the Bank,** to be held on **Wednesday, July 26, 2017, at 2.00 p.m.** at Hotel Sheraton Grand (formerly, Hotel Le Meridien), Raja Bahadur Mill Road, Pune – 411001, Maharashtra and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business	
1.	To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements for the Financial Year ended March 31, 2017, 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, 2017.

Contd...

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 Statutory Auditors of the Bank and authorise the Board of Directors to fix their remuneration.
Special Business	
5	**Ordinary Resolution:** Re-appointment of Mr. R. Seshasayee (DIN: 00047985), as Part-time Non-Executive Chairman of the Bank.
6	**Special Resolution:** Borrowing of monies pursuant to Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions.
7	**Special Resolution:** Issue of Long-Term Bonds / Non-Convertible Debentures on Private Placement Basis.

Signed this _____ day of _____ 2017

Affix Revenue Stamp of ₹ 1

Signature of Shareholder _____

Signature of Proxy holder(s) _____

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 July 24, 2017 at 2.00 p.m.)

www.sapprints.com

IndusInd Bank

GROWING SUSTAINABLY



ANNUAL REPORT
2016-17

Board of Directors (as at March 31, 2017)

Mr. R. Seshasayee, Chairman
Mrs. Kanchan Chitale
Mr. Vijay Vaid
Mr. T. Anantha Narayanan
Mr. Ranbir Singh Butola
Mr. Yashodhan Kale
Mr. Shanker Annaswamy
Dr. T. T. Ram Mohan
Mr. Romesh Sobti, Managing Director & CEO

Company Secretary

Mr. Haresh K. Gajwani

Auditors

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

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
C 101, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai – 400 083
Tel: 022 49186000
Fax: 022 49186060

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Registered Office
2401, Gen. Thimmayya Road
(Cantonment)
Pune - 411001

Corporate Office
8th Floor, Tower 1, One Indiabulls Centre
841, Senapati Bapat Marg
Elphinstone Road (W)
Mumbai – 400 013

Secretarial & Investor Services
731, Solitaire Corporate Park
167, Guru Hargovindji Marg
Andheri (E), Mumbai 400 093
Tel: 022 - 6641 2487/ 2361

Message from Managing Director



Dear Shareholders,

2016-17 was a watershed year for the Indian Banking Sector. Reforms initiated by the Government to improve efficiency and performance of banks have given a big push to online and digital banking, and bolstered the move towards a cashless economy. With demonetisation, technology-based services became the driving force behind the Sector. By the end of fiscal 2017, the digital push had transformed not just banking but also people's lives in a positive way. Amidst all this change, IndusInd Bank also embraced digital technology in a robust and sustainable manner and adapted to the changes through Sound, Responsible and Sustainable banking. During the year, we reached out to new Retail and Corporate customers across the country, including those at the bottom of the pyramid. Sustainability, which forms the bedrock of our corporate governance, has been the key to the Bank's continued success.

The Bank's financials remain on a firm footing, registering consistently strong growth across all parameters.

Our Net Profit rose 25 per cent in the year to ₹ 2,867.89 crore. Net Interest Income was up 34 per cent at ₹ 6,062.60 crore. Non-Interest Income rose 27 per cent, to ₹ 4,171.49 crore. The Return-on-Assets stood at 1.86 per cent. Total Advances and Deposits grew by 28 per cent and 36 per cent respectively.

Our digital push continued unabated during the past year. We intensified our online banking efforts and improved our services. We continued to innovate, launching a new, convenient and secure service called 'Fingerprint Banking' which allows customers to conduct end-to-end transactions via the IndusMobile banking app using just their fingerprint.

As part of the efforts to broaden our service offering, we acquired the Security Services subsidiary of IL&FS in a strategic move that will allow us to create differentiated businesses under the IndusInd umbrella with ready domain expertise. I am very excited about the opportunities this acquisition can create for our overall business.

Over the last few years, we have made a commitment to give back to society. We harnessed the power of sport for change, through our 'IndusInd for Sports' initiative - the cornerstone of our CSR strategy. We teamed up with GoSports Foundation for 'JeetkaHalla', a campaign that aimed to support para-athletes under the IndusInd Para Champions Programme. We also joined hands with the Cricket Association for the Blind in India (CABI), to garner support, generate passion and create visibility for Blind Cricket at all levels. The moment of pride was when our paralympians and #TheOtherMenInBlue won the top honours at the Rio Paralympics and T20 World Cup Cricket for the Blind respectively, bringing laurels at the global level.

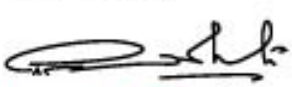
It is gratifying to see our hard work throughout the year recognised and rewarded by numerous accolades. We were honoured with the 'Best Technology Bank' award and declared runner-up in the 'Best IT Risk and Cyber Security Initiative' and 'Best Payment Initiatives' categories at the IBA Banking Technology Conference, Expo & Awards 2017, among other honours. Our Bank also featured in Forbes' list of Super 50 Companies in India. Moreover, we went up a place to be ranked No.12 in Kantar Millward Brown and WPP's prestigious 'Brandz Top 50 Most Valuable Indian Brands 2016' list, with a value of $1.8 billion, up 18 per cent from last year.

To conclude, I would like to congratulate everyone on successfully navigating the challenges this year. We wouldn't have done so without two of our most important stakeholders – our customers and our employees. I offer my sincere gratitude for their unwavering commitment to the Bank.

I would also like to thank the central regulatory authorities and agencies for their support.

Finally, my sincere appreciation to my colleagues on the Board for guiding and supporting the management team in its endeavours.

Yours Sincerely,



Romesh Sobti
Managing Director & CEO

Key Business Highlights

NET PROFIT UP BY **25%** TO ₹ **2,868 crores**

NET INTEREST MARGIN AT **3.99%** AS AGAINST **3.81%** THE PREVIOUS YEAR

NET INTEREST INCOME UP BY **34%** TO ₹ **6,063 crores**

OPERATING PROFIT UP BY **32%** TO ₹ **5,451 crores**

CORE FEE INCOME UP BY **24%** TO ₹ **3,489 crores**

CAPITAL ADEQUACY RATIO (CAR) AT **15.31%**

EARNINGS PER SHARE (BASIC) INCREASED TO ₹ **48.06** FROM ₹ **39.68**

INCREASED NETWORK BRANCHES **1,200**, **2,036** ATMS, GEOGRAPHIC LOCATIONS **683**

NET NPA AT **0.39%** AS AGAINST **0.36%** THE PREVIOUS YEAR

Ratings

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

Consistent delivery over the past 3 years



RETURN ON ASSETS (%)



RETURN ON EQUITY (%)



NET INTEREST MARGIN (%)



COST / INCOME (%)



EARNING PER SHARE
(₹ PER SHARE)



BOOK VALUE PER SHARE
(₹ PER SHARE)

Awards & Accolades



Awarded Outstanding Achievement in Practicing Excellent Workplace Culture in Health & Safety, Evolving Safe Work Practices in Operations at Energy and Environment Foundation Global Safety Awards 2017

Honoured with three awards at IBA Banking Technology Conference, Expo & Awards 2017. Declared as 'Winner' in Best Technology Bank, 'Runner Up' in Best IT Risk and Cyber Security Initiative, and Best Payment Initiatives



Honoured with the CNBC Asia's Corporate Social Responsibility Award



Honoured with three prestigious PR Awards for the #JeetKaHalla campaign at Annual Adverting Awards (The Abbys) at the Goa Fest 2017. Won Silver in 'Sponsorship' Category, Bronze in 'Integrated Campaign Led by PR' Category and Bronze in 'Corporate' Category



Mr. Romesh Sobti honoured with the Best CEO (BFSI) Award at the Business Today Best CEO Awards 2016



Bagged the Best Bank in Private Sector Award and Best CSR Practices under Banking Category Award at ABP News BFSI Awards 2017

Declared 'Runner Up' in 4 Categories at National Payments Excellence Awards 2016 in Small Banks Category - Excellent Performance in AEPS, Excellent Performance in CTS, Excellent Performance in NACH, Excellent Performance in NFS ATM Network





Received the Best Bank Award for Innovative Use of Technology at the 12th IDRBT Banking Technology Excellence Awards 2015-16

Mr. Romesh Sobti honoured with The Banker of the Year award at the Financial Express Best Banks Awards 2016

Declared 'Runner Up' in the New Private Sector Bank category at the Financial Express Best Banks Awards 2016



Awarded the 1st Winner of Overall Excellence in Category of Best Bank Financing the Industry (Highest Limits Sanctioned) at India Gem and Jewellery Awards 2015-16



Awarded the Best Private Sector Bank for Retail Growth Performance at Dun & Bradstreet India's Leading SME Companies & SME Business Excellence Awards 2016

Ranked No. 12 in the prestigious 'Brandz Top 50 Most Valuable Indian Brands 2016', adjudged by Kantar Millward Brown and WPP, with a brand value of $1.80 bn - a growth of 18% from last year

Recognized as a Symbol of Excellence in the Banking category at Economic Times Best BFSI Brands 2016



The Bank Featured among Forbes' Super 50 Companies in India

The Bank was awarded Celent Model Bank 2017 Award for Fraud Management and Cybersecurity



The Core Executive Team



Romesh Sobti
Managing Director & CEO



Paul Abraham
Chief Operating Officer



Suhail Chander
Head - Corporate & Commercial Banking



Sumant Kathpalia
Head - Consumer Banking



K. S. Sridhar
President



Arun Khurana
Head - Global Markets Group



S. V. Parthasarathy
Head - Consumer Finance



Ramesh Ganesan
Head - Transaction Banking



S. V. Zaregaonkar
Chief Financial Officer



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



Zubin Mody
Head - Human Resources



Sanjay Mallik
Head - Investor Relations & Strategy



Ramaswamy Meyyappan
Chief Risk Officer



Roopa Satish
Country Head - Corporate, Institutions & Investment Banking

Connecting with Consumers: Banking and Beyond

The year 2016-17 has been a memorable year for brand IndusInd Bank. This was the year that the Bank created emotional leadership and forged a connect with consumers that went beyond the transactional nature of the business. It established its leadership as a responsible and socially-conscious organization that went beyond just lip service and put its might behind the ones who deserve our unstinting support.

Touching Lives with Innovations

This was also a year of cementing our responsive innovation brand ethos with the launch of the Fingerprint Banking campaign. Towards this objective, your Bank carried out engaging initiatives that led to an increase in the brand's visibility.

IndusInd Bank was the first Bank in the country to launch this service where customers could do end-to-end banking transactions on its Mobile Banking app 'IndusMobile', by using just their fingerprint. The campaign featured Farhan Akhtar, brand endorser for IndusInd Bank, and multi-talented actor Boman Irani. A well-crafted multi media advertising campaign was released, which included innovative online activations & social media, TV, outdoors - at the airports in metros, leading radio channels and movie multiplexes.

'Fingerprint Banking' was launched after studying consumer behavior & insights on remembering complicated & lengthy passwords. It was found that customers tend to forget their passwords and resetting them again was a lot of trouble. With Fingerprint Banking, consumers could afford to forget passwords forever.





Launch of New Credit Cards

In addition to the above, your Bank also launched two new credit cards to further enhance the portfolio mix – Signature Legend Credit Card and Platinum Aura Edge. Both of these chip-based credit cards enable customers to make transactions with a tap, thus offering an easy and convenient way to make payments.



Tie-ups & Acquisitions

To further strengthen the Bank's consumer vehicle vertical, the Bank took various steps to ease the financing process of vehicles. The Bank partnered with Lohia Auto Industries and added finance for e-Rickshaws in the existing portfolio. Another feather in the commercial vehicle space was the Bank's tie-up with Honda Motorcycle & Scooter India Pvt. Ltd, offering retail finance to its customers at attractive rates.

The other significant achievement for the Bank was to enter into an agreement with Infrastructure Leasing and Financial Services Ltd., (IL&FS) the promoter shareholders of IL&FS Securities Services Ltd., (ISSL) to acquire 100%

of ISSL. This acquisition has brought in scale to this business and has complemented the Bank's current product offerings. It also fits nicely into Bank's strategy of creating differentiated businesses with domain expertise.

Employee Engagements & Activities

The Bank acknowledges the fact that internal stakeholders form the heart of the organization. No communication is complete without their wholehearted participation. To augment internal communication like in the past this year too, the Bank arranged quarterly webcasts, organized engaging campaigns/contests and issued regular mailers on various developments to keep them abreast and involved in daily course of activities. Constructive feedback and high quotient of interactivity showcase healthy internal communication.

Active Social Media Presence

Understanding the requirement of the millenials that social media is the pulse of new generation banking, during the year 2016-17, your Bank continued being active on social media to listen and to serve its customers better. Along with traditional media, the bank leveraged social media to communicate and reach out to its audience.



The Bank has been very active on Facebook, Twitter and LinkedIn throughout the year with more than 10 lakh followers on Facebook, 34,000 on Twitter and 50,000 on LinkedIn. Your Bank also opened an Instagram page to communicate with young and affluent users. As of March 31, 2017 the Instagram followers' base has reached 6,000. IndusInd Bank has bagged Gold in Best Social Media Brand Award from Social Samosa in BFSI category for the year 2016-17. The Bank also conducted various online marketing campaigns to promote various products and services in the online space to acquire new customers, along with promoting new initiatives



A Front Runner in Sporting Glories

#JeetkaHalla



Taking its sports vertical to the next level, your Bank, in association with GoSports Foundation, supported 18 para-athletes, under its IndusInd Para Champions Programme. Your Bank launched 'JeetkaHalla', a high-impact multi-media campaign, to enlist support for the para-athletes. At the heart of the 'JeetKaHalla' campaign was a heart-warming and inspiring anthem that showcased the grit and spirit of the para-athletes. The campaign was launched to coincide with the Rio Paralympics 2016. The anthem evoked empathy and cheer for these para-athletes who were never spoken about. The campaign was publicized through an integrated media plan comprising online, social media, radio & cinema and a week of advertising on TV. On radio and TV (music channels), the anthem was played as a part of programming. For internal stakeholders, regular mailers were sent out to keep them abreast with the developments.

#TheOtherMenInBlue

Another path-breaking campaign which your Bank launched in association with Cricket Association for the Blind in India (CABI) was 'TheOtherMenInBlue' for the IndusInd Bank Indian Blind Cricket Team under the World Champions Programme – Cricket for the Blind. Advocating the cause, IndusInd Bank aimed to garner support for, and generate passion and visibility for the defending champions in the T20 World Cup Cricket for the Blind, which was held from January 29, 2017 to February 12, 2017.



The campaign intended to showcase the fact that cricket, as a religion, needs to be all encompassing. While the nation focusses on and cheers for mainstream cricket, the visually-challenged cricketers also make the country just as proud, both on and off the field. They, too, require support and cheering while they represent their country at the highest level.

Traditional Branding Activities

While digital marketing gathered momentum, conventional marketing formed the backbone of the marketing activity of the Bank. A series of outdoor branding opportunities at strategic and premium locations were launched throughout the year to reinforce the brand messages.



Reaching Rural Customers

The Bank conducted a series of short bursts of intense marketing activities – all in local flavour to reach out to the rural population. It continued to conduct below-the-line activities at branch levels that not only enhanced the reputation, image and recall value, but also established the Bank as a young, progressive and agile institution.

Festive Offers Galore for Customers

During the festive season, starting September 2016, your Bank launched an Asset Carnival viz. Loans Festival with attractive offerings on Personal Loans, Loans Against Property, Home Loans, Vehicle Loans and others. This, too, was a multi-media campaign with a robust mix of tactical advertising in outdoor and radio across major cities, and bursts on social media.



Activities to Reinforce Brand Image

Several other communication initiatives were also undertaken by the Bank, like sponsorships / donations / events with reputed associations/trusts which garnered higher visibility and reinforced the brand image. Regular client engagement activities, debit and credit card promotions, regional level promotions, branch promotions were some of the activities which lent further force to branding. Periodic concalls, one-on-one investor meetings, town-halls, roadshows and annual analysts meets have all created a positive impact on the Bank's image.

Strengthening Values for Sustainable Banking

Your Bank has deepened its efforts on community engagement by partnering with government, communities and non-profit organizations. This year, your Bank created greater and more pivotal action on the CSR focus areas of environmental sustainability through the commitment to Maharashtra Government's project to water management in drought-affected areas and afforestation. The Bank's Sports Vertical, which functions for the cause of providing Sporting facilities for the differently-abled, has brought the nation laurels at a global level through the Paralympics at Rio and at the T20 World Cup Cricket for the Blind.

As the Bank embarks on a new phase of its growth story, 'Sustainability' is at the core of its strategy and is one of the seven strategic themes for Planning Cycle 4.

Community Outreach

This year, your Bank extended its efforts in the area of community outreach and development, under varied focus areas that ranged from women empowerment and education to water and sanitation.

The Bank has reached out to around 2 million households from the Bottom of the Pyramid (BoP) Segment both through Direct and Indirect Channels, spread across 14 States and 110 Districts. The micro-credit offering has helped nurture entrepreneurial talent in nearly 1 million women.

Water Augmentation and Management

In one of its flagship projects, your Bank has successfully implemented a Water Conservation project at Satara, where rejuvenation of a Check Dam at Ghigewadi village on river Vasna, tributary of river Krishna was undertaken. This project was a part of the larger programme of 'Jalyukt Shivar Abhiyan' by the Government of Maharashtra.





Koregaon Taluka falls in the rain shadow region of the Western Ghats that receives low rainfall and has experienced drought in the past years. Most farmers in this region do not have large land holdings and the check dam will raise the ground water table leading to enhanced agricultural productivity, livelihood development and afforestation of the surrounding areas.

Legal Literacy Program

In the third year of the program, your Bank strives to empower marginalized women in Bhopal and Sagar districts of Madhya Pradesh. Around 25,000 women were provided para-legal and counselling advice. Additionally, Legal Counselling Centres managed by trainers are also being set up in the region.

Art Labs in Municipal Schools

In a new project initiated this year, we have partnered with Nalandaway Foundation to improve children's attendance and performance in municipal schools in Coimbatore. We set up a lab at Kunaimathur Government Higher Secondary School which will operate as a hub for other schools in the neighbourhood. The lab mainly focuses on painting and at a later stage will include other forms of performing arts. The lab presently has capacity of 2,000 children and we plan to scale up in the future.

The art labs seek to develop a sense of self-importance and individuality, encourage self-expression and stimulate imagination among children through its arts-based programmes. Art experiences offer children opportunities to think and feel as they explore, solve problems, express and interpret the world around them and this has proven to help children concentrate better in their academic curriculum and eventually improve drop-out rate in schools.

IndusInd For Sports

Your Bank's agenda to ingrain sports into the fabric of the organization and that of the nation has been recognized globally.

In collaboration with Go Sports Foundation, the Bank supported 18 para-athletes in their journey to the Paralympics at Rio held in 2016. The Bank provided them support with equipment, nutrition, fitness, mental conditioning and high performance training. At the Paralympics, three Athletes from the programme, Devendra Jhajharia, Deepa Malik and Varun Singh Bhati won Gold, Silver and Bronze medals respectively. The Bank also promoted the cause through a nation-wide campaign 'Jeet ka Halla' which included an inspiring film that evoked empathy and cheer for these para-athletes who were never spoken about earlier.



In another unique initiative this year, your Bank has associated with the Indian Blind Cricket Team, a team of 26 players, and has provided them support with coaching, training, nutrition and fitness training. They went on to win the T20 World Cup Cricket for the Blind, defeating Pakistan in the Finals held in Bengaluru, winning the country and the Bank great accolades. The objective of the Programme is to use cricket as a medium to demonstrate their ability and talent. Potential players are identified at grassroot level from marginalized backgrounds, thus, empowering them and elevating their economic status.

Education through Arts
2,000
children benefited

Promoted the Indian Blind Cricket Team

Supported 18 para-athletes with the IndusInd Para Champions Programme



Afforestation

The Bank has supported two Afforestation projects with Satpuda Foundation and Centre for Environmental Research & Education. Nearly 35,000 trees comprising 30 species have been planted in the buffer villages of Pench, Navegaon, Nagzira, Satpuda, Tadoba and Kanha tiger reserves in Central India as well as several suburbs in Mumbai.

Employee Work-force Initiatives

Green Champions and Green Commandos

The Bank's flagship environmental employee engagement program expanded its pan-India base and intensified its reach by training 45 energised Green Champions who are supported by over 1,500 Green Commandos. The Green Champions, supported by Green Commandos at their location, have been instrumental in driving and executing diverse programs within the Bank and the extended community. Together, they recycled 621 Kilos of paper, collected and diverted 1,550 Kgs of e-waste to authorized recyclers, electrified 125 rural house-holds in Dhodhani Village at Panvel near Mumbai and collectively contributed to over 500 man-hours of training and volunteering activities.

The Bank's payroll giving scheme 'Share2Care' is an initiative which allows our employees to contribute to NGOs who work for social and environmental causes, leveraging their resources and expertise to bring about a positive change.

Share2Care
NATIONAL DONATION DRIVE

In the past year, employees have raised funds for SUPPORT, Nalandaway Foundation, Samarthanam, Aaranyak, HelpAge India and Prayas and their contributions have made a significant impact in the areas of Education, Children, Empowerment of Women, Differently-abled, Nature Conservation and Elderly Care.



Greening Our Operations

Every year, your Bank is cognizant of operating in a sustainable and energy-efficient manner. This year too, the Bank's strategies have been successful in gaining momentum.

Green IT

The Bank has developed a Green IT maturity roadmap to transform its IT infrastructure to a virtualized habitat. Currently, in the second phase, this transformation in Data Centre and Disaster Recovery Centre will reduce energy consumption by 20%.



Creating Sustainable Habitats

The Bank's sustainability agenda transcends from greening its premises and operations to the value chain partners who support it with vital infrastructure. The Bank has championed a Sustainability Program that targets its key supply chain partners, which contribute to 70% of its sourcing.

The Bank believes that by assessing their environmental, health, safety and social practices, and by encouraging them to adopt sustainable practices, it is fostering resilience in them to conduct business in austere conditions.

Your Bank has diverted 24,046 Kgs of e-waste through government authorized recyclers and has recycled 4,162 Kgs of paper.

Leadership in Climate Change and Mitigation

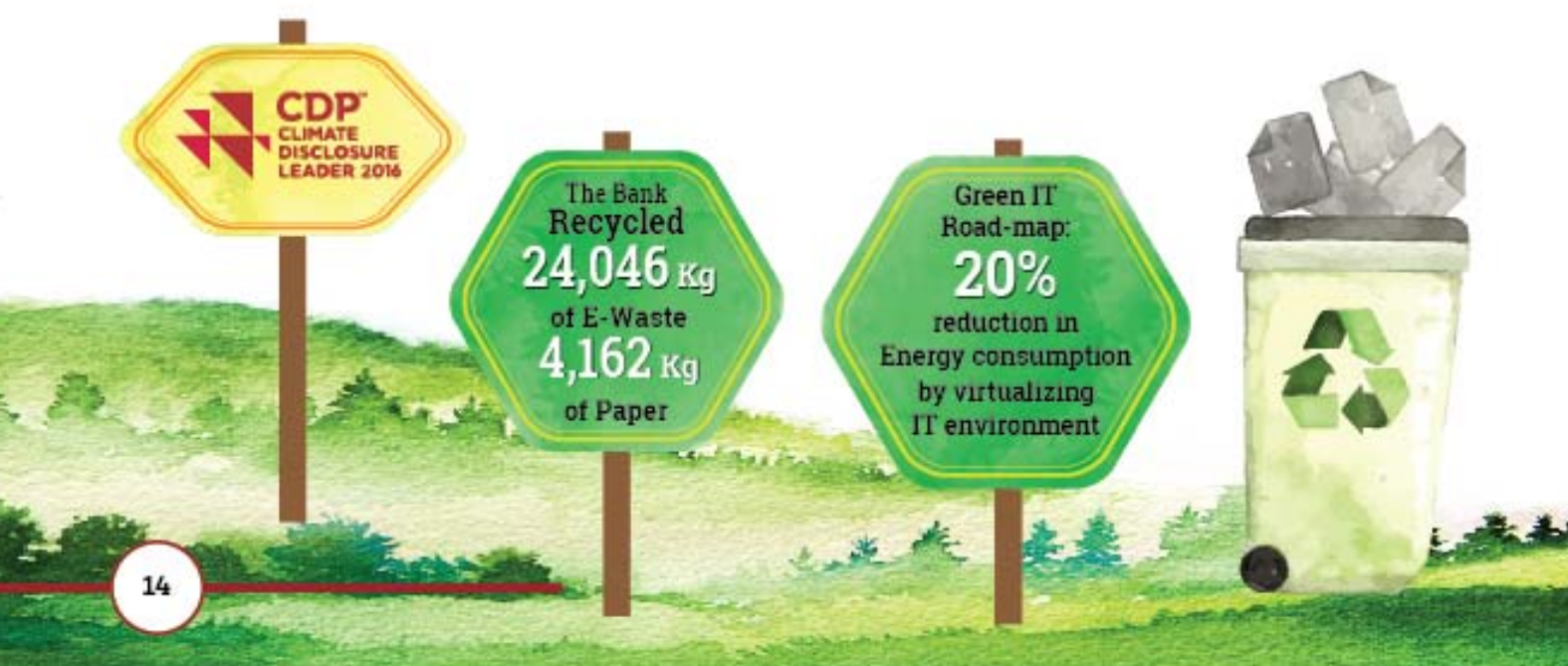
Your Bank has consistently established its foresight in climate change management and mitigations, which are also endorsed by the Carbon Disclosure Project, a global investor-led platform that evaluates companies for their climate change strategies. The Bank has retained the leadership position among the Indian corporates for the third consecutive year and is also the only financial services company in the leadership board this year.

Creating Long-term Sustainable Client Relationships

With the long term outlook for a sustainable asset class, your Bank has instituted an environment and social risk management framework for new investments. A robust and sector-oriented process is applied to ensure that the investment is directed to foster businesses that are environmentally benign and socially-compliant. The Bank has also developed an exclusion list that prevents it from supporting investments that have environmental and social impacts which are significant and cannot be mitigated.

Your Bank's commitment to support Government of India's Renewable Energy Mission 'REInvest' is on track to provide financial assistance to projects of 2,000MW of renewable power by 2019.

Your Bank has developed a flagship sustainability program for its small and medium enterprises titled 'Symposium on Sustainability'. The prime objective of these symposiums is to equip clients with knowledge on environmental, social and governance aspects, and establish a business case for sustainability. Through these symposiums, the Bank has engaged with nearly 70 clients.



DIRECTORS' REPORT: 2016-17

The Board of Directors of the Bank have pleasure in presenting the Twenty-third Annual Report covering business and operations of the Bank, together with the Audited Financial Statements for the year ended March 31, 2017.

The financial performance for the year ended March 31, 2017 is summarized as under:

(₹ in crores)

Particulars	As on March 31, 2017	As on March 31, 2016
Deposits	126,572.22	93,000.35
Advances	113,080.51	88,419.34
Operating Profit (before Depreciation and Provisions and Contingencies)	5,641.71	4,297.94
Net Profit	2,867.89	2,286.45

During the year under review, despite a persistently challenging operating environment, the Bank improved its business, with Deposits growing by 36.10% and Advances by 27.89% 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 robustly by 31.27% to ₹ 5,641.71 crores, as compared to ₹ 4,297.94 crores in the previous year.

The Net Profit of the Bank, after considering all expenses and necessary Provisions and Contingencies, was higher by 25.43% at ₹ 2,867.89 crores, as against ₹ 2,286.45 crores in the previous year.

Appropriations

The Directors recommend appropriation of Profit as under:

(₹ in crores)

Operating Profit before Depreciation and Provisions and Contingencies	**5,641.71**
Less: Depreciation on Fixed Assets	190.69
Less: Provisions and Contingencies inclusive of Income Tax	2,583.13
Net Profit	2,867.89
Profit Brought forward	5,013.45
Amount available for Appropriation	7,881.34
Transfer to Statutory Reserve	716.97
Transfer to Capital Reserve	45.54
Dividend (including Tax on Dividend) (pertaining to shares allotted after March 31, 2016 until Record Date for the 22nd AGM held on July 1, 2016)	0.45
Total Appropriations	**762.96**
Balance carried over to Balance Sheet	7,118.38

Dividend

The Earning Per Share (EPS) of the Bank rose to ₹ 48.06 during the year 2016-17, from ₹ 39.68 in the previous year.

In view of the overall improvement in performance as well as the need to conserve Capital for continued growth, the Directors recommend Dividend of ₹ 6.00 per Equity Share of ₹ 10 each for the year ended March 31, 2017. (Dividend for the year 2015-16 was ₹ 4.50 per Equity Share of ₹ 10 each).

Considering the Equity Shares outstanding as at March 31, 2017, the total amount of Dividend payable, including Taxes to be borne by the Bank, amounts to ₹ 431.95 crores. In accordance with the revised AS 4 – 'Contingencies and events occurring after the Balance Sheet Date', this amount is not accounted for as 'Liabilities' as at March 31, 2017.

Financial Performance and State of Affairs of the Bank

The year under review marked the end of the third Planning Cycle (2014-17), themed 'Market Share with Profitability' to Double the Bank in 3 years. The Bank has now commenced implementation of Planning Cycle 4, covering the period 2017-20 with the theme: 'Digitize to Differentiate, Diversify and Create Domain Leadership' with a strategy to gain 'Market Share with Profitability'.

Backed by improved volumes, the Total Income of the Bank for the year under review grew by 22.47% to ₹ 18,577.16 crores from ₹ 15,168.69 crores.

The healthy rise in profitability was the result of growth in Net Interest Income (NII) as well as Non-Interest Income. Net Interest Income improved robustly by 34.23% to ₹ 6,062.60 crores from ₹ 4,516.57 crores, while Non-Interest Income rose to ₹ 4,171.49 crores from ₹ 3,296.95 crores, registering growth of 26.53%.

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 24.17% to ₹ 3,488.59 crores from ₹ 2,809.59 crores earned during the previous year.

In view of the softening of interest rates, yield on Advances dropped to 11.71% during the year, as against 12.24% in the previous year, while the Cost of Deposits fell to 6.41% from 7.25% in the previous year. The Net Interest Margin (NIM) for the year improved to 3.99% as compared to 3.81% in the previous year, due to the composition of the Asset Portfolio, benign interest rate movements during the year, and judicious mobilization of funding resources through deposits and borrowings, including overseas borrowings and refinance from institutions.

The Bank expanded its branch network steadily to reach 1,200 branches, as against 1,000 branches at the beginning of the year. Revenue per employee during the year remained steady at ₹ 40 lakhs.

The quality of the Loan Book remained stable with Net Non-Performing Assets (Net NPAs) standing at 0.39% as at March 31, 2017 as against 0.36% a year ago. The Provisioning Coverage Ratio (PCR) stood at 58.39% as compared to 58.58% in the previous year.

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

- International Financial Services Center (IFSC) Banking Unit (IBU) went live on June 28, 2016 at the GIFT City.
- Upper Tier II Bonds issued in 2006 were redeemed in November 2016 and January 2017, as these bonds are not Basel III-compliant and carried a stepped up coupon after the initial run of 10 years.
- A follow-on issue of Rated, Listed, Senior Unsecured, Redeemable, Non-Convertible Long-Term Infrastructure Bonds for ₹ 1,500 crores was made in December 2016.
- The first issue of Basel III-compliant Additional Tier I Non-Convertible, Perpetual, Subordinated, Unsecured Bonds for ₹ 1,000 crores was made in March 2017.

Digitization initiatives continued to be a key thrust area of the Bank during the year under review, amplifying the agility in responding to market forces. The IndusPay application on the Unified Payments Interface (UPI) platform, a step to boost Digital and Mobile Banking service was launched during the year. The Bank introduced several new products and services for select client segments through its Consumer Banking, Transaction Banking and Global Markets Groups. The Bank kept up its focus on deepening as well as strengthening of the fee-based income streams, resulting in smart growth in Non-Interest Income.

Performance of Subsidiary and Associate Company

ALF Insurance Services Private Limited, a wholly owned subsidiary of the Bank which was set up to do the business of Insurance Broking, was under Voluntary Winding-up. On February 24, 2016, the Liquidator had approved repayment of the entire Share Capital and subsequently, the Company was liquidated vide Order dated June 14, 2016 issued by the Hon'ble Madras High Court.

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

During FY 2016-17, IMFS earned Revenue of ₹ 217.21 crores, as against Revenue of ₹ 179.43 crores in the previous year. IMFS earned Profit of ₹ 0.93 crore in FY 2016-17.

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

During the year under review, the Bank has agreed with Infrastructure Leasing & Financial Services Ltd. (IL&FS), the Promoter shareholder of IL&FS Securities Services Ltd. (ISSL), to acquire 100% of ISSL along with acquisition of the securities financing portfolio from IL&FS Financial Services Ltd. (IFIN).

The above transaction is subject to execution of definitive agreements, respective Board approvals, and regulatory approvals, including from Reserve Bank of India.

Share Capital

The Paid-up Equity Capital of the Bank as at March 31, 2017 consisted of 59,81,48,705 Equity Shares of ₹ 10 each.

During the year under review, the Bank allotted 31,62,370 Equity Shares of ₹ 10/- each pursuant to exercise of Options under its Employee Stock Option Scheme, 2007.

The Bank has not issued any Equity Shares with differential voting rights.

Debentures

During the year, the Bank issued Long-Term Bonds and Additional Tier I Bonds in the nature of Debentures on private placement basis. The details are as under:

(i) 15,000 Rated, Listed, Senior Unsecured, Redeemable, Non-Convertible Long-Term Infrastructure Bonds in the nature of Debentures of Face value of ₹ 10,00,000 (Rupees Ten Lakhs each) for cash at par amounting to ₹ 1,500 crores, allotted on December 9, 2016.

(ii) 10,000 Rated, Listed, Non- Convertible, Perpetual, Subordinated, & Unsecured Basel III-Compliant Additional Tier I Bonds in the nature of Debentures of Face Value of ₹ 10,00,000 (Rupees Ten Lakhs each) for cash at par amounting to ₹ 1,000 crores, alloted on March 22, 2017.

Pursuant to Regulation 53 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the names of the Debenture Trustees and 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), Kothrud, Pune – 411 038, Maharashtra, India.
Website	:	www.catalysttrustee.com
E-mail	:	dt@ctltrustee.com

Trustee II:

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

Trustee III:

Name of Debenture Trustees	:	IDBI Trusteeship Services Limited*
Address	:	Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001
Website	:	www.idbitrustee.com
E-mail address	:	itsl@idbitrustee.com

*IDBI Trusteeship Services Ltd. acted as Trustee for Upper Tier II Bonds issued in 2006 amounting to ₹ 308.90 crores. During the year under review, these Bonds were redeemed by the Bank pursuant to exercising Call Option.

Tier II Capital

The Bank did not raise any Tier II Capital during the year.

Upper Tier II Bonds (Series VIII, IX and X) amounting to ₹ 308.90 crores, issued in 2006, were redeemed during the year by exercising the Call Option after obtaining necessary approvals.

Deposits

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

Capital Adequacy

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

Particulars	March 31, 2017	March 31, 2016
i) Capital Adequacy Ratio (CRAR)	15.31%	15.50%
ii) CRAR- Common Equity Tier 1 Capital	14.02%	14.92%
iii) CRAR- Tier 1 Capital	14.72%	14.92%
iv) CRAR- Tier 2 Capital	0.59%	0.58%

Credit Ratings

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

Directors

Bank's Board comprised nine Directors as on March 31, 2017, viz., Mr. R. Seshasayee, Part-time Non-Executive Chairman, six Independent Directors. Mr. Yashodhan M. Kale, Non-Executive Non-Independent Director, and Mr. Romesh Sobti, Managing Director & CEO.

(a) Independent Non-Executive Directors

In terms of Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and based on the declarations received under Section 149(7) of the Companies Act, 2013 by the Bank for the financial year ended March 31, 2017, the following Non-Executive Directors continue to be identified as Independent Directors as on March 31, 2017:

(i) Mrs. Kanchan Chitale

(ii) Mr. Vijay Vaid

(iii) Mr. T. Anantha Narayanan

(iv) Mr. Ranbir Singh Butola

(v) Mr. Shanker Annaswamy

(vi) Dr. T. T. Ram Mohan.

(b) Woman Director

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

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

(c) Chairman of the Board

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

Shareholders of the Bank had, in the 21st AGM held on August 17, 2015, approved the re-appointment of Mr. R. Seshasayee as Part-time Non-Executive Chairman for a period of 2 years with effect from July 24, 2015 and accordingly, his current term shall expire on July 23, 2017.

Approval of the shareholders is requested for re-appointment of Mr. R. Seshasayee as Part-time Non-Executive Chairman of the Bank for a period of two years with effect from July 24, 2017, subject to approval of the Reserve Bank of India.

(d) Managing Director & CEO

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

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

Reserve Bank of India have also conveyed their approval for the re-appointment of Mr. Romesh Sobti as Managing Director and CEO of the Bank for a further period of three years, w.e.f. February 1, 2015 until January 31, 2018.

(e) Retirement of Directors by rotation and Appointment / Re-appointment of Directors

(i) In order to ensure compliance with Section 152(6) of the Act, the Board has considered Mr. Romesh Sobti, Managing Director & CEO, as liable to retire by rotation.

Mr. Romesh Sobti (DIN: 00031034), Managing Director & CEO shall accordingly retire at the ensuing AGM and being eligible, offers himself for re-appointment.

(ii) In terms of requirements of the Companies Act, 2013, applicable provisions of the Banking Regulation Act, 1949, and guidelines issued by the Reserve Bank of India, approval of the shareholders by way of Ordinary Resolution is requested for re-appointment of Mr. R. Seshasayee (DIN: 00047985) as 'Part-time Non-Executive Chairman' of the Bank, for a period of two years with effect from July 24, 2017, subject to approval of the Reserve Bank of India.

In terms of provisions of Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and SS-2 issued by the Institute of Company Secretaries of India, brief profile of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting, have been furnished in the Notice convening the 23rd AGM.

During the year under review, Dr. T. T. Ram Mohan (DIN: 00008651), was appointed as 'Additional Director' in the category of 'Independent, Non-Executive' by the Board in its meeting held on May 12, 2016.

In terms of requirements of the Companies Act, 2013, approval of the shareholders has been obtained in the 22nd AGM of the Bank held on July 1, 2016, for appointment of Dr. T. T. Ram Mohan in the category of 'Independent Non-executive Director' for a period of four years, to hold office up to May 11, 2020.

Board and Committee Meetings

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

The Board has constituted the Audit Committee of the Board, with Mr. T. Anantha Narayanan as Chairman and Mrs. Kanchan Chitale, Mr. Ranbir Singh Butola, Mr. Yashodhan M. Kale and Mr. Shanker Annaswamy 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 and its Committees

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

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

The Board of Directors have carried out annual evaluation of its own performance (Board as a whole), Individual Directors including Independent Directors, Non-Independent Directors and Managing Director & CEO, and of 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 by the Committee of Independent Directors, Nomination & Remuneration Committee, and by the Board of Directors in their meeting held on May 9, 2017.

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

System for Internal Financial Controls and its Adequacy

The Bank operates in a fully computerized 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 authorizations, 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

Considering the nature of its activities as an entity in the Financial Services sector, the Bank has voluntarily taken steps towards conservation of energy and technology absorption, thus ensuring compliance with the provisions of Section 134 (3) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014. Details of the same are furnished in the Management and Discussion Analysis Report, which forms part of the Annual Report. The Bank has made optimum use of Information Technology in its operations. The details of foreign exchange earnings and outgo are also mentioned in the section on Management and Discussion Analysis.

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), Operations Risk and Information Security Risk across all verticals, independent of business functions.

Risk Management functions in the Bank have been aligned with best industry practices, supported by advanced risk measurement and analytical systems, which enables proactive risk management and monitoring.

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

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

Details of Risk Management models and frameworks implemented by the Bank are mentioned under ‘Management Discussion and Analysis’.

Vigil Mechanism / Whistle Blower Policy

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

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

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

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

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

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

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

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

Statutory Auditors

M/s Price Waterhouse Chartered Accountants LLP, Chartered Accountants, Mumbai (Firm's Regn. No. 012754N / N500016), who have audited the accounts of the Bank for the year 2016-17, shall retire at the conclusion of the ensuing Annual General Meeting, and are eligible for re-appointment.

Members are requested to consider the re-appointment of M/s Price Waterhouse Chartered Accountants LLP, Chartered Accountants, as the Statutory Auditors of the Bank from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, at a remuneration to be decided by the Board of Directors based on the recommendations of the Audit Committee. Approval of the Reserve Bank of India for their appointment has been received . A certificate has been received from M/s Price Waterhouse Chartered Accountants LLP (PW) to the effect that their appointment, if made, would be within the prescribed limits under Section 141 of the Companies Act, 2013.

Independent Auditors' Report

M/s Price Waterhouse Chartered Accountants LLP, Statutory Auditors of the Bank, have audited the accounts of the Bank for the year 2016-17 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 the internal financial controls system over financial reporting, which has been enclosed as 'Annexure A' to 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 Auditor's 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 2016-17. The Secretarial Audit Report submitted by M/s Bhandari & Associates is furnished at Annexure I, and forms an integral part of this Report.

The Secretarial Audit Report submitted by M/s Bhandari & Associates for FY 2016-17 does not contain any qualification, reservation or adverse remark.

Statutory Disclosures

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

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

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

Employee 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 3,98,39,800 Options, comprising 6.66% of the Bank's Equity Capital, have been granted under the Scheme. Statutory disclosures as required by SEBI (Share Based Employee Benefits) Regulations, 2014 are given at Annexure III, and form an integral part of this Report.

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

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

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:

(i) that in the preparation of the Annual Accounts for the year ended March 31, 2017, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;

(ii) that such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied consistently and that judgements 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, 2017 and of the profit of the Bank for the year ended on that date;

(iii) 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;

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

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

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

Extract of Annual Return

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

Particulars of Employees

The Bank had 25,314 employees on its rolls as on March 31, 2017.

51 employees who had been employed throughout the year were in receipt of remuneration of ₹ 1.02 crores per annum or more, and 6 employees employed for part of the year were in receipt of remuneration of ₹ 8.50 lakhs per month or more.

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

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

Policy on Remuneration to Non-Executive Directors

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

In view of the guidelines contained in RBI Circular dated June 1, 2015 on compensation of Non-Executive Directors of private sector Banks, the Board of Directors have, on the basis of the recommendations of Human Resource and Remuneration Committee (since named as "Nomination & Remuneration Committee"), in their meeting held on May 12, 2016, approved the payment of remuneration of ₹ 25 lakhs per annum w.e.f. April 1, 2016 to Mr. R. Seshasayee, Part-time Non-Executive Chairman of the Bank (subject to approval of Reserve Bank of India), which has since been received, and to the Non-Executive Directors (other than the Part-time Chairman) in the form of Profit-related Commission not exceeding ₹ 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 above-mentioned remuneration in the form of Profit-related Commission to the Non-Executive Directors, including to the Part-time Non-Executive Chairman of the Bank, for FY 2016-17, effective from April 1, 2016.

Accordingly, during the year under review, all the Non-Executive Directors, including Part-time Chairman of the Bank, 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.

As per the Bank's policy, no Stock Options were granted to the Non-Executive Directors.

During the year, the Board of Directors have, on the recommendations of the HR and Remuneration Committee (since renamed as "Nomination & Remuneration Committee") formulated the 'Policy on Remuneration to Non-Executive Directors', including the Part-time Non-Executive Chairman.

The 'Policy on Remuneration to Non-Executive Directors' as approved by the Board of Directors is hosted on the Bank's website at the below given link:

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

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

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

Particulars of Loans, Guarantees or Investments outstanding

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

Particulars of Contracts or Arrangements with Related Parties

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

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

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

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

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

Consolidated Financial Statements

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

In terms of AS 23, the Bank has prepared the Consolidated Financial Statements for the year ended March 31, 2017, wherein the Standalone Financial Statements of the Bank as of that date are consolidated with that of IMFS, an associate in which the Bank has a 30% stake, by adopting the "Equity Method".

Indian Accounting Standards (Ind AS)

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

The Circular reiterates the timeline for Ind AS implementation by banks that was issued by the Ministry of Corporate Affairs (MCA) in its Press Release dated January 18, 2016. The MCA notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. On September 29, 2015, RBI recommended a roadmap to MCA for implementation of Ind AS from 2018-19 onwards for banks and Non-Banking Financial Companies (NBFCs). Further, in October 2015, RBI issued the Report of its Working Group on implementation of Ind AS by banks in India, which provided recommendations on key areas with a focus on financial instruments, as well as formats for financial statements.

Pursuant to the RBI Circular, the Bank has formed a Steering Committee headed by the Chief Financial Officer, comprising members from cross-functional areas, for the purpose of reviewing and monitoring the progress of implementation. The Bank has set up a Working Group under the guidance of the Steering Committee to conduct

Gap Assessment to identify the differences between the current accounting framework and Ind AS, including the identification of the accounting policy options provided under Ind AS 101, First Time Adoption.

Besides augmenting skilled resources within the financial reporting team, the Bank has also engaged the services of leading professionals with international experience to assist in the project. Training programs have been organised for the team members in the Business, Credit and Finance Teams. The Bank is also in the process of identifying the changes required to be made to its systems and processes.

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

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

(a) Accounting impact on account of application of Ind AS at the date of transition, i.e., April 1, 2017 will be recognised in equity or other components of equity.

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

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

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

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

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

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

Corporate Social Responsibility

The Bank has voluntarily undertaken various initiatives in the area of Corporate Social Responsibility (CSR) by focusing on sustainability-driven growth.

In terms of 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 of the Bank. The Committee is headed by Mrs. Kanchan Chitale as Chairperson, with Mr. Vijay Vaid 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 has also framed the CSR Policy and strategy that will guide and govern the Bank's activities in focus areas, namely, rural development and inclusiveness, environmental sustainability, preventive healthcare, and other areas of special interest.

During the year under review, the Bank has introduced non-banking Sports Vertical 'IndusInd for Sports' through which the Bank supported the Para-Champions representing the country at the Paralympics and adopted the Indian Blind Cricket Team who won accolades for the country.

The CSR Initiatives / Projects undertaken by the Bank are largely 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 was required to spend ₹55.27 crores towards CSR activities during FY 2016-17, out of which ₹33.81 crore (i.e., 1.22% of the Average Net Profits) was utilized on activities specified in Schedule VII of the Companies Act, 2013. Some of the CSR projects are being executed in a phased manner.

Our social and community outreach programmes are gaining scale and momentum every year and hence the absorption of CSR Spend will be better in the coming years as most of the projects are long-term.

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

Details of the CSR Policy and initiatives adopted by the Bank on CSR are available on Bank's website at the link mentioned 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 the Board.

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

Corporate Governance

Pursuant to Regulation 34(3) read with Schedule V of the Listing Regulations, a separate section on Corporate Governance practices followed by the Bank, together with a Certificate from M/s Bhandari & Associates, Practising Company Secretaries confirming compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations, forms an integral part of this Report.

A copy of Certificate issued by the Practising Company Secretary is attached as Annexure VII and forms an integral part of this Report.

Management Discussion and Analysis Report

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

Significant and Material Orders passed by the Regulators or Courts

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

Awards and Accolades

During the year under review, the Bank has received many awards and accolades for excellence in managing Risk, in marketing and communications, CSR initiatives, Information Technology and for Innovations, etc.

Mr. Romesh Sobti, Managing Director & CEO won the most prestigious Business Award 'The Best CEO (BFSI)' at the Business Today Best CEO Awards 2016.

He also received the "Banker of the Year" award by FE India's Best Bank Awards 2016.

Brief details of various awards are covered in the initial pages of this Annual Report.

Cautionary Statement

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

Material events that have happened after the Balance Sheet date

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

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

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

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

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

The Bank received 9 complaints alleging sexual harassment at work place during the financial year 2016-17. 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
9	9	Nil

Acknowledgements

The Directors are grateful to the shareholders of the Bank 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 unswerving 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: May 9, 2017

R. Seshasayee
Chairman

ANNEXURE I TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[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, 2017 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, 2017 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

vi. The Banking Regulation Act, 1949.

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

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

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

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

We further report that -

The Board of 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 is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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 –

I. Members approval has been obtained at the Annual General Meeting held on July 1, 2016 pursuant to the provisions of Section 42 of the Companies Act, 2013 for borrowings / raising of funds by the Bank in the Indian / Foreign Currency, by way of issue of Securities including but not limited to issue of Bonds / Non-Convertible Debentures (NCDs), i.e., Long-Term Infrastructure Bonds and Subordinated Non-Convertible Debentures / Bonds eligible to be included as Additional Tier I (AT1) and Tier II (T2) Capital of the Bank / any other instrument, upto ₹ 5,000 crores on Private Placement basis.

II. During the period under review, the Bank has issued and allotted-

   a. 15,000 Senior Unsecured Redeemable Non-Convertible Bonds in the nature of Debentures of Face value of ₹ 10,00,000/- each at par on December 9, 2016 on Private Placement basis.

   b. 10,000 Rated, Listed, Non-Convertible, Perpetual, Sub-ordinated & Unsecured BASEL III-compliant Bonds in the nature of Debentures of Face Value of ₹ 10,00,000/- each at par on March 22, 2017 on Private Placement basis.

III. During the period under review, the Bank has redeemed 3,054 Upper Tier II Bonds-Series VIII, IX and X aggregating to ₹ 308.9 Crores, by way of exercising call option and obtaining necessary approvals.

For Bhandari & Associates
Company Secretaries

S. N. Bhandari
Partner

FCS No. : 761; C P No. : 366

Place : Mumbai
Date : May 9, 2017

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

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT

To
The Members,
INDUSIND BANK LIMITED
CIN: L65191PN1994PLC076333

Our Secretarial Audit Report for the Financial Year ended on March 31, 2017 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. Wherever 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; CP. No: 366

Place : Mumbai
Date : May 9, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

The details pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (Including Amendment Rules, 2016)

- 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
Romesh Sobti, Managing Director & CEO	129x
R. Seshasayee, Part-time Non-Executive Chairman#	7.14x

 # 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, Part-time Non-Executive Chairman received remuneration of ₹25 lakhs in FY 2016-17 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 2.86x.

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

Name	Percentage
Romesh Sobti, Managing Director & CEO	7%
S. V. Zaregaonkar, Chief Financial Officer	23%
Haresh Gajwani, Company Secretary	13%

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

  The median of fixed remuneration of the employees in the financial year increased by about 7.9%.

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

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

  There were 25,314 employees on the rolls of the Bank as on March 31, 2017.

- 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, Middle Management and Junior Management. Hence, this section is not applicable to the Bank.

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

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

Statutory Disclosures Regarding ESOPs (Forming part of the Directors' Report for the year ended March 31, 2017)

Sl. No.	Particulars	ESOP 2007 (Upto March 31, 2017)	Options Granted on May 12, 2016	Options Granted on July 11, 2016	Options Granted on August 23, 2016	Options Granted on October 10, 2016	Options Granted on November 16, 2016	Options Granted on January 27, 2017	Options Granted on March 24, 2017
1	No. of options granted	39,839,800	13,500	25,000	2,76,000	1,851,000	33,500	21,500	49,000
2	No. of options surrendered (cancelled)	1,952,124	4,000	0	0	0	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	32,687,349	0	0	0	0	0	0	0
5	No. of options Exercised	26,151,565	0	0	0	0	0	0	0
6	No. of shares arising as a result of exercise of options	26,151,565	0	0	0	0	0	0	0
7	Options Lapsed	Nil	-	-	-	-	-	-	-
8	Variation in terms of ESOP	N.A.	-	-	-	-	-	0	-
9	Money realised by exercise of options (₹ In Lakhs)	36,606	-	-	-	-	-	-	-
10	Total No. of Options in force	11,736,111	9,500	25,000	276,000	1,851,000	33,500	21,500	49,000
11	Employee-wise details of options granted to:								
	(a) Key Managerial Personnel, i.e., Managing Director & CEO, Chief Financial Officer and Company Secretary	54,43,000	-	-	-	-	-	-	-
	Mr. S. V. Zaregaonkar, Chief Financial Officer	-	-	-	-	1,50,000	-	-	-
	(b) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year. (Refer Table A)	44,60,000	-	-	2,50,000	14,50,000	-	-	-
	(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	-	-	-	-	-	-	-

Sl. No.	Particulars	ESOP 2007 (Upto March 31, 2017)	Options Granted on May 12, 2016	Options Granted on July 11, 2016	Options Granted on August 23, 2016	Options Granted on October 10, 2016	Options Granted on November 16, 2016	Options Granted on January 27, 2017	Options Granted on March 24, 2017
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 ₹47.56.							
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 ₹3.29 crores to the Profit and Loss account being the intrinsic value of stock options granted for the year ended March 31, 2017. Had the Bank adopted the Black Scholes model based fair valuation, compensation cost for the year ended March 31, 2017, would have increased by ₹70.05 crores and the proforma profit after tax would have been lower by ₹45.80 crores. On a proforma basis, the basic and diluted earnings per share would have been ₹47.29 and ₹46.80, respectively.							
14	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	The weighted average market price of options exercised during the year is ₹1,129.96 Grants whose Exercise Price equals market price: The weighted average exercise price of options granted during the year is ₹1,216.73 The weighted average fair value of options granted during the year is ₹441.07 Grants whose Exercise price is less than market price: N.A.							
15	A description of the method and significant assumptions used during the year to estimate the fair value of Options, including the following weighted-average information:	The fair value has been calculated using the Black Scholes Option Pricing model.							
	Risk Free Interest Rate		7.29%	7.18%	6.98%	6.65%	6.34%	6.52%	6.74%
	Expected Life		4.51	4.51	4.51	4.51	4.51	4.51	4.51
	Expected Volatility		32.38%	31.68%	31.34%	31.05%	30.94%	30.53%	29.31%
	Dividend Yield		0.43%	0.40%	0.38%	0.37%	0.41%	0.36%	0.33%
	Price of the underlying share in the market at the time of option grant.		1,053.75	1,126.70	1,186.75	1,220.85	1,093.10	1,265.40	1,383.90

Sl. No.	Particulars	ESOP 2007 (Upto March 31, 2017)	Options Granted on May 12, 2016	Options Granted on July 11, 2016	Options Granted on August 23, 2016	Options Granted on October 10, 2016	Options Granted on November 16, 2016	Options Granted on January 27, 2017	Options Granted on March 24, 2017
	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								
	Name	**Number of Options granted:**							
	Sumant Kathpalia					300,000			
	Paul Abraham					175,000			
	Arun Khurana					150,000			
	Sanjay Mallik					150,000			
	Roopa Satish					150,000			
	Sanjeev Anand					125,000			
	Zubin Mody					125,000			
	Ramaswamy Meyyappan					125,000			
	Samir Dewan				250,000				
	S.V. Parthasarathy					150,000			
	Note to "Table A"								
	33% of these Options will vest on				23.08.2017	10.10.2017			
	33% of these Options will vest on				23.08.2018	10.10.2018			
	34% of these Options will vest on				23.08.2019	10.10.2019			

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on March 31, 2017

[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 - 607 E-mail: investor@indusind.com Website: www.indusind.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	LINK INTIME INDIA PRIVATE LIMITED C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083 Tel No.: 022 – 49186280, 49186000 Fax : 022 49186060 E-mail: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. Principal business activities of the company

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

Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the company
Banking Services	64191	100%

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable section
1	ALF Insurance Services Private Limited Add: No. 115 & 116 G N Chetty Road, T. Nagar, Chennai – 600 017, Tamil Nadu	U67200TN2003PTC050551	Subsidiary (Liquidated vide Order of the Madras High Court dated June 14, 2016)	100	2(87)
2	IndusInd Marketing and Financial Services Private Limited Add: No.115 & 116 G N Chetty Road, T Nagar, Chennai – 600017, Tamil Nadu	U67190TN2002PTC048590	Associate	30	2(6)

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

i) Category-wise Shareholding as on March 31, 2017

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% 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.	8,86,81,344	0	8,86,81,344	14.90	8,95,97,767	0	8,95,97,767	14.98	0.08
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):-	**8,86,81,344**	**0**	**8,86,81,344**	**14.90**	**8,95,97,767**	**0**	**8,95,97,767**	**14.98**	**0.08**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**8,86,81,344**	**0**	**8,86,81,344**	**14.90**	**8,95,97,767**	**0**	**8,95,97,767**	**14.98**	**0.08**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds / UTI	6,48,12,362	3,150	6,48,15,512	10.89	7,09,13,804	3,150	7,09,16,954	11.86	0.97
b) Banks / FI	15,17,918	337	15,18,255	0.26	11,27,868	337	11,28,205	0.19	(0.07)
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	16,19,557	0	16,19,557	0.27	15,72,600	0	15,72,600	0.26	(0.01)
g) FIIs / FPIs	25,76,04,939	0	25,76,04,939	43.30	25,92,49,511	0	25,92,49,511	43.34	0.04
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify) Foreign Banks	42	0	42	0	42	0	42	0	0
Sub-total (B)(1):-	**32,55,54,868**	**3,487**	**32,55,58,355**	**54.72**	**33,28,63,875**	**3,487**	**33,28,67,362**	**55.65**	**0.93**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2.Non- Institutions									
a) Bodies Corp.									
i) Indian	6,57,54,568	1,99,745	6,59,54,313	11.09	6,13,22,937	1,88,295	6,15,11,232	10.28	(0.81)
ii) Overseas	8,28,000	6,49,000	14,77,000	0.25	3,76,000	5,49,000	9,25,000	0.15	(0.10)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,20,23,040	63,74,649	2,83,97,689	4.76	2,20,50,989	59,35,574	2,79,86,563	4.69	(0.07)
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1,07,92,737	1,82,059	1,09,74,796	1.84	1,06,32,947	1,21,247	1,07,54,194	1.80	(0.04)
c) Others (specify)									
i) Clearing Member	14,16,784	0	14,16,784	0.24	9,80,307	0	9,80,307	0.16	(0.08)
ii) Hindu Undivided Family	6,88,857	0	6,88,857	0.12	7,00,040	0	7,00,040	0.13	0.01
iii) Non Resident Indians (REPAT)	14,34,843	9,26,800	23,61,643	0.40	16,10,124	8,09,800	24,19,924	0.40	0
iv) Non Resident Indians (NON REPAT)	23,30,356	23,200	23,53,556	0.40	16,49,546	21,600	16,71,146	0.28	(0.12)
v) Foreign Nationals	425	0	425	0	335	0	335	0	0
vi) Foreign Portfolio Investor (Individual)	350	0	350	0	350	0	350	0	0
vii) Directors / Relatives	580	0	580	0	2,05,880	0	205,880	0.03	0.03
viii) Trusts	24,39,079	0	24,39,079	0.41	38,47,041	0	38,47,041	0.64	0.23
SUB TOTAL:(B) (2)	**10,77,09,619**	**83,55,453**	**11,60,65,072**	**19.51**	**10,33,76,496**	**76,25,516**	**11,10,02,012**	**18.56**	**(0.95)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**43,32,64,487**	**83,58,940**	**44,16,23,427**	**74.23**	**43,62,40,371**	**76,29,003**	**44,38,69,374**	**74.21**	**(0.02)**
C. Shares held by Custodian for GDRs & ADRs	**6,46,81,564**	**0**	**6,46,81,564**	**10.87**	**6,46,81,564**	**0**	**6,46,81,564**	**10.81**	**(0.06)#**
Grand Total (A+B+C)	**58,66,27,395**	**83,58,940**	**59,49,86,335**	**100.00**	**59,05,19,702**	**76,29,003**	**59,81,48,705**	**100.00**	

During the year under review, there is a change in the percentage of the shares held under GDRs, mainly due to issuance and allotment of Equity Shares pursuant to exercise of Stock Options by the employees under ESOP Scheme of the Bank.

ii) Shareholding of Promoters as on March 31, 2017:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year: (April 1, 2016)			Shareholding at the end of the year: (March 31, 2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	IndusInd International Holdings Limited	6,70,38,208	11.27	0	6,57,97,767	11.00	0	(0.27)#
2	IndusInd Limited	2,16,43,136	3.64	0	2,38,00,000	3.98	100	0.34#
	Total	**8,86,81,344**	**14.91**	**0**	**8,95,97,767**	**14.98**	**100**	**0.07**

During the year under review, there is a change in shareholding of the Promoters due to inter se transfer of shares between promoter entities and purchase of shares from the secondary market.

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

Sl. No.	Promoters	Remarks	Date ***	Shareholding at the beginning of the year (April 1, 2016)		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	01.04.2016	6,70,38,208	11.27	6,70,38,208	11.27
	(Inter se transfer of shares between Promoter entities)	Decrease	16.09.2016	(21,56,864)	(0.36)	6,48,81,344	10.85
	Market Purchase	Increase	09.12.2016	2,71,432	0.05	6,51,52,776	10.89
		Increase	16.12.2016	4,07,162	0.07	6,55,59,938	10.96
		Increase	23.12.2016	2,02,000	0.03	6,57,61,938	10.99
		Increase	03.02.2017	35,829	0.01	6,57,97,767	11.00
	At the end of the year		31.03.2017	N.A.	N.A.	**6,57,97,767**	**11.00**
2	**INDUSIND LIMITED**	At the beginning of the Year	01.04.2016	2,16,43,136	3.64	2,16,43,136	3.64
	(Inter se transfer of shares between Promoter entities)	Increase	16.09.2016	21,56,864	0.36	2,38,00,000	3.98
	At the end of the year		31.03.2017	N.A.	N.A.	**2,38,00,000**	**3.98**

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

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

Sl. No.	For each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
1	Bridge India Fund	At the beginning of the year	01.04.2016	2,10,13,458	3.53	2,10,13,458	3.53
		At the end of the year	31.03.2017	N.A.	N.A.	**2,10,13,458**	**3.51**
2	UTI - Equity Fund	At the beginning of the year	01.04.2016	83,47,224	1.40	83,47,224	1.40
		Increase	08.04.2016	2,35,988	0.04	85,83,212	1.44
		Increase	15.04.2016	2,34,311	0.04	88,17,523	1.48
		Increase	22.04.2016	3,39,522	0.06	91,57,045	1.54
		Increase	29.04.2016	1,71,917	0.03	93,28,962	1.57
		Increase	06.05.2016	1,41,335	0.02	94,70,297	1.59
		Increase	13.05.2016	1,50,202	0.03	96,20,499	1.62
		Increase	20.05.2016	340	0.00	96,20,839	1.62
		Decrease	27.05.2016	(19,693)	(0.00)	96,01,146	1.61
		Decrease	03.06.2016	(40,387)	(0.01)	95,60,759	1.61
		Decrease	10.06.2016	(14,852)	(0.00)	95,45,907	1.60
		Decrease	17.06.2016	(18,537)	(0.00)	95,27,370	1.60
		Increase	24.06.2016	33,905	0.01	95,61,275	1.60
		Decrease	30.06.2016	(3,771)	(0.00)	95,57,504	1.60
		Decrease	01.07.2016	(3,582)	(0.00)	95,53,922	1.60
		Increase	08.07.2016	1,766	0.00	95,55,688	1.60
		Increase	15.07.2016	31,262	0.01	95,86,950	1.61
		Increase	22.07.2016	23,772	0.00	96,10,722	1.61
		Increase	29.07.2016	2,720	0.00	96,13,442	1.61
		Decrease	05.08.2016	(6,666)	(0.00)	96,06,776	1.61
		Increase	12.08.2016	39,000	0.01	96,45,776	1.62
		Increase	19.08.2016	745	0.00	96,46,521	1.62
		Decrease	26.08.2016	(17,430)	(0.00)	96,29,091	1.61
		Decrease	02.09.2016	(41,804)	(0.01)	95,87,287	1.61
		Decrease	09.09.2016	(26,969)	(0.00)	95,60,318	1.60
		Decrease	16.09.2016	(23,000)	(0.00)	95,37,318	1.60
		Decrease	23.09.2016	(62,746)	(0.01)	94,74,572	1.59

Sl. No.	For each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
		Decrease	30.09.2016	(5,787)	(0.00)	94,68,785	1.59
		Increase	07.10.2016	1,67,048	0.03	96,35,833	1.61
		Decrease	14.10.2016	(8,116)	(0.00)	96,27,717	1.61
		Decrease	21.10.2016	(21,099)	(0.00)	96,06,618	1.61
		Decrease	28.10. 2016	(10,648)	(0.00)	95,95,970	1.61
		Decrease	04.11.2016	(79,905)	(0.01)	95,16,065	1.59
		Increase	11.11.2016	5,624	0.00	95,21,689	1.59
		Decrease	18.11.2016	(1,51,681)	(0.03)	93,70,008	1.57
		Decrease	25.11.2016	(81,483)	(0.01)	92,88,525	1.55
		Decrease	02.12.2016	(93,376)	(0.02)	91,95,149	1.54
		Increase	09.12.2016	10,481	0.00	92,05,630	1.54
		Increase	16.12.2016	18,542	0.00	92,24,172	1.54
		Increase	23.12.2016	24,756	0.00	92,48,928	1.55
		Increase	30.12.2016	53,012	0.01	93,01,940	1.56
		Increase	06.01.2017	24,259	0.00	93,26,199	1.56
		Decrease	13.01.2017	(10,550)	(0.00)	93,15,649	1.56
		Increase	20.01.2017	2,773	0.00	93,18,422	1.56
		Decrease	27.01.2017	(22,614)	(0.00)	92,95,808	1.55
		Decrease	03.02.2017	(90,346)	(0.02)	92,05,462	1.54
		Decrease	10.02.2017	(12,042)	(0.00)	91,93,420	1.54
		Increase	17.02.2017	6,961	0.00	92,00,381	1.54
		Increase	24.02.2017	11,830	0.00	92,12,211	1.54
		Increase	03.03.2017	2,627	0.00	92,14,838	1.54
		Decrease	10.03.2017	(7,979)	(0.00)	92,06,859	1.54
		Increase	17.03.2017	2,192	0.00	92,09,051	1.54
		Decrease	24.03.2017	(12,627)	(0.00)	91,96,424	1.54
		Decrease	31.03.2017	(4,102)	(0.00)	91,92,322	1.54
		At the end of the year	31.03.2017	N.A.	N.A.	**91,92,322**	**1.54**
3	Afrin Dia	At the beginning of the year	01.04.2016	95,88,463	1.61	95,88,463	1.61
		Decrease	08.04.2016	(3,92,000)	(0.07)	91,96,463	1.55
		Decrease	15.04.2016	(1,00,000)	(0.02)	90,96,463	1.53
		At the end of the year	31.03.2017	N.A.	N.A.	**90,96,463**	**1.52**

Sl. No.	For each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
4	Hinduja Ventures Limited	At the beginning of the year	01.04.2016	1,02,25,196	1.72	1,02,25,196	1.72
		Decrease	13.05.2016	(1,50,000)	(0.03)	1,00,75,196	1.69
		Decrease	20.05.2016	(1,00,000)	(0.02)	99,75,196	1.68
		Decrease	17.06.2016	(3,00,000)	(0.05)	96,75,196	1.63
		Decrease	24.06.2016	(50,000)	(0.01)	96,25,196	1.62
		Decrease	22.07.2016	(3,50,000)	(0.06)	92,75,196	1.56
		Decrease	23.09.2016	(3,50,000)	(0.06)	89,25,196	1.50
		Decrease	20.01.2017	(1,85,000)	(0.03)	87,40,196	1.46
		Decrease	03.02.2017	(72,000)	(0.01)	86,68,196	1.45
		At the end of the year	31.03.2017	N.A.	N.A.	**86,68,196**	**1.45**
5	Birla Sun Life Trustee Company Private Limited	At the beginning of the year	01.04.2016	71,37,629	1.20	71,37,629	1.20
		Increase	08.04.2016	326	0.00	71,37,955	1.20
		Decrease	15.04.2016	(5,738)	(0.00)	71,32,217	1.20
		Increase	22.04.2016	1,21,235	0.02	72,53,452	1.22
		Decrease	29.04.2016	(1,32,000)	(0.02)	71,21,452	1.20
		Decrease	06.05.2016	(2,916)	(0.00)	71,18,536	1.20
		Decrease	13.05.2016	(39,941)	(0.01)	70,78,595	1.19
		Increase	20.05.2016	81,860	0.01	71,60,455	1.20
		Decrease	03.06.2016	(35,264)	(0.01)	71,25,191	1.20
		Decrease	10.06.2016	(12,000)	(0.00)	71,13,191	1.19
		Increase	24.06.2016	24,978	0.00	71,38,169	1.20
		Decrease	08.07.2016	(411)	(0.00)	71,37,758	1.20
		Increase	22.07.2016	5,688	0.00	71,43,446	1.20
		Decrease	05.08.2016	(42,500)	(0.01)	71,00,946	1.19
		Increase	12.08.2016	30,600	0.01	71,31,546	1.20
		Decrease	26.08.2016	(28,800)	(0.00)	71,02,746	1.19
		Decrease	02.09.2016	(1,600)	(0.00)	71,01,146	1.19
		Increase	23.09.2016	15,000	0.00	71,16,146	1.19
		Decrease	30.09.2016	(591)	(0.00)	71,15,555	1.19
		Increase	07.10.2016	14,200	0.00	71,29,755	1.19
		Increase	14.10.2016	229	0.00	71,29,984	1.19

Sl. No.	For each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
		Increase	21.10.2016	42,170	0.01	71,72,154	1.20
		Increase	28.10.2016	2,00,000	0.03	73,72,154	1.23
		Decrease	04.11.2016	(37,271)	(0.01)	73,34,883	1.23
		Increase	11.11.2016	1,100	0.00	73,35,983	1.23
		Increase	18.11.2016	76,407	0.01	74,12,390	1.24
		Increase	02.12.2016	3,420	0.00	74,15,810	1.24
		Increase	09.12.2016	1,12,221	0.02	75,28,031	1.26
		Increase	23.12.2016	1,54,500	0.03	76,82,531	1.29
		Increase	30.12.2016	2,17,325	0.04	78,99,856	1.32
		Increase	06.01.2017	1,37,000	0.02	80,36,856	1.34
		Decrease	13.01.2017	(20,562)	(0.00)	80,16,294	1.34
		Increase	27.01.2017	16,800	0.00	80,33,094	1.34
		Increase	03.02.2017	1,97,241	0.03	82,30,335	1.38
		Increase	10.02.2017	15,000	0.00	82,45,335	1.38
		Increase	17.02.2017	17,357	0.00	82,62,692	1.38
		Increase	03.03.2017	1,214	0.00	82,63,906	1.38
		Increase	10.03.2017	60,000	0.01	83,23,906	1.39
		Decrease	24.03.2017	(27,137)	(0.00)	82,96,769	1.39
		Decrease	31.03.2017	(22,411)	(0.00)	82,74,358	1.38
		At the end of the year	31.03.2017	N.A.	N.A.	**82,74,358**	**1.38**
6	Franklin Templeton Mutual Fund	At the beginning of the year	01.04.2016	89,69,502	1.51	89,69,502	1.51
		Increase	08.04.2016	408	0.00	89,69,910	1.51
		Increase	15.04.2016	1,015	0.00	89,70,925	1.51
		Decrease	22.04.2016	(289)	(0.00)	89,70,636	1.51
		Decrease	29.04.2016	(132)	(0.00)	89,70,504	1.51
		Increase	06.05.2016	4,05,955	0.07	93,76,459	1.58
		Increase	13.05.2016	305	0.00	93,76,764	1.58
		Increase	20.05.2016	253	0.00	93,77,017	1.58
		Increase	27.05.2016	294	0.00	93,77,311	1.58
		Increase	03.06.2016	1,30,163	0.02	95,07,474	1.60
		Increase	10.06.2016	260	0.00	95,07,734	1.60
		Increase	17.06.2016	158	0.00	95,07,892	1.60

Sl. No.	For each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
		Increase	30.06.2016	8,916	0.00	95,16,808	1.60
		Increase	08.07.2016	35	0.00	95,16,843	1.60
		Increase	15.07.2016	10	0.00	95,16,853	1.60
		Increase	22.07.2016	109	0.00	95,16,962	1.60
		Decrease	05.08.2016	(2,00,046)	(0.03)	93,16,916	1.56
		Increase	19.08.2016	190	0.00	93,17,106	1.56
		Decrease	26.08.2016	(50,386)	(0.01)	92,66,720	1.55
		Decrease	02.09.2016	(1,10,000)	(0.02)	91,56,720	1.53
		Decrease	09.09.2016	(2,30,076)	(0.04)	89,26,644	1.50
		Decrease	16.09.2016	(2,579)	(0.00)	89,24,065	1.50
		Decrease	14.10.2016	(232)	(0.00)	89,23,833	1.49
		Decrease	28.10.2016	(77)	(0.00)	89,23,756	1.49
		Decrease	04.11.2016	(93)	(0.00)	89,23,663	1.49
		Decrease	11.11.2016	(158)	(0.00)	89,23,505	1.49
		Increase	18.11.2016	384	0.00	89,23,889	1.49
		Increase	25.11.2016	49,070	0.01	89,72,959	1.50
		Increase	02.12.2016	2,84,683	0.05	92,57,642	1.55
		Increase	09.12.2016	277	0.00	92,57,919	1.55
		Increase	23.12.2016	166	0.00	92,58,085	1.55
		Decrease	13.01.2017	(2,71,718)	(0.05	89,86,367	1.50
		Decrease	20.01.2017	(84,349)	(0.01)	89,02,018	1.49
		Decrease	27.01.2017	(111)	(0.00)	89,01,907	1.49
		Decrease	03.02.2017	(1,12,725)	(0.02)	87,89,182	1.47
		Decrease	10.02.2017	(1,13,596)	(0.02)	86,75,586	1.45
		Decrease	17.02.2017	(2,99,572)	(0.05)	83,76,014	1.40
		Decrease	24.02.2017	(2,15,008)	(0.04)	81,61,006	1.36
		Decrease	03.03.2017	(1,29,933)	(0.02)	80,31,073	1.34
		Increase	10.03.2017	105	0.00	80,31,178	1.34
		Decrease	17.03.2017	(104)	(0.00)	80,31,074	1.34
		Decrease	24.03.2017	(3,00,000)	(0.05)	77,31,074	1.29
		Decrease	31.03.2017	(525)	(0.00)	77,30,549	1.29
		At the end of the year	31.03.2017	N.A.	N.A.	**77,30,549**	**1.29**

Sl. No.	For each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
7	ICICI Prudential Life Insurance Company Ltd.	At the beginning of the year	01.04.2016	74,26,430	1.25	74,26,430	1.25
		Decrease	08.04.2016	(72,820)	(0.01)	73,53,610	1.24
		Decrease	15.04.2016	(2,21,551)	(0.04)	71,32,059	1.20
		Increase	22.04.2016	5,371	0.00	71,37,430	1.20
		Decrease	29.04.2016	(1,02,525)	(0.02)	70,34,905	1.18
		Increase	06.05.2016	31,124	0.01	70,66,029	1.19
		Increase	13.05.2016	31,237	0.01	70,97,266	1.19
		Increase	20.05.2016	40,536	0.01	71,37,802	1.20
		Increase	27.05.2016	4,768	0.00	71,42,570	1.20
		Increase	03.06.2016	31,947	0.01	71,74,517	1.21
		Increase	10.06.2016	97,289	0.02	72,71,806	1.22
		Decrease	17.06.2016	(4,328)	(0.00)	72,67,478	1.22
		Increase	24.06.2016	12,979	0.00	72,80,457	1.22
		Decrease	30.06.2016	(1,59,239)	(0.03)	71,21,218	1.20
		Increase	08.07.2016	1,90,070	0.03	73,11,288	1.23
		Decrease	15.07.2016	(1,33,556)	(0.02)	71,77,732	1.20
		Increase	22.07.2016	68,249	0.01	72,45,981	1.22
		Decrease	29.07.2016	(1,560)	(0.00)	72,44,421	1.22
		Decrease	05.08.2016	(15,231)	(0.00)	72,29,190	1.21
		Increase	12.08.2016	46,264	0.01	72,75,454	1.22
		Decrease	19.08.2016	(11,805)	(0.00)	72,63,649	1.22
		Decrease	26.08.2016	(1,42,709)	(0.02)	71,20,940	1.19
		Increase	02.09.2016	73,503	0.01	71,94,443	1.21
		Increase	09.09.2016	1,54,435	0.03	73,48,878	1.23
		Decrease	16.09.2016	(1,04,149)	(0.02)	72,44,729	1.21
		Decrease	23.09.2016	(1,15,102)	(0.02)	71,29,627	1.19
		Increase	30.09.2016	25,671	0.00	71,55,298	1.20
		Increase	07.10.2016	1,01,618	0.02	72,56,916	1.22
		Increase	14.10.2016	41,267	0.01	72,98,183	1.22
		Increase	21.10.2016	1,53,723	0.03	74,51,906	1.25
		Increase	28.10.2016	110	0.00	74,52,016	1.25
		Increase	04.11.2016	1,07,654	0.02	75,59,670	1.27

Sl. No.	For each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
		Decrease	11.11.2016	(1,98,601)	(0.03)	73,61,069	1.23
		Increase	18.11.2016	79,528	0.01	74,40,597	1.25
		Decrease	25.11.2016	(22,036)	(0.00)	74,18,561	1.24
		Decrease	02.12.2016	(1,07,822)	(0.02)	73,10,739	1.22
		Increase	09.12.2016	146	0.00	73,10,885	1.22
		Decrease	23.12.2016	(3,639)	(0.00)	73,07,246	1.22
		Increase	30.12.2016	36,212	0.01	73,43,458	1.23
		Increase	06.01.2017	1,49,845	0.03	74,93,303	1.25
		Decrease	13.01.2017	(49,148)	(0.01)	74,44,155	1.24
		Decrease	20.01.2017	(328)	(0.00)	74,43,827	1.24
		Decrease	27.01.2017	(24,397)	(0.00)	74,19,430	1.24
		Increase	03.02.2017	1,62,429	0.03	75,81,859	1.27
		Increase	10.02.2017	17,902	0.00	75,99,761	1.27
		Increase	17.02.2017	2,13,563	0.04	78,13,324	1.31
		Increase	24.02.2017	14,552	0.00	78,27,876	1.31
		Decrease	03.03.2017	(78,906)	(0.01)	77,48,970	1.30
		Increase	10.03.2017	20,723	0.00	77,69,693	1.30
		Decrease	17.03.2017	(1,49,424)	(0.02)	76,20,269	1.27
		Decrease	24.03.2017	(97,537)	(0.02)	75,22,732	1.26
		Decrease	31.03.2017	(37,379)	(0.01)	74,85,353	1.25
		At the end of the year	31.03.2017	N.A.	N.A.	**74,85,353**	**1.25**
8	Tybourne Equity Master Fund	At the beginning of the year	01.04.2016	NIL	N.A.	NIL	N.A.
		Increase	31.03.2017	72,45,546	1.21	72,45,546	1.21
		At the end of the year	31.03.2017	N.A.	N.A.	**72,45,546**	**1.21**
9	HDFC Trustee Company Ltd.	At the beginning of the year	01.04.2016	42,73,257	0.72	42,73,257	0.72
		Increase	08.04.2016	12,33,816	0.21	55,07,073	0.93
		Increase	15.04.2016	2,88,000	0.05	57,95,073	0.97
		Increase	22.04.2016	2,09,600	0.04	60,04,673	1.01
		Increase	29.04.2016	51,106	0.01	60,55,779	1.02
		Decrease	06.05.2016	(30,429)	(0.01)	60,25,350	1.01
		Increase	13.05.2016	130	0.00	60,25,480	1.01
		Increase	20.05.2016	3,127	0.00	60,28,607	1.01

Sl. No.	For each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
		Increase	27.05.2016	99,868	0.02	61,28,475	1.03
		Increase	03.06.2016	45,653	0.01	61,74,128	1.04
		Increase	10.06.2016	1,05,000	0.02	62,79,128	1.05
		Decrease	17.06.2016	(2,01,648)	(0.03)	60,77,480	1.02
		Increase	24.06.2016	163	0.00	60,77,643	1.02
		Decrease	30.06.2016	(49,847)	(0.01)	60,27,796	1.01
		Decrease	01.07.2016	(39,600)	(0.01)	59,88,196	1.01
		Increase	08.07.2016	157	0.00	59,88,353	1.01
		Decrease	15.07.2016	(29,802)	(0.01)	59,58,551	1.00
		Increase	22.07.2016	1,75,784	0.03	61,34,335	1.03
		Decrease	05.08.2016	(49,093)	(0.01)	60,85,242	1.02
		Increase	12.08.2016	521	0.00	60,85,763	1.02
		Decrease	19.08.2016	(7,200)	(0.00)	60,78,563	1.02
		Decrease	26.08.2016	(64,800)	(0.01)	60,13,763	1.01
		Increase	02.09.2016	1,10,805	0.02	61,24,568	1.03
		Decrease	09.09.2016	(1,57,242)	(0.03)	59,67,326	1.00
		Increase	16.09.2016	2,324	0.00	59,69,650	1.00
		Decrease	23.09.2016	(1,581)	(0.00)	59,68,069	1.00
		Increase	30.09.2016	7,529	0.00	59,75,598	1.00
		Increase	07.10.2016	10,987	0.00	59,86,585	1.00
		Decrease	14.10.2016	(13,142)	(0.00)	59,73,443	1.00
		Increase	21.10.2016	66,332	0.01	60,39,775	1.01
		Increase	28.10.2016	1,01,126	0.02	61,40,901	1.03
		Decrease	04.11.2016	(48,918)	(0.01)	60,91,983	1.02
		Increase	11.11.2016	1,00,704	0.02	61,92,687	1.04
		Increase	18.11.2016	1,46,143	0.02	63,38,830	1.06
		Increase	25.11.2016	3,10,768	0.05	66,49,598	1.11
		Increase	02.12.2016	11,027	0.00	66,60,625	1.12
		Increase	09.12.2016	10,166	0.00	66,70,791	1.12
		Increase	16.12.2016	1,506	0.00	66,72,297	1.12
		Increase	23.12.2016	194	0.00	66,72,491	1.12
		Increase	30.12.2016	75,829	0.01	67,48,320	1.13
		Decrease	06.01.2017	(27,324)	(0.00)	67,20,996	1.12

Sl. No.	For each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
		Decrease	13.01.2017	(85,677)	(0.01)	66,35,319	1.11
		Increase	20.01.2017	20,121	0.00	66,55,440	1.11
		Decrease	27.01.2017	(9,903)	(0.00)	66,45,537	1.11
		Decrease	03.02.2017	(1,07,113)	(0.02)	65,38,424	1.09
		Decrease	10.02.2017	(97)	(0.00)	65,38,327	1.09
		Increase	17.02.2017	1,00,692	0.02	66,39,019	1.11
		Increase	24.02.2017	321	0.00	66,39,340	1.11
		Increase	03.03.2017	2,61,207	0.04	69,00,547	1.15
		Decrease	10.03.2017	(14,554)	(0.00)	68,85,993	1.15
		Increase	17.03.2017	285	0.00	68,86,278	1.15
		Increase	24.03.2017	798	0.00	68,87,076	1.15
		Increase	31.03.2017	33,526	0.01	69,20,602	1.16
		At the end of the year	31.03.2017	N.A.	N.A.	**69,20,602**	**1.16**
10	Franklin Templeton Investment Funds	At the beginning of the year	01.04.2016	85,48,813	1.44	85,48,813	1.44
		Increase	24.06.2016	4,45,679	0.07	89,94,492	1.51
		Increase	30.06.2016	4,17,859	0.07	94,12,351	1.58
		Increase	01.07.2016	1,36,462	0.02	95,48,813	1.60
		Increase	15.07.2016	3,60,000	0.06	99,08,813	1.66
		Increase	02.09.2016	5,10,000	0.09	1,04,18,813	1.75
		Decrease	21.10.2016	(2,81,375)	(0.05)	1,01,37,438	1.70
		Decrease	28.10.2016	(3,33,625)	(0.06)	98,03,813	1.64
		Decrease	18.11.2016	(16,571)	(0.00)	97,87,242	1.64
		Decrease	17.02.2017	(2,87,400)	(0.05)	94,99,842	1.59
		Decrease	24.02.2017	(10,81,257)	(0.18)	84,18,585	1.41
		Decrease	03.03.2017	(14,68,143)	(0.25)	69,50,442	1.16
		Decrease	10.03.2017	(3,68,200)	0.06	65,82,242	1.10
		At the end of the year	31.03.2017	N.A.	N.A.	**65,82,242**	**1.10**

Note:

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

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

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

v) **Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For each of the Directors and KMPs		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Mr. T. Anantha Narayanan, Director		580	0.00	580	0.00
	At the end of the year (31-03-2017)		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 (31-03-2017)		N.A.	N.A.	**3,800**	**0.00**
3	Mr. Vijay Vaid, Director		NIL	N.A.	NIL	N.A.
	Add: 20.03.2017 Market Purchase		1,500	0.00	1,500	0.00
	At the end of the year (31-03-2017)		N.A.	N.A.	**1,500**	**0.00**
4	Mr. Romesh Sobti, Managing Director & CEO		NIL	N.A.	**NIL**	**N.A.**
	Add - 16.05.2016	ESOP Allotment	1,00,000	0.02	1,00,000	0.02
	Less - 17.05.2016	Market Sale	(39,056)	(0.01)	60,944	0.01
	Less - 25.05.2016	Market Sale	(10,000)	(0.00)	50,944	0.01
	Less - 26.05.2016	Market Sale	(20,000)	(0.00)	30,944	0.01
	Less - 27.05.2016	Market Sale	(30,944)	(0.01)	NIL	N.A.
	Add - 16.08.2016	ESOP Allotment	2,00,000	0.03	2,00,000	0.03
	Less – 07.09.2016	Market Sale	(77,709)	(0.01)	1,22,291	0.02
	Less – 22.09.2016	Market Sale	(30,604)	(0.01)	91,687	0.02
	Less – 23.09.2016	Market Sale	(91,687)	(0.02)	NIL	N.A.
	Add - 23.11.2016	ESOP Allotment	2,00,000	0.03	2,00,000	0.03
	At the End of the year (31-03-2017)		N.A.	N.A.	**2,00,000**	**0.03**
5	Mr. S.V. Zaregaonkar, Chief Financial Officer		25,650	0.00	25,650	0.00
	Less – 28.04.2016	Market Sale	(10,000)	(0.00)	15,650	0.00
	Less – 29.04.2016	Market Sale	(6,000)	(0.00)	9,650	0.00
	Less – 12.05.2016	Market Sale	(4,700)	(0.00)	4,950	0.00
	Less – 17.05.2016	Market Sale	(2,000)	(0.00)	2,950	0.00
	At the End of the year (31-03-2017)		N.A.	N.A.	**2,950**	**0.00**
6	Mr. Haresh K. Gajwani, Company Secretary		NIL	N.A.	NIL	N.A.
	Add - 13.06.2016	ESOP Allotment	6,600	0.00	6,600	0.00
	Less - 13.06.2016	Market Sale	(1,000)	0.00	5,600	0.00
	Less - 14.06.2016	Market Sale	(4,000)	0.00	1,600	0.00
	Less - 15.06.2016	Market Sale	(1,000)	0.00	600	0.00
	Less - 23.06.2016	Market Sale	(300)	0.00	300	0.00
	Less - 24.06.2016	Market Sale	(300)	0.00	NIL	N.A.
	Add - 19.10.2016	ESOP Allotment	2,640	0.00	2,640	0.00
	Less - 21.10.2016	Market Sale	(750)	0.00	1,890	0.00
	Less - 26.10.2016	Market Sale	(350)	0.00	1,540	0.00
	Less - 27.10.2016	Market Sale	(750)	0.00	790	0.00
	Less - 28.10.2016	Market Sale	(500)	0.00	290	0.00
	Less - 09.11.2016	Market Sale	(290)	0.00	NIL	N.A.
	At the End of the year (31-03-2017)		N.A.	N.A.	**NIL**	**NIL**

*Dr. T. T. Ram Mohan was inducted in the Board on May 12, 2016.

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	-	1,17,996	-	1,17,996
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	789	-	789
Total (i+ii+iii)	**-**	**1,18,785**	**-**	**1,18,785**
Net Change in Indebtedness during the financial year				19,408
i. Addition	-	-	-	-
ii. Reduction	-	-	-	-
Indebtedness at the end of the financial year:				
i. Principal Amount	-	1,49,026	-	1,49,026
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	948	-	948
Total (i+ii+iii)	**-**	**1,49,974**	**-**	**1,49,974**

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

VI. Remuneration of directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

In ₹

Sl. 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	492,98,253
	b. Value of perquisites under Section 17(2) of IT Act, 1961	114,10,108
	c. Profits in lieu of salary under Section 17(3) of IT Act, 1961	-
2	Stock Options*	-
3	Sweat Equity	-
4	Commission	-
	- As % of profit	
	- Others	
5	Others, please specify (PF, Medical)	24,98,343
6	**Total #**	**632,06,704**
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 does 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: In ₹

Sr. No.	Particulars of Remuneration	Fees for attending Board / Committee meetings (in ₹)	Commission (in ₹)	Others, (please specify)	Total
(A)	**Independent Directors:**				
(1)	Mrs. Kanchan Chitale	17,80,000	10,00,000	-	27,80,000
(2)	Mr. Vijay Vaid	11,40,000	10,00,000	-	21,40,000
(3)	Mr. T. Anantha Narayanan	17,00,000	10,00,000	-	27,00,000
(4)	Mr. Ranbir S. Butola	13,60,000	10,00,000	-	23,60,000
(5)	Mr. Shanker Annaswamy	14,20,000	10,00,000	-	24,20,000
(6)	Dr. T. T. Ram Mohan*	10,20,000	8,87,363	-	19,07,363
	Total (A)	**84,20,000**	**58,87,363**	**-**	**1,43,07,363**
(B)	**Other Non-Executive Directors:**				
(1)	Mr. R. Seshasayee	13,00,000	25,00,000	-	38,00,000
(2)	Mr. Y. M. Kale	13,80,000	10,00,000	-	23,80,000
	Total (B)	**26,80,000**	**35,00,000**	**-**	**61,80,000**
	Total Remuneration (A+B)	**1,11,00,000**	**93,87,363**	**-**	**2,04,87,363**

Notes: (1) As per the Bank's policy, no Stock Options were granted to the Non-Executive Directors.

(2) * Dr. T. T. Ram Mohan was inducted in the Board on May 12, 2016.

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

In ₹

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	Total
1.	Gross salary Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	66,20,204	290,99,158	3,57,19,362
	Value of perquisites u/s 17(2) Income-tax Act, 1961 Profits in lieu of salary under section 17(3), Income tax Act, 1961	48,664	40,64,874	41,13,538
2.	Stock Options*	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission as % of Profit Others, specify.	–	–	–
5.	Others, please specify	2,59,800	9,03,000	11,62,800
	Total#	**69,28,668**	**3,40,67,032**	**4,09,95,700**

* 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 does not include Stock Options.

VII. Penalties / Punishment / Compounding of offences

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

ANNEXURE V TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Sl. No.	Particulars
1	A Brief outline of the Bank's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and project or programs.
	Remarks
	The Bank's CSR Policy **CSR Mission Statement** At IndusInd Bank, we believe that 'Good Ecology is Good Economics'. We will continue to create value for all our Stakeholders and emerge as a 'Best-in-Class' Bank that is committed to sustainable economic growth. We will ensure that the Bank's business grows consistently and responsibly, benefitting those we directly serve while also promoting the well-being of our employees, our natural environment and the community at large. **Guiding Principles** We recognize our on-going commitment to engage with our stakeholders to be a crucial and powerful tool for the way we conduct business. We will pursue a process of continuous improvement of our CSR policy and practices. Our vision is to be trusted, valued and respected for our financial, environmental and social performance. We will be guided by the principles outlined in the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGSEE) and the UN Global Compact as listed below: i. Strengthen our Governance Framework with ethics, transparency and accountability; ii. Provide value to consumers through effective Stakeholder engagement; iii. Promote gender equality, diversity and well-being of all employees; iv. Respect the protection of internationally proclaimed human rights; v. Engage with Government and Trade & Industry Associations on national and international platforms; vi. Build inclusive, healthy and sustainable communities; vii. Undertake initiatives to promote greater environmental responsibility; and viii. Communicate our CSR objectives and goals to all internal and external Stakeholders. The Bank's CSR projects, composition of CSR Committee of the board and other relevant details can be viewed at the web link- http://www.indusind.com/content/csr-home/our-approach/csr-policy.html

	Focus Areas  **Rural Development & Inclusiveness** • Financial Literacy • Livelihood Development • Education for All (Primary & Secondary) **Environmental Sustainability** • Climate Change - GHG mitigation • Renewable Energy & Clean Technology • Biodiversity Protection **Preventive Healthcare** • Access to cheap & reliable healthcare • Air & Water Quality • Education about health and hygiene • Healthcare research **Areas of Special Interest** • Armed Forces • Education • Sports • Heritage, Arts & Culture
2	The Composition of the CSR Committee.
	1. Mrs. Kanchan Chitale (Chairperson) 2. Mr. Vijay Vaid 3. Mr. Romesh Sobti (Managing Director & CEO)
3	Average Net Profit of the Bank for last three financial years: ₹ 2,763.58 crores.
4	Prescribed CSR Expenditure (Two per cent of the amount as in item 3 above): ₹ 55.27 crores.
5	Details of CSR spent during the financial year: a) Total amount to be spent for the Financial Year 2016-17 – ₹ 55.27 crores b) Amount unspent – ₹ 21.46 crores c) Manner in which the amount spent during the financial year is detailed below:

Sl. 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 were undertaken	Amount Outlay (Budget) Project or Program-wise (₹ in Lakhs) (FY – 2016-17)	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 up to the reporting period (₹ in Lakhs)	Amount Spent: Direct or through Implementing Agency
1	2	3	4	5	6	7	8
1.	Environmental Sustainability	Environmental Sustainability & Nature Conservation	Pan-India	2,153	2,153	4,375 (Since FY 2015-16)	Both Direct and through Implementing Partners: *Satpuda Foundation, Centre for Environmental Research & Education*
2.	Preventive Healthcare & Contributions to various Social Causes	Preventive Healthcare, Imparting of Vocational skills, promoting Culture and Education	Pan-India	172	172	347 (Since FY 2015-16)	Both Direct and through Implementing Partners: *Society Undertaking poor people's onus for Rehabilitation, Society for Economic Welfare & Educational Development, Bhagwan Mahaveer Cancer Hospital & Research Centre*
3.	Rural Development	Rural Development & Inclusiveness	Satara, Maharashtra	58	58	58 (FY 2016-17)	Through Implementing Partner: *Centre for Environmental Research & Education*
4.	Sports	Paralympic Sports, Sports for the Differently Abled	Pan-India	762	762	812 (Since FY 2015-16)	Through Implementing Partners: *Go-Sports Foundation, Samarthanam*
5.	Education	Education	Pan-India	116	116	204 (Since FY 2015-16)	Through Implementing Partners: *Samhita Development Network, Ashoka University, Nalandaway Foundation*
6.	Awareness & Capacity Building	Awareness & Capacity Building	Pan-India	120	120	171 (Since FY 2015-16)	*Direct*
	Total			**3,381**	**3,381**	**5,967**	

6. In case the company has failed to spend 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 2016-17, the Bank has spent ₹33.81 crores on various social and environmental projects that is 1.22% of its Average Net Profits. Our CSR programmes are strategic and structured to create impact over medium and long range within the chosen focus areas. The CSR amount spent on social projects has increased by more than ₹ 7 crores, as compared to FY 2015-16.

   In FY 2016-17, we also introduced non-Banking Sports Vertical 'IndusInd for Sports' as part of which the Bank supported the Para-Champions representing the country at the Paralympics and adopted the Indian Blind Cricket team who won accolades for the country.

   Our social and community outreach programmes are gaining scale and momentum every year and hence the absorption of CSR Spend will be better in the coming years as most of our projects are milestone based and long term. It is our constant endeavour to expand and intensify our penetration to reach more beneficiaries in areas that align with our CSR Mission.

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 Bank.

   This note describes the CSR Policy, focus areas and Projects that the Bank has undertaken during the Financial Year 2016-17. I hereby acknowledge that this is in compliance with the Bank's CSR Policy and Objectives.

Romesh Sobti
Managing Director

Kanchan Chitale
Chairperson – CSR Committee

Mumbai, May 9, 2017

ANNEXURE VI TO THE DIRECTORS' REPORT

BUSINESS RESPONSIBILITY REPORT

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY		
1.	Corporate Identity Number (CIN) of the Company	L65191PN1994PLC076333
2.	Name of the Company	IndusInd Bank Limited
3.	Registered Address	2401, General Thimmayya Road, (Cantonment), Pune – 411 001.
4.	Website	www.indusind.com
5.	E-mail id	csrsupport@indusind.com
6.	Financial Year reported	April 1, 2016 – March 31, 2017
7.	Sector(s) that the Company is engaged in (Industrial activity code-wise)	Division 64 – Code 64191 IndusInd Bank Limited is a Company governed by the Banking Regulation Act, 1949.
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	- Banking and para-Banking services including accepting of deposits such as, Savings Accounts, Current Accounts, Fixed Deposits including banking solutions to large Indian and multinational corporates. - Granting of Loans to various segments including Industries, Business and Retail Loans. - Financing of wide range of Vehicles / Equipment to individuals and Priority Sector Lending.
9.	Total number of locations where business activity is undertaken by the Company.	1,200 branches across India, Corporate Office, Back Offices and Representative Offices.
	i. Number of International Locations (Provide details of major 5)	Representative Offices in: - Dubai - Abu Dhabi - London
	ii. Number of National Locations	- 1,200 branches across India. - 43 Corporate Office and Back Office locations.
10.	Markets served by the Company – Local / State / National / International	All
SECTION B: FINANCIAL DETAILS OF THE COMPANY		
1.	Paid up Capital (INR)	- ₹ 598.15 crores
2.	Total Turnover (INR)	- ₹ 18,577.16 crores
3.	Total profit after taxes (INR)	- ₹ 2,867.89 crores
4.	4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (%).	The Bank has spent ₹ 33.81 crore on various social and environmental activities, in the areas of Rural Development and Inclusiveness, Environmental Sustainability, Preventive Healthcare, Education and Sports during the year 2016-17 which is 1.18 % of Profit After Tax.

		Environmental Sustainability:
		• The broad areas of focus within Environmental Sustainability include Biodiversity Conservation, Climate Change and GHG (Greenhouse Gas) Mitigation, Renewable Energy and Clean Technology. The Bank supported a variety of projects on:
		Preventive Healthcare:
		• In FY 2016-17, in an ongoing project with SUPPORT, the Bank supported the rehabilitation and skill development of drug-addicted rehabilitated street children in Mumbai making them employable and independent through vocational skill building programmes. • The Bank also pledged support for the treatment of children affected with Cancer, in partnership with the Bhagwan Mahaveer Cancer Hospital and Research Centre (BMCHRC), Jaipur. The project provides treatment to children aged 14 years and below suffering from curable (90%) Blood Cancers.
		Rural Development:
		• In one of the flagship projects in FY 2016-17, the Bank has successfully implemented a Water Conservation Project at Satara, where rejuvenation of a Check Dam at Ghigewadi Village on the river Vasna, tributary of river Krishna, was undertaken. This Project was a part of the larger programme of 'Jalyukt Shivar Abhiyan' by the Government of Maharashtra. • Through the Inclusive Banking Group, the Bank has reached out to the Base-of-Pyramid (BOP) segment, specifically women. The loans that the Bank provides, along with other financial services, have empowered women, and considerably improved their standard of living.
		Education
		• In partnership with the Business Correspondent, the Bank is currently carrying out a Legal Literacy Programme for marginalized women in Bhopal and Sagar districts of Madhya Pradesh. In FY 2016-17, about 25,000 women were trained. The Bank is currently in the second year of the Project.

		• The Bank also supports deserving meritorious students of Ashoka University through the Young India Fellowship Programme, renowned for introducing several young entrepreneurs in the social sector. • The Bank has also partnered with Nalandaway Foundation, to support Education through Arts for marginalized school students in Coimbatore. Art experiences offer children opportunities to think and feel as they explore, problem-solving, express and interpret the world around them.
		Sports • In FY 2016-17, the Bank supported the 'Para Champions Programme' in association with Go-Sports Foundation, a programme involving 18 Para Champions who represented and won medals for India, at the Paralympics. • In another unique initiative, the Bank has adopted the Indian Blind Cricket Team, as Principal Sponsors with CABI, Sports Initiative of Samarthanam. The Bank provided them coaching, training, nutrition and fitness training.
5.	List of activities in which expenditure in 4 above has been incurred:- a. b. c.	**Activities include:** a. Renewable Energy b. Rural Development c. Preventive Healthcare and Social Causes d. Education e. Sports for the differently-abled f. Environment
SECTION C: OTHER DETAILS		
1.	Does the Company have any Subsidiary Company/ Companies?	No
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	Not applicable.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].	No

SECTION D: BR INFORMATION		
1.	Details of Director/Directors responsible for BR	
	a) Details of the Director/Director responsible for implementation of the BR policy/policies	
	DIN Number	00031034
	Name	Mr.Romesh Sobti
	Designation	Managing Director & CEO
	b) Details of the BR head:	
	DIN Number (if applicable)	----
	Name	Mr.Adwait Hebbar
	Designation	Head Corporate Services
	Telephone number	91 22 6106 9280
	e-mail id	adwait.hebbar@indusind.com

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

a. Details of Compliance (Reply in Y/N)

Sl. No.	Questions	Business Ethics	Product Responsibility	Well-being of employees	Stakeholder engagement	Human Rights	Environment	Public Policy	Inclusive Growth and Equitable Development	Customer Relations
		P 1	P2	P 3	P4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy / policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Policies are in line with Reserve Bank of India, Ministry of Corporate Affairs (MCA) Guidelines and other Regulations / Guidelines, as applicable.								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Policies are hosted on the Bank's Intranet and those related to P7 and P9 above, are also hosted on the Bank's website. http://www.indusind.com/content/csr-home/our-approach/csr-policy.html http://www.indusind.com/content/home/footer/customer-care/grievance-redressal.html								

7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	-	Y	-	Y	-	-	-	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	-	Y	-	Y

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

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

3. Governance related to BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually.
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Bank publishes the BR Report annually. The hyperlinks to view the Report are: http://www.indusind.com/content/csr-home.html http://www.indusind.com/investor/reports-and-presentation/annual-reports.html

Section E: Principle-wise performance

Principle 1

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

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

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

   12 complaints were received in the category of corruption and bribery, of which, 9 complaints were found to be untrue and 3 complaints are currently under investigation.

Principle 2

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

   Investment in Renewable Energy and Priority Sector Lending

   Priority Sector Lending includes the Bank's initiatives in Agricultural Business Finance and Inclusive Banking that supports the economic development of the rural sector. As part of the Renewable Energy Global Investors Meet and Expo (RE-Invest), the Bank's Corporate Banking Group has increased sanctions for Renewable Energy Projects, specifically, Wind and Solar Energy.

   Micro-finance

   The Bank provides micro loans to weaker sections of the society through the 'Business Correspondent Model' involving Microfinance Institutions that are geographically diversified across the country. These loans have helped support Micro-Enterprises, such as, saree trading, snack stores, tea stalls and bicycle repair shops. Micro-loans accompanied by provision of additional financial services have empowered women to improve their standard of living. The Bank's Microfinance products are unconventional with weekly, fortnightly and monthly

repayment frequencies. The Micro 'Recurring Deposits' product is specific to this target segment to promote the savings habit.

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

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

   Not Applicable.

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

   Not Applicable

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

   The Bank's Procurement Policy guides sourcing, whereby preference is given to suppliers that have local presence, raw material sourcing, and have a Supplier Code of Conduct. The Policy endeavours to strengthen mechanisms to source from local suppliers that adhere to human rights, workers' rights policies, and applicable environmental laws.

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

   A large part of the Bank's procurement is from OEM vendors who have adopted sustainable practices in their product life cycle. The IT hardware, software and non-IT equipment comprise of large spends for the Bank. The Bank has completed Supplier Sustainability Assessments for these vendors.

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

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

   Not Applicable.

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

   The Bank is committed to dispose of electronic and toxic waste through authorized e-waste vendors. In 2016-17, the Bank has recycled about 24,046 kgs. of e-waste. In a continued effort to recycle waste paper, the Bank has tied up with ITC Ltd. through their Wealth-out-of-Waste (WOW). Waste Paper Collection Arrangement and a few other partners, pan-India. Through this initiative, the Bank has recycled close to 4,162 kgs. of paper.

Principle 3

1. **Please indicate the Total number of employees.**

   The Bank had 25,314 employees as at March 31, 2017.

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

   Total number of employees hired on temporary / contractual / casual basis is 1773.

3. **Please indicate the Number of permanent women employees.**

   The Bank had 4,704 permanent women employees as at March 31, 2017.

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

   The Bank had 7 permanent employees with disabilities.

The Bank evaluates and addresses special infrastructure needs of differently abled employees and facilitates their seamless integration into the system. For the visually impaired employees, the Bank has procured special software which converts text into voice for the employee to understand and respond. Like-wise in the case of hearing- impaired employees, the Bank provides training in "sign-language" to their reporting managers and colleagues, which helps communication. Fellow colleagues are sensitized regarding their needs and requirements as well.

5. **Do you have an employee association that is recognized by management?**

The Bank does not have any Association of Employees.

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

Not Applicable.

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

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour / involuntary labour	Nil	Nil
2	Sexual harassment	9	Nil
3	Discriminatory employment	Nil	Nil

The Bank's Policy on Sexual Harassment encourages women employees to notify any anxiety arising out of gender differences, which is then escalated for quick investigation and the case is considered by a Committee of Experts comprising of female social workers and senior female Executives.

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

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

Skill Upgradation Training

Total Employee Strength	No. of programs	Total no. of participants	Total Man hrs. achieved	Average Man hrs. per participant	Average Man days achieved
25,314	1,344	3,40,188	9,60,161	38	4.75

Employee Training on Fire Safety

The Bank's Workplace Health and Safety Policy lays down safety measures, escalation mechanisms and ways to handle emergency situations to ensure a safe work environment. The Bank has an e-learning module on Workplace Safety, aimed at creating awareness on various potential hazards and accidents at the workplace. Fire evacuation drills and training programmes are conducted periodically at various locations of the Bank. Electronic Direct Mailers (EDMs) on fire safety measures and emergency preparedness are shared with all employees. The Fire Safety Training is not only limited to the Bank's employees but also covers security staff stationed at high rise buildings. In FY 2016-17, the Bank conducted two-hour Fire Safety Training sessions for about 12,800 employees through 780 sessions. These sessions comprised Evacuation Drill Sessions and Fire Safety Training.

Training on Women's Safety

Training Sessions on Women's Safety were conducted for women employees, during which they were trained on various self-defence techniques like, evasion, avoidance and deterrence, training using common implements and accessories for protection. They were also sensitized on common safety issues / incidents that could affect them. In FY 2016-17, 1,530 women employees were trained through 38 sessions, clocking 6,120 man hours.

Principle 4

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

   Yes, the Bank has mapped the internal and external stakeholders and has clear engagement processes with them. Description of the processes has been provided in the Sustainability Report.

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

   Reserve Bank of India has prescribed guidelines on Financial Inclusion, Priority Sector Lending, lending to Weaker Sections, etc., which direct the Bank's assistance to the disadvantaged, vulnerable and marginalized stakeholders.

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

   The Bank has a dedicated Inclusive Banking Group which adopts a collaborative approach by partnering with suitable intermediaries / institutions for further Financial Inclusion. The target segment are women. The programme is initiated with Micro-credit (less than ₹ 50,000/-) and will subsequently be expanded to Savings Accounts. The program has an embedded component of financial literacy which educates the members on various components of financial services being offered. The member interaction keeps happening as frequent as a week to a month, which facilitates collections as well as discussions on social issues.

   Additionally, the Bank facilitates various corroborative activities like legal literacy, sanitation improvement and several other community development initiatives through these intermediaries and other implementing partners thereby contributing to a rounded engagement at the Base-of-the Pyramid.

   Internally, the Bank focuses on providing special infrastructure needs for differently-abled employees and facilitates their seamless integration into the system. The Bank has been conducting Women Safety Awareness Training sessions for its women employees.

Principle 5

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

   The Policy of Human Rights covers only the Bank.

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

   The Bank has not received any complaints pertaining to human rights during the financial year.

Principle 6

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

   While the Policy related to Principle 6 is applied across the Bank, the Bank's endeavour is to empanel the vendors who follow best environment practices. The Bank is working towards a Sustainable Value Chain and has assessed its major suppliers for their carbon foot-print emissions and has initiated a systematic Supplier Sustainability Assessment for its suppliers.

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

The Bank recognizes that climate change and global warming will impact businesses in the long term. The Bank has been measuring its carbon footprint for the past 5 years and disclosing its emissions through the Carbon Disclosure Project (CDP). The Bank prepares a GHG Inventory in conformance with the ISO 14064-1:2006 standard and seeks external verification for the same. The Bank is also a front runner, investing in On-site Solar Energy Solutions and LEED certified Green Buildings. The Bank is governed by an Environment Policy and environment disclosures are reported in the Sustainability Report.

The Bank's Sustainability Report is available at the link:
http://www.indusind.com/content/csr-home/sustainability-report.html

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

The Bank identifies and assesses the Environmental and Social Risks associated with its business investments. The Bank has an ESMS (Environment and Social Management System) Policy and Framework that identifies potential environmental and social risks in its investments and also helps encourage its borrowers to be more responsible and sustainable and create an understanding of Environmental and Social Risks in their operations.

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

Not Applicable

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

The Bank's initiatives on clean technology, energy efficiency, renewable energy, etc., are available in the Bank's Sustainability Report which is hosted on the Bank's website at the link: http://www.indusind.com/content/csr-home/sustainability-report.html

Paper Consumption and Recycling:

In the banking sector, paper is abundantly used in day-to day operations such as printing of account statements, forms, bills and other written communication. Options of e-statement registrations and robust online and mobile banking systems have reduced the downstream paper usage. The Bank uses IT interventions, such as, paperless fax, document imaging and processing, use of Hand-Held Terminals, etc., to reduce its paper consumption.

In FY 2016-17, the Bank has channelised 4,162 kgs. of A4 paper for recycling through the Wealth-Out-of-Waste (WOW) programme in partnership with ITC.

E-waste:

The Bank has recycled 24,046 kgs. of e-waste through Government authorized recyclers.

Energy Conservation and Efficiency:

Energy Reduction Initiatives	Scale	Electricity Saved* (in MWh)	Emissions Reduced (in MT of CO2)
322 Thin clients	Pan-India	96	79.15
Solar energy generated at Karapakkam facility	Regional office	49.5	41

LEED Certified Premise

As part of greening its facilities, the Bank has set up a LEED Platinum Certified Office Building in Mumbai with an area of 19,685 sq. ft. The building is designed to generate solar energy, uses environmentally benign and regionally procured materials, and has an efficient water management system with rain water harvesting and

water efficient fixtures. The facility's total connected lighting power is 15% below ASHRAE standards and is designed to save 1,65,540 kWh of electricity due to efficient lighting, HVAC and solar installations.

Carbon Disclosure Project

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

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

   Not Applicable.

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

   Not Applicable.

Principle 7

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

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

   a. Confederation of Indian Industry (CII)
   b. Indian Merchants Chambers (IMC)
   c. Bombay Chamber of Commerce & Industry (BCCI)
   d. Indian Banks Association (IBA)
   e. Indian Institute of Banking and Finance (IIBF)
   f. Banking Codes and Standards Board of India (BCSBI)

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

   No.

Principle 8

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

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

   Environmental Sustainability

   - **Afforestation Projects** – The Bank has been supporting Afforestation projects that help in mitigating GHG emissions and combat climate change while conserving biodiversity in the region. In FY 2016-17, the Bank has supported two Afforestation projects with Satpuda Foundation and Centre for Environmental Research and Education. About 30,000 trees were planted in partnership with Satpuda Foundation and close to 5,000 trees were planted in partnership with Centre for Environmental Research and Education. Trees comprising of about 30 species have been planted in the buffer villages of Pench, Navegaon, Nagzira, Satpuda, Tadoba and Kanha tiger reserves in Central India as well as several suburbs in Mumbai.
   - In line with the Bank's focus areas of Renewable Energy, Climate Change and GHG Mitigation, the Bank has invested in its fleet of Solar ATMs, Green Building and green initiatives, like, Virtualization of Servers

and Thin Clients. Server Virtualization has effectively minimized rack space in the Bank's data centres which has decreased energy consumption.

- The Bank has been active in building capacities of its employees through various Green Initiatives with specific themes through its network of Green Champions and Green Commandos. In FY 2016-17, the Green Champions in co-ordination with the Commandos have been driving activities specific to the UN Sustainable Development Goals (SDGs) in their zones thereby sensitizing and influencing not just their colleagues but the communities that surround them.

Preventive Healthcare:

- In an ongoing project with SUPPORT, the Bank supports the rehabilitation and skill development of drug-addicted street children in Mumbai, making them employable and independent through Vocational Skill-building Programmes.
- In a new project taken up in FY 2016-2017, the Bank has pledged support to treat children affected with cancer, in partnership with the Bhagwan Mahaveer Cancer Hospital and Research Centre (BMCHRC), Jaipur. The project aims to provide treatment to children aged 14 years and below suffering from curable (90%) Blood Cancers.

Rural Development:

- The Bank has successfully implemented a Water Conservation Project in Satara, where rejuvenation of a Check Dam at Ghigewadi village on river Vasna, tributary of river Krishna was undertaken, in one of its flagship projects. This Project was a part of the larger programme of 'Jalyukt Shivar Abhiyan' by the Government of Maharashtra. The project has favourably impacted both, the surrounding communities and the environment in terms of access to drinking water for families, recharge of open wells and bore wells, acreage of farming and non-farming land to benefit by way of rise in the Groundwater Table. The larger project is expected to benefit close to 1,00,000 residents.
- During FY 2016-17, the Inclusive Banking team of the Bank reached out to around 2 million households from the Base-of-the-Pyramid (BoP) segment, both, through Direct and Indirect Channels. The Bank has reached out to more than 10 lakh marginalized clients in 14 States and 110 Districts covering more than 13,273 villages and 209 slums. Majority of the borrowers are from under-banked districts and districts which rank low on the CRISIL Financial Inclusion Index. About 44% of these loans were towards Farm (Agri and Agri-Allied) sector, and the balance towards Micro Enterprises (Manufacturing, Trade and Service). Activities covered under Farm (Agri and Agri-Allied) sector include, vegetable cultivation, release of land mortgaged with money lender, bore well digging, pumpset, land development, livestock loans – Buffalo, Cows, Sheep-rearing, Kitchen Poultry units, etc., and activities covered under Micro Enterprises include, saree trading, fruits business, kirana stores, snacks stores, road side dhabas, cycle repair shops, tea stalls, agarbati making, tailoring, etc. In the process the Bank covered more than 1,200 activities, thus, touching virtually every aspect of clients in the BoP segment.

Education and Other Areas:

- In an on-going project with its Business Correspondent - Samhita, the Bank is carrying out a Legal Literacy Programme for marginalized women in Bhopal and Sagar districts of Madhya Pradesh. The programme has benefitted more than 25,000 women so far. Community resource persons are now being trained to provide para-legal and counselling advice to victims of violence in their neighbourhoods. Legal Counselling Centres managed by these trainers are also being set up.
- In another on-going programme, the Bank supports deserving meritorious students of Ashoka University through the Young India Fellowship Programme, renowned for introducing several young entrepreneurs in the social sector.
- In a new project initiated in FY 2016-17, the Bank has partnered with Nalandaway Foundation, to support Education through Arts for marginalized school students in Coimbatore. Art experiences offer children opportunities to think and feel as they explore, problem solving, express and interpret the world

around them and this has proven to help children concentrate better in their academic curriculum and subsequently reduce drop-outs.

Sports:

- In collaboration with the Go Sports Foundation, the Bank has supported 18 para-athletes in their journey to the Paralympics at Rio held in 2016. The Bank provided them support with Equipment, Nutrition, Training, Fitness, Mental conditioning and high performance trainings. At the Paralympics, 3 Athletes from the programme, Devendra Jhajharia, Deepa Malik and Varun Singh Bhati won Gold, Silver and Bronze medals, respectively. The Bank also promoted the cause through a nation-wide campaign 'Jeet ka Halla' that included an inspiring film that evoked empathy and cheer for these para-athletes.
- In another unique initiative this year, the Bank has adopted the Indian Blind Cricket Team, a team of 26 players and has provided them support through coaching, training and nutrition and fitness trainings. The team went on to win the T20 World Cup Cricket for the Blind, defeating Pakistan in the Finals held in Bengaluru, winning great accolades for the country. The objective of the Programme is to use cricket as a medium to demonstrate their ability and using sports as a medium of inclusion. Potential players are identified at grassroots level from marginalized backgrounds thus empowering them and elevating their economic status.
- The Bank's payroll giving scheme 'Share2care' is an initiative which allows its employees to contribute to NGOs who work for social and environmental causes, leveraging their resources and expertise to bring about positive change. In the past year, employees have raised funds for SUPPORT, Nalandaway Foundation, Samarthanam, Aaranyak, HelpAge India and Prayas and their contributions have made a huge difference in the areas of Education, Children, Empowerment of Women, Differently Abled, Nature Conservation and Elderly Care.

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

The programmes / projects / initiatives are undertaken through in-house team, business correspondents, NGOs, Implementation Agencies, and Environmental Consultants.

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

Yes, the Bank continuously monitors and assesses the impact of its initiatives to identify the effectiveness of its interventions.

- The Legal Literacy programme in Madhya Pradesh has created awareness among women on their legal rights and the various provisions to protect them, which has led to increased reporting of cases of violence. Several cases of domestic violence including cases of sexual violence have been reported and ably supported by Samhita.
- 100% of the Bank's Micro-loans were given to women organised in Joint Liability Groups (JLG). Various studies internationally have shown that such loans extended along with other financial services in a responsible manner would help improve the quality of lives and help empower women over a period of time.
- The River Rejuvenation Project in Maharashtra impacted, both, the surrounding communities and the environment in terms of access to drinking water for families, recharge of open wells and bore wells, acreage of farming and non-farming land to benefit from rise in groundwater table. The larger project is expected to benefit close to 1,00,000 occupants. The impact of the project was measured in terms of the number of beneficiaries, villages covered, land area irrigated and enhanced water storage capacity.

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

   The Bank has spent ₹ 33.81 crores on various social and environmental activities during the year 2016-17, which is 61% of the outlay as per Companies Act, 2013. The Bank values its community at large and supports them through various financial and non-financial initiatives. The details of the Bank's community development initiatives have been highlighted in Point 1 of Principle 8.

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

   As highlighted in point 3, the Bank is continuously assessing and monitoring the impact of its initiatives. The Bank targets are the major stakeholders in its community interventions. The Bank ensures that the projects that it undertakes, has complete participation and support from the community, thus ensuring that they are sustainable and generate the necessary impact.

Principle 9

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

   5.63% customer complaints were pending at the end of Financial Year 2016-17, which were resolved subsequently.

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

   Not Applicable.

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

   No.

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

   The Bank regularly carries out surveys to assess satisfaction levels and tracks performance on customer needs and expectations.

   In FY 2016-17, the Bank had conducted transactional e- Surveys month-on-month for different customer touch-points, viz., ATM, Contact Centre, and Net Banking.

ANNEXURE VII TO THE DIRECTORS' REPORT

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Members of IndusInd Bank Limited

We have examined the compliance of conditions of Corporate Governance by **INDUSIND BANK LIMITED** ("the Bank") for the year ended March 31, 2017, 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 the Chapter IV of the Listing Regulations.

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

For Bhandari & Associates
Company Secretaries

S. N. Bhandari
Partner

FCS No: 761; C.P. No: 366

Place : Mumbai
Date : May 9, 2017

Management Discussion & Analysis



Macroeconomic Scenario & Banking Environment

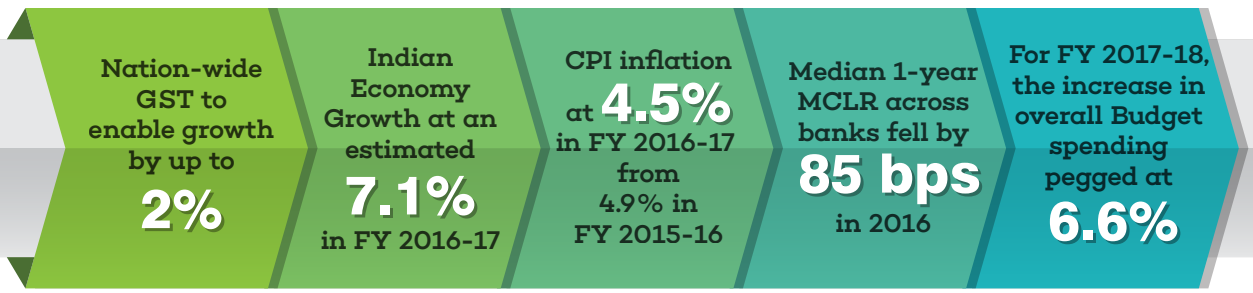
Financial year 2016-17 was a watershed year for the Indian economy. Major Government Policy reform initiatives were undertaken, which will have a significant and structural impact on the economic and business environment over the next 3-5 years. The most important of these measures was the passage of enabling legislations for the introduction of a nation-wide Goods and Services Tax (GST). The GST will create a common market in the country by reducing barriers to internal trade, making exports more competitive and can potentially raise growth by up to 2%.

The currency swap program (Demonetization) was the other major policy initiative, which is likely to have a long lasting impact on the economy. Demonetization, combined with GST, is expected to induce greater formalization of the economy. It is also likely to lead to a gradual shift in savings towards financial instruments, as against physical assets. The Government and the RBI also undertook complementary steps to reduce the reliance on cash for payments and other transactions, looking to leverage on technology and the unique identification system, Aadhaar. These measures would lead to greater formalization, financialization and digitization over the next 3 years.

Other major reforms announced during the year include the Bankruptcy Code, which once operational, would significantly reduce the time taken for bad debt resolution or liquidation, and will help in dealing with stressed assets in the Banking System. Several steps have also been taken to facilitate foreign investment, improve the ease of doing business and create an ecosystem for start-ups.

On the macro-economic front, developments during the year fostered stability, even though growth slowed down, in part reflecting the impact of demonetization. India remained among the world's fastest growing large economies, helped by robust domestic consumption. Growth at an estimated 7.1% in FY 2016-17, however, slowed down from 7.9% in FY 2015-16, on weak investment activity and adverse transient impact on demonetization on consumption. The Services and Farm Sector activity supported the overall momentum, with foodgrains output touching a record level on a near-normal monsoon.

Inflation remained well under control with the headline CPI inflation easing to an average of 4.5% in FY 2016-17 from 4.9% in FY 2015-16. The receding of inflation allowed RBI to cut Repo Rate by 50 bps to 6.25%, during the first half of the year.



The RBI also changed its stance on liquidity in April 2016, with an endeavour to shift from deficit to neutral liquidity conditions, which saw the Central Bank inject liquidity until the demonetization announcement. However, the RBI changed its Policy stance to 'neutral' from 'accommodative' in February, noting the upside risks to its inflation target of 4%, including that from a hardening profile of commodity prices, particularly Crude Oil.

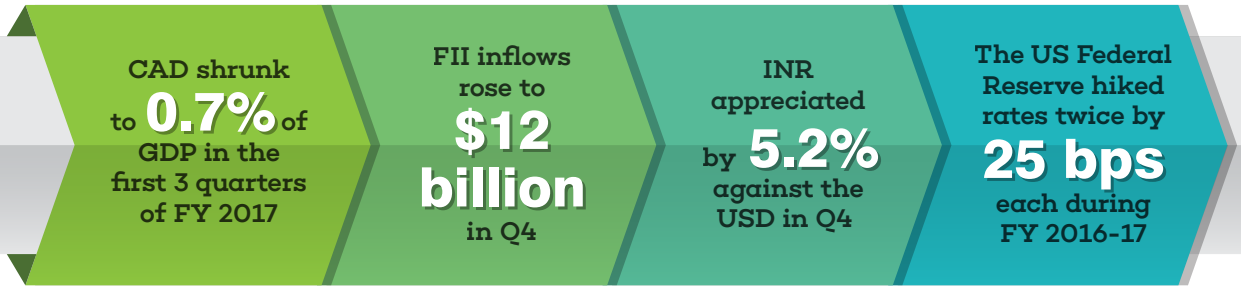
The Central Bank also estimated that the adverse impact of demonetization on growth was restricted to about 33 bps and that economic activity would recover following remonetisation, Pay Commission-related increase in Salaries and Allowances, and softer lending rates. Lower Policy Rate and the demonetization- induced jump in Bank Deposits, saw banks reducing borrowing and lending rates during the year. Median 1-year MCLR across banks fell by 85 bps over the year. Yields on Government Bonds also eased, with the 10-year Yield falling by 79 bps during the year.

On the fiscal front, the Central Government continued with the fiscal consolidation process and met its Fiscal Deficit target for the year of 3.5% of GDP. For FY 2017-18, the increase in overall Budget spending has been pegged at 6.6% and the Fiscal Deficit has been projected at 3.2% of GDP. With an increase of 10.7% in the Capital Expenditure over FY 2017-18, focus is on strengthening the productive capacity of the economy. In pursuance of the Government's on-going push for better Railways and Roads, allocation to the Transport sector has been increased by 20% in FY 2017-18.

The external sector fundamentals of the economy improved, too. The Current Account Deficit (CAD) shrunk to 0.7% of GDP in the first 3 quarters of FY 2017, from 1.4% in the same period of FY 2016. FPIs' appetite for Indian assets improved in Q4, adding to the steady FDI inflows during the year. FII inflows rose to $12 billion in Q4, reversing sharply from Q3, which saw outflows of $11.3 billion. Helped by a smaller CAD and a pickup in capital inflows, the RBI added to the foreign exchange reserves, which went up by $14.4 billion during the year to $370 billion. Reflecting these improved fundamentals, the INR appreciated by 5.2% against the USD in Q4 and 2.2% over FY 2016-17. Global growth environment turned supportive too, with economic activity across major economies, gaining momentum in Q4.

The year also saw strengthening of challenges to growth. Slow resolution of banks' NPAs and anaemic private sector investment activity emerged as major challenges on the domestic front. On the global front, heightened global policy uncertainty with trade protectionism and the Fed rate hikes stood out as key risks. Notable global events in that context included the UK deciding to exit from the European Union, and election of President Trump in the US with an inward looking agenda including immigration curbs. The US Federal Reserve hiked rates twice by 25 bps each during FY 2016-17, and signalled that rates would continue to be raised gradually until 2019.

The economic and policy developments over the year however, place India in a relatively strong position to deal with rising global policy uncertainties and tightening of global financial conditions.



Business Performance

The salient features of the Bank's operating performance during the year 2016-17 are summarized in the table below:

(₹ in crores)

Particulars	FY 2016-17 (Actual)	FY 2015-16 (Actual)	Y-o-Y (Growth)
Interest Earned	14,405.67	11,871.74	21.34%
Interest Expended	8,343.07	7,355.17	13.43%
Net Interest Income	6,062.60	4,516.57	34.23%
Non-Interest Income	4,171.49	3,296.95	26.53%
Revenue	10,234.09	7,813.52	30.98%
Payment to Employees	1,521.02	1,236.09	23.05%
Other Expenses	3,262.06	2,436.01	33.91%
Operating Expenses	4,783.08	3,672.10	30.25%
Operating Profit (before Depreciation and Provisions and Contingencies)	5,641.71	4,297.94	31.27%
Operating Profit	5,451.01	4,141.42	31.62%
Provisions and Contingencies	1,091.33	672.16	62.36%
Profit Before Tax	4,359.68	3,469.26	25.67%
Provision for taxes	1,491.79	1,182.81	26.12%
Net Profit	2,867.89	2,286.45	25.43%

Despite the tough operating environment that prevailed through most part of the financial year, the Bank's Net Profit, after considering all expenses and Provisions and Contingencies, rose by 25.43% to ₹2,867.89 crores as against ₹2,286.45 crores. The Operating Profit (before

Depreciation and Provisions and Contingencies) rose robustly by 31.27% to ₹5,641.71 crores, as compared to ₹4,297.94 crores in the previous year.

The Net Interest Income of the Bank improved robustly by 34.23% to ₹6,062.60 crores from ₹4,516.57 crores. Yield on Advances dropped by 53 bps to 11.71%, while the Cost of Deposits showed a drop of 84 bps at 6.41%. Net Interest Margin for the year improved to 3.99% as compared to 3.81% achieved in the previous year, mainly due to the composition of the Asset Portfolio, benign interest rates movements during the year and judicious mobilization of funding resources through deposits and borrowings, including overseas borrowings and refinance from institutions.

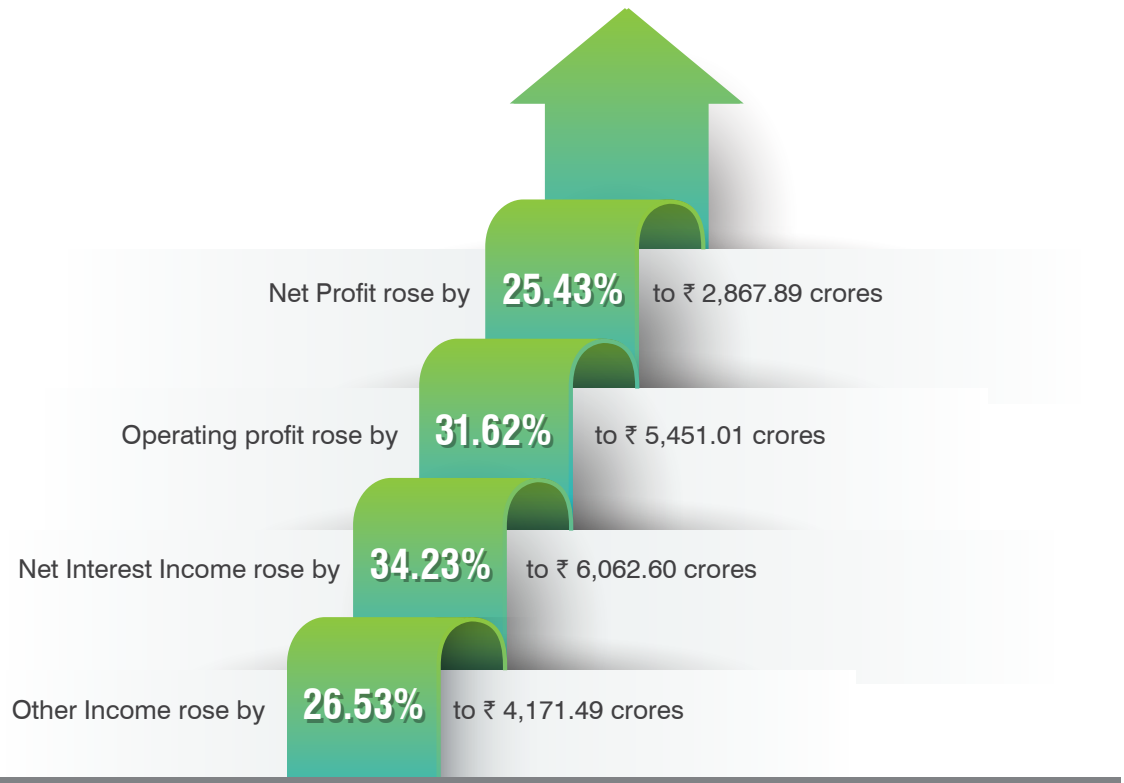
Fee and miscellaneous income at ₹4,171.49 crores as compared to ₹3,296.95 crores for the previous year, showed a strong growth of 26.53% y-o-y. Core Fee Income from revenue streams like Commission, Exchange, Fees on distribution of third party products and earnings from foreign exchange business, etc. rose to ₹3,488.59 crores as against ₹2,809.59 crores registering a growth of 24.17%.

The Bank expanded its branch network steadily to reach 1,200 branches, as against 1,000 branches at the beginning of the year. Revenue per employee remained steady at ₹40.43 lakhs.

Though the economy in general and the corporate sector in particular were under severe stress, the asset quality at the Bank remained stable, with Net Non-Performing Assets (Net NPA's) at 0.39% at March 31, 2017 as against 0.36% a year ago. Provision Coverage Ratio (PCR) was maintained at 58% as compared to 59% in the previous year.

Return on assets (ROA) was placed at 1.86% for the current year as against 1.91% in the previous year.

During the year under review, the Bank allotted 31,62,370 equity shares, pursuant to the exercise of Options under its Employees Stock Option Scheme, 2007. An aggregate of 3,98,39,800 Options, comprising 6.66% of the Bank's equity capital, have been granted under the Scheme.



BUSINESS PERFORMANCE HIGHLIGHTS

Consumer Banking

Consumer Banking business exhibited healthy growth in revenue during FY 2016-17. All business segments of Consumer Bank continued to outperform, propelled by the objective of delivering best-in-class products and services to Retail clients. The Savings Account Balance Sheet witnessed robust growth of 57%, while funded assets showed 30% y-o-y growth.

The Bank continued with Digitalizing of businesses and ensured maximum usage of its Digital Initiatives by the clients. In line with the Government's digital push, the Bank laid special emphasis on promoting digital agenda across payments, deposits, lending and sourcing new clients.

To give further impetus around the Bank's focus on 'Going Digital' to 'Fully Digital', various innovative and convenient approaches were introduced during FY 2016-17. Tablet-based Account Opening process was introduced, wherein an accounts gets opened and fully activated within '2 minutes'.



The Bank has launched **IndusForex.com**, a one-stop portal for all foreign exchange needs of Indian consumers. With the help of this portal, one can buy multi-currency foreign exchange cards and reload them anytime, anywhere in 8 different currencies. Consumers can also use the portal to send money abroad by Telegraphic Transfer in 16 currencies for all travel-related remittance such as, Education, Immigration, Tour Remittance, Employment, and for Family Maintenance. The Bank became the first to introduce Aadhaar-based e-KYC on Travel Cards at zero margin, thereby boosting customer convenience and enhancing digital experience.

Similarly, the Bank launched an instant and real-time Personal Loan portal branded as **'Easy Loan'**, for catering to existing Account-holders displaying prudent credit behaviour. This contributed 24% to the Personal Loan business for the year.

To make banking easier for its customers, the Bank enabled its best-in-class fingerprint-based Mobile Banking App with new-age digital payment services, viz., UPI and Bharat QR. The Bank also went Live with Aadhaar Pay App for merchants and UPI @ USSD for Retail clients, to tap digital payments at the bottom of the pyramid. The Bank forged multiple relationships across the industry spectrum, including with Payments Banks, Merchant Aggregators, Business Correspondents, Mobile Wallet Providers, and leading financial portals. The purpose and strategy around the partnership is to acquire and diversify Bank's customer base in a non-linear, B2B2C model.

With the objective of increasing penetration around branch catchments, Consumer Bank has launched first-of-its-kind Transaction Friendly Current Account 'Indus Freedom'. This is targeted towards 'The Shop Next Door', which are run by individuals or proprietors. Indus Freedom is a step towards digitization wherein, on doing one Mobile

/ Net Banking / ATM transaction a month, the customer gets the 'No AMB Maintenance' advantage.

Business Banking Group was one of the major contributors to the topline of Consumer Bank. The strategy of adding new segments that had been implemented during the last financial year led to strong results in year 2016-17, with 37% y-o-y growth in acquisition of new customers. Branch-led assets presently constitute 33% of total Business Banking Assets. New customer sourcing for the year was evenly spread between branch (46%) and non-branch sources (54%), in line with the Assets philosophy of the Bank of leveraging branch distribution. Focus in FY18 would be on further synergising between various asset classes, such as cross-sell on Consumer Finance Division (CFD) assets, with target of 60% branch sourcing for new customer acquisition.

The 'Loan Against Property' business had one more year of consistent performance, displaying a healthy growth of 34% in the Loan Book, i.e., ₹1,803 crores of addition to the Book. In line with the Bank's focus on internal customers, the contribution from internal channels has now grown to 49% of the total number of loans originated. The Home Loans distribution tie-up with HDFC Limited remains one of the key Asset products distributed through the branch network.

The 'Loans Against Card Receivables' (LACR) product was launched in 2014, and in a small span of time has witnessed sharp growth of 119% y-o-y in the Expected Net Receivables and 116% in the number of Live accounts (y-o-y). The portfolio has helped in extending support to the concept of cashless economy. It has helped many Small and Medium Scale Enterprises such as restaurants, garment merchants, petrol pumps, consumer durables, etc., to achieve business growth and to cater to the day-to-day financial demands of business through Card swipes. To further expand the business footprint while strengthening relationships with existing customers, it has penetrated into newer locations and grown the quality portfolio. A healthy Book has been built in LACR, at a yield of more than 17%.

The Personal Loans business continued its measured growth strategy, while contributing a robust yield to the Assets portfolio. The performance of the Book continued to be robust, growing @ 70%, while exhibiting strong portfolio parameters. The product has a live portfolio of 35,000 customers, with 22,000 customers on-boarded in the year 2016-17. Cross-sell synergy with the Consumer Finance Team helped expand the footprint into new geographies.

The Business Loan product was launched in 2013, and completed almost the full cycle with creation of a healthy Asset Book of ₹678 crores, with 4,400 live clients spread across the Micro, Small and Medium Enterprise segment.

Retail Agriculture

Retail Agri Business witnessed sturdy growth through expansion to key markets. 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.

The Bank has emerged as a key player in the States of Punjab, Haryana, Rajasthan, Maharashtra, Gujarat and Madhya Pradesh. The Bank penetrated into new rural / semi-urban locations in the State of Kerala in year 2016-17, and plans to aggressively cover more geographies. Loans have been extended to Weaker Sections, persons with disabilities, and Small and Marginal Farmers, helping the Bank strengthen its commitment to these segments. The Bank's KCC Book now stands at ₹700 crores, across about 3,700 farmer accounts across various geographies.

Client Experience

The Bank aims to go beyond client servicing, to provide best-in-class 'experience' to its clients.

During the year 2016-17, there has been a renewed thrust on client-centricity, which puts our customers at 'the very heart of everything we do'.

Transforming 'Client Experience' (CEX) has been identified as a key strategic imperative for the next few years. The Bank aspires to differentiate itself through such customer-centric initiatives and garner sustainable competitive advantage in the commoditized banking space. It corroborates the business objectives of retaining strong growth and attaining market leadership.

The Bank has taken steps in this direction, which includes developing better understanding of client needs, matching right capabilities with right clients, enhancing personalization, and revamping key customer journeys. These client-centric initiatives will be an extension to the Bank's current themes of Responsiveness and Digitization. The Bank has retained the services of Business Consultants of global repute, to ensure rapid building of business vision and creating the right roadmap for transformation.

Innovation

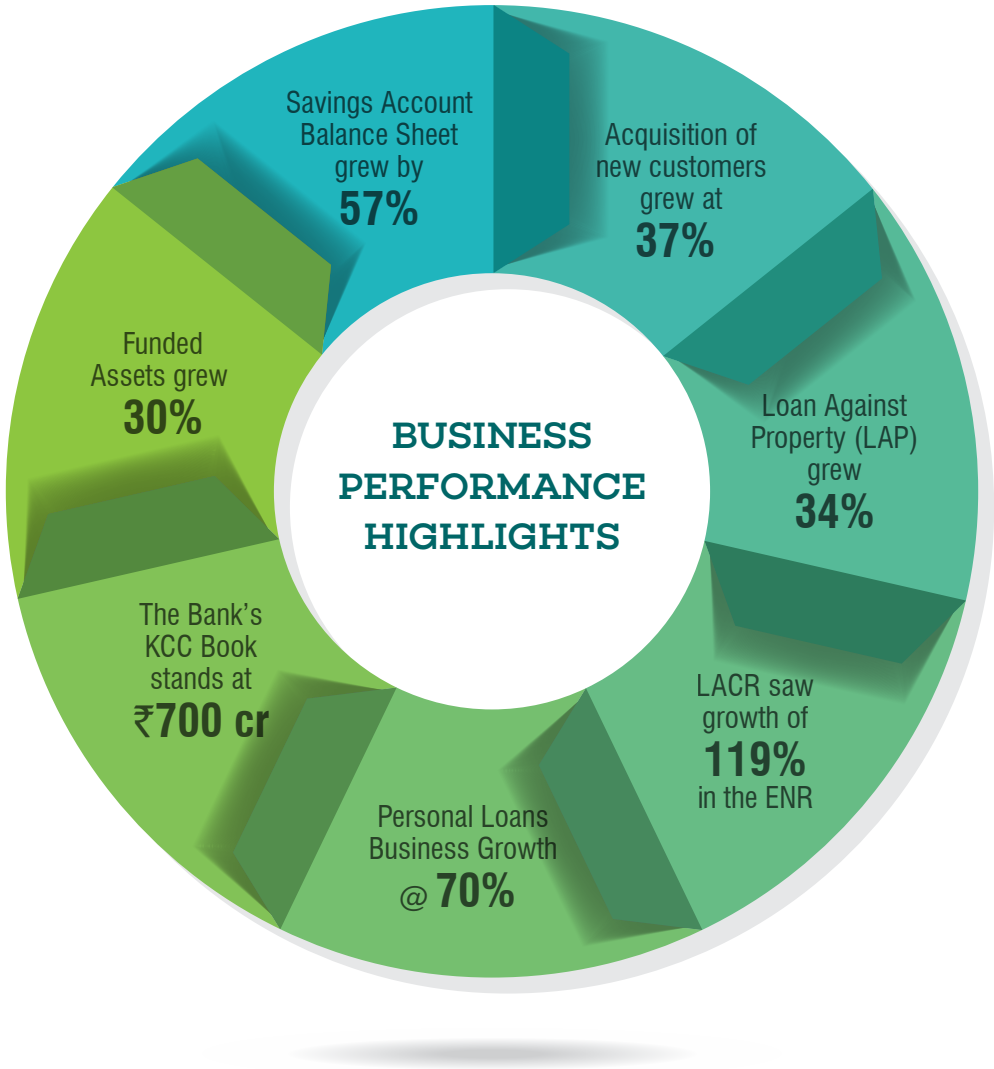
*In line with the Bank's theme of **'responsive innovation'**, the all-new version of the Mobile Banking App was launched during the year, with an innovative service **'Fingerprint Banking'**.*

This service solves the key customer issue of having to remember Passwords. With this service, customers can do seamless and secure banking transactions via the Mobile Banking App by just using their fingerprints. A new feature **'Shake-N-Pay'** has been added, which enables customers to transfer funds to other IndusInd Bank Account-holders by just waving the Mobile handset.



Distribution

The Bank opened 200 new branches as part of the strategy of expanding its banking network to different locations in the country, taking the count to 1,200. The Bank also increased the ATM network to 2,036 by opening 236 new ATMs. The Bank has also partnered with White-Label ATM operators to set up co-branded ATMs.



Credit Cards

The Bank's Credit Card business has continued to display strong performance, scaling up and growing distribution and profitability, while remaining focused on the quality of customer receivables. The business has crossed the half-million customers milestone driven by the cross-sell-centric distribution strategy. The business has significantly grown its digital capabilities and has enhanced its distribution infrastructure in branches while leveraging its online and digital presence. The branch infrastructure is being effectively leveraged towards new account bookings and cross-sell initiatives. Customer spends and loyalty have been driven by strong promotional offers, in partnership with leading brands across the country. The creation of strong propositions centred on the Dining and Wellness space has resonated well with customers. Strong

thematic promotions around the Holiday and Festive Seasons have also created customer preference, and have helped drive customer spends.

The Commercial Cards Business has added impetus to the product range in the Bank's portfolio and has provided Corporate clients with elegant payment solutions for their spending needs, with integrated MIS solutions which have significantly simplified their expense management systems.

Customer Receivables have grown 46%. Analytics and data from the Credit Bureau continues to be key for assessing underwriting risk. The Bank is leveraging the large pool of customer data to drive its cross-sell initiatives. Multiple portfolio actions, including credit line actions, have been undertaken during the year.

The Bank has tie-ups with all three leading network partners, Master Card, Visa and Amex. With the business now past the half-million customers mark, it now has scale in addition to profitability. With strong fundamentals in place, consumer confidence at high levels, and with the societal move towards preference in digital payments over cash, customer spends continue to be robust, driving growth and profitability.

Consumer Finance

The Consumer Finance Division (CFD) extends funding for a wide range of Vehicles / Equipments, which include Commercial Vehicles, viz., Heavy, Light and Small Vehicles used both for goods and passenger applications, Passenger Cars, Utility Vehicles, Two-Wheelers, and Construction Equipment such as Excavators, Loaders, Tippers, Cranes, etc. Finance is extended for both new and used assets in all the above segments. Tractor funding, a major initiative towards Priority Sector Lending and Financial Inclusion, was launched pan-India.

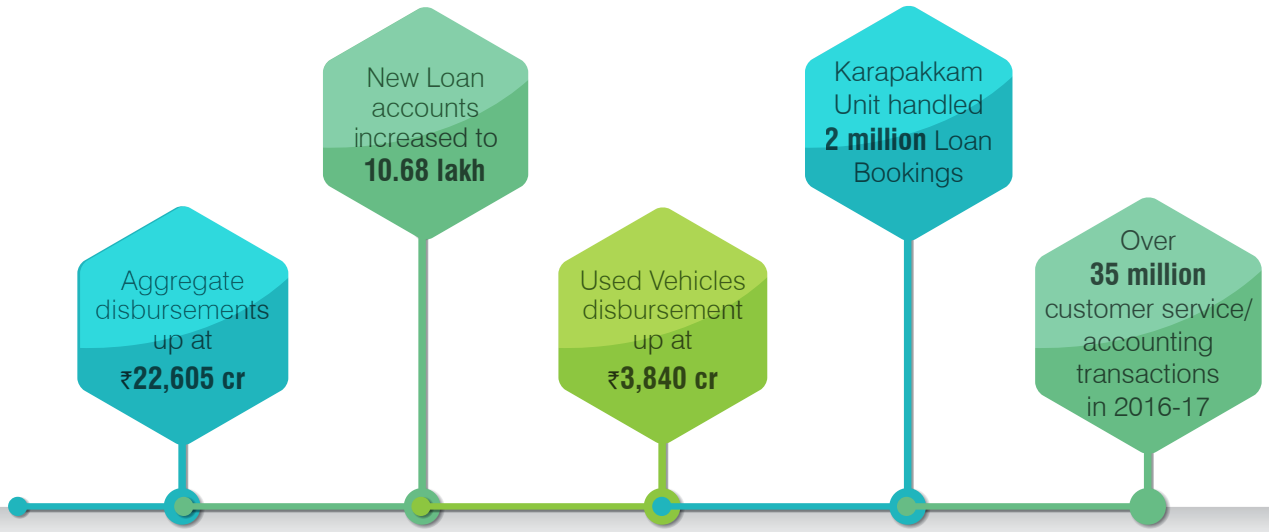
Aggregate disbursements made during the year rose to ₹22,605 crores, as against ₹20,369 crores in FY 2015-16, growing 11% over the previous year. New Loan accounts numbered 10.68 lakhs in 2016-17, as against 10.30 lakh loans boarded in FY 2015-16.

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

During the year 2016-17, Used Vehicles disbursement was ₹3,840 crores, up 10% from ₹3,499 crore in 2015-16.

This Division also earned Commission Income of ₹36.60 crores through distribution of various third-party insurance products of Cholamandam MS General Insurance, Bank's strategic partner for bancassurance is 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 nearly 2 million Loan bookings and closure transactions and over 35 million customer service / accounting transactions during the year 2016-17.



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.

During the year, Tab-based Application for sourcing of Two-Wheeler loans was launched to improve Turn-Around-Time (TAT) in the Credit Delivery process.

Hand-Held Terminals have been deployed pan-India to handle CFD's collection activity. These initiatives have substantially enhanced process efficiencies.

Corporate and Commercial Banking Group

Corporate Banking

Corporate & Investment Banking provides Universal Banking Solutions to large Indian Groups and Multinational Corporates. The Business Unit has developed deep relationships with several large Indian Business Houses and over the years with continued addition to New-To-Bank clients, the unit has become a banker to almost all the large corporate houses and large market cap companies in India.

Products offered



Corporate Banking - At A Glance

The Group has maintained 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 to suit unique client needs.

This innovation-based approach has increased penetration in the top corporate groups through a variety of funded and non-funded transactions including Trade products, Foreign Exchange products and Investment Banking offerings.

Over the years, the Group has built a quality portfolio by minimizing exposure to high-risk industries.

The year saw a smart growth in Short-Term Loans for financing Working Capital needs. The Group's business grew well in terms of both, Assets and Liabilities. It has added over 100 New-To-Bank large corporate clients.

Investment Banking (IB)

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

- During the year, the Bank successfully underwrote and sold down loans to various investors worth more than ₹5,600 crores, and secured for itself a lead position amongst Private Sector banks in the Loan Underwriting League Tables.

- 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.

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

Public Sector Group

- This Group handles relationships with more than 150 Public Sector clients, including Maharatnas and Navratnas.

- It was successful in winning large collection mandates in Tax Free Bond issues of many esteemed Public Sector Units (PSUs). The Group successfully executed several e-Procurement mandates from key PSUs, by providing strong technology-based solutions.

Financial Institutions Group

Financial Institutions Group manages relationships with domestic and international Banks and Financial Institutions. The Group has intensified its geographical coverage and expanded its network of Correspondent Banks across the globe, which helped in scaling up of the Trade and Treasury businesses of the Bank, and ensured seamless execution of cross-border deals.

The Group also successfully raised foreign currency resources from key correspondents which helped support the lending book in Foreign Currency, thus augmenting the Bank's liquidity and facilitating reduction in costs.

Financial Services Group

- Financial Services Group was launched to handle the relationship of Financial Services players in India, i.e., NBFCs, Insurance Companies, Mutual Funds and other Financial Institutions in Public and Private Sector.
- The Group has achieved significant success by winning Escrow / CMS mandates from renowned names in the industry and establishing trade partnerships with NBFCs and FIs.

Capital & Commodities Markets Division

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

International Financial Service Centre Banking Unit (IBU)

The International Financial Service Centre Banking Unit (IBU) has seen significant business in the first year itself, achieving Balance Sheet size of nearly USD 500 mn as on March 31, 2017.

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.

Environment & Social Management System Policy:

To ensure that the wider impact of our investment activities are positive and lie within a set of international and national standards, a Department-wide Environmental and Social Management System (ESMS) has been instituted.

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

ESMS will be administered via an online portal, which in addition to screening proposals, will capture data on the volume of projects financed, that have a positive impact on environmental and social considerations.

Commercial Banking Group

Mid-Corporate Group (MCG)

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

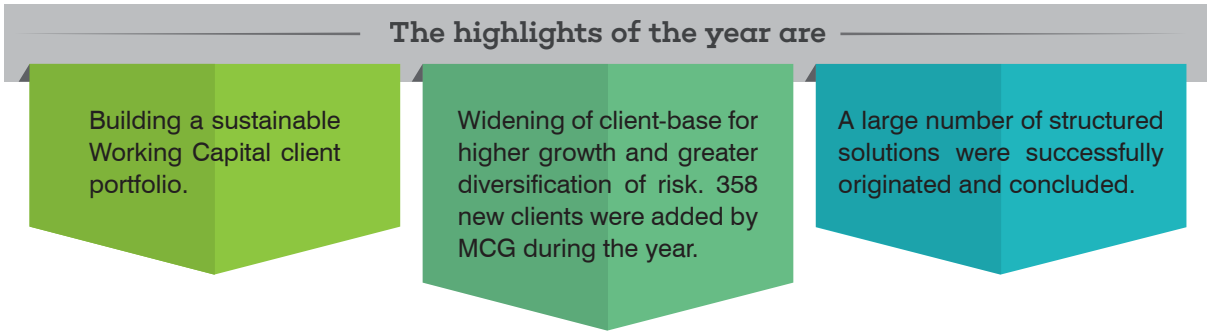
The broad business theme of the Group is centered on the following:

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

Increasing the client-base to create a sustainable earnings stream for the Bank.

Increased cross-sell through alignment of Relationship Managers and the Product Groups, i.e., Transaction Banking, Global Markets and Investment Banking.

Offering structured solutions through Transactional and Investment Banking products to meet clients' unique and specific needs.



Inclusive Banking Group

The Inclusive Banking Group within Commercial Banking is a market leader in providing microloans to the Weaker Sections of society through the 'Business Correspondent' model, while also engaging in term lending to Microfinance Institutions (MFI) and Securitisation of such assets.

Loans aggregating ₹3,309.66 crores were disbursed during the year, a majority of them directly under the Business Correspondent model, actively working with 19,94,915 clients at the base of the pyramid. All borrowers are women, and are provided loans for productive purposes like agriculture / livestock, trading and repair shops, cottage industries, etc.

The Business Correspondent portfolio is geographically well-diversified and spread across 110 Districts in 14 States, with a network of 464 MFI branches. The Group proposes to deepen the engagement this year by digitising its service delivery, which would not only enhance partner synergies but also facilitate real-time understanding of customer needs, thereby driving product accessibility at minimal costs.

The range of financial services envisaged is as under:

- **Basic Banking Services –** Savings and Term Deposits facilitated through a strong Agent Network
- **Full range of Credit products to the enterprising clientele –** Microcredit, Home Improvement, Two-Wheeler, Micro, Small and Medium Enterprise, and Agri Business (Dairy, Seed, Equipment, etc.)

Agricultural Business Group (ABG)

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

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

Supply Channel Finance (SCF)

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

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

Global Markets Group

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

- Asset Liability Management (ALM);
- Trading (Rates, Foreign Exchange and Derivatives); and
- Client Sales, comprising the Client Risk Solutions (CRS) 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 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 Client Risk Solutions (CRS) 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 offers a web-based platform across client segments for hedging of currency exposures by clients.

During the year, the Bank started operations at the IFSC Banking Unit established in GIFT City, Gandhinagar and commenced funding for financing, as well as offering hedging solutions to clients.

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

Transaction Banking Group

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

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

IndusInd Bank is among the Top Banks for cross-border flows under IMPS.

The Bank offers customized and differentiated products to its Corporate and Consumer Banking customers for improving their Payables and Receivables Management. Another area of focus has been the proliferation of Escrow Services amongst the Bank's clients. The Bank's Cash Management Services have been enhanced by its four Currency Chests.

In line with the Government's agenda of promoting Digital Payments, the Bank introduced many such products and services. The Bank became one of the first to complete a pilot (with NPCI) for the Bharat Bill Payment System (BBPS), introduced the UPI Payments Platform for its Corporate Customers, and also launched its Corporate Mobile Banking App.

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

IndusInd Bank received multiple Awards from 'The Asset', an independent leading Asian Business Journal, under the following categories:

- BEST CASH MANAGEMENT SOLUTION
- BEST ELECTRONIC MANAGEMENT SOLUTION
- BEST STRUCTURED TRADE FINANCE SOLUTION
- BEST TREASURY AND WORKING CAPITAL

As a prominent Trade Services Bank, the Bank continues to innovate and has partnered with a RBI-approved TREDS platform, for providing affordable financing to MSME suppliers. In addition to that, the Bank has also raised our focus in providing cost-effective Trade Services and Financing Solutions for clients' requirements of Domestic and Global Trade. Fee income in the Trade business grew by 35% during the year.

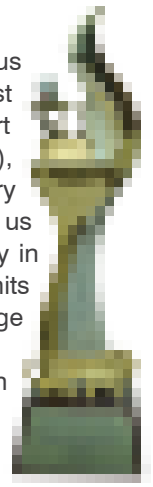
The Bank's Supply Chain Finance Solutions continue to support and assist clients in negotiating preferential Trade terms and strengthening relationships with their strategic Supply Chain Partners. Bank's solutions offer cost-effective financing of Trade receivables across multiple sectors through customized Supplier Financing and Dealer Financing Solutions.

Gems and Jewellery Group

The Gems and Jewellery Group caters mostly to Units manufacturing Diamonds in India, involving the livelihood of more than a million artisans, and export of polished diamonds to countries around the globe.

This fits into the Bank's strategy of contributing to the livelihood of citizens, and catering to our nation's need of higher exports and Foreign Exchange earnings.

Through expertise in this business, the Bank has been recognized 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 us the 'Best Bank' financing the Industry in the category of 'Highest Limits Sanctioned'. The sector provides large cross-sell opportunities and contributes to the Bank's targets in Priority Sector Lending.



Priority Sector Lending



The Bank has achieved the RBI-prescribed target for Priority Sector Advances, which aggregated ₹36,764.32 crores at the end of March 2017, representing 41.29% of the Adjusted Net Bank Credit (ANBC) of the previous year, as against the prescribed target of 40%.

Advances to Agriculture

During the year, the Bank financed over 13,60,353 agriculturists, and Aggregate Agricultural Advances stood at ₹ 11,712.20 crores, representing 13.15% of ANBC at the end of March 2017. The target set by RBI is 18% of ANBC.

Advances to Other Segments of Priority Sector

The Bank's finance to 'Weaker Sections' increased by ₹ 527.59 crores and stood at ₹ 7,736.82 crores, representing 8.69% of ANBC as at the end of March 2017.

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

Accordingly, the average of all quarters for FY 2016-17 is represented in the table below:

(₹ in crores)

As of	Target	Achieved	% Achieved	Excess / (Shortage)
PSL (40%)	**31,596.12**	**33,166.72**	**41.99%**	**1,570.60**
Agriculture	14,218.26	11,156.26	14.12%	(3,061.99)
Small & Marginal Farmers	6,319.22	4,263.34	5.40%	(2,055.88)
Micro Enterprises	5,924.27	6,440.55	8.15%	516.28
Weaker Section	7,899.03	7,428.42	9.40%	(470.61)

Approach to Priority Sector Lending

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

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

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

- Financing farmers / JLGs against hypothecation of agricultural produce.
- Financing farmers for transport of their own agriculture produce.
- Financing farmers for supply of various Agri and Allied commodities, viz., Sugarcane, Oilseeds, Milk, Rubber, etc.
- Financing Agri and Allied Projects, viz., Horticulture, Dairy Farming, Poultry Farming, Bee-keeping, Aquaculture, Floriculture, etc.
- Financing Agri Infrastructure, viz., Warehouses, Cold Storages, Godowns, Market Yards, Silos, etc.
- Financing farmers / entities engaged in Coffee / Tea / Rubber industry and plantation for Paper Pulp
- Financing Dairy segment for expansion and working capital requirements.
- Investments in Rated Asset Pools meeting the eligibility criteria for Priority Sector.
- Direct Lending through Service Providers under the Partnership Model for meeting the needs of Agri, Micro, Small and Medium Enterprises and Weaker Sections.
- Loans to MFIs for on-lending to farmers for agricultural and allied activities eligible for classification under Priority Sector.
- Loans to farmers under the Kisan Credit Card Scheme.
- Loans to Service Enterprises – Micro, Small and Medium Enterprises with investment in equipment of > ₹ 2 crores and < ₹ 5 crores.
- Loans to Manufacturing Enterprises – Micro, Small and Medium Enterprises with investment in Plant and Machinery of > ₹ 5 crores and < ₹10 crores.
- Weaker Section Advances - Priority Sector Loans to Small / Marginal Farmers, persons from Scheduled Castes and Scheduled Tribes, Loans up to ₹ 1 lakh to Women Borrowers and Loans to Minority Communities as notified by the Government from time to time.

Risk Management



Banking business is exposed to a wide spectrum of risks, and it is imperative that the various risks faced by the Bank are effectively measured, monitored and managed.

A robust Enterprise-wide Risk Management (ERM) framework enables effective and proactive management of various risks, while supporting business growth. ERM helps reduce volatility in earnings and enhances Shareholder Value.

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

Credit Risk Management

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

The key objective of Credit Risk management is to maintain Credit Quality within the defined risk appetite, while achieving appropriate return in relation to risks assumed. Various measures adopted for management of Credit Risk are mentioned hereunder:

- Credit risk policies are aligned with business strategies and the risk appetite in line with RBI guidelines, the economic environment, and the operating outlook;
- Gauging Credit Risk at the time of credit assessment by means of risk-rating models designed for different segments of obligors;
- Credit Portfolio Management Analysis to monitor Credit Quality, composition of portfolios, concentration risk, yield monitoring and business growth;
- Measurement and monitoring of Weighted Average Credit Rating (WACR) of the Credit portfolio;
- Prudential internal limits prescribed for assuming exposures on counterparties, industries, sectors, etc.;
- Measurement of Credit Quality of Consumer Finance portfolios by means of Behaviour Modelling;
- Management of exposures to counterparty banks and countries by setting exposure limits on the basis of their risk profiles;
- Stress Testing of Credit Portfolios to measure shock-absorbing capacity under multiple stressed scenarios and assessment of impact of potential credit losses on profitability and capital adequacy.

Despite the challenging environment, the Bank has been able to maintain the quality of its portfolio. The Bank's restructured assets are among the lowest in the industry, with both, Corporate as well as the Retail Loan Books having remained resilient.

The Bank has been introducing wider range of Retail products, to have larger share of customers' wallet and to meet their needs. Such products are governed by structured product programmes specific to the business, which details out the criteria on customer selection and underwriting standards.

Market Risk Management

Market Risk arises from changes in Interest Rates, Exchange Rates, Equity prices and risk-related factors such as market volatilities.

The Bank manages Market Risk in Trading portfolios through a robust framework prescribed in its Market Risk Management Policy.

The Bank has implemented state-of-the-art Market Risk Management System, which enables adoption of Internal Model Approach for computation of Capital Charge towards Market Risk.

The Market Risk System supports VaR, Stress Testing, and Capital Computation Framework, helping manage Market Risk in volatile market conditions. The framework includes 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.

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 Structural Liquidity Gaps, Liquidity Simulation, Liquidity Coverage Ratio (LCR), 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 Investment portfolios is monitored through, PV01, VaR and Modified Duration on a daily basis. Optimum risk is assumed through duration, 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 reviews business strategies.

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

Stress Testing – Liquidity Risk

The Bank carries out stress tests on liquidity position periodically to simulate 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

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 available sources of funds to supplement Cash Flow gaps in the event of stressed scenarios, roles and responsibilities of those involved in execution of Contingency Plans and the Contingency Triggers.

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, the Bank minimises sensitivity to changes in Interest Rates on Assets and Liabilities. Interest Rate Risk is measured based on the re-pricing behaviour of each items under Asset, Liability and Off-Balance Sheet products.

The Bank's Assets and Liabilities Management Policy has laid down tolerance limits based on the risk appetite and the impact on NII and Economic Value of Equity (EVE) for a given change in Interest Rate.

The Framework measures and monitors Interest Rate Risk on Banking Book using the Duration Gap Approach, besides the Traditional Gap Approach.

Operational Risk Management

The Risk landscape for banks has been undergoing substantial changes.

Operational Risk is the risk of incurring loss due to failure of systems, technology, processes, employees, projects, disasters, external factors, frauds, etc., including Legal and Regulatory Risks.

Operational Risk arises on account of human error, failed processes, inadequate systems, frauds,

damage to physical assets, improper behaviour or external events. The Bank aims to ensure that key Operational Risks are managed in a timely and effective manner through a meticulous framework of policies, Standard Operating Processes, and procedures and tools to identify, assess, monitor and control such inherent risks in its businesses.

Banks today face an unprecedented number of new and emerging risks. The Bank's Risk Management Department keeps a close watch on the operational and external risks and provides direction, and undertakes various initiatives under its Operational Risk Management (ORM) Framework for mitigation of such risks. The ORM Framework encompasses Policy Guidelines, Risk and Control Self-Assessment (RCSA), Loss Data Analysis, Key Risk Indicators (KRIs), implementation of Basel III Norms, RBI Guidelines, etc. The Bank constantly endeavours to enhance its ORM framework to ensure compliance with regulatory norms and generate greater strategic value.

RCSA of all major Operations functions have been carried out and appropriate risk mitigation plans have been designed and implemented. Loss Data Analysis, based on internal as well as external loss data, is carried out periodically to identify trends and reinforce operational controls. An Incident Reporting tool has been designed and implemented for reporting operational risk incidents across the Bank and monitoring actions thereon for mitigation of risks.

New products / processes are rated in a transparent manner so as to enable risk-based decision-making for introduction of the same. All new products / processes are approved by the Operational Risk Management Committee (ORMC), which identifies the risks inherent in the products and prescribes necessary controls to mitigate such risks. Products and processes risks are subjected to review to ensure adequate risk management.

The Bank's Audit mechanism covers a gamut of activities such as periodical on-site audit, Concurrent Audits and Off-site Surveillance enabled by Bank's advanced technology-driven processes and the Core Banking System.

The acceleration in unfolding events both domestic and global has further strengthened the Bank's Business Continuity Framework. The Bank has implemented a comprehensive Bank-wide Business Continuity Plan to ensure functioning of its critical functions during disruption / disaster situations.

Systems Risk

The Bank's Information Security Policy provides the framework upon which all subsequent security efforts are based, and to guide the development and maintenance of a comprehensive Information Security program. It deals with security of information in various forms like spoken, written, printed and electronic or any other medium and handling of information in terms of creation, viewing, transportation, storage or destruction.

It contains the principles that direct managerial decision-making and facilitates secure business operations. It is designed to enable the Management to ensure the security of information assets and maintain accountability. It also defines the appropriate and authorized behaviour for personnel approved to use the Bank's information assets. The Banks Data Centre and operations are certified as per 27001:2013 ISMS standards. The Bank has Board-approved Cyber Security Policy in place. The policies and procedures are built around the following principles:

- Treat Information Security Risk in line with Business, Regulatory and Legal requirements;
- Ensure Availability, Integrity, Confidentiality of Information, establish Accountability and provide Assurance;
- Focus on People, Process and Technology for implementation;
- Apply least privilege, need to know / use principles;
- Promote Information Security Awareness to create Security-aware culture within employees, contractors, third parties and customers;

- Deal with exceptions and violations appropriately;
- Focus on Information Security Governance, Assurance and Evolution to ensure suitability, adequacy and effectiveness;
- Participation of Security Team during the initial stages of Systems acquisition and development;
- Structured approach towards Information Security Awareness.

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 Bank has actively utilized the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 for recovering its dues. During the year, the Insolvency and Bankruptcy Code 2016 has been notified and it is aimed at making the resolution of non-viable entities possible in a time-bound manner.

During the year, the Bank recovered an amount of ₹ 32.30 crores in written-off accounts. The Net NPAs of the Bank stand at 0.39% of the Total Advances, while the ratio of Gross NPA as percentage of Total Advances amount is 0.93%.

BANK RECOVERED

₹ 32.30 cr

IN WRITTEN-OFF ACCOUNTS

The Net NPAs

of the Bank stand at

0.39%

General Banking Operations



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

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

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

The Bank 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 in thirteen languages. The Code had been revised in January 2014, and was adopted by the Bank.

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

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

The Bank is participating in Clearing through Cheque Truncation System (CTS). As on March 31, 2017, the Bank had 165 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, and for the 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 our branches in their dealings with the customers.

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

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

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

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



Corporate and Global Markets Operations (CGMO)

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

The primary focus of a majority of initiatives during the year was on providing improved Operational Efficiency, improving Client Experience and Proactive Risk Management.

The Bank further centralized processing of activities to build efficiencies of scale. Processing of Cross-Border Remittances (Trade Operations), review of transactional red flags (Depository Operations) and onboarding of clients on systems (Trade Operations and CMS) were centralized during the year.

The Operating Model was further strengthened during the year with enhanced focus on ensuring stability and Business Continuity during any unforeseen challenges. The resilience of the Trade Processing Model (independent hubs in Chennai and Mumbai) was once again put through the severest test during the challenges caused by cyclone Vardah that paralyzed Chennai during December 2016. It was ensured that there was minimal client impact during the BCP situation. Additionally, all critical processes were tested to ensure that they are BCP-ready.

The Bank implemented a state-of-the-art processing system for Trade Operations during the year. The system is expected to significantly improve operational efficiency, and provide clients with a superior experience, including facilitating digitization initiatives. The process for account reconciliation was improved through introduction of a Workflow Management System. As part of improving the operational controls, an Audit Tracking system (ACE) was implemented to enhance control. Regulatory interface systems (IDPMS & EDPMS) were implemented to support automated reporting of all cross-border remittances, as required by RBI.

These state-of-the-art systems are capable of handling high volumes, will strengthen risk management and will offer clients with world-class products and services.

Client focus is another key focus area, and as one of the initiatives in this area, the Bank added 12 locations for providing customer support locally for CGMO products.

Increased centralized processing and increased footprint to provide client servicing at branches are expected to improve operational efficiency, significantly improved transaction turnaround times and promote world-class client experience.

The Bank continued with the “Voice of Customer” initiative for this year as well. Under this initiative, structured feedback is received from top clients across different client segments. The performance of the Client Servicing Team is measured through the dedicated Service Quality Unit.

Proactive Operational Risk Management has been a major focus area, and is embedded in the organization. The Analytics, Information and Metrics Unit within the CGMO Operational Risk team continues to deliver critical information and metrics that is used to identify potential risk events. A significant achievement was the completion of an end-to-end risk review of the (prevention of) Anti Money Laundering processes (AML) and the Enhanced Due Diligence (EDD) process. These reviews are expected to improve our risk profile in identification and mitigation of Trade-based Money Laundering risks.

During the year, the branch risk review was strengthened and all critical process documents were reviewed and made available on a specialized platform (ARIS). Intraday Liquidity reporting process was improved. Customized training was imparted, and improved controls were put in place to address risks.

People Development was another significant focus area. CGMO continued in its journey towards 'Continuous Improvement' with the objective of delivering client satisfaction and year-on-year efficiency benefits. This program focuses on increasing 'Client Delight, 'Empowerment' and 'Rewards & Recognition'. As part of this initiative, over 825 Process Improvement Initiatives were implemented, resulting in efficiency improvement and risk reduction. An initiative to scientifically manage the Operations capacity was completed during the year, for significant efficiencies in the next couple of years.

As part of People Development, over 22,000 man-hours of training were delivered during the year, aimed at creating a strong knowledge force within the Unit. Trainings delivered covered product features, risk awareness, regulatory requirements, continuous improvement and soft skills like communication, team effectiveness and leadership skills. Various other people-centric initiatives launched included job up-skilling, cross-functional training, and Family Day at Office. Various CSR events were also conducted during the year, encouraging staff to participate in planned community events.

Internal Control Systems and their Adequacy

Operational Controls

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

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

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

Separate and independent Vigilance function;

Expenses Management Software has been deployed at all branches for facilitating cost control;

Standard Operating Procedures have been defined for processes at branches to ensure consistency of delivery with the expanding branch network;

Branch Monitoring Unit is entrusted with regular monitoring of branch operations; Voucher verification process has been operationalised for checking all the entries posted by the branches; and

The Process Adherence and Quality function has been operationalised for attaining uniformity in processes followed by branches, to minimise operational risk.

Customer Service

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

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 Committee (CSC) at all branches, comprising employees and customers. CSC meetings are convened every month to examine complaints / suggestions, cases of delay, difficulties faced / reported by customers / members of the Committee. Feedback and suggestions are submitted to SCCS.

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

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

Grievance Redressal Mechanism

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

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

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.

Details of the Nodal Officer / Regional Managers have been furnished.

These details are also displayed at the Bank's branches. Details of the Banking Scheme, 2006 are also displayed at Branches and provided on the website.

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

Internal Audit

The Bank's Internal Audit function is adequately equipped to make an independent and objective evaluation of the adequacy and effectiveness of internal controls on an on-going basis to ensure that units adhere to compliance requirements and internal guidelines.

The Internal Audit function undertakes a comprehensive Risk-based Audit of all 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 synchronized to the risk profile of each unit in line with the guidelines relating to Risk-Based Internal Audit. The scope of risk-based internal audit, besides examining the adequacy and effectiveness of internal control systems and external compliance, includes evaluation of the risk residing at the auditee units. To complement the Internal Audit Function and have real time supervision and control, critical units of the Bank are covered under Concurrent Audit by reputed Audit Firms.

To ensure its independence, the Head - Internal Audit functionally reports to the Audit Committee of the Board, 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.

Compliance

The Bank's approach in compliance is not only to observe what is legally binding but also to embrace broader and high standards of integrity and ethical conduct.

The Bank has an extensive set-up for ensuring enterprise-wide compliance with various legal, regulatory and governance requirements.

The Compliance Function undertakes macro-level compliance activities including review of Compliance Policy and KYC Policy of the Bank, monitoring and testing of compliance related to various activities of the Bank covering branches, Corporate Office functions, and also various Associate concerns.

The Compliance Function is a mandatory stakeholder of the Operations Risk Management Committee (ORMC) and provides signoff for new products / processes routed through this channel.

To further strengthen the Compliance Culture in the Bank, the Compliance Function circulates short notes on significant compliance-related topics, cases based on default events, publishes Monthly Newsletter, etc., and conducts Seminars for frontline staff.

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 & 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 as the Bank considers it appropriate to provide a channel to its various stakeholders, namely, the Bank's employees, customers, suppliers, shareholders, etc., to bring to the notice of the Bank any issue involving compromise / violation of ethical norms, legal or regulatory provisions, etc., without any fear of reprisal, retaliation, discrimination or harassment of any kind.

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

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

Human Resources



The Bank's HR objectives were in synchrony with the Bank's PC3 business objectives.

HR agenda is to be a strategic business partner by focussing on talent acquisition, talent development, talent management, retention and compliance.

The Bank believes that Human Capital is the key to business growth. The strategic intent of HR is to hire and retain quality talent, impart requisite knowledge, skills, and attitude, sustain a result-oriented culture, reward and recognize talent, offer meaningful career plans and build employee equity.

Falling attrition across all employee levels, negligible attrition at strategic levels, and rising employee productivity indicate positive employee association with the Bank.

Key Highlights:

- Employee headcount of the Bank increased to 25,314 employees in FY17 from 23,060 employees in FY16.The Bank's hiring was based on the Bank's Annual Business Plan. The Bank used diversified hiring channels such as Employee Referral Schemes, Job Portals, Consultants, Campus Hiring, Social Media, Hire-Train-Deploy model, etc. for quality hiring. Social Media (LinkedIn, Facebook) was leveraged for niche and leadership hiring. The Bank's selection process comprised multi-layered interviews, competency assessment tests, background verification, reference checks to recruit the right candidates.

- The Bank continues to focus on developing diversified and multi-dimensional skills of its employees.

  During FY 17, the Bank conducted 9,60,000 learning man-hours for over 3,40,000 participants through various classroom and e-learning initiatives. Several learning programs in areas of Leadership, Team-Building, Managerial Effectiveness, Internal Responsiveness, Innovation & Creativity, Banking Products, Banking Operational Processes, Credit, Induction and Compliance were conducted during the year. The Bank also conducted Management Trainee programs across Business Units to build entry-level talent with cross-functional skills.

  The learning effectiveness was ensured through learning need assessment, well designed content, delivery by qualified internal & external subject matter experts and a feedback mechanism to improve learning efficacy.

- Performance Management Processes namely Goal Setting and Annual Performance Review helped to assign employee performance objectives through "SMARTs", review individual performance, provide performance counseling and developmental feedback, recognize and reward basis achievement of performance objectives, identify future leaders for driving the Bank's business growth.

  The Annual Performance Appraisal for FY16 was executed meticulously, and individual rewards were linked to performance.

  The process of high potential and critical talent Identification progressed across various Business units of the Bank. Talent assessment on desired competencies is being undertaken with a view to create a resource pool with requisite levels of performance and potential. This exercise is helping build a talent pipe-line and potential successors for key supervisory and tactical roles.

- The Bank's Compensation Policy is based on the philosophy of 'Pay for Performance' and Role criticality. The key objectives include linking the Bank's compensation to business performance and market trends, offer differentiated reward and recognition measures based on performance, build long-term employee ownership and association, and be compliant with the compensation guidelines of RBI.

- The Bank continued to focus on Employee Engagement initiatives to connect and bond with the employees. Some of the key initiatives were Quarterly Webcasts by the MD & CEO, Annual Reward and Recognition Programs, Employee-connect by HR and Line Managers, etc. Employee recreation programs such as business off-sites, team get-togethers, sporting competitions, celebration of festivals helped to build a fun-filled work-place.

- Technology is being continuously leveraged to improve the HR Operational Processes for superior customer service. Pre-joining and on-boarding processes were shifted to Internet-based system for new joinees. Employee Lifecycle HR processes relating to Attendance, Leave, Payroll, Confirmations, Loans, Mediclaim, Gratuity, Exits, Full and Final Settlement were managed accurately and within the stipulated TATs.

- The Bank pursues "Discipline and Compliance" as its core values to create an amiable work environment. Every employee has to adhere to the Bank's Code of Conduct and follow the Bank's business processes. Any deviation or breach of the Code of Conduct is handled sternly by the Bank. The Bank also proactively meets the HR-related regulatory and statutory laws.

- The Bank strives to attract, develop and retain quality talent and to create a work culture where employees can contribute to the business growth of the Bank.

Employee Stock Option Scheme

The Bank had instituted an 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 3,98,39,800 Options, comprising 6.66% 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 IV to the Directors' Report.

Shareholders' Satisfaction



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

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

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

The Bank has been at the forefront in "Green Initiatives", and through this process aspires to graduate to paperless compliances.

Shareholders have been requested on several occasions to furnish their e-mail IDs at investor@indusind.com or inform telephonically on 022-66412487 to help accelerate the Bank's migration to paperless compliances.

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

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

Shareholders have continually been informed about the easy process for claiming the dividend amounts lying unclaimed with the Bank.

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

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

Information Technology

Adopting Technology Trends

The Bank strives to generate value by identifying and implementing technological innovations.

The Bank's Integrated Digital Strategy clearly focusses on how the digital success would be measured. The measurement has to be tangible like reducing TAT for auto loans or increase in number of personal loans by a considerable percentage through digital channels. The strategy has been aligned towards enhancements in customer reach and cost reduction by using myriad new technologies. Some key transformational areas are:

- Digital Applications and Portals – Over the last one year, the Bank has launched multiple customer acquisition and transaction fulfilment online applications and portals like FD Online for booking deposits, Forex Online, Tab Banking, pre-approved easy loan and pre-approved Credit Card portal, etc.

- ChatBots – The Bank has conducted proof of concepts with Chatbots for use in cases where significant enhancement in customer experience is foreseen. Project is underway to launch conversational Banking app which will be Bank's new 24x7 Virtual Agents to provide human-like and consistent customer experience to all users at scale. It would be a state-of-the-art cognitive Virtual Assistant which will integrate Speech to Text and Text to Speech functionality to allow for voice input / output in addition to chat.

- Artificial Intelligence (AI) and Machine Learning (ML) – Besides Chatbots, the Bank is also evaluating AI and ML for its applicability in getting insights from the vast data residing in several systems.

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

- Cloud Adoption – The Bank has started aggressively using Cloud Infrastructure. New workloads for better Total Cost of Ownership are being developed as Cloud Native System. Few applications are also being migrated from on-premise to Cloud, after doing cost-benefit analysis and adhering to security controls and measures.

Customer Oriented – New Initiatives

National Payments Corporation of India's (NPCI's) Unified Payment Interface (UPI):

NPCI's UPI is a unique payment solution which empowers a recipient to initiate the Payment Request from a smartphone. Early this year, the Bank had participated in the launch, and went live with the UPI Platform and the Payment Service Provide (PSP) App on December 17, 2016.

The interface is the advanced version IMPS which is a 24X7 Funds Transfer Service. UPI allows a customer to have multiple virtual addresses for multiple accounts in various banks. In order to ensure privacy of customer's data, there is no account number mapper anywhere other than the customer's own bank. This allows the customer to freely share the financial address with others.

It facilitates 'Virtual Payment Address' as a payment identifier for sending and collecting money and works on single click 2-factor authentication. It also provides an option for scheduling 'push' and 'pull' transactions for various purposes, like sharing bills among peers. One can use the UPI App instead of paying cash on delivery on receipt of product from online shopping websites and can pay for miscellaneous

expenses like paying Utility Bills, Over-The-Counter Payments, Barcode ('Scan and Pay') based payments, Donations, School Fees and other such unique tasks.

IMPS system for PPI Company:

Pre-paid instruments (PPI) is one of the fastest growing products in the Indian landscape, with banks and non-banks entering this space in a big way.

The Bank has entered this space with an in-house developed PPI IMPS hub to offer P2A (Person to Account payment). It will help the Bank to partner PPI players and offer banking services through them.

Indus Direct - Corporate Banking App offers the following:

- Account Summary and Balances;
- Payments – Inter-Bank and Intra-Bank payment initiation (NEFT, RTGS and IMPS);
- Payment authorization – Authorized signatories can authorize single or batch payments initiated by the company Executives as per the corporate mandate;
- Relationship Manager Connect – Tap to call Relationship Manager / Contact Centre;
- Biometric validation enabled for log-in and transactions in iOS and Android biometric-based devices.

Digital Initiatives

FD Opening portal:

The Online FD Opening portal enables Bank's customers to select and book an FD from the Bank's website. Existing customers (authenticated through registered mobile number) can open Term deposits through a microsite, by using funds either from IndusInd Bank or from any other bank account.

Forex Online Portal

As part of Digital Banking Initiatives, to scale up defined products, the Bank introduced Forex Online Portal on November 18, 2016. It is an online portal for selling forex products – Forex Card, Currency and Funds Transfer abroad. It gives customers 24X7 access for these forex products. Customers can book the Rate online by paying part amount, and then the transaction is fulfilled within 24 – 48 hours. Some of the key features are:–

- Aadhaar / PAN-based verification
- Complete online process with no paper work
- Facility of multi payment options, viz., Debit Card, Credit Card, Net Banking
- Communication through mails and SMS at every stage
- Offers multiple delivery modes - Doorstep, Branch, Courier, etc.
- One-Time Password (OTP)-based verification details.

EasyLoan Portal

EasyLoan portal was launched to facilitate real-time, straight through digital fulfilment of pre-approved loans to existing IndusInd customers. The loan amount is credited to the customer's Savings Account immediately. Buoyed by the success, Pre-approved Credit Card was made available on the common channel to customers without any documentation, with no manual interaction, and Card delivery within two days.

Tab Banking

Rolled out in February 2017, the application offers instant Account Opening. This is an Assisted Model, where a Bank Representative will use the Tablet provided by the Bank to open the account instantly.

The application captures all the fields required for Account Opening and supports biometric scan, Aadhaar-based e-KYC, Profile-based product selection, Choice Account Number selection, and initial Account funding via UPI. It has significantly lowered Turn-Around-Time (TAT) of Account Opening, servicing and channel activation. All accounts are opened by Straight-Through- Processing in Finacle with the data captured on Tab.

Application Program Interface (API) Management

API Management is a tool to expose various APIs to partners in a secured and controlled manner. This solution enables our channel partners to connect their applications easily to our services without extensive coding. API management platform has seen about 25-30% growth month on month (number of transactions processed). Earlier, on-boarding any of these partners would take more than a month, which is now reduced to less than a day.

Campaign Management

The Bank launched the Campaign Management System, which allows building and execution of personalized campaigns to be delivered across various channels like E-mail, SMS, Portal, Web, Branches, Phone Banking and ATMs. The solution has Analytics embedded at every stage, which has helped in promoting proactive engagement with customers, increasing customer loyalty and maximizing revenue.

Customer-oriented Enhancements

Mobile Banking enhancements:

IndusMobile has become the preferred channel, and the registration and transaction numbers are steadily increasing, with more than 90+ services available. With the addition of Bharat QR, the Mobile App has become the primary mode of payment without the need for physical Debit Card.

The App is rated 4.3 on Google Playstore, which is best-in-class amongst Indian banks.

The salient features include:

- Biometric validation enabled for login and transactions in iOS and Android biometric based devices.
- Enhanced Credit Card functionalities, beneficiary addition and few more service requests.
- Integration of couponDunia offers, basis location coordinates and customer type.

Government-led Initiatives

Demonetization

On announcement of demonetization of high value notes, the Bank responded quickly by tuning the related IT Systems, to comply with the guidelines issued by RBI / Government of India.

Measures Implemented by the Bank for adherence of guidelines are:

- The Bank developed a module for recording the exchange of Specified Bank Notes (SBNs) which was effective from Day One, i.e., November 10, 2016. This module de-duped on the basis of the ID Proof document captured for any subsequent transaction by the same applicant. Details of SBNs were captured in the module.
- The Bank also developed a module for computing the permitted weekly withdrawals for SB accounts and Current accounts including ATM withdrawals. The system functionality was built for computing the amount permissible. PAN had been made mandatory for cash deposits above the limit, as directed.
- Finacle, the Bank's Core Banking Solution, was further customized to handle restricted cash withdrawals to APMC and Farmers.
- Calibration was carried out for more than 2,000 ATMs for new notes.

Centralized KYC – CKYC

RBI has issued guidelines on operationalization of CKYC for new Individual accounts opened on or after July 15, 2016.

To fulfil the regulatory requirements, the Bank went live with C-KYC.

Security, Risk & Internal Efficiency

Netmonastery Tool has been implemented to monitor security incidents and events to identify and remediate weakness if any.

The tool reviews the secure configuration and hardening of the Servers based on security baselines.

The Rogue App Monitoring Device is a service similar to anti-phishing, to help detect and take down malicious / fraudulent mobile apps in stores that appear like the Bank's Mobile App.

The SAS - Assets and Liabilities Management (ALM) system went live on December 20, 2016. The frameworks and reports are built to meet the regulatory requirements, including Basel-III Liquidity Standards and the Liquidity Risk and Interest Rate Risk Analysis.

MVS software enables ATMs to recognize customers, and provide them personalized banking services, targeted deals / offers and Service Mesh involving non-banking services.

Internal Efficiency

Business Flow Manager – Intellimatch

To reduce risk and improve process efficiency in reconciliation, the Bank has implemented Business Flow Manager (BFM) module of the Nostro Reconciliation software Intellimatch in the month of April 2016.

Vendor Management System

Bank has implemented Vendor Management System (VMS) having end to end vendor lifecycle management process. Some of the features of VMS are Centralized on-boarding, Online vendor evaluation, Service Level Agreements and Performance monitoring, Centralized contract management, Visibility on financial spends versus service delivery and Blacklisting of the vendor.

Insider Trading Application

This application has been implemented to help the Bank and the staff to comply with the SEBI directives for Insider Trading relating to sale and purchase of its shares. This application provides for placing online requests by the respective staff and subsequent approval by the Compliance Team. Against each approval, the employee can report online the sale of shares. This in turn helps consolidate and report the details to SEBI in a quick, easy and automated manner, thereby improving compliance besides enhancing efficiency.

Board Meet - iPad app

Some of the application features are: Viewing scheduled Meetings, notifications for new meeting / changes, availability of all meeting documents digitally, to join videoconference from the app, text search across meeting data, etc.

Exchange Online – O365 implementation

Project to migrate mailboxes to the Microsoft O365 Cloud Email Service has started successfully. Some of the highlights of Microsoft O365 are higher mailbox capacity, Access – any device, anytime, anywhere, High availability, Better security.

Business Continuity / DR

The Bank has a Business Continuity Plan Document, which includes the backup strategies, archiving and data recovery in case of disasters. All the servers of the Bank are housed in Data Centres in Mumbai and Chennai.

During the year, Bank had rolled out DR automation tool, automating switchover and switchback process.



AWARDS

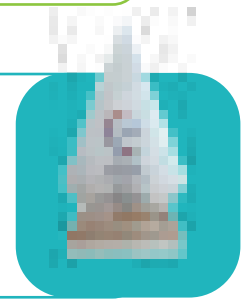


IBA Technology Awards 2017

IndusInd Bank won three technology awards. Best Technology Bank - IndusInd Bank was declared winner in the small bank category. IndusInd was adjudged runner up in two categories viz. Best IT Risk and Cyber Security Initiatives and Best Payments Initiatives.

Celent Model Bank Award 2017

IndusInd Bank featured in the 2017 Celent Model Bank Awards. The Bank was the sole winner of Fraud Management and Cybersecurity Celent Model Bank Award for 2017. Celent is a US based research and consulting firm focused on the application of information technology in the global financial services industry. Celent Model Bank is awarded for best practices of technology usage in different areas critical to success in banking.





Best Bank Award

IndusInd Bank was bestowed with the 'Best Bank Award' for Innovative use of Technology at the 12th IDRBT Banking Technology Excellence Awards. The award was presented at the awards ceremony at IDRBT campus, Hyderabad.

vForum 2016 Award

IndusInd Bank received an award in the most Innovative Company category organized by VMWare Software India Private Limited.

Legal

The important Legislative / Regulatory changes during the year impacting the Banking Industry were:

- Introduction of Insolvency and Bankruptcy Code, 2016;
- Introduction of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.

Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code has been introduced with the intention to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximisation of value of assets of such persons, to promote entrepreneurship, availability

of credit and balance the interests of all the stakeholders including alteration in the order of priority of payment of Government dues and to establish an Insolvency and Bankruptcy Board of India, and for matters connected therewith or incidental thereto.

The Insolvency and Bankruptcy Code covers insolvency resolution and liquidation for:

- Corporate Persons (Persons giving financial services are excluded from definition of "corporate debtor");
- Partnership Firms.

The said Code has been enacted by the Parliament in the year 2016 and provisions of the said Code shall come into force on such dates as the Central Government may, by notification in the Official Gazette, appoint. Through various notifications issued by the Central Government, many of the provisions of the said Code have become effective.

Impact on Banking Industry:

The Insolvency and Bankruptcy Code, 2016 identifies rights of creditors (including financial creditors) and in case of default on the part of debtor it enables the creditors to make an application in terms of provisions of this Code. The Code ensures time bound resolution or disposal of the applications made under the Code. The Code provides for detailed procedure to be followed in order to ensure that financial interest of all the stakeholders of the debtor is being taken care of.

The Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016

The Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 aims to provide legal backing to the Aadhaar Unique Identification Number Project and matters connected therewith or incidental thereto.

Important features of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016:

- The Act provides for the properties / features of Aadhaar number and extent of rights / proofs conferred in respect of an Aadhaar number holder.
- The Act provides for establishment of the Unique Identification Authority of India which shall be responsible for the processes of enrolment and authentication and perform such other functions assigned to it under the said Act.
- The Act provides for the authentication process by which the Aadhaar number along with demographic information or biometric information of an individual is submitted by the concerned requesting entity to the Central Identities Data Repository for its verification and such Repository verifies the correctness, or the lack thereof, on the basis of information available with it. It enables the Banks to avail these authentication services by paying prescribed fees (with respect to the relevant information submitted by its customers) and in such case Bank shall comply with the applicable provisions of the said Act.

Information on important legal proceedings faced by the Bank:

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



Corporate Communications

The year 2016-17 has been a memorable year for brand IndusInd Bank. This was the year that the Bank created emotional leadership and forged a connect with consumers that went beyond the transactional nature of the business. It established its leadership as a responsible and socially-conscious organization that put its might behind the ones who deserve our unstinting support.

This was also a year of cementing its responsive innovation brand ethos with the launch of the Fingerprint Banking campaign. Towards this objetive, the Bank carried out engaging initiatives that led to an increase in the brand's visibility.

IndusInd Bank was the first Bank in the country to launch the service where customers could do end-to-end banking transactions on its Mobile Banking app 'IndusMobile', by using just their fingerprint. The campaign featured Farhan Akhtar, brand endorser for IndusInd Bank, and multi-talented actor Boman Irani. A well-crafted multi media advertising campaign was released, which included innovative online activations & social media, TV, outdoors - at the airports in metros, leading radio channels and movie multiplexes.

Indus Mobile
FINGER PRINT BANKING
Easy, Cool & Safe

'Fingerprint Banking' was launched after studying consumer behavior & insights on remembering complicated & lengthy passwords. It was found that customers tend to forget their passwords and resetting them again was a lot of trouble. With Fingerprint Banking, consumers could afford to forget Passwords forever.

The Bank also launched two new credit cards to further enhance the portfolio mix – Signature Legend Credit Card and Platinum Aura Edge. Both of these chip-based credit cards enable customers to make transactions with a tap, thus offering an easy and convenient way to make payments.

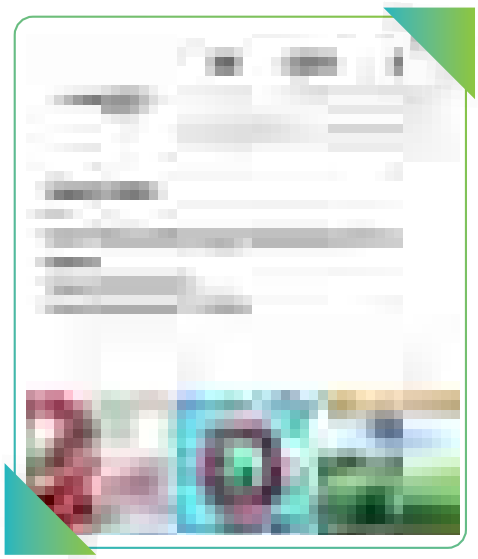
Another significant achievement for the Bank was to enter into an agreement with Infrastructure Leasing and Financial Services Ltd., (IL&FS) the promoter shareholders of IL&FS Securities Services Ltd., (ISSL) to acquire 100% of ISSL. This acqusition has brought in scale to this business and has complemented the Bank's current product offerings. It also fits nicely into Bank's strategy of creating differentiated businesses with domain expertise.

The Bank acknowledges the fact that internal stakeholders form the heart of the organization. No communication is complete without their wholehearted participation. To augment internal communication, like in the past, this year too, the Bank arranged quarterly webcasts, organized engaging campaigns/contests and issued regular mailers on various developments to keep them abreast and involved in daily course of activities. Constructive feedback and high quotient of interactivity showcase healthy internal communication.

Understanding the requirement of the millenials that social media is the pulse of new generation banking, during the year 2016-17, your Bank continued being active on social media to listen and to serve its customers better. Along with traditional media, the bank leveraged social media to communicate and reach out to its audience.

The Bank has been very active on Facebook, Twitter and LinkedIn throughout the year with more than 10 lakh followers on Facebook, 34,000 on Twitter and 50,000 on LinkedIn.

The Bank also opened an Instagram page to communicate with young and affluent users. As of March 31, 2017 the Instagram followers' base has reached 6,000. IndusInd Bank has bagged Gold in Best Social Media Brand Award from Social Samosa in BFSI category for the year 2016-17.



The Bank also conducted various online marketing campaigns to promote various products and services in the online space to acquire new customers, along with promoting new initiatives.

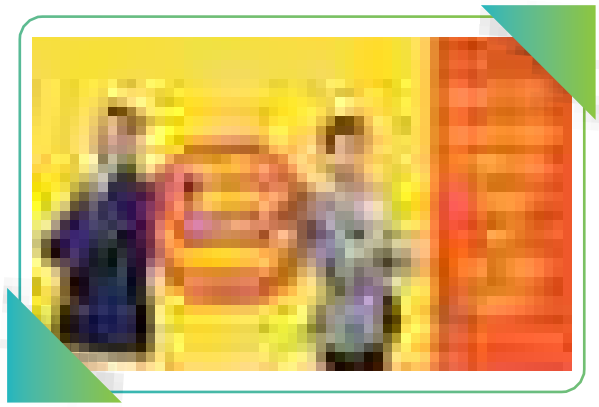
Taking its sports vertical to the next level, your Bank, in association with GoSports Foundation, supported 18 para-athletes, under its IndusInd Para Champions Programme. Your Bank launched 'JeetkaHalla', a high-impact multi-media campaign, to enlist support for the para-athletes. At the heart of the 'JeetKaHalla' campaign was a heart-warming and inspiring anthem that showcased the grit and spirit of the para-athletes. The campaign was launched to coincide with the Rio Paralympics 2016. The anthem evoked empathy and cheer for these para-athletes who were never spoken about. The campaign was publicized through an integrated media plan comprising online, social media, radio & cinema and a week of advertising on TV. On radio and TV (music channels), the anthem was played as a part of programming. For internal stakeholders, regular mailers were sent out to keep them abreast with the developments.

Another path breaking campaign which your Bank launched in association with Cricket Association for the Blind in India (CABI) was 'TheOtherMenInBlue' for the IndusInd Bank Indian Blind Cricket Team under the World Champions Programme – Cricket for the Blind. Advocating the cause, IndusInd Bank aimed to garner support for, and generate passion and visibility for the defending champions in the T20 World Cup Cricket for the Blind, which was held from January 29, 2017 to February 12, 2017.

The campaign intended to showcase the fact that cricket, as a religion, needs to be all encompassing. While the nation focusses on and cheers for mainstream cricket, the visually-challenged cricketers also make the country just as proud, both on and off the field. They, too, require support andcheering while they represent their country at the highest level.

While digital marketing gathered momentum, conventional marketing formed the backbone of marketing activity of the Bank. A series of outdoor branding opportunities at strategic and premium locations were launched throughout the year to reinforce the brand messages.

The Bank conducted a series of short bursts of intense marketing activities – all in local flavour to reach out to the rural population. It continued to conduct below-the-line activities at branch levels that not only enhanced the reputation, image and recall value, but also established the Bank as a young, progressive and agile institution.



During the festive season, starting September 2016, your Bank launched an Asset Carnival viz. Loans Festival with attractive offerings on Personal Loans, Loans Against Property, Home Loans, Vehicle Loans and others. This, too, was a multi-media campaign with a robust mix of tactical advertising in outdoor and radio across major cities, and bursts on social media.

Several other communication initiatives were also undertaken by the Bank, like sponsorships / donations / events with reputed associations / trusts which garnered higher visibility and reinforced the brand image. Regular client engagement activities, debit and credit card promotions, regional level promotions, branch promotions were some of the activities which lent further force to branding. Periodic concalls, one-on-one investor meetings, town-halls, roadshows and annual analysts meets have all created a positive impact on the Bank's image.

Branch Network & Infrastructure

THE BANK OPENED

200 NEW BRANCHES & 116 OFF-SITE ATMS

during the year 2016-17

As on March 31, 2017, the Bank had a total network of

1,200 BRANCHES & 2,036 ATMS, inclusive of 1,162 OFF-SITE 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.

During the year 2016-17, apart from expanding its Branch network to reach pan-India network of 1,200 branches, the Bank also refurbished / re-modeled 5 branches and 6 Offices, set up 13 new Administrative Offices and relocated 5 branches towards better business prospects.

A total of 1,097 seats were added across India to cater to growth in Back-Office / Controlling Office requirements, distinct from branch network capacity additions.

Apart from the Currency Chest set up in Kolkata during the last year, one more Currency Chest shall be ready for operation in Bengaluru during the current fiscal, and 2 more Currency Chests are proposed each in Chandigarh & Ahmedabad in the next fiscal, which are expected to significantly enhance in-house capabilities and provide support for increased business profitability.

CORPORATE GOVERNANCE

(The Report on Corporate Governance forms part of the Directors' Report for the Financial Year ended March 31, 2017)

Bank's Philosophy on Corporate Governance

The Bank believes that Corporate Governance is a reflection of its value system, encompassing its culture, policies, and relationships with the stakeholders. Responsible and ethical corporate conduct is integral to the way the Bank does its business.

The Bank also believes that consistent implementation of good Corporate Governance practices contributes towards developing and sustaining the best operating systems and procedures.

Integrity, transparency and accountability are the basic tenets of Corporate Governance. The Bank acknowledges the need to uphold the integrity of every transaction it enters into, and believes that honesty in its internal conduct would be judged by its external behaviour.

The Bank is committed to operate on commercial principles ensuring, at the same time, the need to remain accountable, transparent and responsive to its stakeholders and regulators.

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

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 customers.

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

Certificate on compliance with the conditions of Corporate Governance

Pursuant to Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), Certificate from M/s Bhandari & Associates, Practising Company Secretary, on compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations is annexed to the Directors' Report.

Certification by the Chief Financial Officer and the Managing Director & CEO

Pursuant to Regulation 17(8) of the Listing Regulations, Certification by the Managing Director & CEO and the Chief Financial Officer of the Bank on the Financial Statements and Internal Controls relating to financial reporting for the year ended March 31, 2017 has been received 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.)

MISSION

"We will consistently add value to all our stakeholders and emerge as the Best-in-Class in the chosen parameters amongst the comity of banks, by doubling our loan book, clients and profits within the next three years."

VISION

IndusInd Bank will be:

- A relevant business and banking partner to its clients.
- Customer Responsive, striving at all times to collaborate with clients in providing solutions for their banking needs.
- A forerunner in the marketplace in terms of profitability, productivity and efficiency.
- Engaged with all our stakeholders and will deliver sustainable and compliant returns.

QUALITY POLICY

"IndusInd Bank is committed to meet and strive to exceed customer requirements through timely, error-free and responsive service. We shall continually improve the effectiveness of our work processes through training, customer feedback, innovation and digitization."

The Bank has received confirmations from all its Directors and Senior Management Personnel regarding compliance with the Code for the year ended March 31, 2017. 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, 2017 is enclosed as an Annexure to this Report.

The 'Code of Ethics and Conduct for Directors and Senior Management' of the Bank has been hosted on the Bank's website (www.indusind.com).

Board of Directors

The Bank's Board is broad-based and consists of eminent individuals from industry, having knowledge and practical experience in respect of one or more fields, viz., Accountancy, Banking, Finance, SSI, Information Technology, Economics, Agriculture, Business Development & Management, etc.

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 Regulations 17 of the Listing Regulations and all other applicable laws.

The Board consists of nine Directors, comprising Non-Executive Chairman, six Independent Directors, one Non-Independent Non-Executive Director, and the Managing Director & CEO. The composition of the Board represents an optimal mix of professionalism, knowledge and experience.

During the year under review, the Board of Directors had, in their meeting held on May, 12, 2016 appointed Dr. T. T. Ram Mohan (DIN 00008651) as 'Additional Director' in the category of 'Independent, Non-Executive'. The Shareholders, in the Annual General Meeting of the Bank held on July 1, 2016, had approved the appointment of Dr. T. T. Ram Mohan, for a term of four years, to hold Office upto May 11, 2020.

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

Professional information in respect of each of the Directors is furnished below:

Name of Director	Nature of Directorship	Special Knowledge / Practical Experience	Occupation
Mr. R. Seshasayee	Part-time, Non-Executive Chairman	Finance and General Management	Non-Executive Chairman, Infosys Ltd.
Mrs. Kanchan Chitale	Independent, Non-Executive	Accountancy	Practising Chartered Accountant
Mr. Vijay Vaid	Independent, Non-Executive	SSI	Industrialist
Mr. T. Anantha Narayanan	Independent, Non-Executive	Accountancy, Finance and Agriculture	Retired. Former Executive Director (Finance) of Ashok Leyland Ltd.
Mr. Ranbir Singh Butola	Independent, Non-Executive	Finance and Economics	Retired. Former CMD of Indian Oil Corporation Ltd. Advisor, Oil & Gas
Mr. Yashodhan M. Kale	Non-Independent, Non-Executive	Corporate Governance, Accountancy and Taxation	Service
Mr. Shanker Annaswamy	Independent, Non-Executive	Information Technology	Retired. Former Managing Director of IBM India Private Limited
Dr. T. T. Ram Mohan	Independent, Non-Executive	Banking & Finance	Professor - Finance & Accounting, IIM, Ahmedabad
Mr. Romesh Sobti	Managing Director	Banking	Managing Director & CEO

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

During the year ended March 31, 2017, nine meetings of the Board were held: On April 21, 2016, May 12, 2016, July 1, 2016, July 11, 2016, October 12, 2016, November 16, 2016, December 22, 2016, January 10, 2017 and March 29, 2017.

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, 2017 are as follows:

Name of the Director	Attendance at the Board Meetings (No. of Meetings attended #)	Attendance at the AGM held on July 1, 2016	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	8 / 9	✓	4	1	2	-
Mrs. Kanchan Chitale	9 / 9	✓	9	1	4	5
Mr. Vijay Vaid	9 / 9	✓	1	4	-	-
Mr. Ranbir Singh Butola	9 / 9	✓	-	2	N.A.	N.A.
Mr. T. Anantha Narayanan	9 / 9	✓	1	-	-	1
Mr. Yashodhan Kale	9 / 9	✓	1	2	-	-
Mr. Shanker Annaswamy	9 / 9	✓	2	-	2	-
Dr. T. T. Ram Mohan*	7 / 7	✓	2	-	2	-
Mr. Romesh Sobti	9 / 9	✓	-	-	N.A.	N.A.

Notes:

* Dr. T. T. Ram Mohan was inducted in the Board as 'Additional Director' on May 12, 2016.

\# Includes attendance through videoconference.

$ 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 the Audit Committee and the Stakeholders' Relations Committee have been considered.

iii. Remuneration to Non-Executive Directors

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

In view of the guidelines contained in RBI Circular dated June 1, 2015 on compensation of Non-Executive Directors of private sector Banks, the Board of Directors have, on the basis of the recommendations of the Human Resources & 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 to

Mr. R. Seshasayee, Part-time Non-Executive Chairman of the Bank (subject to approval of Reserve Bank of India) and to the Non-Executive Directors (other than the Part-time Chairman) in the form of Profit-related Commission not exceeding ₹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 above-mentioned remuneration in the form of Profit-related Commission to the Non-Executive Directors, including to the Part-time Non-Executive Chairman of the Bank, for FY 2016-17, effective from April 1, 2016.

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

As per the Bank's policy, no Stock Options were granted to the Non-Executive Directors.

During the year, 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 Part-time Non-Executive Chairman.

Reference to the above mentioned Policy has been given under the Directors' Report, forming part of the Annual Report.

The structure of Sitting Fees payable for participation in the Board and its Committees' meetings is as under:

Particulars	Sitting Fees (in ₹)	Remarks
(a) Board of Directors	1,00,000	For every meeting attended.
(b) Audit Committee of the Board	50,000	For every meeting attended.
(c) For all other Board Committees	20,000	For every meeting attended.

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

Name of Director	Commission # (in ₹)	Sitting Fee (in ₹)
Mr. R. Seshasayee	25,00,000	13,00,000
Mrs. Kanchan Chitale	10,00,000	17,80,000
Mr. Vijay Vaid	10,00,000	11,40,000
Mr. T. Anantha Narayanan	10,00,000	17,00,000
Mr. Ranbir Singh Butola	10,00,000	13,60,000
Mr. Yashodhan Kale	10,00,000	13,80,000
Mr. Shanker Annaswamy	10,00,000	14,20,000
Dr. T. T. Ram Mohan*	8,87,363	10,20,000

Notes:

* Dr. T. T. Ram Mohan was inducted in the Board on May 12, 2016. Commission has been paid to him on pro-rata basis, from the date of his induction in the Bank's Board.

\#
- Commission to Non-Executive Directors was paid on quarterly basis, effective April 1, 2016.
- The amount of Commission and Sitting Fees mentioned above is inclusive of taxes.
- None of the Non-Executive Directors have any other pecuniary interest in the Bank.

Compensation to Whole-time Director

Appointment / re-appointment of Whole-time Director is made and compensation paid to him 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 and CEO of the Bank upto January 31, 2018.

For the Financial Year 2016-17, the details of remuneration paid to Mr. Romesh Sobti are as follows:

Salary ₹ 173.19 lakhs, Other Allowances ₹ 209.54 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 ₹ 1.72 lakhs, Leave Fare Concession of ₹ 1.72 lakhs, Mediclaim for self and family members, Personal Accident Insurance, Performance-based Bonus, Membership of two clubs and two official cars with drivers.

During FY 2016-17, Mr. Sobti has exercised total 5,00,000 Stock Options.

iv. Directors' Shareholding

The details of Bank's Equity Shares held by the Directors, including the Managing Director & CEO as on March 31, 2017 are given below:

(i) Mr. T. Anantha Narayanan : 580 shares (0.00%)

(ii) Dr. T. T. Ram Mohan : 3,800 shares (0.00%)

(iii) Mr. Vijay Vaid : 1,500 shares (0.00%)

(iv) Mr. Romesh Sobti, MD & CEO : 2,00,000 shares (0.03%)

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

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

In order to ensure compliance with Section 152(6) of the Act, the Board has considered Mr. R. Seshasayee, Part-time Non-Executive Chairman and Mr. Romesh Sobti, Managing Director & CEO as liable to retire by rotation, besides Mr. Yashodhan M. Kale.

In accordance with the provisions of the Companies Act, 2013, out of three Directors liable to retire by rotation, Mr. Romesh Sobti, Managing Director & CEO of the Bank, being longest in Office, retires by rotation, and being eligible, offers himself for re-appointment at the AGM.

In compliance with the applicable provisions of the Companies Act, 2013 and of the Banking Regulation Act, 1949, approval of the shareholders for the re-appointment of Mr. R. Seshasayee, as 'Part-time Non-Executive Chairman' is requested for a further period of two years, w.e.f., July 24, 2017 on existing terms & conditions (including payment of remuneration in the form of profit-related commission), or on such terms as may be decided by the Board and approved by Reserve Bank of India .

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

vi. Committees of the Board

The Board has constituted several Committees of Directors to take decisions and monitor the activities falling within their terms of reference. Each of these Committees have the requisite expertise to handle issues relevant to their fields. These Committees spend considerable time and give focused attention to the various issues placed before them, and the guidance provided by these Committees lends immense value and enhances the decision-making processes of the Board. The Board reviews the functioning of these Committees from time to time. The Meetings of each of these Committees are convened by the respective Chairpersons, who also inform the Board brief summary of discussions held in the Committee Meetings. Minutes of the Committee Meetings are sent to all Directors individually and are circulated before the respective Board / Committee Meetings.

The constitution, terms of reference and the functioning of the existing Committees of the Board are as follows:

1. Audit Committee of the Board

Terms of reference:

(A) Power

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside Legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

(B) Role

1. Oversight of the company's Financial Reporting process and the disclosure of its financial information to ensure that the Financial Statements are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of Auditors;
3. Approval of payments to Statutory Auditors for any other services rendered by them;
4. Reviewing with the Management, the annual Financial Statements and Auditor's 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 Auditor's independence and performance, and effectiveness of audit process;

8. Approval or any subsequent modification of transactions of the company with Related Parties;
9. Scrutiny of Inter-Corporate Loans and Investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of Internal Financial Controls and Risk Management Systems;
12. Reviewing, with the Management, the performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems;
13. Reviewing the adequacy of Internal Audit function, if any, including the structure of the Internal Audit Department, staffing and seniority of the Official heading the department, reporting structure coverage and frequency of Internal Audit;
14. Discussion with Internal Auditors of any significant findings and follow-up thereon;
15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the Board;
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower Mechanism;
19. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the Finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(C) Review of following information (Scope):

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by Management;
3. Management Letters / Letters of Internal Control weaknesses issued by the Statutory Auditors;
4. Internal Audit Reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

Composition: The Committee comprised five members, viz., Mr. T. Anantha Narayanan (Chairman), Mrs. Kanchan Chitale, Mr. Ranbir Singh Butola, Mr. Yashodhan Kale and Mr. Shanker Annaswamy.

Meetings: The Committee met six times during the financial year 2016-17: On April 20, 2016, May 12, 2016, July 11, 2016, September 16, 2016, October 12, 2016, and January 9, 2017.

The Audit Committee of the Board is entrusted with the responsibility of supervising the Bank's internal controls and financial reporting process. The composition, quorum and terms of reference of the Committee are in accordance with Section 177 of the Companies Act, 2013, guidelines issued by the Reserve Bank of India, and the provisions of Regulation 18 of the Listing Regulations. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Economics, etc.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. T. Anantha Narayanan	6 / 6	-
Mrs. Kanchan Chitale	6 / 6	-
Mr. Ranbir Singh Butola	6 / 6	-
Mr. Yashodhan Kale	6 / 6	-
Mr. Shanker Annaswamy	6 / 6	-

2. Committee of Directors

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

Composition: The Committee comprised five members, viz., Mr. R. Seshasayee (Chairman), Mrs. Kanchan Chitale, Mr. T. Anantha Narayanan, Dr. T. T. Ram Mohan and Mr. Romesh Sobti.

Meetings: The Committee met seventeen times during the financial year 2016-17: On June 13, 2016, June 22, 2016, June 27, 2016, June 30, 2016, July 25, 2016, August 30, 2016, September 9, 2016, September 23, 2016, November 10, 2016, December 9, 2016, December 23, 2016, December 27, 2016, January 27, 2017, February 3, 2017, March 6, 2017, March 17, 2017 and March 24, 2017.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. R. Seshasayee	16 / 17	-
Mr. T. Anantha Narayanan	16 / 17	-
Mrs. Kanchan Chitale	13 / 17	-
Dr. T. T. Ram Mohan	10 / 13	Inducted in the Committee on July 11, 2016.
Mr. Romesh Sobti	6 / 17	-

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 three members, viz., Mrs. Kanchan Chitale (Chairperson), Mr. R. Seshasayee and Mr. Vijay Vaid.

Meetings: The Committee met six times during the financial year: On May 12, 2016, July 11, 2016, November 16, 2016, January 10, 2017, January 27, 2017 and March 24, 2017.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mrs. Kanchan Chitale	6 / 6	-
Mr. R. Seshasayee	5 / 6	-
Mr. Vijay Vaid	6 / 6	-

4. Customer Service Committee

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

Composition: The Committee comprised three members, viz., Dr. T. T. Ram Mohan (Chairman), Mr. Yashodhan Kale and Mr. Romesh Sobti.

Meetings: The Committee met thrice during the financial year 2016-17: On October 12, 2016, January 27, 2017 and March 29, 2017.

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Dr. T. T. Ram Mohan	3 / 3	Inducted in the Committee on July 11, 2016.
Mr. Yashodhan Kale	3 / 3	-
Mr. Romesh Sobti	0 / 3	-
Mr. Vijay Vaid	-	Ceased to be a member of the Committee from July 11, 2016.

5. Corporate Social Responsibility (CSR) Committee

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

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

Meetings: The Committee met once during the financial year 2016-17: On April 13, 2016.

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

The Bank's CSR Policy is uploaded on the website at the link given below:

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

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Mrs. Kanchan Chitale	1 / 1	-
Mr. Vijay Vaid	1 / 1	-
Mr. Romesh Sobti	1 / 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 five members, viz., Mr. R. Seshasayee (Chairman), Mr. Ranbir Singh Butola, Mr. Yashodhan Kale, Mr. T. Anantha Narayanan and Mr. Romesh Sobti.

Meetings: No meeting of the Committee was required to be held during the year.

7 (i) Human Resources & Remuneration Committee #

Terms of reference:

- Overseeing the framing, review and implementation of the Bank's Compensation / Remuneration Policy for Whole-Time Directors / Chief Executive Officers / Risk-Takers and Control function staff, towards ensuring effective alignment between remuneration and risks.
- Determining on behalf of the Board, the Bank's Policy on remuneration packages for Executive Directors, including benefits such as Pension, etc.
- Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board the Policy relating to remuneration of Directors, Key Managerial Personnel, and other Top Management personnel;
- Reviewing of the Talent Management and Succession Policy of Top-level Executives, i.e., one level below the MD & CEO (Members of the Core Executive Team), and the process for ensuring business continuity.
- Reviewing of the HR strategy, Performance Appraisal process, fundamental changes in organizational structure, training, and the overall HR function.

Composition: The Committee comprised four members, viz., Mr. T. Anantha Narayanan (Chairman), Mr. R. Seshasayee, Mr. Vijay Vaid and Mr. Ranbir Singh Butola.

Meetings: The Committee met once during the financial year 2016-17: On April 21, 2016.

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Mr. T. Anantha Narayanan	1 / 1	-
Mr. R. Seshasayee	1 / 1	-
Mr. Vijay Vaid	1 / 1	-
Mr. Ranbir Singh Butola	1 / 1	-

The Board, in its meeting held on October 12, 2016, approved the merger of the Nomination Committee with Human Resources and Remuneration Committee. The merged Committee is termed as 'Nomination & Remuneration Committee'.

7(ii) Nomination Committee #

Terms of reference:

- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board Diversity;

- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- Conducting 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.

Composition: The Committee comprised three members, viz., Mrs. Kanchan Chitale (Chairperson), Mr. R. Seshasayee and Mr. Ranbir Singh Butola.

Meetings: The Committee met once during the financial year 2016-17: On May 12, 2016.

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Mrs. Kanchan Chitale	1 / 1	-
Mr. R. Seshasayee	0 / 1	-
Mr. Ranbir Singh Butola	1 / 1	-

The Board, in its meeting held on October 12, 2016, approved the merger of the "Nomination Committee" with the "Human Resources & Remuneration Committee". The merged Committee is termed as 'Nomination and Remuneration Committee'.

7(iii) 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 devise the Policy on Board Diversity;
3. To formulate criteria for evaluation of Independent Directors, the Board and its Committees;
4. To determine whether to extend the tenure of appointment of the Independent Directors, on the basis of the report of Performance Evaluation of Independent Directors;
5. To conduct due diligence as to the credentials of any Director before his / her appointment, and making appropriate recommendations to the Board, in consonance with the Dr. Ganguly Committee recommendations and the requirements of RBI.

For 'Remuneration and HR' matters:

1. To oversee the framing, review and implementation of the Compensation Policy of the Bank for Whole-time Directors / Chief Executive Officers / Key Managerial Personnel / Risk-Takers and Control Function Staff towards ensuring effective alignment between remuneration and risks;
2. To determine, on behalf of the Board, the Bank's Policy on Remuneration packages for Executive Directors, including Pension, etc.;
3. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board the Policy relating to the remuneration of Directors, Key Managerial Personnel and other employees;

4. To review the Talent Management and Succession

5. Policy of Top-level Executives, one level below the Managing Director and Chief Executive Officer (Member of the Core Executive Team), and the process for ensuring Business Continuity; and

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

Composition: The Committee comprised five members, viz., Mr. T. Anantha Narayanan (Chairman), Mr. R. Seshasayee, Mr. Vijay Vaid, Mr. Ranbir Singh Butola and Mrs. Kanchan Chitale.

Meetings: The Committee met twice during the financial year 2016-17: On January 10, 2017 and March 24, 2017.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. T. Anantha Narayanan	2 / 2	-
Mr. R. Seshasayee	2 / 2	-
Mr. Vijay Vaid	1 / 2	-
Mr. Ranbir Singh Butola	2 / 2	-
Mrs. Kanchan Chitale	2 / 2	-

8. *I.T. Strategy Committee*

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

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

Meetings: The Committee met thrice during the financial year 2016-17: On July 8, 2016, November 8, 2016 and March 24, 2017.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. Shanker Annaswamy	3 / 3	-
Mr. R. Seshasayee	1 / 3	Inducted in the Committee on April 21, 2016.
Mr. Romesh Sobti	3 / 3	-

9. *Risk Management Committee*

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

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

Meetings: The Committee met four times during the financial year 2016-17: On April 20, 2016, July 8, 2016, October 10, 2016, and January 27, 2017.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Dr. T. T. Ram Mohan	2 / 2	Inducted in the Committee on July 11, 2016.
Mr. T. Anantha Narayanan	4 / 4	-
Mr. Shanker Annaswamy	4 / 4	-
Mr. Yashodhan Kale	2 / 2	Ceased to be a member of the Committee from July 11, 2016.
Mr. Romesh Sobti	0 / 4	-

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

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

Composition: The Committee comprised three members, viz., Mr. Romesh Sobti (Chairman), Mr. T. Anantha Narayanan and Mr. Ranbir Singh Butola.

Meetings: No meeting of the Committee was required to be held during the year.

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. Vijay Vaid (Chairman), Mr. Yashodhan Kale and Mr. Romesh Sobti.

Meetings: The Committee met twice during the financial year 2016-17: On October 12, 2016 and March 24, 2017.

The Composition and Terms of Reference of the Committee are in accordance with Section 178 of the Companies Act, 2013 and the provisions of Regulation 20 of the Listing Regulations.

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Mr. Vijay Vaid	2 / 2	-
Mr. Yashodhan Kale	2 / 2	Inducted in the Committee on April 21, 2016
Mr. Romesh Sobti	1 / 2	-

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

During the year, 157 complaints were received from the investors / shareholders, out of which all complaints have been attended to and resolved as on March 31, 2017.

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 four members, viz., Mrs. Kanchan Chitale (Chairperson), Mr. Yashodhan Kale, Mr. Shanker Annaswamy and Mr. Romesh Sobti.

Meetings: The Committee met twice during the financial year 2016-17: On October 10, 2016, and January 9, 2017.

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Mrs. Kanchan Chitale	2 / 2	-
Mr. Yashodhan Kale	2 / 2	-
Mr. Shanker Annaswamy	2 / 2	-
Mr. Romesh Sobti	1 / 2	-

13. Vigilance Committee

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

Composition: The Committee comprised three members, viz., Mr. Ranbir Singh Butola (Chairman), Mrs. Kanchan Chitale and Mr. Romesh Sobti.

Meetings: The Committee met twice during the financial year 2016-17: On October 12, 2016 and March 29, 2017.

The attendance details of the members are as under:

Members	Number of Meetings attended	Remarks
Mr. Ranbir Singh Butola	2 / 2	-
Mrs. Kanchan Chitale	2 / 2	Inducted in the Committee on April 21, 2016.
Mr. Romesh Sobti	0 / 2	-

Separate meeting of Independent Directors

During the year under review, two separate meetings of Independent Directors, without the attendance of Non-Independent Directors and members of the Management, were held: On May 12, 2016 and March 29, 2017.

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

In the aforesaid meeting, the Independent Directors:

(a) Reviewed the performance of Non-Independent Directors and the Board as a whole;

(b) Reviewed the performance of the Chairman, taking into account the views of Non-Executive Directors and the Whole-time Director; and

(c) Assessed the quality, quantity and timeliness of flow of information between the Bank Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The attendance details of the Independent Directors are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mrs. Kanchan Chitale	2 / 2	-
Mr. Vijay Vaid	2 / 2	-
Mr. T. Anantha Narayanan	2 / 2	-
Mr. Ranbir Singh Butola	2 / 2	-
Mr. Shanker Annaswamy	2 / 2	-
Dr. T. T. Ram Mohan	1 / 1	Inducted in the Board on May 12, 2016.

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(b) of the Listing Regulations. A formal Letter of Appointment has been addressed to Independent Directors at the time of their appointment, as provided under the Companies Act, 2013 and the Listing Regulations.

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

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

Annual Evaluation of Performance of the Board, Committees of the Board, and of Individual Directors

The Bank has in place a Board Evaluation Framework setting out the process, criteria, frequency, etc., for performance evaluation of the Board as a whole, Committees of the Board, Individual Directors including Independent Directors, Non-Independent Directors and Managing Director & CEO, and of the Chairman. The Framework had been recommended by the Nomination & Remuneration Committee of the Board, and approved by the Board.

The process of Performance Evaluation adopted by the Bank is in line with the provisions of the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SEBI had, vide their Circular dated January 5, 2017, issued the "Guidance Note on Board Evaluation". The Nomination & Remuneration Committee of the Board reviewed the criteria and process for Performance Evaluation of the Board and its Committees, with a view to align it with SEBI's Guidance Note and accordingly enhanced the set standards for Performance Evaluation, method of Assessment, etc.

The annual Performance Evaluation exercise for FY 2016-17 had been carried out by all the nine Directors, electronically, using a software platform, which offered the convenience of mutual evaluation, coupled with anonymity.

Performance of the entire Board was evaluated by the Board, based on inputs from Individual Directors on the basis of criteria such as Board composition and structure, effectiveness of Board processes, information and functioning, and other attributes such as discharging of roles and functions, professional conduct, governance, etc.

Performance of Committees of the Board was evaluated after seeking inputs from the members who are not members of the Committee the performance of which was evaluated, on the basis of criteria such as composition of the Committee, roles and responsibilities, effectiveness of Committee meetings, etc.

Performance of Non-Independent Directors was evaluated by the Independent Directors in a separate meeting of Independent Directors, who had also reviewed the performance of the Board as a whole.

Performance of Independent Directors and of the Chairman was evaluated by the entire Board, excluding the Director being evaluated.

The Nomination & Remuneration Committee also reviewed the performance of the Individual Directors and of the Board as a whole.

The Chairman of the Board provided feedback to the Directors on individual basis, and significant highlights, learnings and action points with respect to the evaluation exercise were discussed among the Board members.

Familiarization Programme for Independent Directors

An appropriate Induction Programme for new Directors and ongoing familiarization with respect to the business / working of the Bank for all Directors is a major contributor for meaningful Board-level deliberations and sound business decisions.

In compliance with the requirement of the SEBI Listing Regulations, the Bank has formulated a Familiarization Programme for Independent Directors. The said Programme aims to provide to the Independent Directors an insight into the Bank's functioning, to help them understand its business in depth, roles and responsibilities of Independent Directors, and industry overview, so as to help them contribute significantly during the deliberations in the Board / Committee meetings.

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

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

During the year, the Bank had invited external domain experts who have given trainings on different topics, viz., Cyber Security Awareness, Financial Reporting using Indian Accounting Standard (Ind AS), Performance Evaluation exercise in respect of the Board, its Committees, and Individual Directors etc. Some of the Independent Directors have also attended external Training Programmes conducted by reputed institutions such as CAFRAL, ISB Hyderabad, etc.

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

http://www.indusind.com/important-links/familiarization-programme-for-independent-directors.html

Policy on Board Diversity

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

Pursuant to applicability of revised Clause 49 of the Listing Agreement on Corporate Governance norms for listed companies, 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 & 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 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 had 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 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.

Vigil Mechanism / Whistle Blower Policy

The Bank is committed to the high standards of ethics and integrity. The Bank has in place a Whistle Blower Policy, to provide a formal mechanism to various stakeholders, viz., employees, customers, suppliers, shareholders, etc., to report their concerns about unethical behaviour, actual or suspected fraud, violation of the Bank's Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism, and provides for direct access to the Chairman of the Audit Committee. None of the Bank's personnel have been denied access to the Audit Committee.

The Whistle Blower Policy has been hosted on the Bank's website at the link mentioned below:

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

Dividend Distribution Policy

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

The Dividend Distribution Policy has been hosted on the Bank's website at www.indusind.com.

Details of the three previous Annual General Meetings:

AGM	Day and Date	Time	Venue	Whether Special Resolution Passed
22nd	Friday, July 1, 2016	2.00 p.m.	Hotel Le Meridien, Raja Bahadur Mill Road, Pune – 411001.	Yes
21st	Monday, August 17, 2015	2.00 p.m.	Hotel Le Meridien, Raja Bahadur Mill Road, Pune – 411001.	Yes
20th	Friday, June 27, 2014	2.00 p.m.	Hotel Sun-n-Sand, 262, Bund Garden Road, Pune – 411001.	No

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
22nd Annual General Meeting	July 1, 2016	Resolution No. 9: Issue of Long-Term Bonds / Non-Convertible Debentures on Private Placement Basis
21st Annual General Meeting	August 17, 2015	Resolution No. 6: Re-appointment of Mrs. Kanchan Chitale as Independent Director.

Annual General Meeting	Date	Resolutions
		Resolution No. 7: Re-appointment of Mr. Vijay Vaid as Independent Director.
		Resolution No. 8: Appointment of Mr. T. Anantha Narayanan as Independent Director.
		Resolution No. 11: Increase in the Authorized Share Capital and alteration of the Capital Clause of the Memorandum of Association of the Bank.
		Resolution No.12: Alteration of Article 4 of the Articles of Association of the Bank.
		Resolution No.13: Borrowing of monies pursuant to Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions.
		Resolution No. 14: Issue of Long-Term Bonds / Non-Convertible Debentures on Private Placement basis.
20th Annual General Meeting	June 27, 2014	NIL

Extraordinary General Meeting

No Extraordinary General Meeting of the Members was held during the year 2016-17.

Postal Ballot

No Postal Ballot exercise was conducted during the year 2016-17.

Material Disclosures

Related Party Transactions: During the year, there were no materially significant transactions with related parties that could have had any potential for conflict with the interests of the Bank at large.

Disqualification of Directors: As on March 31, 2017, none of the Directors of the Bank were disqualified under Section 164(2) of the Companies Act, 2013.

Accounting Standards: In the preparation of Financial Statements for the year 2016-17, the treatment prescribed in the Accounting Standards issued by the Institute of Chartered Accountants of India from time to time has been followed by the Bank.

Compliance with mandatory requirements under SEBI Listing Regulations

The Bank has adhered to all the mandatory requirements of Corporate Governance norms as prescribed under Regulations 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations to the extent applicable to the Bank.

During the year under review, the Bank has not identified any non-compliance with requirements of Corporate Governance 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 endeavours to remain in a regime of unqualified Financial Statements.
- The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CEO.
- The Internal Auditor of the Bank reports directly to the Audit Committee.
- The Bank hosted its Quarterly / Annual Financial Results on its website (www.indusind.com), which is accessible to the public at large. Besides this, the Financial Results are published in newspapers, apart from being reported on the websites of the Stock Exchanges. 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 above, e-mail messages and SMS messages were sent during the year to shareholders whose e-mail IDs and cell phone numbers were available with the Bank, informing them about declaration of the Bank's Quarterly and Annual Financial Results.
- The Bank has continued the exercise of collecting e-mail IDs of shareholders, so as to communicate more regularly with them via e-mail.

Code of Conduct for prevention of Insider Trading

In accordance with the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Bank has formulated a comprehensive "Code of Internal Procedures and Conduct for Prevention of Insider Trading in Securities of the Bank" (Insider Trading Code) and "Code of Practices and Procedures for fair Disclosure of Unpublished Price Sensitive Information".

The Board of Directors in its meeting held on May 9, 2017 have revised the 'Code of Internal Procedures and Conduct for Prevention of Insider Trading in Securities of the Bank', in line with regulatory changes.

The Insider Trading Code is applicable to Promoters, Directors, Designated Employees, Connected Persons and to their immediate relatives as defined under Clause 2(1)(f) of the SEBI (Prohibition of Insider Trading) Regulation, 2015 and to any other person in possession of or having access to the Unpublished Price Sensitive Information (UPSI).

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

In order to promote e-governance within the Bank, the Bank has launched an Employee Self-Service Module (ESS Module), a fully automated web-based portal, in March 2016, for enabling compliances prescribed under the Insider Trading Code of the Bank, read with SEBI's (Prohibition of Insider Trading) Regulation, 2015.

The ESS Module allows employees to submit Online Disclosures pertaining to transactions in the shares of the Bank, viz., acquiring shares by Exercise of Options / Sale of Shares / Invocation of Pledge on Bank Shares / Release of Pledge / Off-Market Transactions / Gift, etc.

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

The Insider Trading Code has been hosted on the Bank's website at the link mentioned below:

www.indusind.com/investor/corporate-profile/code-of-conduct.html

Means of Communication

Besides communicating to the Stock Exchanges where the Bank's shares are listed, the financial results of the Bank are also published on a quarterly basis in leading financial publications and a regional newspaper, viz., 'Economic Times', 'Financial Express', 'Business Standard' in English and in 'Maharashtra Times' in Marathi, at the location of the Bank's Registered Office.

Quarterly compliance reports on Corporate Governance as prescribed under Regulation 27 of the Listing Regulations and the Shareholding Pattern of the Bank as prescribed under Regulation 31 of the Listing Regulations are also filed through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre.

Information relating to the Financial Results is also hosted under the icons 'Media Room' and 'Investors' Corner' on Bank's website (www.indusind.com). The said sections are updated regularly.

Quarterly Press meets are organized during which the Results are formally announced to the media and Press Releases are issued. Regular interviews with the electronic channels on the awareness of results and other available opportunities are arranged for the Managing Director and the Chief Operating Officer.

Analysts' Meets and Conference Calls with the Analyst fraternity are also held periodically. A transcript of the calls and copies of the presentations made to Institutional Investors and Analysts is 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 2016-17 forms part of this Annual Report.

Subsidiary and Associate Company

The Bank does not have a 'material non-listed Indian subsidiary'. However, ALF Insurance Services Private Ltd. (ALFL) was a wholly-owned subsidiary of the Bank. The Company, which was set up to do the business of Insurance Corporate Broking, was under Voluntary Winding-up. ALFL has been liquidated vide Order of the Madras High Court dated June 14, 2016.

IndusInd Marketing and Financial Services Private Limited (IMFS) is an Associate Company of the Bank and is engaged in the business of providing manpower services.

Business Responsibility Report

Pursuant to Regulation 34(2)(f) of Listing Regulations, 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 attached to the Directors' Report, which forms part of this Annual Report.

Corporate Social Responsibility

The Bank has constituted a 'Corporate Social Responsibility' (CSR) Committee of the Board in line with the Companies Act, 2013. In the third year of CSR reporting, under the statute of the Companies Act, 2013, the Bank has deepened its efforts on community engagement into avenues of preventive healthcare, education, sanitation, women empowerment, arts, sports and environmental conservation.

Sustainability-driven Growth

As the Bank embarks on a new phase of its growth story, 'Sustainability' is at the core of the Bank's strategy and is one of the 7 strategic themes for Planning Cycle 4.

Statutory Reporting

The Business Responsibility Report (BRR) attached as an Annexure to the Directors' Report is governed by the principles prescribed under Annexure II to the SEBI Circular dated November 4, 2015, i.e., "To assess compliance with environmental, social and governance norms". The key principles prescribed by SEBI are as under:

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3: Businesses should promote the well-being of all employees.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Business should respect, protect, and make efforts to restore the environment.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8: Businesses should support inclusive growth and equitable development.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

With the implementation of the Companies Act, 2013, the Bank sends Annual Reports and other communications through electronic mode to those shareholders who have registered their e-mail addresses with the Bank or are made available by the Depository.

The full text of these Reports is also made 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	:	2016-17
Board meeting for adoption of Audited Financial Accounts	:	April 19, 2017
Posting of Annual Report 2016-17	:	Saturday July 1, 2017
Day, Date and Time of 23rd Annual General Meeting	:	Wednesday, July 26, 2017 at 2.00 p.m.
Venue	:	Hotel Sheraton Grand, Pune (formerly, Hotel Le Meridien)
Financial Calendar	:	April 1 to March 31
Book Closure	:	Thursday, July 20, 2017 to Wednesday, July 26, 2017 (Both days inclusive)
Date of Dividend Payment	:	On or after Monday, July 31, 2017
Bank's Website	:	www.indusind.com

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 E-mail: companysecretary@indusind.com

Distribution of Shareholding as on March 31, 2017

Range – Shares	No. of Folios	Percentage of Folios	No. of shares	Percentage of Shares
Upto 1,000	1,10,765	94.03	1,72,39,897	2.88
1,001 - 5,000	5,200	4.42	1,07,83,364	1.80
5,001 - 10,000	614	0.52	45,03,110	0.75
10,001 – 50,000	592	0.50	1,33,12,291	2.23
50,001 & above	626	0.53	55,23,10,043	92.34
TOTAL	**1,17,797**	**100.00**	**59,81,48,705**	**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, 2017, the Bank had 6,46,81,564 GDRs (equivalent to 6,46,81,564 Equity Shares) outstanding, which constituted 10.81% 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 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 the Funds & Investment Policy and the Market Risk Management Policy, approved by the Board.

Shareholding as on March 31, 2017

i. Distribution of shareholding

	Category	No. of shares held	% of shareholding
A.	Promoters' holding	**8,95,97,767**	**14.98**
B.	Non-Promoters' holding	50,85,50,938	85.02
	(i) Institutional Investors		
	a. Mutual Funds and UTI	7,09,16,954	11.86
	b. Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-government Institutions)	27,00,855	0.45
	c. FIIs / Foreign Portfolio Investor	25,92,49,861	43.34
	Sub Total	**33,28,67,670**	**55.65**
	(ii) Global Depository Receipts	**6,46,81,564**	**10.81**

	Category	No. of shares held	% of shareholding
	(iii) Others		
	a. Private Corporate Bodies	6,15,11,232	10.28
	b. Indian Public*	3,89,46,637	6.52
	c. NRIs / OCBs / Foreign Nationals / Foreign Bank	50,16,447	0.84
	d. Clearing Members	9,80,307	0.16
	e. Trusts	38,47,041	0.64
	f. Hindu Undivided Family	7,00,040	0.12
	Sub Total	**11,10,01,704**	**18.56**
	Grand Total	**59,81,48,705**	**100.00**

* 'Indian Public includes 2,05,880 shares held by Resident Directors.

ii. Major Shareholders (with more than 1 percent shareholding)

Sr. No.	Name of Shareholder	No. of shares held	% of shareholding
1	IndusInd International Holdings Ltd.	6,57,97,767	11.00
2	The Bank of New York Mellon (GDR-Depository)	6,46,81,564	10.81
3	IndusInd Limited	2,38,00,000	3.98
4	Bridge India Fund	2,10,13,458	3.51
5	Afrin Dia	90,96,463	1.52
6	ICICI Prudential Life Insurance Company Ltd.	74,85,353	1.25
7	Tybourne Equity Master Fund	72,45,546	1.21
8	Franklin Templeton Investment Funds	65,82,242	1.10
9	New Leaina Investments Limited	63,00,000	1.05
10	Government Pension Fund Global	60,49,003	1.01
11	Aasia Corporation LLP	60,49,000	1.01

iii. Total Foreign Shareholding

	No. of shares held	% of shareholding
Total foreign shareholding	41,85,45,639	69.97
of which GDRs	6,46,81,564	10.81

Details of complaints received and resolved from April 1, 2016 to March 31, 2017

Complaints	Received	Attended to	Pending
Non-Receipt of Share Certificate	29	29	0
Non-Receipt of Dividend Warrants	114	114	0
Non-Receipt of Annual Report	1	1	0
Non-Receipt of Rejected DRF	8	8	0
Non-Receipt of Exchanged Certificate	4	4	0
Others	1	1	0
Total	**157**	**157**	**0**

Listing details of the Bank's Equity Shares / *Bonds / GDRs on Stock Exchanges

Name of the Stock Exchange	Address of the Stock Exchange	Stock Code No.
BSE Ltd.	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001.	532187
National Stock Exchange of India Ltd.	5th Floor, Exchange Plaza, Bandra-Kurla Complex, Plot No. C/1, G Block, Bandra (E), Mumbai - 400 051.	INDUSINDBK Normal – EQ (Physical)
Luxembourg Stock Exchange (Global Depository Receipts)	Société de la Bourse de Luxembourg	111202
	Societe Anonyme	
	RC Luxembourg B 6222	

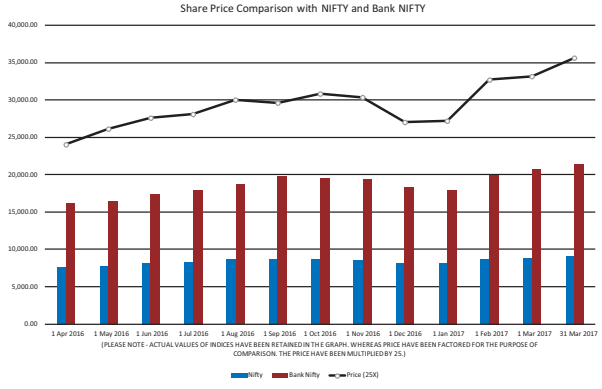
The Bank has paid Annual Listing Fees on its Capital for the relevant period to BSE Ltd. and National Stock Exchange of India Ltd. where its shares are listed, and to the Luxembourg Stock Exchange where its Global Depository Receipts are listed.

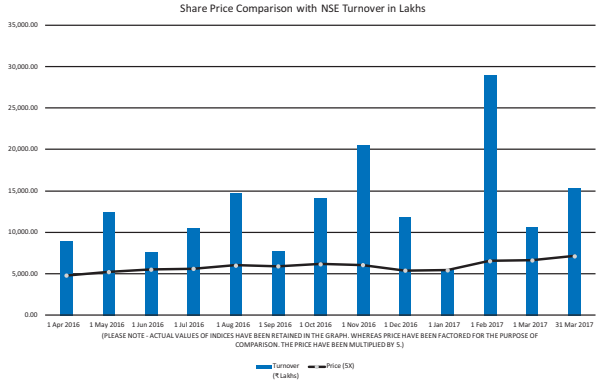
*Bonds are listed on the National Stock Exchange of India.

Market Price Data of the Bank's shares

i. National Stock Exchange of India Ltd.

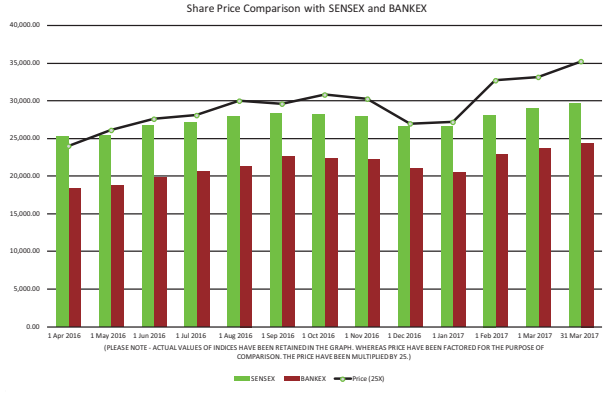
Date	Price of Shares				Turnover in ₹ Lakhs	Nifty	Bank Nifty
	Open (₹)	High (₹)	Low (₹)	Close (₹)			
1-Apr-16	966.65	969.00	950.75	961.30	8975.08	7713.05	16174.90
2-May-16	1043.00	1055.00	1040.40	1045.05	12496.24	7805.90	16543.00
1-Jun-16	1103.00	1107.80	1096.55	1103.75	7639.47	8179.95	17423.45
1-Jul-16	1125.00	1128.50	1118.05	1123.35	10535.27	8328.35	17985.65
1-Aug-16	1173.00	1205.00	1173.00	1200.55	14682.25	8636.55	18740.60
1-Sep-16	1191.75	1196.65	1180.65	1184.20	7808.15	8774.65	19788.85
3-Oct-16	1201.00	1240.00	1193.90	1232.90	14166.86	8738.10	19589.05
1-Nov-16	1197.00	1221.00	1186.25	1214.25	20607.98	8626.25	19458.60
1-Dec-16	1084.00	1089.00	1071.60	1080.70	11881.03	8192.90	18428.45
2-Jan-17	1109.95	1114.65	1082.35	1087.45	5591.90	8179.50	17969.60
1-Feb-17	1261.00	1315.50	1246.00	1307.75	28993.45	8716.40	20020.60
1-Mar-17	1320.50	1334.85	1315.05	1326.20	10710.42	8945.80	20783.75
31-Mar-17	1420.00	1431.00	1401.60	1425.15	15385.24	9173.75	21444.15

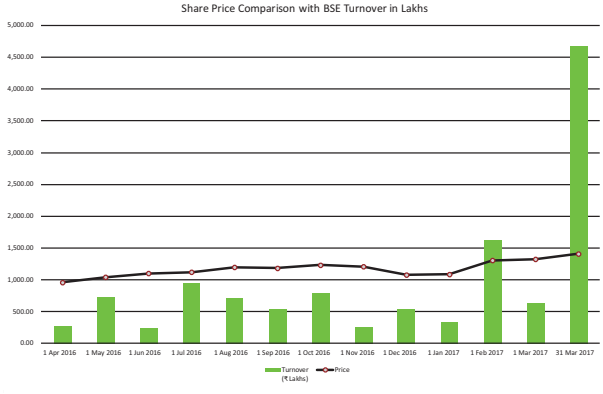




ii. BSE Ltd.

Date	Price of Shares				Turnover in ₹ Lakhs	SENSEX	BANKEX
	Open (₹)	High (₹)	Low (₹)	Close (₹)			
1-Apr-16	965.50	968.05	951.30	960.05	273.61	25269.64	18444.95
2-May-16	1049.15	1055.00	1038.40	1044.05	732.06	25436.97	18859.07
1-Jun-16	1103.90	1108.05	1096.30	1103.60	240.38	26713.93	19871.68
1-Jul-16	1100.10	1128.35	1100.10	1123.00	954.97	27144.91	20618.61
1-Aug-16	1188.00	1203.95	1178.00	1199.40	710.51	28003.12	21422.00
1-Sep-16	1185.05	1196.65	1180.75	1183.75	535.44	28423.48	22677.92
3-Oct-16	1200.00	1255.00	1196.00	1232.20	790.69	28243.29	22397.10
1-Nov-16	1196.00	1219.10	1186.70	1210.15	263.68	27876.61	22249.60
1-Dec-16	1087.80	1088.10	1073.00	1078.85	547.44	26559.92	21067.72
2-Jan-17	1107.25	1112.70	1083.00	1087.00	334.07	26595.45	20503.18
1-Feb-17	1252.00	1316.50	1247.00	1308.10	1630.32	28141.64	22927.39
1-Mar-17	1319.80	1334.00	1319.40	1325.75	633.88	28984.49	23706.75
31-Mar-17	1424.00	1440.00	1401.60	1409.45	4678.95	29620.50	24420.77





Dematerialization 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. 98.72% of the Bank's shares are in dematerialized form and the rest are in physical form:

Particulars	No. of Shares	Percentage (%)
In Dematerialized form	59,05,19,702	98.72
In Physical form	76,29,003	1.28
Total	**59,81,48,705**	**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 dematerialized and converted to the electronic form.

Share Transfer System

The Share Transfer Committee, comprising Bank's Top Executives, has been constituted to deal with transfer of shares, issue of duplicate Share Certificates in lieu of mutilated Share Certificates or those which are misplaced / lost, and other related matters. Approvals granted by the Share Transfer Committee are confirmed at subsequent Board meetings. With a view to expediting the process of physical share transfers, the Share Transfer Committee meets every Friday.

Trading in the Bank's shares now takes place compulsorily in dematerialized form. However, members holding Share Certificates in physical form are entitled to transfer their shareholding by forwarding the Share Certificates along with duly executed and stamped Securities Transfer Form (Form No.SH-4) as per the format prescribed under the Companies (Share Capital and Debentures) Rules 2014, signed by the member (or on his / her behalf) and the transferee to the Bank or to the Registrar & Share Transfer Agent, Link Intime India Pvt. Ltd.

Standardization and simplification of procedure for transmission of securities

With reference to the guidelines issued by SEBI regarding standardization and simplification of procedures for transmission of securities, the Bank's Board has empowered the Share Transfer Committee for approving transmission of securities held in physical mode, for market value of securities of up to ₹ 10,00,000 (Rupees Ten lakhs only), subject to completion of simplified documentation procedure prescribed by SEBI.

Share Capital Audit

Pursuant to Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Practising Company Secretary has examined the records relating to Share Transfer Deeds, Registers and other related documents on a half-yearly basis and has certified compliance with the provisions of the above 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
Email: investor@indusind.com

Dividends

Modes of making payment of Dividend through Electronic mode:

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have directed that listed companies shall mandatorily make all payments to investors including dividend, by using any RBI approved electronic mode of payment, viz., National Automated Clearing House (NACH), Direct Credit (in case Bank Account is with IndusInd Bank), RTGS, NEFT, etc.

In order to receive the dividend without loss of time, all the eligible shareholders holding shares in demat mode are requested to update with their respective Depository Participants, before July 19, 2017, their correct Bank Account Number, including 9 Digit MICR Code and 11 digit IFSC Code, E- Mail ID and Mobile No(s). This will facilitate the remittance of the dividend amount directly in the Bank Account of the Shareholder electronically.

Updating of e-Mail IDs and Mobile Numbers will enable sending communication relating to credit of dividend, unencashed dividend, etc., in a prompt and efficient manner.

Shareholders holding shares in physical form may communicate details relating to their Bank Account, 9 Digit MICR Code, 11 digit IFSC Code, E- Mail ID and Mobile Numbers to the Registrar and Share Transfer Agents, viz., Link Intime India Pvt. Ltd., having address at C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai – 400 083, before the Record Date fixed for the purpose of payment of dividend, i.e., July 19, 2017 by quoting the reference folio number and attaching a photocopy of the Cheque leaf of their Active Bank Account and a self-attested copy of their PAN card.

In case dividend payment by electronic mode is not executed for any reason, the Bank shall issue a Demand Draft.

Unclaimed Dividend

As per the applicable provisions of the Companies Act, 2013, the Bank is statutorily required to transfer to the Investor Education & Protection Fund (IEPF) all dividends remaining unpaid / 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 MCA Circular dated February 28, 2017 on IEPF Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017, to claim the Refund.

Unclaimed Dividends upto the Financial Year 2008-09 have already been transferred to the IEPF, after giving due notice to the shareholders whose names were appearing in the list of unpaid receipients.

Details of unclaimed dividends for the Financial Year 2009-10 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
2009-10	Final	June 28, 2010	August 2, 2017
2010-11	Final	July 15, 2011	August 19, 2018
2011-12	Final	July 17, 2012	August 21, 2019
2012-13	Final	June 28, 2013	August 2, 2020
2013-14	Final	June 27, 2014	August 1, 2021
2014-15	Final	August 17, 2015	September 21, 2022
2015-16	Final	July 1, 2016	August 5, 2023

Transfer of 'Underlying Shares' in respect of which dividend has not been claimed for seven consecutive years or more, 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, notified by Ministry of Corporate Affairs on September 5, 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.

In this connection, the Bank had sent Intimation Letters to members in December 2016 in respect of the shares on which Dividend had remained Unpaid or Unclaimed for seven consecutive years or more, requesting them to claim such dividend so as to avoid the corresponding shares being transferred to the IEPF Authority. An advertisement to this effect was published in leading English and vernacular newspapers on December 6, 2016.

The Rules also prescribe the procedure to be followed by an investor to claim the Shares / Dividend amount transferred to IEPF.

Members are requested to contact Link Intime India Private Limited (Contact Details and Office Address given elsewhere in this Report) / Bank's Secretarial and Investor Services team for obtaining the unclaimed dividends standing in their names.

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

Details of shares lying in Unclaimed Suspense Account as on March 31, 2017, are as follows:

Particulars	Folios	Shares
Opening Balance as on April 1, 2016	827	2,81,142
Add: Transfer during the year 2016-17	0	0
Less: Claim received and shares transferred	26	11,166
Closing Balance as on March 31, 2017	**801**	**2,69,976**

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

ANNEXURE TO THE CORPORATE GOVERNANCE REPORT

Declaration on compliance with the Code of Ethics and Conduct for Directors and Senior Management

In compliance with Regulation 26(3) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all Directors and Senior Management personnel of the Bank have affirmed compliance with the Code of Ethics and Conduct for Directors and Senior Management for the year ended March 31, 2017.

For IndusInd Bank Limited

Place: Mumbai
Date: May 9, 2017

Romesh Sobti
Managing Director & CEO

Independent Auditors' Report

To the Members of IndusInd Bank Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of IndusInd Bank Limited (the "Bank"), which comprise the Balance Sheet as at March 31, 2017, and the Profit and Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Board of Directors of the Bank are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time as applicable to banks. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder, including the accounting standards, provisions of Section 29 of the Banking Regulation Act, 1949, circulars and guidelines issued by RBI as applicable to Banks and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Board of Directors of the Bank, as well as evaluating the overall presentation of the standalone financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying standalone financial statements together with the notes thereon give the information required by provisions of Section 29 of the Banking Regulation Act, 1949 as well as the Act and circulars and guidelines issued by the Reserve Bank of India, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Bank as at March 31, 2017 and its profit and its cash flow for the year then ended.

Report on Other Legal and Regulatory Requirements

9. In our opinion, the Balance Sheet, Profit and Loss Account, and Cash Flow Statement dealt with by this report have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with applicable provisions of Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

10. As required by Section 143(3) of the Act and Section 30 of the Banking Regulation Act, 1949 we report that:

a) We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

b) The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank;

c) During the course of our audit we have visited 34 branches to examine the books of account and other records maintained at the branch and performed other relevant audit procedures. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out at Mumbai and Chennai as all the necessary records and data required for the purposes of our audit are available therein;

d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

e) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

f) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by RBI;

g) On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act;

h) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

i) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

i. The Bank has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its standalone financial statements – Refer Schedule 12 and Note 9.4 in Schedule 18;

ii. The Bank has made provision as at March 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 9.5 in Schedule 18;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank during the year ended March 31, 2017;

iv. The disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30th March 2017 is not applicable to the Bank – Refer Note 14 in Schedule 18.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number : 012754N/N500016
Chartered Accountants

Russell I Parera
Partner
Membership Number : 042190

Place : Mumbai
Date : April 19, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(h) of the Independent Auditors' Report of even date to the members of IndusInd Bank Limited on the standalone financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of IndusInd Bank Limited ("the Bank") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (Act).

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that,

in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number : 012754N/N500016
Chartered Accountants

Russell I Parera
Partner
Membership Number : 042190

Place : Mumbai
Date : April 19, 2017

Balance Sheet as at March 31, 2017

	SCHEDULE	As at 31.03.2017	₹ in '000s As at 31.03.2016
CAPITAL AND LIABILITIES			
Capital	1	598,14,87	594,98,63
Employee Stock Options Outstanding	18(Note 10.2)	15,20,07	13,76,64
Reserves and Surplus	2	20032,77,15	17087,22,27
Deposits	3	126572,22,28	93000,34,61
Borrowings	4	22453,69,43	24995,86,48
Other Liabilities and Provisions	5	8976,37,58	7204,80,65
TOTAL		**178648,41,38**	**142896,99,28**
ASSETS			
Cash and Balances with Reserve Bank of India	6	7748,74,71	4521,04,05
Balances with Banks and Money at Call and Short Notice	7	10879,50,71	5590,83,10
Investments	8	36702,13,82	34054,31,47
Advances	9	113080,50,76	88419,34,19
Fixed Assets	10	1335,23,28	1255,32,39
Other Assets	11	8902,28,10	9056,14,08
TOTAL		**178648,41,38**	**142896,99,28**
Contingent Liabilities	12	406387,19,15	285101,32,08
Bills for Collection		19006,90,91	13760,84,54
Significant Accounting Policies	17		
Notes to the financial statements	18		

The schedules referred to above form an integral part of the Balance Sheet.

The Balance Sheet has been prepared in conformity with Form A of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date.

For INDUSIND BANK LTD.

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N / N500016

R. Seshasayee
Chairman

T. Anantha Narayanan
Director

Russell I Parera
Partner
Membership No : 042190

Romesh Sobti
Managing Director

Place : Mumbai
Date : April 19, 2017

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Profit and Loss Account for the year ended March 31, 2017

		SCHEDULE	Year ended 31.03.2017	₹ in '000s Year ended 31.03.2016
I.	**INCOME**			
	Interest Earned	13	14405,67,03	11871,74,37
	Other Income	14	4171,49,22	3296,94,62
	TOTAL		**18577,16,25**	**15168,68,99**
II.	**EXPENDITURE**			
	Interest Expended	15	8343,06,61	7355,17,13
	Operating Expenses	16	4783,07,58	3672,10,09
	Provisions and Contingencies	18(Note 12.1)	2583,12,79	1854,96,76
	TOTAL		**15709,26,98**	**12882,23,98**
III.	**PROFIT**			
	Net Profit for the year		2867,89,27	2286,45,01
	Profit brought forward		5013,45,32	3664,01,65
	TOTAL		**7881,34,59**	**5950,46,66**
IV.	**APPROPRIATIONS**			
	Transfer to			
	a) Statutory Reserve		716,97,32	571,61,25
	b) Capital Reserve		45,53,66	13,21,00
	c) Investment Reserve Account		-	-
	d) Proposed Dividend (includes tax on dividend) [Refer Schedule 18 (Note 12.4)]		45,54	352,19,09
			762,96,52	937,01,34
	Balance carried over to the Balance Sheet		7118,38,07	5013,45,32
	TOTAL		**7881,34,59**	**5950,46,66**
V.	**EARNINGS PER EQUITY SHARE**			
	(Face value of ₹10/- per share)			
	Basic (₹)	18(Note 11.5)	48.06	39.68
	Diluted (₹)	18(Note 11.5)	47.56	39.26
	Significant Accounting Policies	17		
	Notes to the financial statements	18		

The schedules referred to above form an integral part of the Profit and Loss Account.

The Profit and Loss Account has been prepared in conformity with Form B of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date.

For INDUSIND BANK LTD.

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N / N500016

R. Seshasayee
Chairman

T. Anantha Narayanan
Director

Russell I Parera
Partner
Membership No : 042190

Romesh Sobti
Managing Director

Place : Mumbai
Date : April 19, 2017

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Cash Flow Statement for the year ended March 31, 2017

		₹ in '000s Year ended 31.03.2017	Year ended 31.03.2016
A.	**Cash Flow from Operating Activities**		
	Net Profit before taxation	**4359,68,85**	**3469,26,11**
	Adjustments for :		
	Depreciation on Fixed Assets	190,69,88	156,51,93
	(Appreciation) / Depreciation on Investments	31,36,39	29,51,23
	Employees Stock Option Expenses	3,28,93	2,22,46
	Loan Loss and Other Provisions	1059,96,81	642,64,44
	Amortisation of premium on HTM investments	78,50,86	36,33,24
	(Profit) / Loss on sale of Fixed Assets	(3,14,57)	(6,98,95)
	Operating Profit before Working Capital changes	**5720,37,15**	**4329,50,46**
	Adjustments for :		
	(Increase) / Decrease in Advances	(25721,13,37)	(20273,78,73)
	(Increase) / Decrease in Investments	(2757,69,60)	(4540,82,15)
	(Increase) / Decrease in Other Assets	546,84,11	(705,99,49)
	Increase / (Decrease) in Deposits	33571,87,67	18865,98,19
	Increase / (Decrease) in Other Liabilities	2093,81,94	747,03,26
	Cash generated from / (used in) Operations	**13454,07,90**	**(1578,08,46)**
	Direct Taxes paid (net of refunds)	(1884,77,71)	(1348,84,10)
	Net Cash generated from / (used in) Operating Activities	**11569,30,19**	**(2926,92,56)**
B.	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets (including WIP)	(287,18,59)	(269,02,26)
	Proceeds from sale of Fixed Assets	13,54,86	11,50,78
	Net Cash used in Investing Activities	**(273,63,73)**	**(257,51,48)**
C.	**Cash Flow from Financing Activities**		
	Proceeds from issue of equity shares (net of issue expenses)	96,62,24	5125,19,57
	Proceeds from issue of Long Term Infrastructure Bonds	1500,00,00	-
	Dividends paid	(322,70,55)	(284,83,42)
	Proceeds from Perpetual Debt instruments	1000,00,00	-
	Redemption of Sub-ordinated Tier II capital	(308,90,00)	(535,00,00)
	Increase / (Decrease) in Borrowings	(4733,27,06)	(1788,19,15)
	Net Cash generated from / (used in) Financing Activities	**(2768,25,37)**	**2517,17,00**
	Effect of exchange fluctuation translation reserve	**(11,02,82)**	**-**
	Net Increase / (Decrease) in Cash and Cash Equivalents	**8516,38,27**	**(667,27,04)**
	Cash and Cash Equivalents at the beginning of the year	**10111,87,15**	**10779,14,19**
	Cash and Cash Equivalents at the end of the year	**18628,25,42**	**10111,87,15**

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements.
2. Figures in bracket indicate cash outflow.
3. Cash and cash equivalents comprises of Cash in Hand and Balances with RBI (Schedule 6) and Balances with Banks and Money at Call and Short Notice (Schedule 7).

As per our report of even date.

For INDUSIND BANK LTD.

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N / N500016

R. Seshasayee
Chairman

T. Anantha Narayanan
Director

Russell I Parera
Partner
Membership No : 042190

Romesh Sobti
Managing Director

Place : Mumbai
Date : April 19, 2017

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Schedules

	As at 31.03.2017	₹ in '000s As at 31.03.2016
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		
59,81,48,705 (previous year 59,49,86,335) equity shares of ₹ 10 each	**598,14,87**	**594,98,63**
Paid up Capital		
59,81,48,705 (previous year 59,49,86,335) equity shares of ₹ 10 each	598,14,87	594,98,63
[Refer Schedule 18 (Note 1.1)]		
TOTAL	**598,14,87**	**594,98,63**
SCHEDULE - 2 RESERVES AND SURPLUS		
I Statutory Reserve		
Opening balance	2205,79,68	1634,18,43
Additions during the year	716,97,32	571,61,25
	2922,77,00	**2205,79,68**
II Share Premium Account		
Opening balance	9274,10,55	4211,93,46
Additions during the year	95,31,50	5112,84,48
Less: Share issue expenses	-	(50,67,39)
	9369,42,05	**9274,10,55**
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	170,21,21	157,00,21
Additions during the year	45,53,66	13,21,00
	215,74,87	**170,21,21**
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**

Schedules (Contd.)

				₹ in '000s
			As at 31.03.2017	As at 31.03.2016
VII	**Revaluation Reserve**			
	Opening balance		380,76,96	391,00,81
	Deductions during the year		(6,17,53)	(10,23,85)
			374,59,43	**380,76,96**
VIII	**Foreign Currency Translation Reserve**			
	Opening balance		-	-
	Debits during the year		(11,02,82)	-
			(11,02,82)	**-**
IX	**Balance in the Profit and Loss Account**		**7118,38,07**	**5013,45,32**
		TOTAL	**20032,77,15**	**17087,22,27**
SCHEDULE - 3 DEPOSITS				
A	**I**	**Demand Deposits**		
	i)	From Banks	991,32,40	567,66,73
	ii)	From Others	18617,48,76	14910,35,03
	II	**Savings Bank Deposits**	27037,23,23	17246,24,53
	III	**Term Deposits**		
	i)	From Banks	7328,65,30	5001,20,36
	ii)	From Others	72597,52,59	55274,87,96
		TOTAL	**126572,22,28**	**93000,34,61**
B	**Deposits of Branches**			
	I	In India	126572,22,28	93000,34,61
	II	Outside India	-	-
		TOTAL	**126572,22,28**	**93000,34,61**
SCHEDULE - 4 BORROWINGS				
I	**Borrowings in India**			
	i)	Reserve Bank of India	-	2840,00,00
	ii)	Other Banks	2367,48,93	4769,68,99
	iii)	Other Institutions and Agencies	13500,00,00	14622,75,24
	iv)	Unsecured Non-Convertible Redeemable Non-Cumulative Bonds (Subordinated Upper Tier-2 Bonds)	-	308,90,00
	v)	Long Term Infrastructure Bonds	2000,00,00	500,00,00
	vi)	Unsecured Non-Convertible Perpetual Non-Cumulative Bonds (Subordinated Debt qualifying as Additional Tier 1 Capital)	1000,00,00	-
II	**Borrowings outside India**		3586,20,50	1954,52,25
		TOTAL	**22453,69,43**	**24995,86,48**
	Secured borrowings included in I & II above		-	-

Schedules (Contd.)

			₹ in '000s
		As at 31.03.2017	As at 31.03.2016
SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS			
I	Inter-office Adjustments (Net)	242,39,32	126,86,21
II	Bills Payable	600,34,85	520,03,19
III	Interest Accrued	947,61,27	789,19,18
IV	Proposed Dividend [Refer Schedule 18 (Note 12.4)]	-	322,25,01
V	Others [Refer Schedule 18 (Note 4.11) for Standard Assets Provisions]	7186,02,14	5446,47,06
	TOTAL	**8976,37,58**	**7204,80,65**
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I	Cash in hand (including foreign currency notes)	1135,52,11	739,52,90
II	Balances with Reserve Bank of India		
	i) In Current Account	6613,22,60	3781,51,15
	ii) In Other Accounts	-	-
	TOTAL	**7748,74,71**	**4521,04,05**
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I	**In India**		
	i) Balances with Banks		
	a) In Current Accounts	323,86,22	454,27,01
	b) In Other Deposit Accounts	2333,96,50	3059,52,75
	ii) Money at Call and Short Notice - With Other Institutions	6300,00,00	-
	TOTAL	**8957,82,72**	**3513,79,76**
II	**Outside India**		
	i) In Current Accounts	467,74,28	751,93,34
	ii) In Other Deposit Accounts	805,43,70	-
	iii) Money at Call and Short Notice	648,50,01	1325,10,00
	TOTAL	**1921,67,99**	**2077,03,34**
	GRAND TOTAL	**10879,50,71**	**5590,83,10**
SCHEDULE - 8 INVESTMENTS			
I	**In India**		
	Gross Value	36789,86,48	34110,67,74
	Less : Aggregate of provision / depreciation	87,72,66	56,36,27
	Net value of Investments in India	**36702,13,82**	**34054,31,47**

Schedules (Contd.)

			₹ in '000s	
			As at 31.03.2017	As at 31.03.2016
	Comprising :			
	i)	Government securities*	31452,34,18	28108,03,95
	ii)	Other approved securities	-	-
	iii)	Shares	161,24,61	41,32,83
	iv)	Debentures and bonds	2524,57,26	1812,88,69
	v)	Subsidiaries and / or Joint Ventures	-	-
	vi)	Others - Security Receipts, Pass Through Certificates, Units of schemes of Mutual Funds, Venture Capital Funds and Others	2563,97,77	4092,06,00
II	**Outside India**		-	-
		TOTAL	**36702,13,82**	**34054,31,47**

*Includes securities of ₹ 275.02 crores (previous year ₹ 403.18 crores) pledged for clearing facility and margin requirements.

SCHEDULE - 9 ADVANCES

A	i)	Bills Purchased and Discounted	4031,26,82	869,52,78
	ii)	Cash Credits, Overdrafts and Loans Repayable on Demand	33010,05,62	23144,94,88
	iii)	Term Loans	76039,18,32	64404,86,53
		TOTAL	**113080,50,76**	**88419,34,19**
B	i)	Secured by Tangible Assets (includes advances against book debts)	96573,78,66	76778,24,12
	ii)	Covered by Bank / Government Guarantees (includes advances against L/Cs issued by Banks)	2215,14,18	1125,55,91
	iii)	Unsecured	14291,57,92	10515,54,16
		TOTAL	**113080,50,76**	**88419,34,19**
C	I)	Advances in India		
		i) Priority Sector	34821,02,43	28066,51,54
		ii) Public Sector	1655,03,58	808,25,51
		iii) Banks	48,08	29,69
		iv) Others	74886,79,76	59544,27,45
		TOTAL	**111363,33,85**	**88419,34,19**
	II)	Advances Outside India	1717,16,91	-
		TOTAL	**113080,50,76**	**88419,34,19**

Schedules (Contd.)

			₹ in '000s
		As at 31.03.2017	As at 31.03.2016
SCHEDULE - 10 FIXED ASSETS			
I	**Premises**		
i)	At cost, as at the beginning of the year	590,01,82	595,92,11
ii)	Additions during the year	-	-
		590,01,82	595,92,11
iii)	Less : Deductions during the year	3,43,11	5,90,29
iv)	Less : Depreciation to date [Refer Schedule No. 18(9.14)]	74,95,41	66,72,06
	TOTAL	**511,63,30**	**523,29,76**
II	**Other Fixed Assets (including furniture and fixtures)**		
i)	At cost, as at the beginning of the year	1465,63,13	1232,41,88
ii)	Additions during the year	296,22,64	269,56,04
		1761,85,77	1501,97,92
iii)	Less : Deductions during the year	26,48,75	36,34,79
iv)	Less : Depreciation to date [Refer Schedule 18 (Note 9.14)]	940,20,75	771,08,26
	TOTAL	**795,16,27**	**694,54,87**
III	**Capital Work in Progress**	28,43,71	37,47,76
	GRAND TOTAL	**1335,23,28**	**1255,32,39**
SCHEDULE - 11 OTHER ASSETS			
I	Interest Accrued	917,41,89	962,60,98
II	Tax paid in advance / Tax deducted at source (net of provision)	686,69,35	456,98,06
III	Stationery and Stamps	1,54,43	40,35
IV	Non-banking assets acquired in satisfaction of claims	29,68,73	45,52,82
V	Others [Deferred Tax Assets (Refer Schedule 18 (Note 11.6))]	7266,93,70	7590,61,87
	TOTAL	**8902,28,10**	**9056,14,08**
SCHEDULE - 12 CONTINGENT LIABILITIES			
I	Claims against the Bank not acknowledged as debts	522,68,84	648,59,09
II	Liability on account of outstanding Forward Exchange Contracts	215013,20,26	143761,31,22
III	Liability on account of outstanding Derivative Contracts	138028,58,33	99741,53,69
IV	Guarantees given on behalf of constituents		
-	In India	38903,46,44	32722,19,60
-	Outside India	60,82,61	-
V	Acceptances, Endorsements and Other Obligations	12739,47,55	6512,09,48
VI	Other Items for which the Bank is contingently liable	1118,95,12	1715,59,00
	TOTAL	**406387,19,15**	**285101,32,08**

Schedules (Contd.)

		₹ in '000s Year ended 31.03.2017	Year ended 31.03.2016
SCHEDULE - 13 INTEREST EARNED			
I	Interest / Discount on Advances / Bills	11479,10,87	9244,55,57
II	Income on Investments	2466,88,91	2067,02,24
III	Interest on Balances with RBI and Other Inter-Bank Funds	330,83,18	413,19,79
IV	Others	128,84,07	146,96,77
	TOTAL	**14405,67,03**	**11871,74,37**
SCHEDULE - 14 OTHER INCOME			
I	Commission, Exchange and Brokerage	2895,34,09	2231,47,71
II	Profit / (Loss) on Sale of Investments (Net)	276,91,92	145,25,65
III	Profit / (Loss) on Sale of Land, Buildings and Other Assets (Net)	3,14,57	6,98,95
IV	Profit on exchange transactions / Derivatives (Net)	919,51,71	836,99,93
V	Income earned by way of dividend from companies in India	30,80	3,39,65
VI	Miscellaneous Income	76,26,13	72,82,73
	TOTAL	**4171,49,22**	**3296,94,62**
SCHEDULE - 15 INTEREST EXPENDED			
I	Interest on Deposits	6931,27,54	5708,78,69
II	Interest on Reserve Bank of India / Inter-Bank Borrowings	341,28,83	563,49,00
III	Other Interest	1070,50,24	1082,89,44
	TOTAL	**8343,06,61**	**7355,17,13**
SCHEDULE - 16 OPERATING EXPENSES			
I	Payments to and Provisions for Employees	1521,02,16	1236,08,80
II	Rent, Taxes and Lighting (includes operating lease rentals)	326,56,01	271,32,58
III	Printing and Stationery	63,06,99	49,45,74
IV	Advertisement and Publicity	50,33,60	21,01,43
V	Depreciation on Bank's Property	190,69,88	156,51,93
VI	Directors' Fees, Allowances and Expenses	2,71,53	1,30,95
VII	Auditors' Fees and Expenses	2,08,63	1,42,24
VIII	Law Charges	42,42,54	44,76,42
IX	Postage, Telegrams, Telephones, etc.	134,78,55	111,00,91
X	Repairs and Maintenance	255,14,69	201,67,45
XI	Insurance	137,57,00	103,35,29
XII	Service Provider Fees	381,26,30	334,39,88
XIII	Other Expenditure	1675,39,70	1139,76,47
	TOTAL	**4783,07,58**	**3672,10,09**

Schedule 17
Significant Accounting Policies

1. General

1.1 IndusInd Bank Limited ("the Bank") was incorporated in 1994 under the Companies Act, 1956 and is licensed by the Reserve Bank of India (RBI) to operate as a commercial bank under the Banking Regulation Act, 1949. The Bank is publicly held and provides a wide range of banking products and financial services to corporate and retail clients besides undertaking treasury operations. The Bank operates in India including at the International Financial Service Centres in India, and does not have a branch in any foreign country.

1.2 The accompanying financial statements have been prepared under the historical cost convention except where otherwise stated, and in accordance with statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013 (the Act) and practices prevailing within the banking industry in India.

1.3 The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Any revision to accounting estimates is recognised prospectively in current and future periods.

2. Transactions involving Foreign Exchange

2.1 Monetary assets and liabilities of domestic and integral foreign operations denominated in foreign currency are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are recognised in the Profit and Loss account.

2.2 Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

2.3 Both monetary and non-monetary assets and liabilities of non-integral foreign operations are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are accumulated in the foreign currency translation reserve until disposal of the net investment in the non-integral foreign operation.

2.4 All foreign exchange contracts outstanding at the Balance Sheet date are re-valued on present value basis and the resulting gains or losses are recognised in the Profit and Loss account.

2.5 Swap Cost arising on account of foreign currency swap contracts to convert foreign currency funded liabilities and assets into rupee liabilities and assets is amortised to the Profit and Loss account under the head 'Interest – Others' over the underlying swap period.

2.6 Income and expenditure of domestic and integral foreign operations denominated in a foreign currency is translated at the rates of exchange prevailing on the date of the transaction. Income and expenditure of non-integral foreign operations is translated at quarterly average closing rates.

2.7 Contingent liabilities at the Balance Sheet date on account of outstanding forward foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in a foreign currency are stated at the closing rates of exchange notified by the FEDAI.

3. Investments

Significant accounting policies in accordance with RBI guidelines are as follows:

3.1 Categorisation of Investments:

The Bank classifies its investment at the time of purchase into one of the following three categories:

(i) **Held to Maturity (HTM)** – Securities acquired with the intention to hold till maturity.

(ii) **Held for Trading (HFT)** – Securities acquired with the intention to trade.

(iii) **Available for Sale (AFS)** – Securities which do not fall within the above two categories.

Subsequent shifting amongst the categories is done in accordance with RBI guidelines.

3.2 Classification of Investments:

For the purpose of disclosure in the Balance Sheet, investments are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures, and (vi) Other Investments.

3.3 Acquisition cost:

(i) Broken period interest on debt instruments is treated as a revenue item.

(ii) Brokerage, commission, etc. pertaining to investments, paid at the time of acquisition is charged to the Profit and Loss account.

(iii) Cost of investments is computed based on the weighted average cost method.

3.4 Valuation of Investments:

(i) **Held to Maturity** – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortised over the balance period to maturity. The amortized amount is classified under Interest earned – Income on investments (Item II of Schedule 13). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each investment individually.

(ii) **Held for Trading** – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.

(iii) **Available for Sale** – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.

(iv) Market value of government securities (excluding treasury bills) is determined on the basis of the prices / YTM declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association (FIMMDA).

(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 and spreads provided by FIMMDA.

(vii) Quoted equity shares are valued at lower of cost and the closing price on a recognised stock exchange. Unquoted equity shares are valued at their break-up value or at ₹ 1/- per company where the latest Balance Sheet is not available.

(viii) Units of the schemes of mutual funds are valued at the lower of cost and Net Asset Value (NAV) provided by the respective schemes of mutual funds.

(ix) Investments in equity shares held as long-term investments by erstwhile IndusInd Enterprises & Finance Limited and Ashok Leyland Finance Limited (since merged with the Bank) are valued at cost and classified as part of HTM category. Provision towards diminution in the value of such long-term investments is made only if the diminution in value is not temporary in the opinion of management.

(x) Security Receipts (SR) are valued at the lower of redemption value and NAV obtained from the Securitisation Company (SC) / Reconstruction Company (RC).

(xi) Purchase and sale transaction in securities are recorded under Settlement Date method of accounting, except in the case of the equity shares where Trade Date method of accounting is followed.

(xii) Provision for non-performing investments is made in conformity with RBI guidelines.

(xiii) Repurchase (Repo) and Reverse Repurchase (Reverse Repo) transactions (including transactions under Liquidity Adjustment Facility (LAF) with RBI) are accounted for as collateralised borrowing and lending respectively. On completion of the second leg of the Repo or Reverse Repo transaction, the difference between the consideration amounts is reckoned as Interest Expenditure or Income, as the case may be. Amounts outstanding in Repo and Reverse Repo account as at the Balance Sheet date is shown as part of Borrowings and Money at Call and at Short Notice respectively, and the accrued expenditure and income till the Balance Sheet date is recognised in the Profit and Loss account.

(xiv) In respect of the short sale transactions in Central Government dated securities, the short position is covered by outright purchase of an equivalent amount of the same security within a maximum period of three months including the day of trade. The short position is reflected as the amount received on sale in a separate account and is classified under 'Other Liabilities'. The short position is marked to market and loss, if any, is charged to the Profit and Loss account, while gain, if any, is not recognised. Profit / loss on settlement of the short position is recognised in the Profit and Loss account.

(xv) Profit in respect of investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account.

(xvi) In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve Account (IRA).

The balance in IRA account is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.

3.5 Investments in unquoted units of Venture Capital Funds (VCF) are categorised under HTM category for initial period of three years and valued at cost as per RBI guidelines. Units of VCF held under AFS category where current quotations are not available are marked to market based on the Net Asset Value (NAV) shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1/- per VCF.

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 / 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 / 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 / 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 / liability.

4.4 Premium paid and received on currency options is accounted when due in the Profit and Loss Account.

4.5 Fair value of derivative is determined with reference to bid / asks quoted market price or by using valuation models. Where the fair value is calculated using valuation models, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to the present value. The valuation takes into consideration all relevant market factors (e.g. prices, interest rate, currency exchange rates, volatility, liquidity etc.). Most market parameters are either are directly observable or are implied from instrument prices. The model may perform numerical procedures in the pricing such as interpolation when input values do not directly correspond to the most actively traded market trade parameters.

4.6 Provisioning of overdue customer receivable on derivative contracts is made as per RBI guidelines.

5. Advances

5.1 Advances are classified as per RBI guidelines into standard, sub-standard, doubtful and loss assets after considering subsequent recoveries to date.

5.2 Specific provisions for non-performing advances and floating provisions are made in conformity with RBI guidelines. In addition the Bank considers accelerated provisioning based on past experience, evaluation of securities and other related factors.

5.3 A general provision on standard assets is made in accordance with RBI guidelines. Provision made against standard assets is included in 'Other Liabilities and Provisions'.

5.4 Advances are disclosed in the Balance Sheet, net of provisions and interest suspended for non-performing advances, and floating provisions.

5.5 Advances exclude derecognised securitised advances, inter-bank participation certificates issued and bills rediscounted.

5.6 Amounts recovered during the year against bad debts written off in earlier years are recognised in the Profit and Loss account.

5.7 Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are written back to the Profit and Loss account to the extent such provisions were charged to the Profit and Loss account.

5.8 For restructured / rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. The restructured accounts are classified in accordance with RBI guidelines, including special dispensation wherever allowed.

6. Securitisation transactions and direct assignments

6.1 The Bank transfers its loan receivables both through Direct Assignment route as well as transfer to Special Purpose Vehicles ('SPV').

6.2 The securitization transactions are without recourse to the Bank. The transferred loans and such securitized receivables are de-recognised as and when these are sold (true sale criteria being fully met) and the consideration has been received by the Bank. Gains / losses are recognised only if the Bank surrenders the rights to the benefits specified in the loan contracts.

6.3 In terms of RBI guidelines, profit / premium arising on account of sale of standard assets, being the difference between the sale consideration and book value, is amortized over the life of the securities issued by the Special Purpose Vehicles (SPV). Any loss arising on account of the sale is recognised in the Profit and Loss account in the period in which the sale occurs.

6.4 In case of sale of non-performing assets through securitization route to SC / RC by way of assignment of debt against issuance of SRs, the recognition of sale and accounting of profit and loss thereon is done in accordance with applicable RBI guidelines. Generally, the sale is recognised at the lower of redemption value of SR and the Net Book Value (NBV) of the financial asset sold, and the surplus is recognised in the Profit and Loss Account; shortfall if any, is charged to the Profit and Loss account subject to regulatory forbearance, if any, allowed from time to time. Profit or loss realized on ultimate redemption of the SR is recognised in the Profit and Loss Account.

7. Property, Plant and Equipment

7.1 Fixed assets are stated at cost (except in the case of premises which were re-valued based on values determined by approved valuers) less accumulated depreciation and impairment, if any. Cost includes incidental expenditure incurred on the assets before they are ready for intended use.

7.2 The appreciation on account of revaluation is credited to Revaluation Reserve. Depreciation relating to revaluation is adjusted against the Revaluation Reserve.

7.3 Depreciation is provided over the useful life of the assets, *pro rata* for the period of use, on a straight-line method. The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable. Pursuant to this policy, the useful life estimates in respect of the following assets are as follows:

(a) Computers at 3 years.

(b) Application software and perpetual software licences at 5 years.

(c) Printers, Scanners, Routers, Switch at 5 years.

(d) ATMs at 7 years.

(e) Network cabling, Electrical Installations, Furniture and Fixtures, Other Office Machinery at 10 years.

(f) Vehicles at 5 years.

(g) Buildings at 60 years.

The useful life of an asset class is periodically assessed taking into account various criteria such as changes in technology, changes in business environment, utility and efficacy of an asset class to meet with intended user needs, etc. Whenever there is a revision in the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

7.4 The carrying amount of fixed assets is reviewed at the Balance Sheet date to determine if there are any indications of impairment based on internal / external factors. In case of impaired assets, the impairment loss i.e. the amount by which the carrying amount of the asset exceeds its recoverable value is charged to the Profit and Loss account to the extent the carrying amount of assets exceeds its estimated recoverable amount.

8. Revenue Recognition

8.1 Interest and discount income on performing assets is recognised on accrual basis. Interest and discount income on non-performing assets is recognised on realisation.

8.2 Interest on Government securities, debentures and other fixed income securities is recognised on a period proportion basis. Income on discounted instruments is recognised over the tenor of the instrument on a constant Yield to Maturity method.

8.3 Dividend income is accounted on accrual basis when the right to receive dividend is established.

8.4 Commission (except for commission on Deferred Payment Guarantees which is recognised over the term on a straight line basis), Exchange and Brokerage are recognised on a transaction date and net of directly attributable expenses.

8.5 Fees are recognised on an accrual basis when binding obligation to recognise the fees has arisen as per agreement, except in cases where the Bank is uncertain of realisation.

8.6 Income from distribution of third party products is recognised on the basis of business booked.

9. Operating Leases

9.1 Lease rental obligations in respect of assets taken on operating lease are charged to the Profit and Loss account on a straight-line basis over the lease term.

9.2 Assets given under leases in respect of which all the risks and benefits of ownership are effectively retained by the Bank are classified as operating leases. Lease rentals received under operating leases are recognised in the Profit and Loss account as per the terms of the contracts.

10. Employee Benefits

10.1 The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the year is recognised on the basis of actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Payment obligations under the Group Gratuity scheme are managed through purchase of appropriate policies from insurers.

10.2 Provident Fund contributions are made under trusts separately established for the purpose and the scheme administered by Regional Provident Fund Commissioner (RPFC), as applicable. The rate at which the annual interest is payable to the beneficiaries by the trusts is being administered by the government. The Bank has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the notified interest rates. Actuarial valuation of this Provident Fund Interest shortfall is done as per the guidance note on Valuation of Interest Rate Guarantees on Exempt Provident Funds under AS 15 (Revised) issued by the Institute of Actuaries of India, and such shortfall, if any, is provided for.

10.3 Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method.

10.4 Intrinsic value method is applied to account for the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which the quoted market price of the underlying shares on the grant date exceeds the exercise price of the options. Accordingly, such compensation cost is amortized over the vesting period.

11. Segment Reporting

In accordance with the guidelines issued by RBI, the Bank has adopted Segment Reporting as under:

(a) Treasury includes all investment portfolios, Profit / Loss on sale of Investments, Profit / Loss on foreign exchange transactions, equities, income from derivatives and money market operations. The expenses of this segment consist of interest expenses on funds borrowed from external sources as well as internal sources and depreciation / amortisation of premium on Held to Maturity category investments.

(b) Corporate / Wholesale Banking includes lending to and deposits from corporate customers and identified earnings and expenses of the segment.

(c) Retail Banking includes lending to and deposits from retail customers and identified earnings and expenses of the segment.

(d) Other Banking Operations includes all other operations not covered under Treasury, Corporate / Wholesale Banking and Retail Banking.

Unallocated includes Capital and Reserves, Employee Stock Options (Grants) Outstanding and other unallocable assets, liabilities, income and expenses.

12. Debit and Credit Card reward points liability

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

Tax expenses comprise of current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised, in general, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized; where there are unabsorbed depreciation and / or carry forward of losses

under tax laws, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realized against future taxable income. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

15. Earnings per share

Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as at end of the year.

16. Provisions, contingent liabilities and contingent assets

16.1 A provision is recognised when there is an obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

16.2 A disclosure of contingent liability is made when there is:

(a) A possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the bank; or

(b) A present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

16.3 When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

16.4 Contingent assets are not recognised or disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the assets and related income are recognised in the period in which the change occurs.

17. Cash and Cash equivalents

Cash and cash equivalents comprises of Cash in Hand and Balances with RBI and Balances with Banks and Money at Call and Short Notice.

Schedule 18
Notes forming part of the financial statements

1. Capital:

1.1 Capital Issue:

During the year ended March 31, 2017, 31,62,370 equity shares aggregating to ₹ 96.62 crores were allotted on various dates to the employees who exercised their stock options.

During the year ended March 31, 2016, through a Qualified Institutions Placement (QIP), 5,12,18,640 equity shares of ₹ 10/- each were allotted at a price of ₹ 845.00 per share aggregating to ₹ 4,327.98 crores. Further, the promoters of the Bank were allotted 87,81,360 equity shares of ₹ 10/- each at a price of ₹ 857.20 per share, aggregating to ₹ 752.74 crores through a Preferential Allotment. Besides, 55,36,126 equity shares aggregating to ₹ 95.14 crores were allotted on various dates to the employees who exercised their stock options.

1.2 Capital Adequacy Ratio:

The Bank computes Capital Adequacy Ratio as per Basel III Capital Regulations issued by RBI, which became applicable to the Bank with effect from April 1, 2013.

Under Basel III Capital Regulations, on an on-going basis, the Bank has to maintain a Minimum Total Capital (MTC) of 10.25% (previous year 9.625%) including Capital Conversion Buffer (CCB) at 1.25% (previous year 0.625%), of the total risk weighted assets (RWA). Out of the MTC, at least 6.75% (previous year 6.125%), including 1.25% (previous year 0.625%) towards CCB, shall be from Common Equity Tier 1 (CET1) capital and at least 7.00% (previous year 7.00%) from Tier 1 capital. The capital adequacy ratio of the Bank is set out below:

(₹ in crores)

No.	Particulars	March 31, 2017	March 31, 2016
1.	Common Equity Tier 1 capital ratio	14.02%	14.92%
2.	Tier 1 capital ratio	14.72%	14.92%
3.	Tier 2 capital ratio	0.59%	0.58%
4.	Total Capital ratio (CRAR)	15.31%	15.50%
5.	Amount of equity capital raised	96.62	5,175.86
6.	Amount of Additional Tier 1 capital raised; of which	1,000.00	-
	Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
	Perpetual Debt Instruments (PDI)	1,000.00	-
7.	Amount of Tier 2 capital raised; of which	-	-
	Debt capital instrument	-	-
	Preference Share Capital Instruments [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-	-

2. Investments:

2.1 Details of Investments:

(₹ in crores)

No.	Particulars	March 31, 2017	March 31, 2016
(1)	Value of Investments		
	(i) Gross value of Investments	36,789.86	34,110.67
	(a) In India	36,789.86	34,110.67
	(b) Outside India	-	-
	(ii) Provisions for Depreciation	87.72	56.36
	(a) In India	87.72	56.36
	(b) Outside India	-	-
	(iii) Net value of Investments	36,702.14	34,054.31
	(a) In India	36,702.14	34,054.31
	(b) Outside India	-	-
(2)	Movement in provisions held towards depreciation on Investments		
	(i) Opening balance	56.36	26.85
	(ii) Add: Provision made during the year	31.36	29.51
	(iii) Less: Write-off / (write-back) of excess provisions during the year	-	-
	(iv) Closing balance	87.72	56.36

2.2 Category wise details of Investments (Net of provision for depreciation):

(₹ in crores)

No.	Particulars	As at March 31, 2017			As at March 31, 2016		
		HTM	AFS	HFT	HTM	AFS	HFT
(i)	Government securities	26,259.13	5,193.21	-	20,138.32	7,969.71	-
(ii)	Other approved securities	-	-	-	-	-	-
(iii)	Shares	4.75	156.50	-	4.75	36.58	-
(iv)	Debentures and bonds	-	2,524.57	-	-	1,812.89	-
(v)	Subsidiaries and / or Joint Ventures	-	-	-	-	-	-
(vi)	Others - Security Receipts, Pass Through Certificates, investment in units of Mutual Funds, Commercial Paper, Venture Capital, etc.	67.50	2,496.48	-	20.00	4,072.06	-
	Total	**26,331.38**	**10,370.76**	-	**20,163.07**	**13,891.24**	**-**

2.3 Details of Repo / Reverse Repo including under Liquidity Adjustment Facility (LAF) transactions (in face value terms):

(₹ in crores)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Balance as at the year end
Year ended March 31, 2017				
Securities sold under repo				
(i) Government Securities	5.72	5,934.94	2,488.52	-
(ii) Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo				
(i) Government Securities	100.00	16,900.00	1,754.75	6,300.00
(ii) Corporate Debt Securities	-	-	-	-
Year ended March 31, 2016				
Securities sold under repo				
(i) Government Securities	35.06	6,745.81	3,959.85	4,544.98
(ii) Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo				
(i) Government Securities	75.00	1,863.40	129.83	-
(ii) Corporate Debt Securities	-	-	-	-

2.4 Issuer composition of Non-SLR investments as at March 31, 2017:

(₹ in crores)

No.	Issuer	Amount(1)	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities(2)	Extent of 'unlisted' securities(3)
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*
1.	Public Sector Undertakings	250.89	250.89	-	-	-
2.	Financial Institutions	-	-	-	-	-
3.	Banks	1,445.98	1,445.98	-	-	-
4.	Private corporates	3,067.61	3,060.36	-	-	7.25
5.	Subsidiaries / Joint Ventures	-	-	-	-	-
6.	Others	573.05	573.05	-	-	-
7.	Provision held towards depreciation	(87.72)	(82.89)	-	-	(0.96)
	Total	**5,249.81**	**5,247.39**	**-**	**-**	**6.29**

Issuer composition of Non-SLR investments as at March 31, 2016:

(₹ in crores)

No.	Issuer	Amount(1)	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities(2)	Extent of 'unlisted' securities(3)
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*
1.	Public Sector Undertakings	25.00	25.00	-	-	-
2.	Financial Institutions	451.11	451.11	-	-	-
3.	Banks	2,600.70	2,600.70	-	-	-
4.	Private corporates	2,140.25	2,125.62	-	-	12.00
5.	Subsidiaries / Joint Ventures	-	-	-	-	-
6.	Others	785.58	785.58	-	-	-
7.	Provision held towards depreciation	(56.36)	(49.63)	-	-	(2.25)
	Total	**5,946.28**	**5,938.38**	**-**	**-**	**9.75**

Notes:

(1) Does not include amount of securities pledged with Central Counter Parties, viz., Clearing Corporation of India Limited, National Securities Clearing Corporation of India Limited and Multi Commodity Exchange of India Limited.

(2) Excludes investment in equity shares.

(3) Excludes investment in commercial papers, Certificates of Deposit and preference shares acquired by way of conversion of debts.

(4) Amounts reported under columns 4, 5, 6 and 7 are not mutually exclusive.

2.5 Non-performing Non-SLR investments:

(₹ in crores)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening balance	2.26	2.26
Additions during the year	11.20	-
Reductions during the year	11.20	-
Closing balance	2.26	2.26
Total provisions held	**2.26**	**2.26**

2.6 Sale / transfer from HTM category:

During the year and the previous year, 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)

No.	Particulars	As at March 31, 2017	As at March 31, 2016
(i)	Notional principal of swap agreements	1,27,836.91	93,289.75
(ii)	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	1,845.19	1,998.83
(iii)	Collateral required by the Bank upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps – With banks	62.90%	56.45%
(v)	Net Fair value of the swap book	250.86	197.70

The nature and terms of Interest Rate Swaps (IRS) outstanding as on March 31, 2017 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	163	9,715.50	MIBOR	Fixed Payable Vs Floating Receivable
Trading	131	7,679.47	MIBOR	Fixed Receivable Vs Floating Payable
Trading	301	25,922.00	MIFOR	Fixed Payable Vs Floating Receivable
Trading	352	24,935.00	MIFOR	Fixed Receivable Vs Floating Payable
Trading	1	48.49	EURIBOR	Fixed Payable Vs Floating Receivable
Trading	34	80.01	EURIBOR	Fixed Receivable Vs Floating Payable
Trading	112	14,313.50	LIBOR	Fixed Payable Vs Floating Receivable
Trading	354	12,730.38	LIBOR	Fixed Receivable Vs Floating Payable
Trading	1	226.98	LIBOR	Floating Payable Vs Floating Recievable
Trading-GIFT	1	32.43	LIBOR	Fixed Payable Vs Floating Receivable
Trading-GIFT	2	53.86	LIBOR	Fixed Receivable Vs Floating Payable

The nature and terms of IRSs outstanding as on March 31, 2016 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Merchant and Cover	1	4.26	EURIBOR	Fixed Payable Vs Floating Receivable
Merchant and Cover	1	4.26	EURIBOR	Fixed Receivable Vs Floating Payable
Merchant and Cover	1	3.06	LIBOR	Fixed Payable Vs Floating Receivable
Merchant and Cover	1	3.06	LIBOR	Fixed Receivable Vs Floating Payable
Trading	97	4,202.89	MIBOR	Fixed Payable Vs Floating Receivable
Trading	66	3,149.92	MIBOR	Fixed Receivable Vs Floating Payable
Trading	241	19,512.00	MIFOR	Fixed Payable Vs Floating Receivable
Trading	246	18,445.00	MIFOR	Fixed Receivable Vs Floating Payable
Trading	4	54.91	EURIBOR	Fixed Payable Vs Floating Receivable
Trading	22	87.48	EURIBOR	Fixed Receivable Vs Floating Payable
Trading	86	9,091.89	LIBOR	Fixed Payable Vs Floating Receivable
Trading	335	9,026.66	LIBOR	Fixed Receivable Vs Floating Payable
Trading	1	231.89	LIBOR	Floating Receivable Vs Floating Payable

The nature and terms of Cross Currency Swaps (CCSs) outstanding as on March 31, 2017 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Merchant and Cover	2	25.91	LIBOR	Floating Payable Vs Fixed Receivable (Cross Currency Swap)
Merchant and Cover	2	33.84	LIBOR	Fixed Payable Vs Floating Receivable (Cross Currency Swap)
Merchant and Cover	6	1,301.48	NA	Fixed Payable Vs Fixed Receivable (Cross Currency Swap)
Merchant and Cover	4	239.06	NA	Fixed Payable Vs Fixed Receivable (Principal Only Swap)
Trading	242	9,746.70	LIBOR	Floating Payable Vs Fixed Receivable (Cross Currency Swap)
Trading	53	8,207.36	LIBOR	Fixed Payable Vs Floating Receivable (Cross Currency Swap)
Trading	3	563.83	LIBOR	Floating Payable Vs Fixed Receivable (Principal Only Swap)
Trading	2	1,567.22	LIBOR	Floating Payable Vs Fixed Receivable (Coupon only Swap)
Trading	107	2,537.85	NA	Fixed Payable Vs Fixed Receivable (Cross Currency Swap)
Trading	3	520.15	NA	Fixed Payable Vs Fixed Receivable (Coupon only Swap)
Trading	38	2,997.09	NA	Fixed Payable Vs Fixed Receivable (Principal Only Swap)
Trading	2	61.37	LIBOR/ LIBOR	Floating Payable Vs Floating Receivable (Cross Currency Swap)
Trading	1	40.45	LIBOR/ LIBOR	Floating Payable Vs Floating Receivable (Coupon only Swap)
Trading	14	3,157.66	LIBOR/ MIBOR	Floating Payable Vs Floating Receivable (Cross Currency Swap)
Trading	6	1,099.32	LIBOR/ MIFOR	Floating Payable Vs Floating Receivable (Cross Currency Swap)

The nature and terms of CCSs outstanding as on March 31, 2016 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Merchant and Cover	8	752.73	LIBOR	Fixed Payable Vs Floating Receivable (Cross Currency Swap)
Merchant and Cover	8	1,042.39	LIBOR	Floating Payable Vs Fixed Receivable (Cross Currency Swap)
Merchant and Cover	16	1,053.59	NA	Fixed Receivable Vs Fixed Payable (Principal Only Swap)
Merchant and Cover	15	2,026.72	NA	Fixed Receivable Vs Fixed Payable (Cross Currency Swap)

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Merchant and Cover	2	468.57	NA	Fixed Receivable Vs Fixed Payable (Coupon only swap)
Trading	1	3.75	EURIBOR	Floating Payable Vs Fixed Receivable (Coupon only swap)
Trading	73	6,245.94	LIBOR	Fixed Payable Vs Floating Receivable (Cross Currency Swap)
Trading	226	10,243.35	LIBOR	Floating Payable Vs Fixed Receivable (Cross Currency Swap)
Trading	1	45.07	LIBOR	Floating Payable Vs Fixed Receivable (Principal Only Swap)
Trading	35	2,272.64	NA	Fixed Receivable Vs Fixed Payable (Principal Only Swap)
Trading	109	2,198.28	NA	Fixed Receivable Vs Fixed Payable (Cross Currency Swap)
Trading	3	499.47	NA	Fixed Receivable Vs Fixed Payable (Coupon only swap)
Trading	2	96.50	LIBOR/ LIBOR	Floating Receivable Vs Floating Payable (Cross Currency Swap)
Trading	3	666.15	LIBOR/ MIBOR	Floating Receivable Vs Floating Payable (Cross Currency Swap)
Trading	9	1,857.31	LIBOR/ MIFOR	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, 2017 are as below:

(₹ in crores)

No.	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	
	(a) Future Bond/759GS2026/23/02/2017 - Feb 2017	0.04
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2017 (instrument-wise)	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not “highly effective” (instrument-wise)	Nil
(iv)	Marked-to-market value of exchange traded interest rate derivatives outstanding and not “highly effective” (instrument-wise)	Nil

The details of Exchange Traded Interest Rate Derivatives undertaken during the year ended March 31, 2016 are as below:

(₹ in crores)

No.	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	
	(a) NSE840GS 24 Apr 2015	291.96
	(b) NSE840GS 24 May 2015	124.48
	(c) NSE840GS 24 Jun 2015	82.39
	(d) NSE840GS 24 July 2015	8.20
	(e) NSE772GS 25 July 2015	257.63
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2016 (instrument-wise)	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil
(iv)	Marked-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil

3.3 Disclosures on Risk Exposure in Derivatives:

Derivatives Policy approved by the Board of Directors defines the framework for carrying out derivatives business and lays down policies and processes to measure, monitor and report risk arising from derivative transactions. The policy provides for (a) appropriate risk limits for different derivative products and (b) authority levels for review of limit breaches and to take appropriate actions in such events. As part of the Derivatives Policy, the Bank has a Product Suitability and Customer Appropriateness Policy, which is used to classify customers on the basis of their need for various derivative products and their competence in understanding such products and the attendant risks involved.

Risk Management Department of the Bank is responsible for measuring, reporting and monitoring risk arising from derivatives transactions. It functions independent of Treasury business and undertakes the following activities:

- Monitors derivatives operations against prescribed policies and limits on a daily basis;
- Daily review of product-wise profitability and activity reports for derivatives operations;
- Daily submission of MIS and details of exceptions to the Top Management;
- Monitoring effectiveness of derivative deals identified as hedges against the terms of the hedging instruments and underlying hedged risk; and
- Collaterals are generally kept as cash or cash equivalent for securing derivative transactions.

The Risk Management function applies a host of quantitative tools and methods such as Value at Risk, PV01, stop-loss limits, counterparty limits, deal size limits and overnight position limits. The Bank undertakes derivative transactions for hedging customers' exposure, hedging the Bank's own exposure, as well as for trading purposes, wherever permitted by RBI. The customers use these derivative products to hedge their forex and interest rate exposures.

The following table presents quantitative disclosures relating to Derivatives:

(₹ in crores)

No.	Particulars	March 31, 2017		March 31, 2016	
		Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
1.	Derivatives (Notional Principal Amount) (Note 1)	2,57,304.17	95,737.62	1,79,685.56	63,817.29
	(a) For hedging	-	-	-	-
	(b) For trading	2,57,304.17	95,737.62	1,79,685.56	63,817.29
2.	Marked to Market Positions (Note 2)				
	(a) Asset (+)	4,568.95	692.94	3,281.39	414.34
	(b) Liability (-)	(4,020.87)	(534.81)	(2,753.11)	(375.00)
3.	Credit Exposure (Note 3)	13,908.57	1,801.55	10,523.67	1,135.07
4.	Likely impact of one percentage change in interest rate (100*PV01) (Note 4)				
	(a) on hedging derivatives	-	-	-	-
	(b) on trading derivatives	24.74	20.71	58.77	51.33
5.	Maximum and Minimum of 100*PV01 observed during the year (Note 5)				
	(a) on hedging	Nil	Nil	Nil	Nil
	(b) on trading				
	Maximum	63.55	73.21	58.77	98.53
	Minimum	2.06	0.09	1.18	4.12

Note 1: There were no outstanding currency and interest rate futures as on March 31, 2017.

Note 2: Marked to Market positions include interest accrued on the swaps.

Note 3: Credit exposure is computed based on the current exposure method.

Note 4: Based on the absolute value of PV01 of the derivatives outstanding as at the year end.

Note 5: Based on the PV01 of the outstanding derivatives.

Note 6: PV01 for Currency Derivatives and Interest Rate Derivatives are presented in absolute terms. However, total net PV01 shall remain smaller as Currency Derivatives and Interest Rate Derivatives positions net off each other.

4. Asset Quality:

4.1 Non-Performing Assets:

(₹ in crores)

No.	Particulars	March 31, 2017	March 31, 2016
(i)	Net NPAs to Net Advances (%)	0.39%	0.36%
(ii)	Movement of Gross NPAs		
	(a) Opening balance	776.82	562.92
	(b) Additions during the year	1,429.27	848.65
	Sub-total (A)	2,206.09	1,411.57
	(c) Reductions during the year		
	(i) Upgradations	196.59	51.68
	(ii) Recoveries (excluding recoveries made from upgraded accounts)	489.10	302.42
	(iii) Technical / Prudential write-offs	-	-
	(iv) Write-offs other than those under (iii) above	465.53	280.65
	Sub-total (B)	1,151.22	634.75
	(d) Closing Balance (A-B)	1,054.87	776.82
(iii)	Movement of Net NPAs		
	(a) Opening Balance	321.75	210.48
	(b) Additions during the year	693.66	331.36
	(c) Reductions during the year	576.50	220.09
	(d) Closing balance	438.91	321.75
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening Balance	455.07	352.44
	(b) Provisions made during the year	735.61	517.29
	(c) Write-off / write back of excess provisions	574.72	414.66
	(d) Closing balance	615.96	455.07

Notes:

1) Recoveries include sale to SC / RC.

2) In terms of RBI circular DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014, in respect of assets sold to SC/RCs, during the last quarter of the year ended March 31, 2015, the loss on sale arrived at by deducting sale consideration and provisions held as on the date of sale from the outstanding amount, is being amortized over a period of two years. Accordingly, the Bank has charged to the Profit and Loss account an amount of ₹ 96.26 crores (previous year ₹ 128.36 crores) during the year ended March 31, 2017.

4.2 Provision coverage ratio:

Provision coverage ratio as at March 31, 2017 is 58.39% (previous year 58.58%).

4.3 Details of technical write-offs and recoveries made thereon:

(₹ in crores)

Particulars	March 31, 2017	March 31, 2016
Opening balance of Technical / Prudential written off accounts	Nil	Nil
Add: Technical / Prudential write-offs during the year	Nil	Nil
Sub-total	Nil	Nil
Less : Recoveries made from previously Technical / Prudential written-off accounts during the year	Nil	Nil
Closing balance of Technical / Prudential written-off accounts	Nil	Nil

4.4 Divergence in Asset Classification and Provisioning for NPAs:

Details relating to divergences pointed out by the RBI for the year ended March 31, 2016 are as below:

(₹ in crores)

No.	Particulars	Amount
1.	Gross NPAs as on March 31, 2016 as reported by the Bank	776.82
2.	Gross NPAs as on March 31, 2016 as assessed by RBI (Refer Note 1 below)	1,337.03
3.	Divergence in Gross NPAs (2 - 1)	560.21
4.	Net NPAs as on March 31, 2016 as reported by the Bank	321.75
5.	Net NPAs as on March 31, 2016 as assessed by RBI	637.55
6.	Divergence in Net NPAs (5 - 4)	315.80
7.	Provisions for NPAs as on March 31, 2016 as reported by the Bank	455.07
8.	Provisions for NPAs as on March 31, 2016 as assessed by RBI	699.48
9.	Divergence in provisioning (8 - 7)	244.41
10.	Reported Net Profit after Tax (PAT) for the year ended March 31, 2016	2,286.45
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2016 after taking into account the divergence in provisioning (Refer Note 2 below)	2,137.32

Notes:

1) The above includes one account that had an outstanding balance of ₹ 356.00 crores as of March 31, 2016, which was fully repaid before March 31, 2017. The provision amount computed by RBI on this account amounted to ₹ 142.40 crores.

2) Sl. No.11 does not include the impact of additional provision of ₹ 73.05 crores, towards a standard asset. The impact on net profit after tax due to this provision amounts to ₹ 47.77 crores.

3) Above divergences pointed out by the RBI have been provided for or repaid in the year ended March 31, 2017.

4.5 Sector-wise advances:

(₹ in crores)

No.	Sector	2016-17			2015-16		
		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	10,260.55	78.99	0.77%	9,296.77	67.93	0.73%
2.	Advances to industries sector eligible as priority sector lending	4,091.50	0.86	0.02%	1,559.51	1.03	0.07%
	Of which (refer note below):						
(a)	Gems and Jewellery	1,194.12	-	-	945.13	-	-
(b)	Construction (Other than Infrastructure)	3.94	-	-	0.37	-	-
(c)	Infrastructure	9.11	-	-	0.27	-	-
(d)	Basic Metal and Metal Products	343.08	-	-	14.02	-	-
3.	Services	20,451.95	187.45	0.92%	17,284.64	177.03	1.02%
4.	Personal loans	150.68	6.87	4.56%	42.85	5.32	12.42%
	Sub-total (A)	**34,954.68**	**274.17**	**0.78%**	**28,183.77**	**251.31**	**0.89%**
B	**Non Priority Sector**						
1.	Agriculture and allied activities	-	-	-	-	-	-
2.	Industry	22,984.01	225.45	0.98%	19,346.19	190.18	0.98%
	Of which (refer note below):						
(a)	Gems and Jewellery	5,761.73	6.98	0.12%	4,320.34	41.77	0.97%
(b)	Construction (Other than Infrastructure)	2,871.67	129.23	4.50%	1,129.20	44.64	3.95%
(c)	Infrastructure	3,333.59	-	-	4,921.34	-	-
(d)	Basic Metal and Metal Products	2,689.03	2.98	0.11%	1,240.14	-	-
3.	Services	51,226.69	447.48	0.87%	37,846.29	217.30	0.57%
4.	Personal loans	4,531.09	107.77	2.38%	3,498.16	118.03	3.37%
	Sub-total (B)	**78,741.79**	**780.70**	**0.99%**	**60,690.64**	**525.51**	**0.87%**
	Total (A+B)	**113,696.47**	**1,054.87**	**0.93%**	**88,874.41**	**776.82**	**0.87%**

Note:

Segments contributing in excess of 10% of the Sector is individually listed; Basic Metal and Metal Products constituted less than 10% on March 31, 2016.

4.6 *Details of Loan Assets subjected to Restructuring as on March 31, 2017:*

(₹ in crores)

No.	Type of Restructuring→		Under CDR Mechanism $					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification→ Details↓		Stan-dard	Sub-Stan-dard	Doubtful	Loss	Total	Stan-dard	Sub-Stan-dard	Doubtful	Loss	Total	Stan-dard	Sub-Stan-dard	Doub-tful	Loss	Total	Stan-dard	Sub-Stan-dard	Doubtful	Loss	Total
1.	Restructured Accounts as on 01/04/2016	No. of borrowers	8	-	-	-	**8**	2	-	-	-	**2**	2	-	-	-	**2**	12	-	-	-	**12**
		Amount outstanding	334.99	-	-	-	**334.99**	26.78	-	-	-	**26.78**	173.55	-	-	-	**173.55**	535.32	-	-	-	**535.32**
		Provision thereon	50.89	-	-	-	**50.89**	4.28	-	-	-	**4.28**	10.00	-	-	-	**10.00**	65.17	-	-	-	**65.17**
2.	Fresh restructuring during the year	No. of borrowers	1	-	-	-	**1**	2	-	-	-	**2**	-	-	-	-	**-**	3	-	-	-	**3**
		Amount outstanding	35.78	-	-	-	**35.78**	0.52	-	-	-	**0.52**	31.51	-	-	-	**31.51**	67.81	-	-	-	**67.81**
		Provision thereon	3.08	-	-	-	**3.08**	0.19	-	-	-	**0.19**	-	-	-	-	**-**	3.27	-	-	-	**3.27**
3.	Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**
		Amount outstanding	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**
		Provision thereon	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**
4.	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-				**-**	-				**-**	-				**-**	-				**-**
		Amount outstanding	-				**-**	-				**-**	-				**-**	-				**-**
		Provision thereon	-				**-**	-				**-**	-				**-**	-				**-**
5.	Downgradations of restructured accounts during the FY	No. of borrowers	-5	2	3	-	**-**	-1	1	-	-	**-**	-	-	-	-	**-**	-6	3	3	-	**-**
		Amount outstanding	-133.52	30.63	100.43	-	**-2.46**	-8.47	8.47	-	-	**-**	-	-	-	-	**-**	-141.99	39.10	100.43	-	**-2.46**
		Provision thereon	-30.43	5.62	48.50	-	**23.69**	-	-	-	-	**-**	-	-	-	-	**-**	-30.43	5.62	48.50	-	**23.69**
6.	Write-offs of restructured accounts during the FY 2016-17	No. of borrowers	-	-2	-2	-	**-4**	-	-1	-	-	**-1**	-	-	-	-	**-**	-	-3	-2	-	**-5**
		Amount outstanding	-6.68	-30.63	-68.45	-	**-105.76**	-4.43	-8.47	-	-	**-12.9**	-	-	-	-	**-**	-11.11	-39.10	-68.45	-	**-118.66**
		Provision thereon	-2.29	-5.62	-16.52	-	**-24.43**	-0.22	-	-	-	**-0.22**	-	-	-	-	**-**	-2.51	-5.62	-16.52	-	**-24.65**
7.	Restructured Accounts as on 31/03/2017 (closing figure)	No. of borrowers	4	-	1	-	**5**	3	-	-	-	**3**	2	-	-	-	**2**	9	-	1	-	**10**
		Amount outstanding	230.57	-	31.98	-	**262.55**	14.40	-	-	-	**14.40**	205.06	-	-	-	**205.06**	450.03	-	31.98	-	**482.01**
		Provision thereon	21.25	-	31.98	-	**53.23**	4.25	-	-	-	**4.25**	10.00	-	-	-	**10.00**	35.50	-	31.98	-	**67.48**

1. Provision includes FITL / NPA provision in case of NPA accounts, wherever applicable, in addition to dimunition in fair value provision held.
2. Sr. No. 2 includes additions to existing restructured accounts of ₹ 54.47 crores (provision ₹ 0.16 crores).
3. Sr. No. 6 includes reductions in existing restructured accounts of ₹ 118.66 crores (provision ₹ 24.65 crores). This also includes accounts which have exited CDR / Bank has done OTS with / sold to ARC / Restructuring Failures.

$ In case of NPAs, outstanding reported is net of unrealised interest.

4.6 *Details of Loan Assets subjected to Restructuring as on March 31, 2016:*

(₹ in crores)

No.	Type of Restructuring→		Under CDR Mechanism $					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification→ Details↓		Stan-dard	Sub-Stan-dard	Doubtful	Loss	Total	Stan-dard	Sub-Stan-dard	Doubtful	Loss	Total	Stan-dard	Sub-Stan-dard	Doubtful	Loss	Total	Stan-dard	Sub-Stan-dard	Doubtful	Loss	Total
1.	Restructured Accounts as on 01/04/2015	No. of borrowers	13	-	-	-	**13**	2	-	-	-	**2**	-	-	1	-	**1**	15	-	1	-	**16**
		Amount outstanding	405.42	-	-	-	**405.42**	32.33	-	-	-	**32.33**	-	-	0.24	-	**0.24**	437.75	-	0.24	-	**437.99**
		Provision thereon	68.34	-	-	-	**68.34**	2.49	-	-	-	**2.49**	-	-	0.10	-	**0.10**	70.83	-	0.10	-	**70.93**
2.	Fresh restructuring during the year	No. of borrowers	-	-	-	-	**-**	-	-	-	-	**-**	2	-	-	-	**2**	2	-	-	-	**2**
		Amount outstanding	29.03	-	-	-	**29.03**	1.51	-	-	-	**1.51**	173.55	-	-	-	**173.55**	204.09	-	-	-	**204.09**
		Provision thereon	8.30	-	-	-	**8.30**	1.79	-	-	-	**1.79**	10.00	-	-	-	**10.00**	20.09	-	-	-	**20.09**
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	-1			-	**-1**	-	-	-	-	**-**					**-**	-1	-			**-1**
		Amount outstanding	-2.72			-	**-2.72**	-	-	-	-	**-**					**-**	-2.72	-			**-2.72**
		Provision thereon	-				**-**	-				**-**	-				**-**	-				**-**
5.	Downgradations of restructured accounts during the FY	No. of borrowers	-4	-	4	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**	-4	-	4	-	**-**
		Amount outstanding	-89.07	-	89.07	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**	-89.07	-	89.07	-	**-**
		Provision thereon	-21.90	-	21.90	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**	-21.90	-	21.90	-	**-**
6.	Write-offs of restructured accounts during the FY 2015-16	No. of borrowers	-	-	-4	-	**-4**	-	-	-	-	**-**	-	-	-1	-	**-1**	-	-	-5	-	**-5**
		Amount outstanding	-7.67	-	-89.07	-	**-96.74**	-7.06	-	-	-	**-7.06**	-	-	-0.24	-	**-0.24**	-14.73	-	-89.31	-	**-104.04**
		Provision thereon	-3.85	-	-21.90	-	**-25.75**	-	-	-	-	**-**	-	-	-0.10	-	**-0.10**	-3.85	-	-22.00	-	**-25.85**
7.	Restructured Accounts as on 31/03/2016 (closing figure)	No. of borrowers	8	-	-	-	**8**	2	-	-	-	**2**	2	-	-	-	**2**	12	-	-	-	**12**
		Amount outstanding	334.99	-	-	-	**334.99**	26.78	-	-	-	**26.78**	173.55	-	-	-	**173.55**	535.32	-	-	-	**535.32**
		Provision thereon	50.89	-	-	-	**50.89**	4.28	-	-	-	**4.28**	10.00	-	-	-	**10.00**	65.17	-	-	-	**65.17**

1. Provision also includes FITL / NPA provision, wherever applicable, in addition to provision for diminution in fair value.

2. Sr. No. 2 includes additions to existing restructured accounts of ₹ 30.54 crores (provision ₹ 10.09 crores).

3. Sr. No. 6 includes reductions in existing restructured accounts of ₹ 104.04 crores (provision ₹ 25.85 crores). This also includes accounts which have exited CDR / Bank has done OTS with / sold to ARC / Restructuring Failures.

$ Excluding Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of ₹ 12.46 crores.

4.7 a) Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on March 31, 2017:

(₹ in crores)

No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
		In Part A	In Part B	
Classified as Standard	Nil	Nil	Nil	Nil
Classified as NPA	Nil	Nil	Nil	Nil

b) Disclosures on Flexible Structuring of Existing Loans:

(₹ in crores)

Period	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	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
During the year ended March 31, 2016	Nil	Nil	Nil	Nil	Nil
During the year ended March 31, 2017	Nil	Nil	Nil	Nil	Nil

c) Disclosures on Strategic Debt Restructuring Scheme (SDR) (accounts which are currently under the stand-still period):

(₹ in crores)

No. of accounts where SDR has been invoked	Amount outstanding as on March 31, 2017**		Amount outstanding as on March 31, 2017 with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on March 31, 2017 with respect to accounts where conversion of debt to equity has taken place**	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
4	267.80	Nil	Nil	Nil	267.80	Nil

** Includes ₹ 129.06 crores that is also reported under restructured standard advances (Refer Schedule 18 – Note 4.6).

d) Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period):

(₹ in crores)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on March 31, 2017		Amount outstanding as on March 31, 2017 with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares is pending		Amount outstanding as on March 31, 2017 with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares has taken place		Amount outstanding as on March 31, 2017 with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

e) Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period):

(₹ in crores)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on March 31, 2017		
	Classified as standard	Classified as standard restructured	Classified as NPA
Nil	Nil	Nil	Nil

4.8 a) Details of financial assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for asset reconstruction:

(₹ in crores)

No.	Particulars	2016-17	2015-16
1.	No. of accounts	1,633	1,895
2.	Aggregate value (net of provisions) of accounts sold to SC / RC	330.37	179.87
3.	Aggregate consideration	268.50	163.13
4.	Additional consideration realised in respect of accounts transferred in earlier years	-	-
5.	Aggregate gain / (loss) over net book value	(61.87)	(16.74)

b) Details of book value of investment in security receipts (SRs):

(₹ in crores)

Particulars	2016-17	2015-16
Backed by NPAs sold by the Bank as underlying	353.87	213.51
Backed by NPAs sold by the other Banks / Financial Institutions / Non-Banking Financial Companies as underlying	-	-
Total	**353.87**	**213.51**

c) ***Disclosure of Investment in Security Receipts:***

(₹ in crores)

Particulars	As at March 31, 2017			As at March 31, 2016		
	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	353.87	-	-	202.52	10.99	-
Provision held against (i)	55.90	-	-	27.05	8.24	-
(ii) Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	-	-	-	-
Provision held against (ii)	-	-	-	-	-	-
Total (i) + (ii)	**353.87**	**-**	**-**	**202.52**	**10.99**	**-**

(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) SRs amounting to ₹ 11.00 crores (previous year ₹ 0.01 crores) issued by Trusts more than 8 years ago, and written off in the books of the Bank are held in physical form with Nil value.

4.9 During the year, there has been no individual purchase / sale of non-performing financial assets from / to other banks (previous year Nil).

4.10 During the year, there was no sale of assets through 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:

(a) At 1% on standard advances to Commercial Real Estate Sector;

(b) At 0.25% on standard direct advances to SME and Agriculture; and

(c) At 0.40% of the balance outstanding in other standard assets.

Standard assets provision also includes additional provision made pursuant to RBI instructions including provisions towards restructured standard assets.

The provision on standard assets is included in 'Other Liabilities and Provisions – Others' in Schedule 5, and is not netted off from Advances. The amount of provision held on standard assets is as below:

(₹ in crores)

Particulars	March 31, 2017	March 31, 2016
Cumulative Provision held for Standard Assets [Including ₹ 45.69 crores towards Unhedged Foreign Currency Exposure of clients (previous year ₹ 27.24 crores)]	801.52	455.69

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, 2017, included an amount of ₹ 45.69 crores (previous year ₹ 27.24 crores) towards UFCE. Further, capital held under Basel III Capital Regulations, as of March 31, 2017, includes an amount of ₹ 128.57 crores (previous year ₹ 52.47 crores) on account of UFCE, computed at the applicable risk weights.

4.13 Floating provision:

(₹ in crores)

Particulars	March 31, 2017	March 31, 2016
Opening Balance as at beginning of the year	Nil	Nil
Provisions made during the year	Nil	Nil
Draw-down made during the year	Nil	Nil
Closing Balance as at end of the year	Nil	Nil

5. Business ratios:

No.	Ratio	March 31, 2017	March 31, 2016
(i)	Interest income as a percentage to working funds	9.35%	9.92%
(ii)	Non-interest income as a percentage to working funds	2.71%	2.75%
(iii)	Operating profit as a percentage to working funds	3.54%	3.46%
(iv)	Return on assets	1.86%	1.91%
(v)	Business (deposits plus gross advances) per employee (₹ in lakhs)	916.29	764.55
(vi)	Profit per employee (₹ in lakhs)	11.33	9.92

Notes:

(1) Working funds are reckoned as the average of total assets as per the monthly returns in Form X filed with RBI during the year.

(2) Returns on Assets are computed with reference to average working funds.

(3) Business per employee (deposits plus gross advances) is computed after excluding Inter-bank deposits.

6. Asset Liability Management:

6.1 Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2017:

(₹ in crores)

Particulars	Deposits	Loans & Advances*	Investments	Borrowings	Foreign currency assets	Foreign currency liabilities
Day 1	503.31	594.29	-	0.04	858.98	440.64
2 to 7 days	3,745.60	7,243.48	96.54	603.52	1,578.23	792.10
8 to 14 days	4,308.00	2,415.45	-	-	501.30	40.25
15 to 30 days	4,435.01	1,883.22	-	-	762.89	290.17
31 days to 2 months	10,305.05	4,459.32	28.05	1,828.77	1,912.16	1,927.33
Over 2 months to 3 months	7,619.62	8,823.40	520.50	1,290.52	3,648.80	1,336.95
Over 3 months to 6 months	13,072.92	8,883.82	356.48	4,662.32	2,478.61	677.86
Over 6 months to 1 year	25,042.52	15,517.98	1,822.96	3,993.05	1,798.37	1,852.68
Over 1 year to 3 years	18,055.05	38,799.90	5,130.84	2,772.97	2,275.45	4,136.26
Over 3 years to 5 years	12,877.69	11,028.32	2,827.03	4,302.50	1,359.48	1,585.95
Over 5 years to 7 years	5,955.23	4,705.13	3,522.57	500.00	400.57	85.60
Over 7 years to 10 years	7,211.51	4,334.27	7,858.22	2,500.00	45.45	103.94
Over 10 years to 15 years	7,142.17	4,990.65	9,634.62	-	-	103.94
Above 15 years	6,298.54	501.28	4,904.33	-	-	91.71
Total	**1,26,572.22**	**1,14,180.51**	**36,702.14**	**22,453.69**	**17,620.29**	**13,465.38**

* Loans & Advances include Bill Re-discounting Scheme of ₹ 1,100.00 crores.

Note: The bucketing structure has been revised based on the RBI guideline dated March 23, 2016.

Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2016:

(₹ in crores)

Particulars	Deposits	Loans & Advances*	Investments	Borrowings	Foreign currency assets	Foreign currency liabilities
Day 1	377.19	728.45	-	0.30	988.02	519.31
2 to 7 days	2,903.38	7,975.86	31.20	9,205.89	1,487.92	835.55
8 to 14 days	2,669.00	1,909.57	50.03	165.64	715.36	200.10
15 to 30 days	4,683.67	2,814.44	-	662.55	714.67	680.73
31 days to 2 months	6,123.34	5,010.44	-	-	1,815.54	42.77
Over 2 months to 3 months	9,574.15	7,491.00	1,930.87	-	2,381.86	115.08
Over 3 months to 6 months	6,573.26	5,783.52	2,876.00	3,496.62	868.20	456.95
Over 6 months to 1 year	16,645.95	10,888.79	4,345.55	3,475.72	714.54	1,316.62
Over 1 year to 3 years	14,472.24	32,790.97	3,038.97	7,014.60	4,817.66	5,839.60
Over 3 years to 5 years	10,323.07	9,126.65	4,055.44	265.64	219.86	2,344.06
Over 5 years to 7 years	4,174.59	2,228.78	2,020.33	708.90	31.20	58.85
Over 7 years to 10 years	5,051.19	1,540.38	6,359.86	-	6.38	71.46
Over 10 years to 15 years	5,011.49	1,822.90	5,600.99	-	-	71.46
Above 15 years	4,417.83	7.59	3,745.07	-	-	63.06
Total	**93,000.35**	**90,119.34**	**34,054.31**	**24,995.86**	**14,761.21**	**12,615.60**

*Loans & Advances includes Bill Re-discounting Scheme of ₹ 1,700.00 crores.

6.2 *Liquidity Coverage Ratio (LCR):*

Liquidity Coverage Ratio (LCR) aims in ensuring the Bank to maintain an adequate level of unencumbered High Quality Liquid Assets (HQLAs) to meet its liquidity needs convertible into cash under significantly severe liquidity stress scenario lasting for 30 days horizon period. LCR measures the Bank's potential to stand under combined idiosyncratic and market-wide liquidity stress condition, where the Bank experiences accelerated withdrawal of deposits from retail as well wholesale depositors, partial loss of secured funding, increase in collateral requirements and unscheduled draw down of unused credit lines.

LCR is the ratio of unencumbered HQLAs to Net Cash Outflows over the next 30 calendar days. From Jan 1, 2017 onwards, RBI guidelines mandate computation of LCR on daily average basis, which hitherto were measured on month-ends. The following table presents the minimum LCR to be maintained, in terms of RBI guidelines.

Effective from	**Jan 1, 2017**	**Jan 1, 2018**	**Jan 1, 2019**
Minimum LCR	80%	90%	100%

The Bank maintains HQLA in terms of Cash, unencumbered excess SLR, proportion of statutory SLR as allowed by RBI, excess statutory cash reserve and high rated corporate bonds issued by entities other than financial institutions. For the purposes of LCR computation, the Bank has considered all inflows and outflows that may have a quantifiable impact under the liquidity stress scenario.

IndusInd Bank has computed LCR on a daily basis from Jan 01, 2017 onwards for domestic and overseas operations. The previous quarters reflect LCR computed based on average of month end values. Based on simple average calculated on daily observations in domestic currency, LCR of the Bank, at consolidated level, for the quarter ended March 31, 2017 worked out to 94.61%.

Quantitative disclosure:

Following is the quantitative disclosures relating to LCR for the Year Ending March 31, 2017:

(₹ in crores)

No.	Particulars	June 2016		September 2016		December 2016		March 2017	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets								
1.	Total High Quality Liquid Assets (HQLA)		13,732.54		16,426.54		22,131.53		28,214.84
	Cash Outflows								
2.	Retail deposits and deposits from small business customers, of which:								
(i)	Stable deposits	3,115.48	155.77	3,258.47	162.92	4,140.96	207.05	4,312.41	215.62
(ii)	Less stable deposits	23,867.40	2,386.74	25,216.56	2,521.66	26,835.48	2,683.55	28,103.93	2,810.39
3.	Unsecured wholesale funding, of which:								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	30,520.64	19,387.71	37,450.56	22,063.37	40,132.60	25,539.21	51,225.42	31,202.45
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4.	Secured wholesale funding		-		-		-		-
5.	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	10,871.20	10,871.20	15,565.24	15,565.24	18,482.37	18,482.37	21,566.92	21,566.92
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6.	Other contractual funding obligations	3,026.33	3,026.33	2,512.15	2,512.15	1,659.84	1,659.84	1,305.80	1,305.80
7.	Other contingent funding obligations	32,200.56	1,076.21	36,458.43	1,201.80	39,858.28	1,341.53	48,280.62	1,598.80
8.	**Total Cash Outflows**		**36,903.96**		**44,027.14**		**49,913.55**		**58,699.98**

(₹ in crores)

No.	Particulars	June 2016		September 2016		December 2016		March 2017	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	Cash Inflows								
9.	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
10.	Inflows from fully performing exposures	24,169.14	19,397.14	27,174.48	23,771.98	28,777.62	25,668.71	31,912.59	28,793.60
11.	Other cash inflows	-	-	-	-	-	-	166.39	83.19
12.	**Total Cash Inflows**		**19,397.14**		**23,771.98**		**25,668.71**		**28,876.79**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13.	**Total HQLA**		**13,732.54**		**16,426.54**		**22,131.53**		**28,214.84**
14.	**Total Net Cash Outflows**		**17,506.82**		**20,255.16**		**24,244.84**		**29,823.19**
15.	**Liquidity Coverage Ratio (%)**		**78.44%**		**81.10%**		**91.28%**		**94.61%**

Note: LCR data for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016 have been computed as the simple average of monthly observations over the quarter. For the quarter ended March 31, 2017, the same has been computed based on simple average of daily observations.

Following is the quantitative disclosures relating to LCR for the Year Ending March 31, 2016:

(₹ in crores)

No.	Particulars	June 2015		September 2015		December 2015		March 2016	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets								
1.	Total High Quality Liquid Assets (HQLA)		9,557.52		11,841.21		11,733.66		12,903.00
	Cash Outflows								
2.	Retail deposits and deposits from small business customers, of which:								
(i)	Stable deposits	2,766.37	138.32	2,864.87	143.24	2,960.13	148.01	3,032.24	151.61
(ii)	Less stable deposits	16,460.26	1,646.03	18,372.99	1,837.30	19,697.69	1,969.77	22,194.65	2,219.47
3.	Unsecured wholesale funding, of which:								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	26,370.99	16,622.54	24,874.93	15,808.17	27,084.72	15,780.49	34,318.38	21,888.93
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4.	Secured wholesale funding		-		-		-		-
5.	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	7,903.68	7,903.68	9,429.77	9,429.77	7,609.27	7,609.27	12,168.11	12,168.11
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6.	Other contractual funding obligations	468.81	468.81	2,361.44	2,361.44	4,551.53	4,551.53	2,306.97	2,306.97
7.	Other contingent funding obligations	5,971.86	298.59	13,685.39	684.27	9,279.39	463.97	13,234.49	520.37
8.	**Total Cash Outflows**		**27,077.97**		**30,264.19**		**30,523.04**		**39,255.46**
	Cash Inflows								
9.	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
10.	Inflows from fully performing exposures	12,610.68	11,673.64	15,424.80	14,307.59	14,025.44	12,841.11	23,436.16	20,994.41
11.	Other cash inflows	1,442.66	721.33	-	-	-	-	-	-
12.	**Total Cash Inflows**		**12,394.97**		**14,307.59**		**12,841.11**		**20,994.41**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13.	**Total HQLA**		**9,557.52**		**11,841.21**		**11,733.66**		**12,903.00**
14.	**Total Net Cash Outflows**		**14,683.00**		**15,956.60**		**17,681.93**		**18,261.05**
15.	**Liquidity Coverage Ratio (%)**		**65.09%**		**74.21%**		**66.36%**		**70.66%**

Note: LCR data for each of the quarters have been computed as the simple average of monthly observations over the quarter.

7. Exposures:

7.1 Exposure to Real Estate Sector:

(₹ in crores)

No.	Particulars	March 31, 2017	March 31, 2016
(a)	**Direct exposure**		
(i)	Residential Mortgages - of which housing loans eligible for inclusion in priority sector advance ₹ 71.22 crores (previous year ₹ 43.89 crores)	7,735.55	5,708.29
(ii)	Commercial Real Estate [1]	11,008.45	10,122.55
(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)	3,167.29	2,725.26
	Total Real Estate Exposure	**21,911.29**	**18,556.10**

[1] Does not include corporate lending backed by mortgage of land and building.

7.2 Exposure to Capital Market:

(₹ in crores)

No.	Particulars	March 31, 2017	March 31, 2016
(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	382.93	298.12
(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	Nil	Nil
(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	154.53	54.96
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds, i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	3,681.92	2,010.13
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	1,789.29	2,049.98
(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	Nil	Nil

(₹ in crores)

No.	Particulars	March 31, 2017	March 31, 2016
(vii)	Bridge loans to companies against expected equity flows / issues	Nil	Nil
(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	Nil	Nil
(ix)	Financing to stockbrokers for margin trading	Nil	Nil
(x)	All exposures to Venture Capital Funds (both registered and unregistered)	67.50	20.00
(xi)	Irrevocable payment commitments issued by custodian banks in favour of stock exchanges	Nil	Nil
	Total Exposure to Capital Market	**6,076.17**	**4,433.19**

During the year, Bank has converted debt of ₹ 51.29 crores to equity as a part of strategic debt restructuring which is exempt from CME limit (previous year ₹ 9.09 crores).

7.3 Risk Category-wise exposure to country risk:

(₹ in crores)

Risk category	Exposure (net) as at March 31, 2017	Provision held as at March 31, 2017	Exposure (net) as at March 31, 2016	Provision held as at March 31, 2016
Insignificant	1,482.96	-	587.53	-
Low	3,529.42	-	2,286.44	-
Moderate	111.34	-	88.61	-
High	350.13	-	762.38	-
Very High	289.94	-	69.31	-
Restricted	37.00	-	4.49	-
Off Credit	45.40	-	5.79	-
Total	**5,846.19**	**-**	**3,804.55**	**-**

7.4 Single borrower limit and Group Borrower Limit:

During the year ended March 31, 2017, the Bank's credit exposures to single borrowers and group borrowers were within the prudential limits prescribed by RBI except in case of Vodafone Mobile Services Limited / Vodafone India Limited, where the single borrower limit was exceeded. This exposure has been approved by the Board of Directors of the Bank as it was within the prudential limit.

During the year ended March 31, 2016, the Bank's credit exposures to single borrowers and group borrowers were within the prudential limits prescribed by RBI except in case of Vodafone Mobile Services Limited, where the single borrower limit was exceeded. This exposure has been approved by the Board of Directors of the Bank as it was within the prudential limit.

7.5 Unsecured advances:

The Bank has not extended any project advances where the collateral is an intangible asset such as a charge over rights, licenses, authorizations, etc. (previous year Nil). The Unsecured Advances of ₹ 14,291.58 crores (previous year ₹ 10,515.54 crores) as disclosed in Schedule 9B (iii) are without any collateral or security.

8. Concentration of Deposits, Advances, Exposures and NPAs:

8.1 Concentration of Deposits:

(₹ in crores)

Particulars	As on March 31, 2017	As on March 31, 2016
Total Deposits of twenty largest depositors	31,611.66	25,558.51
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	24.98%	27.48%

8.2 Concentration of Advances:

(₹ in crores)

Particulars	As on March 31, 2017	As on March 31, 2016
Total Advances to twenty largest borrowers	31,127.56	26,797.58
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	15.26%	16.17%

Advances are computed as per the definition of Credit Exposure including derivatives as prescribed in Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

8.3 Concentration of Exposures:

(₹ in crores)

Particulars	As on March 31, 2017	As on March 31, 2016
Total Exposure to twenty largest borrowers / customers	32,538.76	26,850.88
Percentage of Exposure of twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	15.58%	15.69%

Exposures are computed as per the definition in Master Circular on Exposure Norms DBR.No.Dir. BC.12/13.03.00/2015-16 dated July 1, 2015 and includes credit, derivatives and investment exposure.

8.4 Concentration of NPAs:

(₹ in crores)

Particulars	As on March 31, 2017	As on March 31, 2016
Total Exposure to top four NPA accounts	171.25	141.40

Note: Exposure represents outstanding advances.

8.5 *Intra-Group Exposure:*

(₹ in crores)

Particulars	As on March 31, 2017	As on March 31, 2016
Total amount of intra-group exposure	Nil	Nil
Total amount of top-20 intra-group exposure	Nil	Nil
Percentage of Intra Group Exposure to Total Exposure of the Bank on borrower / Customer	Nil	Nil
Details of Breach of Limit on Intra Group exposure and Regulatory action thereon, if any	Nil	Nil

8.6 *Priority Sector Lending Certificates (PSLC):*

(₹ in crores)

Particulars	Year Ending March 31, 2017	
	PSLC Sold	PSLC Purchase
1) PSLC Agriculture	Nil	Nil
2) PSLC Small Farmers / Marginal Farmers	Nil	Nil
3) PSLC Micro Enterprises	Nil	Nil
4) PSLC General	600.25	Nil

9. Miscellaneous:

9.1 *Amount of Provisions for taxation during the year:*

(₹ in crores)

Particulars	2016-17	2015-16
Provision for Income Tax	1,681.33	1,332.38
Deferred tax credit	(189.54)	(149.57)
Total	**1,491.79**	**1,182.81**

9.2 *Disclosure of penalties imposed by RBI:*

During the year, RBI imposed a penalty of ₹ 2.00 crores (previous year Nil) for violation of regulatory directions / instructions / guidelines, among other things on KYC norms, in exercise of powers vested under Section 47(A)(1)(c) read with Section 46(4) of the Banking Regulation Act, 1949. This penalty was duly paid by the Bank.

9.3 *Fixed Assets:*

9.3.1 Cost of premises includes ₹ 4.09 crores (previous year ₹ 4.09 crores) in respect of properties for which execution of documents and registration formalities are in progress. Of these properties, the Bank has not obtained full possession of one property having written down value of ₹ 1.56 crores (previous year ₹ 1.59 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, 2017	March 31, 2016
At cost at the beginning of the year	280.48	209.36
Addition during the year	61.10	71.12
Deduction during the year	3.06	-
Accumulated Depreciation as at 31 March	207.26	160.31
Closing Balance as at 31 March	131.26	120.17
Depreciation charge for the year	47.20	32.35

9.4 ***Contingent Liabilities:***

The Bank's pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax authorities. The Bank has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. Claims against the Bank not acknowledged as debts comprise of tax demands of ₹ 165.18 crores (previous year ₹ 159.24 crores) in respect of which the Bank is in appeal and the legal cases *sub judice* of ₹ 357.50 crores (previous year ₹ 489.35 crores). The Bank carries a provision of ₹ 4.48 crores (previous year ₹ 4.48 crores) against cases *sub judice*. The amount of contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

9.5 The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

9.6.1 ***Overseas Asset, NPAs and Revenue:***

During the year, the Bank earned a revenue of ₹ 82.01 crores through overseas assets (previous year Nil). The overseas assets as at March 31, 2017 amounted to ₹ 1,717.17 crores (previous year Nil) and there were no NPA (previous year Nil). Assets for this purpose is defined to include client advances.

9.6.2 The Bank does not have any Off-Balance Sheet SPVs (which are required to be consolidated as per accounting standards) (previous year Nil).

9.7 ***Disclosure relating to Depositor Education and Awareness Fund (DEAF):***

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening balance of amounts transferred to DEAF	15.59	12.53
Add: Amounts transferred during the year	3.71	3.17
Less: Amounts reimbursed by DEAF towards claims	0.35	0.11
Closing balance of amounts transferred to DEAF	**18.95**	**15.59**

9.8 There is no delay in transferring amounts to Investor Education and Protection Fund by the Bank (previous year Nil).

9.9 Corporate Social Responsibility (CSR):

The Bank has spent an amount of ₹ 33.81 crores (previous year ₹ 27.32 crores) towards CSR initiatives through various projects in the areas of Rural Development and Inclusiveness, Environment Sustainability, Preventive Healthcare, Education and Sports. Of the total CSR spends, an amount of ₹ 21.16 crores (previous year ₹ 22.30 crores) was incurred towards capital expenditure.

9.10 Drawdown from Reserves:

The Bank has not undertaken any drawdown from reserves during the year ended March 31, 2017. There has been no drawdown from the reserves during the year ended March 31, 2016, except towards share issue expenses incurred for the equity share capital raised through a Qualified Institutions Placement (QIP) and a Preferential Allotment, which have been adjusted against the share premium account in terms of Section 52 of the Companies Act, 2013.

9.11 Credit default swaps:

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year (previous year Nil).

9.12 Pursuant to RBI circular FMRD.DIRD. 10/14.03.002/2015-16 dated May 19, 2016, the Bank has, with effect from October 3, 2016, considered its repo and reverse repo transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) of RBI as collateralised borrowings and lending, as the case may be. Figures for the previous periods have been regrouped / reclassified to conform to current period's classification. The above regrouping / reclassification has no impact on the profit of the Bank for the year. As of March 31, 2017, Money at Call and Short Notice in Schedule 7(I)(ii) included an amount of ₹ 6,300 crores on account of reverse repo transactions under LAF. Consequent to the regrouping, an amount of ₹ 2,840 crores of repo transaction under LAF as of March 31, 2016 is reported as Borrowings in Schedule 4(I)(i). Further, for the year ended March 31, 2016 Income from Investments [Schedule 13(2)] has been reported higher by ₹ 286.39 crores and Interest on Balance with RBI and Other Inter-Bank Funds [Schedule 13(3)] by ₹ 4.69 crores, and correspondingly, the Interest on RBI / Inter-Bank Borowings [Schedule 15(2)] has been reported higher by ₹ 291.08 crores.

9.13 In March 2017, the Bank made an announcement of entering into an agreement with Infrastructure Leasing and Financial Services Ltd., (IL&FS) the Promoter Shareholders of IL&FS Securities Services Ltd., (ISSL) to acquire 100% of ISSL. The proposed transaction is conditional on definitive agreements and approvals including regulatory approvals, and as such, does not have any bearing on the current financial results or the financial position of the Bank as at March 31, 2017.

9.14 Movement in depreciation of Fixed Assets:

(₹ in crores)

Depreciation	2016-17	2015-16
Premises		
At the beginning of the year	66.72	58.99
Transferred from Revaluation Reserve	6.18	6.20
Charge for the year	2.06	2.07
Deduction during the year	-	0.54
Depreciation to date	74.96	66.72
Other Fixed Assets		
At the beginning of the year	771.09	649.79
Charge for the year	188.64	154.45
Deduction during the year	19.52	33.15
Depreciation to date	940.21	771.09

10. Employee Stock Option Scheme (ESOS):

10.1 The shareholders of the Bank approved Employee Stock Option Scheme (ESOS) on September 18, 2007. ESOS enables the Board and / or the HR and Remuneration 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 of the Securities & Exchange Board of India (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 HR and Remuneration Committee of the Bank has granted 3,98,39,800 options as set out below:

No.	Date of grant	No. of options	Range of exercise price (₹)
1.	18-Jul-08	1,21,65,000	48.00 - 50.60
2.	17-Dec-08	34,56,000	38.95
3.	05-May-09	8,15,500	44.00
4.	31-Aug-09	3,18,500	100.05
5.	28-Jan-10	7,47,000	48.00 - 140.15
6.	28-Jun-10	13,57,450	196.50
7.	14-Sep-10	73,500	236.20
8.	26-Oct-10	1,43,500	274.80
9.	17-Jan-11	25,00,000	228.70
10.	07-Feb-11	20,49,000	95.45 - 220.45
11.	24-Jun-11	21,54,750	253.60
12.	16-Aug-11	89,500	254.90
13.	30-Sep-11	2,61,000	262.25
14.	21-Dec-11	9,20,000	231.95
15.	29-Feb-12	1,95,000	304.05
16.	19-Apr-12	1,40,500	345.60
17.	25-May-12	1,34,500	304.55
18.	10-Jul-12	2,67,000	343.25
19.	29-Aug-12	1,14,000	319.05
20.	10-Oct-12	23,500	365.75
21.	09-Jan-13	30,000	433.75
22.	18-Apr-13	12,500	419.60
23.	20-Jun-13	1,75,000	478.45
24.	18-Jul-13	18,35,000	453.90
25.	23-Sep-13	75,000	411.50
26.	29-Oct-13	22,000	412.25
27.	29-Jan-14	7,67,500	300.00 - 389.85
28.	25-Mar-14	1,76,500	490.30
29.	15-May-14	65,500	537.05
30.	02-Jun-14	32,69,500	533.95

No.	Date of grant	No. of options	Range of exercise price (₹)
31.	09-Jul-14	33,000	551.10
32.	13-Oct-14	74,500	623.25
33.	17-Jan-15	47,500	831.85
34.	23-Feb-15	48,000	876.80
35.	30-Mar-15	11,000	880.75
36.	22-May-15	52,600	848.20
37.	24-Jul-15	16,30,000	949.80
38.	21-Sep-15	1,93,000	918.65
39.	04-Nov-15	93,500	911.85
40.	12-Jan-16	10,33,500	886.75 - 936.75
41.	12-May-16	13,500	1,053.75
42.	11-Jul-16	25,000	1,126.70
43.	23-Aug-16	2,76,000	1,186.75
44.	10-Oct-16	18,51,000	1,220.85
45.	16-Nov-16	33,500	1,093.10
46.	27-Jan-17	21,500	1,265.40
47.	24-Mar-17	49,000	1,383.90

10.2 Recognition of expense:

The Bank follows the intrinsic value method to recognize employee costs relating to ESOS, in accordance with the Guidance Note on "Accounting for Employee Share-based Payments" issued by the ICAI. Excess of fair market price over the exercise price of an option at the grant date, is recognised as a deferred compensation cost and amortized on a straight-line basis over the vesting period of such options. The compensation so recognised in respect of which exercise of options is outstanding is shown as Employee Stock Options Outstanding on the face of the Balance Sheet.

The fair market price is the latest available closing price on the stock exchange on which the shares of the Bank are listed, prior to the date of the meeting of the Compensation Committee in which stock options are granted. Since shares are listed on more than one stock exchange, the exchange where the Bank's shares have been traded highest on the said date is considered for this purpose.

10.3 Stock option activity under the scheme during the year:

Particulars	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,28,31,251	472.32
Granted during the year	22,69,500	1,216.73
Forfeited / surrendered during the year	2,06,270	707.72
Exercised during the year	31,62,370	305.54
Expired during the year	-	-
Outstanding at the end of the year	1,17,32,111	657.14
Options exercisable at the end of the year	65,35,784	403.13

The weighted average price of options exercised during the year is ₹ 1,129.96.

Following table summarizes the information about stock options outstanding as at March 31, 2017:

No.	Date of grant	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
1.	31-Aug-09	100.05	17,000	0.42
2.	28-Jan-10 A	48.00	6,00,000	0.80
3.	28-Jun-10	196.50	42,212	0.83
4.	17-Jan-11	228.70	11,70,000	1.24
5.	07-Feb-11 A	220.45	2,58,900	1.36
6.	24-Jun-11	253.60	1,22,387	1.58
7.	30-Sep-11	262.25	9,000	2.33
8.	21-Dec-11	231.95	4,03,000	2.36
9.	29-Feb-12	304.05	1,04,500	1.97
10.	19-Apr-12	345.60	59,000	2.34
11.	25-May-12	304.55	21,960	1.88
12.	10-Jul-12	343.25	1,48,100	2.79
13.	29-Aug-12	319.05	750	3.42
14.	10-Oct-12	365.75	5,000	2.54
15.	09-Jan-13	433.75	5,100	2.81
16.	20-Jun-13	478.45	41,500	3.84
17.	18-Jul-13	453.90	4,70,765	3.57
18.	23-Sep-13	411.50	19,520	3.98
19.	29-Oct-13	412.25	12,560	4.03
20.	29-Jan-14	389.85	23,330	4.59
21.	29-Jan-14 A	300.00	7,00,000	3.84
22.	25-Mar-14	490.30	1,42,510	4.12
23.	15-May-14	537.05	21,450	4.50
24.	02-Jun-14	533.95	21,84,015	4.35
25.	09-Jul-14	551.10	18,400	4.47
26.	13-Oct-14	623.25	37,140	4.75
27.	17-Jan-15	831.85	43,685	4.82
28.	23-Feb-15	876.80	36,570	5.02
29.	30-Mar-15	880.75	11,000	5.01
30.	22-May-15	848.20	45,327	5.22
31.	24-Jul-15	949.80	14,13,670	5.38
32.	21-Sep-15	918.65	1,77,120	5.50
33.	04-Nov-15	911.85	77,540	5.66
34.	12-Jan-16	936.75	23,600	6.22
35.	12-Jan-16	886.75	10,00,000	5.80

No.	Date of grant	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
36.	12-May-16	1,053.75	9,500	6.13
37.	11-Jul-16	1,126.70	25,000	6.29
38.	23-Aug-16	1,186.75	2,76,000	6.41
39.	10-Oct-16	1,220.85	18,51,000	6.54
40.	16-Nov-16	1,093.10	33,500	6.64
41.	27-Jan-17	1,265.40	21,500	6.84
42.	24-Mar -17	1,383.90	49,000	7.00

10.4 Fair value methodology:

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Particulars	2016-17
Average dividend yield	0.33 - 0.43%
Expected volatility	29.31 - 32.38%
Risk free interest rates	6.34 - 7.29%
Expected life of options (in years)	4.51 - 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, 2017 is ₹ 3.29 crores (previous year ₹ 2.22 crores). Had the Bank adopted the Black-Scholes model based fair valuation, compensation cost for the year ended March 31, 2017, would have increased by ₹ 70.05 crores (previous year ₹ 67.88 crores) and the proforma profit after tax would have been lower by ₹ 45.80 crores (previous year ₹ 44.39 crores). On a proforma basis, the basic and diluted earnings per share would have been as follows:

Particulars	March 31, 2017	March 31, 2016
Proforma basis -		
Basic earnings per share ₹	47.29	38.91
Diluted earnings per share ₹	46.80	38.49

The weighted average fair value of options granted during the year 2016-17 is ₹ 441.07 (previous year ₹ 382.98).

11. Disclosures – Accounting Standards:

11.1 Employee Benefits (AS-15)

Gratuity:

Gratuity is a defined benefits plan. The Bank has obtained qualifying insurance policies from two insurance companies. The following table summarises the components of net expenses recognised in the Profit and Loss account and funded status and amounts recognised in the Balance Sheet, on the basis of actuarial valuation.

(₹ in crores)

No.	Particulars	March 31, 2017	March 31, 2016
	Changes in the present value of the obligation		
1.	Opening balance of Present Value of Obligation	61.67	46.38
2.	Interest Cost	4.30	3.42
3.	Current Service Cost	12.71	10.75
4.	Benefits Paid	(7.44)	(6.48)
5.	Actuarial loss / (gain) on Obligation	4.07	7.60
6.	Closing balance of Present Value of Obligation	75.31	61.67
	Reconciliation of opening and closing balance of the fair value of the Plan Assets		
1.	Opening balance of Fair value of Plan Assets	65.34	49.58
2.	Adjustment to Opening Balance	0.57	0.62
3.	Expected Return on Plan assets	5.10	4.33
4.	Expenses	(0.33)	-
5.	Contributions	17.07	18.09
6.	Benefits Paid	(7.44)	(6.48)
7.	Actuarial loss Return on Plan Assets	1.22	(0.80)
8.	Closing balance of Fair Value of Plan Assets	81.53	65.34
	Profit and Loss – Expenses		
1.	Current Service Cost	12.71	10.75
2.	Interest Cost	4.30	3.42
3.	Expected Return on Plan assets	(5.10)	(4.33)
4.	Expenses	0.33	-
5.	Net Actuarial loss recognised in the year	2.86	8.40
6.	Expenses recognised in the Profit and Loss account	15.10	18.24
	Funded status	**100 % insurance managed funds**	**100 % insurance managed funds**
	Actuarial Assumptions		
1.	Discount Rate	7.00%	7.50%
2.	Expected Rate of Return on Plan Assets	7.60%	8.00%
3.	Expected Rate of Salary Increase	5.00%	5.00%
4.	Employee Attrition Rate		
	- Past Service 0 to 5 years	30%	30%
	- Past Service above 5 years	0.50%	0.50%

Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Experience Adjustment:

Particulars	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Defined Benefit Obligations	75.31	61.67	46.38	34.36	27.98
Plan Assets	81.53	65.34	49.58	34.36	28.67
Surplus / (Deficit)	6.21	3.67	3.20	-	0.69
Experience Adjustments on Plan Liabilities	(4.07)	(7.60)	(4.25)	1.63	1.23
Experience Adjustments on Plan Assets	1.22	(0.80)	(0.35)	(1.72)	0.19

Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date is ₹ 24.00 crores.

Provident Fund:

The guidance note on implementing AS 15, Employee Benefits (revised 2005) states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefits plans.

The details of the fund and plan assets position as at March 31, 2017, are as follows:

(₹ in crores)

Assets / Liabilities	March 31, 2017	March 31, 2016
Present value of Interest Rate guarantee on Provident Fund	1.20	1.25
Present value of Total Obligation	143.41	128.89
Fair value of Plan Assets	143.08	127.72
Net liability recognised in the Balance Sheet	(0.33)	(1.17)
Assumptions		
Normal Retirement age	60 years	60 years
Expected guaranteed interest on PF in future	8.65%	8.80%
Discount rate	7.00%	7.50%
Expected average remaining working lives of employees (years)	6.04 - 8.07	6.36 - 13.23
Benefit on normal retirement	Accumulated account balance with interest rate equal to or more than EPFO Rate	Accumulated account balance
Benefit on early retirement / withdrawal / resignation	Accumulated account balance with interest rate equal to or more than EPFO Rate	Same as normal retirement benefit
Benefit on death in service	Accumulated account balance with interest rate equal to or more than EPFO Rate	Same as normal retirement benefit

11.2 Segment Reporting (AS 17):

The Bank operates in four business segments, viz. Treasury, Corporate / Wholesale Banking, Retail Banking and Other Banking Operations. There are no significant residual operations carried by the Bank.

Business Segments:

(₹ in crores)

Business Segment	Treasury		Corporate / Wholesale Banking		Retail Banking		Other Banking Operation		Total	
Particulars	**31/03/17**	**31/03/16**	**31/03/17**	**31/03/16**	**31/03/17**	**31/03/16**	**31/03/17**	**31/03/16**	**31/03/17**	**31/03/16**
Revenue	3,490.63	3,253.89	6,311.25	4,687.03	9,608.76	8,175.22	40.81	38.70	19,451.45	16,154.84
Inter Segment Revenue									(874.29)	(986.15)
Total Income									18,577.16	15,168.69
Result	707.61	557.42	1,778.17	1,161.85	3,142.58	2,566.52	13.35	12.15	5,641.71	4,297.94
Unallocated Expenses									(190.70)	(156.52)
Operating Profit									5,451.01	4,141.42
Provisions and Contingencies (other than tax)									(1,091.33)	(672.16)
Tax Expenses									(1,491.79)	(1,182.81)
Extraordinary profit / loss									-	-
Net Profit									2,867.89	2,286.45
Other Information:										
Segment Assets	45,131.28	39,964.17	54,185.90	32,562.01	71,820.77	63,110.40	-	-	1,71,137.95	1,35,636.58
Unallocated Assets									7,510.46	7,260.41
Total Assets									1,78,648.41	1,42,896.99
Segment Liabilities	23,001.05	25,216.74	61,913.39	44,550.15	65,901.83	49,665.41	-	-	1,50,816.27	1,19,432.30
Unallocated Liabilities									27,832.14	23,464.69
Total Liabilities									1,78,648.41	1,42,896.99

Note:

Fixed Assets, tax paid in advance / tax deducted at source (net of provisions), stationery and stamps, non-banking assets acquired in satisfaction of claims, and others which cannot be allocated to any segments, have been classified as unallocated assets; Depreciation on Fixed Assets has been classified as unallocated expenses. The unallocated liabilities include share capital, employee stock option outstanding, reserves and surplus, proposed dividend and others.

Geographic Segments:

The business operations of the Bank are largely concentrated in India. Activities outside India are restricted to resource mobilization in the international markets and lending to a few overseas entities through the IFSC Banking Unit at the GIFT City Gujarat. Since the Bank does not have material earnings emanating from foreign operations, the Bank is considered to operate only in domestic segment.

11.3 Related party transactions (AS-18):

The following is the information on transactions with related parties:

Key Management Personnel
Mr. Romesh Sobti, Managing Director

Associates
IndusInd Marketing and Financial Services Private Limited

Subsidiaries

ALF Insurance Services Private Limited (till February 24, 2016 on which date the liquidator had repaid the entire share capital; vide an order issued by the High Court of Madras on June 14, 2016 the subsidiary has been liquidated pursuant to a voluntary winding up and the name has been struck off the Companies Register).

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided as there is only one related party in each of the above categories.

11.4 Operating Leases (AS 19):

The Bank has taken a number of premises on operating lease for branches, offices, ATMs and residential premises for staff. The Bank has not given any assets on operating lease. The details of maturity profile of future operating lease payments are given below:

(₹ in crores)

Particulars	March 31, 2017	March 31, 2016
Future lease rentals payable as at the end of the year:		
- Not later than one year	277.25	216.49
- Later than one year but not later than five years	950.16	711.44
- Later than five years	349.00	293.85
Total of minimum lease payments recognised in the Profit and Loss Account for the year	243.84	206.49
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-lease	-	-
Sub-lease payments recognised in the Profit and Loss account for the year	-	-

The Bank has not sub-leased any of the properties taken on lease. There are no provisions relating to contingent rent.

The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

11.5 Earnings per share (AS 20):

Details pertaining to earnings per share as per AS-20 are as under:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Net Profit after tax (₹ in crores)	2,867.89	2,286.45
Basic weighted average number of equity shares	59,66,99,170	57,62,52,656
Diluted weighted average number of equity shares	60,29,85,746	58,24,34,853
Nominal value of Equity Shares (₹)	10	10
Basic Earnings per Share (₹)	48.06	39.68
Diluted Earnings per Share (₹)	47.56	39.26

11.6 Deferred Tax (AS 22):

The major components of deferred tax assets / liabilities are as under:

(₹ in crores)

Particulars	March 31, 2017 Deferred Tax		March 31, 2016 Deferred Tax	
Timing difference on account of	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Difference between book depreciation and depreciation under the Income Tax Act, 1961	-	33.35	-	26.47
Difference between Provisions for doubtful debts and advances and amount allowable under Section 36(1)(viia) of the Income Tax Act, 1961	530.93	-	307.32	-
Difference between book income and income offered under the Income Tax Act, 1961	-	177.93	-	144.49
Others	32.82	-	26.57	-
Sub-total	**563.75**	**211.28**	**333.89**	**170.96**
Net closing balance carried to the Balance Sheet (included in Schedule 11 – Others)	**352.47**		**162.93**	

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, 2017	March 31, 2016
(Appreciation) / Depreciation on Investments	31.36	29.51
Provision for non-performing assets including bad debts written off (net of write backs)	704.76	501.50
Provision towards Standard Assets	345.83	112.60
Income Tax / Deferred Tax (Refer Note 9.1)	1,491.79	1,182.81
Others	9.39	28.55
Total	**2,583.13**	**1,854.97**

12.2 Movement in provisions:

a) Movement in provision for credit card and debit card reward points:

(₹ in crores)

Particulars	2016-17	2015-16
Opening provision	16.07	12.35
Provision for Reward Points made during the year	25.40	16.30
Utilisation / Write back of provision for Reward Points	(18.67)	(12.58)
Effect of change in rate for accrual of Reward Points	-	-
Closing provision for Reward Points	**22.80**	**16.07**

b) Movement in provision for frauds included under other liabilities:

(₹ in crores)

Particulars	2016-17	2015-16
Opening provision	9.54	8.22
Provision during the year	2.13	1.73
Utilisation / Write back of provision	(0.15)	(0.41)
Closing provision	**11.52**	**9.54**

12.3 Disclosure relating to Complaints:

A. Customer Complaints:

No.	Particulars	2016-17	2015-16
(a)	No. of complaints pending at the beginning of the year	455	340
(b)	No. of complaints received during the year	36978	25467
(c)	No. of complaints redressed during the year	35349	25352
(d)	No. of complaints pending at the end of the year	**2084**	**455**

B. Awards passed by the Banking Ombudsman:

No.	Particulars	2016-17	2015-16
(a)	No. of unimplemented Awards at the beginning of the year	Nil	Nil
(b)	No. of Awards passed by the Banking Ombudsman during the year	Nil	Nil
(c)	No. of Awards implemented during the year	Nil	Nil
(d)	No. of unimplemented Awards at the end of the year	Nil	Nil

(Compiled by management and relied upon by auditors)

12.4 Proposed Dividend:

The Board of Directors, in their meeting held on April 19, 2017, have proposed a final dividend of ₹ 6.00 per equity share amounting to ₹ 431.95 crores, inclusive of corporate dividend tax. The proposal is subject to the approval of shareholders at the Annual General Meeting. In terms of Accounting Standard 4 – Contingencies and Events occurring after the Balance Sheet Date, this proposed dividend is not recognised as a liability on March 31, 2017 and accordingly, the said amount of ₹ 431.95 crores has not been considered as an appropriation from the Profit and Loss Account for the year ended March 31, 2017.

Appropriation towards proposed dividend during the year ended 31 March, 2017 amounting to ₹ 0.46 crores disclosed on the face of the Profit and Loss Account represents the dividend pertaining to shares allotted from April 1, 2016 till the record date for declaration of dividend for the year ended March 31, 2016.

12.5 Letters of Comfort:

The Bank has not issued any letters of comfort (previous year Nil).

12.6 Disclosure on Remuneration:

Nomination and Remuneration Committee:

The Board of Directors, in their meeting held on October 12, 2016, approved the merger of the 'Nomination Committee' and the 'HR and Remuneration Committee', to constitute the 'Nomination & Remuneration Committee' (NRC). The NRC presently comprises five members, four of whom are Independent Directors. The Chairman of the NRC is also the Chairman of the Risk Management Committee of the Board. On Remuneration aspects, the mandate of the Nomination and Remuneration Committee is to establish, implement and maintain remuneration policies, procedures and practices that help to achieve effective alignment between remuneration and risks. The Committee is also mandated to oversee framing, implementation and review of the Bank's Compensation Policy as per the RBI guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Risk Takers and Control function staff. The Committee is also required to ensure that the cost to income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio. The Nomination and Remuneration Committee reviews compensation policies of the Bank with a view to attract, retain and motivate employees.

Compensation Policy:

The Compensation Policy is formulated by the Board in alignment with the RBI guidelines and covers all components of compensation including fixed pay, variable pay, perquisites, retirement benefits as Provident Fund and Gratuity, Long term incentive plans and Employee Stock Options.

The key objectives of the policy are:

(i) Benchmark employee compensation for various job positions and skills with that of the market.

(ii) Maintain an optimal balance between fixed and variable pay.

(iii) Pay for 'Position, Performance and Person'.

(iv) Build employee ownership and long term association through long term incentive plans (ESOPs).

Some of the important features of the Compensation Policy are as follows:

(i) The Bank has identified "Risk Takers and Risk Controllers" separately. Risk Takers includes all employees in Grades Senior Vice President 3 (SVP3) and above belonging to the business line functions of Corporate & Commercial Banking Group, Global Markets Group, Transaction Banking Group, 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 Chief Operating Officer (Operations, Finance & Accounts, Information Technology, Secretarial, etc.), Chief Risk Officer (Credit, Risk, Financial Restructuring & Reconstruction Group, Credit Quality Loan Assurance Review), Human Resources, Inspection and Audit, Investor Relations, Marketing, 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 & Remuneration Committee will oversee the framing, implementation and review of the Compensation Policy.

(iii) In respect of WTDs / CEO / Risk Takers / Control function staff of the Bank, the Compensation policy provides for a reasonable annual increase in fixed pay in line with the market benchmarks. Their

individual increments are linked to their annual performance rating and increment percentages at various performance rating levels, are decided on the basis of the financial performance of the Bank. Exceptions are restricted to a select few high performers to reward performance, motivate and retain critical employees.

(iv) The quantum of overall variable pay to be disbursed in a year for all eligible employees including the Risk Takers and Risk Controllers as defined above would vary from year to year on the basis of the financial performance of the Bank measured through various parameters such as Net Interest Margin, Net Interest Income, Return on Assets, Profit After Tax and Return on Equity.

(v) Employee Compensation is linked to performance. Increments and variable pay are linked to their annual performance rating. Annual Performance Rating for an employee is arrived on the basis of tangible performance against pre–set Key Results Areas (KRAs) / measurable objectives set at the beginning of the financial year.

(vi) The individual variable pay is linked to the annual performance rating, and based on variable pay grids that outline variable pay as a percentage of Annual Guaranteed cash at various rating levels for a grade band. Exceptional increments and variable pay may be paid to select high performers, but in no case they would violate the stipulated RBI guidelines. The Bank also makes a distinction between Risk Takers and Risk Controllers and incorporates separate parameters on variable pay for these segments in its Compensation policy.

(vii) The individual variable pay would not exceed 70% of the fixed pay. Wherever variable pay exceeds a substantial portion of fixed pay as defined by the Bank, (currently set at 65% of fixed pay), the variable pay will be deferred over a period of 3 years in a ratio to be decided by the management in accordance with the RBI guidelines.

(viii) The Bank will implement *malus* / claw-back arrangements with the concerned employees in case of deferred variable pay as defined above. The criteria would be negative contributions to the bank and / or relevant line of business in any year. As applicable, Malus arrangement would lay down policies to adjust deferred remuneration before vesting and claw-back arrangement would lay down policies to adjust deferred remuneration after vesting.

(ix) The Compensation Policy does not provide for guaranteed bonus or sign on bonus in cash. However, in case of select critical hires, sign on bonus can be granted in form of pre-hiring ESOPs (a one-time grant made at the time of joining). The Compensation Policy does not provide for severance pay for any employee of the Bank, irrespective of the reasons for severance.

(x) Retirement benefits in the form of Provident Fund and Gratuity are as per the Bank's HR policies which are in line with the statutory norms.

(xi) Perquisites are laid down in HR Policies of the Bank.

(xii) At present, the Bank uses cash based form of variable compensation. Cash based form of variable compensation is easy to administer and leads to an instant reward to the concerned employees.

(xiii) ESOPs do not form a part of the variable pay and are kept outside the computation of total compensation of an employee. They are very selectively granted to attract and retain employees. 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 & behavioural track record of the employee.

Other Disclosures:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Number of meetings held by RC during the financial year and remuneration paid to its members	During the year, one meeting of the HR and Remuneration Committee and two meetings of the Nomination and Remuneration Committee were held. The members of the HR and Remuneration Committee were paid aggregate sitting fees of ₹ 60,000 for one meeting. The members of the Nomination and Remuneration Committee were paid aggregate sitting fees of ₹ 1,80,000 for the two meetings.	During the year, two meetings of HR and Remuneration committee were held. The members were paid aggregate sitting fee of ₹ 1,40,000 for the two meetings.
Number of employees having received a variable remuneration award during the financial year	87 employees belonging to the category of WTD / CEO / Risk Takers / Other Control function staff had received a variable remuneration award.	66 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	Nil	Nil
Details of guaranteed bonus if any paid as sign on bonus	Nil	Nil
Details of severance pay in addition to the accrued benefits	Nil	Nil
Total amount of outstanding deferred remuneration split into cash, shares and share linked instruments and other forms	The outstanding deferred remuneration is ₹ 1.57 crores to be paid as cash in FY 2017-18 and FY 2018-19.	The outstanding deferred remuneration is ₹ 1.36 crores to be paid as cash in FY 2016-17 and FY 2017-18.
Total amount of deferred remuneration paid out in the financial year	The deferred remuneration paid in FY17 was ₹ 1.29 crores.	The deferred remuneration paid in FY16 was ₹ 0.61 crores.
Breakdown of amount of remuneration awards for the financial year	Breakup of remuneration awards for the 92 employees defined as WTD / CEO / Risk Takers / Other control function staff. (a) Fixed pay - ₹ 112.78 crores (b) Variable pay - ₹ 43.64 crores for FY 2015 - 16 (c) Deferred remuneration - ₹ 1.57 crores (d) Non-deferred remuneration - ₹ 42.07 crores	Breakup of remuneration awards for the 72 employees defined as WTD / CEO / Risk Takers / Other control function staff. (a) Fixed pay - ₹ 89.30 crores (b) Variable pay - ₹ 34.64 crores for FY 2014 - 15 (c) Deferred remuneration - ₹ 1.36 crores (d) Non-deferred remuneration - ₹ 33.28 crores

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and implicit adjustments	Nil	Nil
Total amount of reductions during the FY due to ex - post explicit adjustments	Nil	Nil
Total amount of reductions during the FY due to ex - post implicit adjustments	Nil	Nil

Disclosure on remuneration to Non-Executive Directors:

The Non-Executive Directors are paid Sitting Fees for attending meetings of the Board and its Committees at the rate of ₹ 1,00,000/- per Board meeting, at the rate of ₹ 50,000/- per meeting of the Audit Committee of the Board, and at the rate of ₹ 20,000/- per meeting in respect of all the other Committees. An amount of ₹ 1.11 crores was paid as sitting fees to the Non-Executive Directors during the year ended March 31, 2017 (previous year ₹ 0.98 crores). In accordance with RBI guidelines and the approval accorded at the 22nd Annual General Meeting, an amount of ₹ 0.84 crores (previous year Nil) has been paid as remuneration to Non-Executive Directors during the year ended March 31, 2017.

13. The Micro, Small and Medium Enterprises Development Act, 2006 that came into force from October 2, 2006, provides for certain disclosures in respect of Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or interest payments due to delays in such payments.

14. In terms of the clarification received from the Reserve Bank of India, the disclosure of details relating to Specified Bank Notes (SBNs) as per Notification No. G.S.R. 308(E) dated March 30, 2017 issued by the Ministry of Corporate Affairs (MCA) is not applicable to the banking companies.

15. Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report of even date.

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N / N500016

Russell I Parera
Partner
Membership No : 042190

Place : Mumbai
Date : April 19, 2017

For INDUSIND BANK LTD.

R. Seshasayee *Chairman*

T. Anantha Narayanan *Director*

Romesh Sobti *Managing Director*

S. V. Zaregaonkar *Chief Financial Officer*

Haresh Gajwani *Company Secretary*

DISCLOSURES UNDER BASEL III CAPITAL REGULATIONS – 31st March 2017

DF-1: Scope of Application

Name of the head of the banking group to which the framework applies: INDUSIND BANK LTD.

(i) Qualitative Disclosures:

IndusInd Bank Limited ('the Bank') is a commercial bank, incorporated on January 31, 1994. The Bank does not have any subsidiary as on March 31, 2017 and the CRAR is computed on the financial position of the Bank alone.

a) List of group entities considered for consolidation:

Name of the entity/ Country of incorporation	Whether the entity is included under accounting scope of consolidation (Yes/No)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (Yes/No)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reason if consolidated under only one of the scopes of consolidation
None / NA	NA	NA	NA	NA	NA	NA

b) List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation:

Name of the entity/Country of incorporation	Principle activity of the entity	Total balance sheet equity	% of banks holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
None / NA	NA	NA	NA	NA	NA

(ii) Quantitative Disclosures:

c) List of group entities considered for consolidation:
As mentioned above in Para (i) above, the Bank does not have any subsidiary

d) There is no capital deficiency in any subsidiary, which is not included in the regulatory scope of consolidation

e) The Bank does not have investment in any insurance entities as on March 31, 2017.

f) There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group as on March 31, 2017.

DF-2 Capital Adequacy

Applicable Regulations:

Reserve Bank of India issued Guidelines based on Basel III reforms on capital regulations in May 2012, to the extent applicable to banks operating in India. Basel III capital regulations have been made effective from April 01, 2013 in India in a phased manner and shall be fully implemented by March 31, 2019. RBI issued detailed Guidelines on Composition of Capital Disclosure Requirements on May 28, 2013. Basel III Capital Regulations have been consolidated in Master Circular – Basel III Capital Regulations

Basel III Capital Regulations:

Basel III Capital regulations continue to be based on three-mutually reinforcing pillars, viz., minimum capital requirements, supervisory review of capital adequacy, and market discipline. RBI circular also prescribes risk weights for the balance sheet assets, non-funded items and other off-balance sheet exposures and the minimum capital funds to be maintained as ratio to the aggregate of the risk weighted assets and other exposures, as also, capital requirements in the trading book, on an ongoing basis and operational risk.

These guidelines also incorporate instructions regarding the components of capital and capital charge required to be provided for by banks for credit, market and operational risks. It deals with providing explicit capital charge for credit and market risk and addresses the issues involved in computing capital charges for interest rate related instruments in the trading book, equities in the trading book and foreign exchange risk (including gold and other precious metals) in both trading and banking books. Trading book for the purpose of these guidelines includes securities under Held for Trading category, Available For Sale category, open gold position limits, open foreign exchange position limits, trading positions in derivatives, and derivatives entered into for hedging trading book exposures.

Basel III capital regulations are being implemented in India with effect from April 1, 2013. In order to ensure smooth migration to Basel III without aggravating any near term stress, transitional arrangements provides appropriate framework. The transitional arrangements for capital ratios began on April 01, 2013. However, phasing out of non-Basel III compliant regulatory capital instruments began on January 01, 2013. Capital ratios and deductions from Common Equity will be fully phased-in and implemented on March 31, 2019.

Minimum Capital requirements:

The Bank is subject to the capital adequacy guidelines laid down by Reserve Bank of India, which are based on the framework of the Basel Committee on Banking Supervision. As per Basel III Capital Regulations, the Bank is required to maintain a minimum Capital to Risk Weighted Assets (CRAR) of 10.25% (including Capital Conversion Buffer of 1.25%). The Basel III Capital Regulations are implemented effective from April 1, 2013 in a phased manner. The minimum capital required to be maintained by the Bank for the period ended March 31, 2017 is 10.25% with minimum Common Equity Tier 1 (CET1) of 6.75% (including CCB).

Besides computing CRAR under the Pillar I requirement, the Bank also periodically undertakes stress testing in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, interest rate, derivatives and forex on its profitability and capital adequacy.

The assessment of future capital needs is effectively done based on the business projections, asset mix, operating environment, growth outlook, new business avenues, regulatory changes and risk and return profile of the business segments. The future capital requirement is assessed by taking cognizance of all the risk elements viz. Credit, Market and Operational risk and mapping these to the respective business segments.

The Summary of Capital requirements for Credit Risk, Market Risk and Operational Risk as on March 31, 2017 is mentioned below:

Risk Type	**₹ in millions**
Capital requirements for Credit Risk	**109,832**
Portfolio Subject to Standardised approach	109,832
Securitisation exposures	-
Capital requirements for Market Risk	**6,002**
Standardised Duration Approach	
Interest Rate Risk	4,851
Foreign Exchange Risk (including gold)	304
Equity Risk	847

Risk Type	₹ in millions
Capital requirements for Operational Risk	**13,342**
Basic Indicator Approach	13,342
Minimum Capital requirements at 9%	**129,176**
Minimum CRAR + CCB at 10.25%	**147,117**
Total Capital Funds	**219,674**
CRAR #	**15.31%**

including exposure at IFSC Banking Unit (GIFT City)

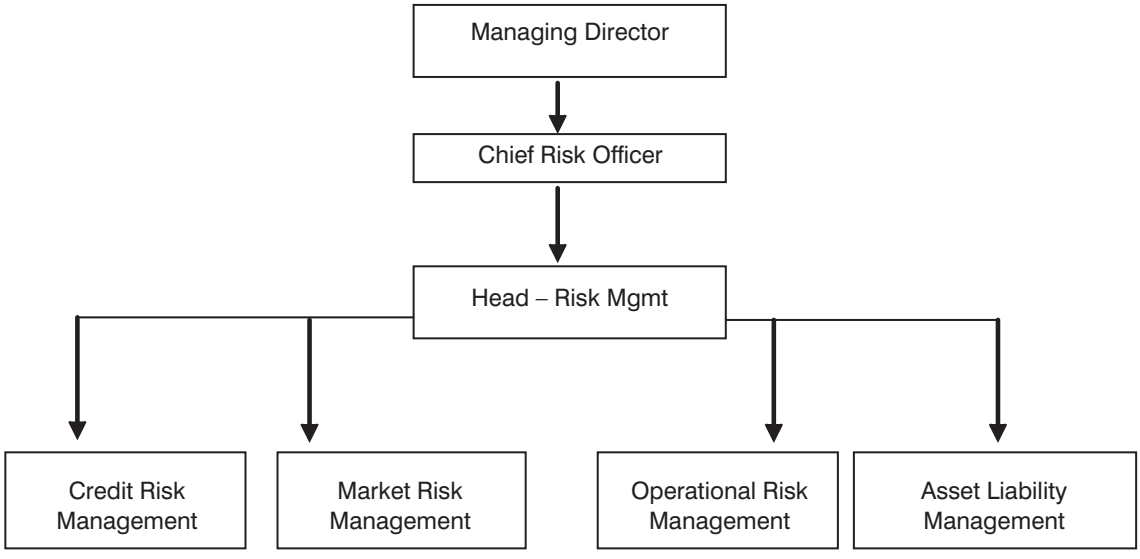
Organisation Structure:

Integrated Risk Management: Objectives and Organisation Structure

The Bank has established an Enterprise-wide Risk Management Department, independent of the Business segments, responsible for Bank-wide risk management covering Credit risk, Market risk (including ALM) and Operational risk. The Risk Management Department focuses on identification, measurement, monitoring and controlling of risks across various segments. The Bank has been progressively adopting the best International practices so as to continually reinforce its Risk Management functions.

Organisation Structure:

The set-up of Risk Management Department is hereunder:



Separate Committees, as specified below, are set up to manage and control various risks:

- Risk Management Committee (RMC)
- Credit Risk Management Committee (CRMC)
- Market Risk Management Committee (MRMC)
- Asset Liability Management Committee (ALCO)
- Operational Risk Management Committee (ORMC)

Bank has articulated various risk policies which specify the risks, controls and measurement techniques. The policies are framed keeping risk appetite as the central objective. Against this background, the Bank identifies a number of key risk components. For each of these components, the Bank determines a target that represents the Bank's perception of the component in question.

The risk policies are vetted by the sub-committees, viz. CRMC, MRMC, etc. and are put forth to RMC, which is a sub-committee of the Board. Upon vetting of the policies by RMC, the same are placed for the approval of the Board and implemented.

Bank has put in place a comprehensive policy on ICAAP, which presents a holistic view of the material risks faced, control environment, risk management processes, risk measurement techniques, capital adequacy and capital planning.

Policies are periodically reviewed and revised to address the changes in the economy / banking sector and Bank's risk profile. Monitoring of various risks is undertaken at periodic intervals and a report is submitted to Top Management / Board.

Credit Risk

Bank manages credit risk comprehensively; both at Transaction level and at Portfolio level. Some of the major initiatives taken are listed below :

- Bank uses a robust Risk rating framework for evaluating credit risk of the borrowers. The Bank uses segment-specific rating models that are aligned to target segment of the borrowers.
- Risks on various counter-parties such as corporates, banks, are monitored through counter-party exposure limits, also governed by country risk exposure limits in case of international trades.
- Bank manages risk at the portfolio level too, with portfolio level prudential exposure limits to mitigate concentration risk.
- Bank has a well-diversified portfolio across various industries and segments, as illustrated by the following data.
  - ❒ Retail and schematic exposures (which provide wider diversification benefits) account for as much as 50% of the total fund-based advances.
  - ❒ Bank's corporate exposure is fully diversified over 85 industries, thus insulated/minimised from individual industry cycles.

Above initiatives support qualitative business growth while managing inherent risks within the risk appetite.

Market Risk

Key sources of Market risk are Liquidity Risk, Interest Rate Risk, Price Risk and Foreign Exchange Risk. Bank has implemented state-of-the-art Treasury and Market Risk Management systems that support robust risk management capabilities and facilitates Straight-through Processing.

Market Risk is effectively managed through comprehensive framework which supports various measures such as Mark-to-Market, Sensitivity analysis, Value-at-Risk and monitoring through operational limits such as stop-loss limits, exposure limits, deal-size limits, maturity ladder, etc. Market risk measurement and monitoring is governed through a comprehensive Market Risk Management Policy.

Asset Liability Management (ALM)

Bank's ALM system supports effective management of liquidity risk and interest rate risk, covering 100% of its assets and liabilities.

- Liquidity Risk is monitored through Structural Liquidity Gaps, Dynamic Liquidity position, Liquidity Coverage Ratios, Liquidity Ratios analysis and Behavioural analysis, with prudential limits for negative gaps in various time buckets.

- Interest Rate Sensitivity is monitored on Earning perspective and Economic Value perspective through prudential limits for Rate Sensitive Gaps, Modified Duration and other risk parameters.
- Interest Rate Risk on the Investment portfolio is monitored through Value at Risk and Risk Sensitivities on a daily basis. Optimum risk is assumed through duration, to balance between risk containment and profit generation from market movements.

ALCO meetings are convened frequently wherein detailed analysis are presented on liquidity position, interest rate risks, product mix, business growth v/s budgets, interest rate outlook, which helps to review the business strategies regularly and undertake new initiatives.

Operational Risk

Operational risk is managed by addressing People risk, Process risk, Systems risk as well as risks arising out of external environment.

Bank has efficient audit mechanism, involving periodical on-site audit, concurrent audits, on the spot and off-site surveillance enabled by the Bank's advanced technology and Core Banking System.

Bank has constituted Fraud Risk Management Committee which is involved in root cause analysis and actions are taken to mitigate frauds. A separate and independent KYC/AML cell has been in place to ensure compliance with respect to customer on-boarding and transaction monitoring as per internal framework and regulatory guidelines of KYC/AML.

Bank has implemented various Operational Risk management tools such as Risk and Control Self-Assessment (RCSA), KRIs monitoring and Loss Data collection (Basel 8X7 matrix) including Near Miss Events. Bank weighs each new Product and Process enhancements under Operational Risk Assessment Process (ORAP) framework.

The above frameworks help in mitigation of operational risks and optimization of capital requirement towards operational risks under Basel III norms.

Systems Risk

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

- Treat Information Security Risk in line with Business, Regulatory & Legal requirements
- Ensure Availability, Integrity, Confidentiality of Information, establish Accountability & provide Assurance
- Focus on People, Process & Technology for implementation
- Apply least privilege, need to know / use principles
- Promote Information Security Awareness to create security-aware culture within employees, contractors, third parties and customers.
- Deal with exceptions and violations appropriately
- Policy is spread across 14 domains, 171 subdomains – 101 operational & 70 technical
- Focus on Information Security Governance, Assurance & Evolution to ensure suitability, adequacy and effectiveness
- Participation of security team during initial stages of system acquisition & development

- Structured approach towards Information Security Awareness
- Integrated Framework based on Deming's PDCA Cycle
- Organization of Information Security aligned with the Framework

Bank is utilizing structure data on its system for Anti-Money Laundering & Enterprise-wide Fraud Management system, risk analytics, enterprise BI. Bank has also started aggregating unstructured data like customer IPs, devices ID, and various social/media in its repository to increase risk management capabilities.

DF-3: Credit Risk: General Disclosures

"Credit Risk" is defined as the probability / potential that the borrower or counter-party may fail to meet its obligations in accordance with agreed terms. It involves inability or unwillingness of a borrower or counter-party to meet commitments in relation to lending, trading, hedging, settlement and other financial transactions.

Credit Risk is made up of two components:

1. **Transaction Risk (or Default Risk),** which represents the risk arising from individual credit exposures and
2. **Portfolio Risk,** which represents the risk inherent in the portfolio of credit assets (concentration of assets, correlation among portfolios, etc.).

Credit risk is found in a variety of transactions across Bank's portfolio including not only loans, off balance sheet exposures, investments and financial guarantees, but also the risk of a counterparty in a derivative transaction becoming unable to meet its obligations. Credit risk constitutes the largest risk to which the Bank is exposed. Bank has adequate system support which facilitates credit risk management and measurement across its portfolio. The system support is strengthened and expanded as and when new exposures are added to the Bank's portfolio.

Bank has articulated comprehensive guidelines for managing credit risk as a part of Credit Risk Policy and related policies framework, Bank Risk Policy, Country Risk Policy, Loan Review Policy and Recovery Policy. Credit risk management systems used at the Bank have been implemented in accordance with these guidelines and best market practices. Credit risk management process focuses on both specific transactions and on groups of specific exposures as portfolios.

Bank's Credit Risk Policy and related policies and systems are framed to achieve the following key objectives:

- Monitoring concentration risk in particular products, segments, geographies etc thereby avoiding concentration risk from excessive exposures to any particular products, segments, geographies etc.
- Assisting in building quality credit portfolio and balancing risks and returns in line with Bank's risk appetite
- Tracking Credit quality migration
- Determining how much capital to hold against each class of assets
- Undertaking Stress testing to evaluate credit portfolio strength
- To develop greater ability to recognize and avoid potential problems
- Alignment of Risk Strategy with Business Strategy
- Adherence to regulatory guidelines

Credit Risk Management at specific transaction level

The central objective for managing credit risk at each transaction level is development of risk measurement and monitoring systems that cover the entire life cycle of the exposure, i.e. opportunity for transaction, assessing the credit risk, granting of credit, disbursement and subsequent monitoring, identifying the obligors with emerging credit problems, remedial action in the event of credit quality deterioration and repayment or termination of the obligation.

The Credit Policies of the Bank stipulates applicability of various norms for managing credit risk at a specific transaction

level and more relevant to the target segment of the obligors. It covers all the types of obligors, viz. Corporate, SME, Trader and Schematic Loans such as Loan against Property, Business Loan, Retail Agri, LAS, Gold Loan, Home Loan, Personal Loan, etc.

Major components of Credit Risk and related Policies are mentioned below:

- Transaction with customer/ prospective customer is undertaken with an aim to build long term relationship.
- All the related internal and regulatory guidelines such as KYC norms, RBI prudential norms, etc. are adhered to while assessing the credit request of the borrower.
- Credit is granted with due diligence and detailed insight into the customer's circumstances and of specific assessments that provide a context for such credits.
- Facility is granted based on customer's creditworthiness, capital base or assets to assure that the customer is able to substantiate the repayment. Due regard is also placed to the industry in which the customer is operating, the business specific risks and management capability and their risk appetite.
- Regular follow-up of overall health of the borrower is undertaken to assess whether the basis of granting credit has changed.
- When loans and credits are granted to borrowers falling outside preferred credit rating, the Bank normally obtains sufficient collateral. However, collaterals are not the sole criterion for lending, which is generally done based on assessing the business viability of the borrower and the adequacy of the expected cash flows.
- Bank has defined exposures limit on the basis of internal risk rating of the borrower.
- Bank is particularly cautious while granting credits to businesses in affected or seasonal industries.
- Bank also grants unsecured credit to borrowers with high standing and low credit risk profile based on detailed financial analysis & established credit history.
- In terms of Bank's Country risk Policy, due caution is exercised when assuming risk in countries with an unstable economic or political scenario.

Beside the acceptability norms defined in the policies/manual for an individual transaction, Bank has also implemented various credit related product programmes which enables efficient appraisal, assessment, delivery, supervision and control of tailor made loan products targeted at specific customer segments. Customers covered under Business Banking product programme are evaluated using a scoring/rating model developed based on segment specific risk profile.

Consumer Finance Division appraises loan application based on robust set criteria defined in the respective product programmes. Further as a mechanism to assess the credit quality, customers are also evaluated through application scoring models which are segment specific. Further, post disbursement, the quality of the account is tracked by means of a Behavioral score.

Customers under Credit Cards segment are evaluated by means of robust customer selection criteria that include variety of factors.

Bank has also put in place a detailed policy for portfolio acquisition which stipulates various criteria for asset selection including due diligence, transfer of risks and rewards of the underlying portfolio, credit enhancements, portfolio risk management and monitoring in accordance with RBI guidelines.

Credit Approval Committee

Bank has put in place the principle of 'Committee' or 'Approval Grids' approach while according sanctions to credit proposals. This provides for an unbiased, objective assessment/evaluation of credit proposals. Such Committees include atleast one official from an independent department, which has no volume or profits targets to achieve. The official of the independent department is a mandatory member of the Credit Committee. The spirit of the credit approving system is that no credit proposals are approved or recommended to higher authorities unless all the

members of the 'Committee' or 'Approval Grids' agree on the acceptability of the proposal in all respects. In case of disagreement the proposal is referred to next higher Committee whose decision to approve or decline with conditions is final.

Following 'Approval Grids' are constituted:

- **Corporate & Commercial Banking Segment :**
  - Corporate Office Credit Committee (COCC) – I
  - Corporate Office Credit Committee (COCC) – II
  - Executive Credit Committee (ECC)
- **Consumer Banking (CB) Segment :**

  Scheme of delegation under Consumer Banking Segment includes Vehicle financing, personal loans, housing loans and other schematic loans under multi-tier Committee based approach as under:

- Joint Sanction on Four Eye Principle
- Zonal Credit Committee (ZCC)
- Corporate Office Credit Committee – I & II
- Executive Credit Committee

Apart from this, Bank has schematic loans also like Gold Loan & LAS which are sanctioned by branches / Operations upto defined limit of exposure under the respective product program. These are relatively smaller loans and fully secured by liquid collaterals.

Scheme of delegation of power applicable for all business segments are approved by Board of Directors.

The credit proposals which are beyond the delegated powers of ECC are placed to Committee of Directors (COD) for approval.

Risk Classification

Bank monitors the overall health of its customers on an on-going basis to ensure that any signal of weakening of a customer's earnings or liquidity is detected as early as possible. As part of the credit process, customers are classified according to the credit quality in terms of internal rating, and the classification is regularly updated on receipt of new information/ changes in the factors affecting the position of the customer.

Bank has operationalised following risk rating/ scoring models basis on the target segment of the borrower:

- Large Corporate, Small & Medium Enterprises, NBFC
- Trading entities, Capital Market Broker and Commodity Exchange Broker
- Financial Institutions/Primary Dealers and Banks
- Retail customers (Schematic Loans) – who are assigned credit scoring

Customers under Business Banking segment, Retail Agri, Loan against credit card receivables are assessed for credit quality using a scoring/rating model. The score serves a measure to categorise the customers into various risk classes which are further calibrated to different risk grades. Bank has also implemented rating models for assessing risk under Lease Rental Discounting and Warehouse Receipts Financing products.

Rating grades in each rating model, other than the segments driven by product programmes, is on a scale of 1 to 8, which are further categorised by assigning +/- modifiers to reflect the relative standing of the borrower within the specific risk grade. Model-specific rating grades are named distinctly. Each model-specific rating grade reflects the relative ratings of the borrowers under that particular segment. For instance, L4 indicates a superior risk profile of a Large Corporate, when compared to another Large Corporate rated L5.

In order to have a common risk yardstick across the Bank, these model specific ratings are mapped to common scale ratings which facilitate measurement of risk profile of different segments of borrower by means of common risk ladder.

Various purposes for which the rating/scoring models are used are mentioned hereunder:

Portfolio Management

- Portfolio Management
- Efficiency in lending decision
- To assess the quality of the borrower – single point reference of credit risk of the borrower
- Preferred rating norms for assuming exposures
- Prudential ceiling for single borrower exposures – linked to rating
- Frequency of review of exposures
- Frequency of internal auditing of exposures
- To measure the portfolio quality
- Target for quality of advances portfolio is monitored by way of Weighted Average Credit Rating (WACR).
- Pricing credit
- Capital allocation (under IRB approaches)

Credit Quality Assurance:

Bank has also adopted Loan Review Mechanism (LRM), which involves independent assessment of quality of an advance, effectiveness of loan administration, compliance with internal policies of Bank and regulatory framework and portfolio quality. It also helps in tracking weaknesses developing in the account for initiating corrective measures in time. LRM is carried out by Credit Quality Assurance team, which is independent of Credit and Business functions.

Credit Risk Management at Portfolio level:

Accumulation of individual exposures leads to portfolio, which creates the possibility of concentration risk. Concentration risk, on account of borrowers/ products with similar risk profile, may arise in various forms such as Single Borrower, Group of Borrowers, Sensitive Sector, Industry–wise exposure, Unsecured exposure, Rating wise exposure, Off Balance sheet exposure, Product wise exposure, etc. Credit risk concentration is addressed by means of structural and prudential limits stipulated in the Credit Risk Policy and other related policies.

Concentration risk on account of exposures to counter-parties (both single borrower and group of borrowers), Industry-wise, Rating-wise, Product-wise, etc., is being monitored by Risk Management Dept (RMD). For the purpose, exposures in all business units, viz. branches, treasury, investment banking, etc., by way of all instruments (loans, equity/debt investments, derivative exposures, etc.) are considered. Such monitoring is carried out at monthly intervals. Besides this, respective business units are monitoring the exposure on continuous real-time basis.

Concentration risk is further evaluated in terms of statistical measures and benchmarks. Detail analysis of portfolio risk and control measures is carried out on a monthly basis on various parameters. Further, a comprehensive Stress Testing framework based on several factors and risk drivers assessing the impact of stressed scenario on Credit quality, its impact on Bank's profitability and capital adequacy is placed to Top Management /Board every quarter. The framework highlights the Bank's credit portfolio under 3 different levels of intensity across default, i.e. mild, medium and severe, and analyses its impact on the portfolio quality and solvency level.

Impaired credit - Non Performing Assets (NPAs):

Bank has an independent Credit Administration Department that constantly monitors accounts for irregularities, identifies accounts for early warning signals for potential problems and identifies individual NPA accounts systematically.

Bank has also set up Financial Restructuring and Reconstruction (FRR) Dept for managing and monitoring defaulted accounts, carrying out restructuring, wherever feasible and following up for recoveries of dues.

Bank follows applicable RBI guidelines while classifying Non-performing Assets (NPAs). The guidelines are as under:

a) An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank

b) A Non Performing Asset (NPA) is a loan or an advance where;

i. interest and / or installment of principal remains overdue for a period of more than 90 days in respect of a term loan,

ii. the account remains 'out of order', in respect of an Overdraft / Cash Credit (OD/ CC),

iii. the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,

iv. installment of principal or interest thereon remains overdue for two crop seasons for short duration crops,

v. installment of principal or interest thereon remains overdue for one crop season for long duration crops,

vi. amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of RBI guidelines on Securitisation dated February 1, 2006.

vii. in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

Out of Order status: An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit / drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit / drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as 'out of order'.

Overdue: Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

Credit Risk Exposures

(a) Total Gross Credit Risk Exposures as on 31st March, 2017

(₹ in millions)

Fund Based*	1,652,886
Non-Fund Based**	692,633
Total Exposures	**2,345,519**

* Includes all exposures such as Cash Credit, Overdrafts, Term Loan, Cash, SLR securities etc., which are held in banking book.

** Off-Balance items such as Letter of Credit, Bank Guarantee and credit exposure equivalent of Inter-bank forwards, merchant forward contracts and derivatives, etc.

(b) Geographic Distribution of Exposures as on 31st March, 2017

(₹ in millions)

	Domestic	Overseas
Fund Based	1,652,886	-
Non-Fund Based	692,633	-
Total Exposures	**2,345,519**	**-**

(c) Industry-Wise Distribution of Exposures as on 31st March, 2017

(₹ in millions)

Industry Name	Fund Based	Non-Fund Based
NBFCs		
NBFCs (other than HFCs)	8,941	5,487
NBFC – AFC (Asset Finance Company)	1,429	-
NBFC – IFC (Infrastructure Finance Company)	-	1,216
NBFCs (Micro Finance Institution)	13,002	103
Construction		
Constn related to infra.- EPC	19,000	12,866
Roads/other infra project	5,361	9,992
Contract Construction - Civil	11,261	23,276
Real Estate		
Real Estate Developers	25,017	6,203
Lease Rental Discounting - Real Estate	57,486	-
Housing Finance Companies	14,908	2,763
Loans against Property - Corporate	3,646	-
Loans against Property- Consumer Finance Division	69,740	-
Power		
Power Generation	22,096	71,636
Power Transmission	2,088	5,768
Power Distribution	1,122	731
Power Trading	-	3,555
Cables		
Telecom Cables	509	1,176
Power Cables	443	640
Steel		
Steel-Long Products	2,538	5,474
Steel Flats-CR,GP/GC	670	1,309
Steel Flats- HR	236	12,942
Steel – Alloy	2,332	235
Steel Pipes	3,584	4,309

(₹ in millions)

Industry Name	Fund Based	Non-Fund Based
Sponge Iron	-	34
Casting & Forgings	5,422	690
Stainless Steel	2,015	4,084
Iron and Steel Rolling Mills	1,990	536
Pig Iron	2,022	297
Textiles		
Textiles - Readymade Garments	4,066	252
Textiles - Cotton fabrics	-	2
Textiles -Cotton fibre / yarn	728	359
Textiles - Manmade fibres / yarn	1,904	972
Textiles-Texturising	244	31
Textile-Blended Yarn	376	5
Textile – Jute	380	175
Textiles - Synthetic Fabrics	766	8
Textile – Silk	457	41
Textile – Machinery	67	1
Cotton ginning, Cleaning, Baling	1,259	-
Telecom		
Telecom – Cellular	39,482	67,505
Telecom Equipments	731	466
Pharmaceuticals		
Pharmaceuticals - Bulk Drugs	3,286	3,452
Pharmaceuticals – Formulations	2,394	1,695
Chemicals		
Chemicals – Organic	1,704	1,633
Chemicals – Inorganic	1,922	430
Fertilisers		
Fertilisers – Phosphatic	1,326	1
Fertilizers – Nitrogenous	292	3,117
Paper		
Paper - Writing and Printing	1,494	2,803
Paper – Industrial	5,019	3,530
Paper Newsprint	148	133
Petroleum & Products	2,120	19,737
Engineering & Machinery	7,833	29,163
Gems and Jewellery	69,407	1,983
Edible Oils	1,778	1,455
Auto Ancillaries	5,671	3,607

(₹ in millions)

Industry Name	Fund Based	Non-Fund Based
Diversified	10,551	1,718
Hospital & Medical Services	3,624	291
Food Credit	5,595	338
Aluminium	1,742	4,181
Capital Market Brokers	1,343	13,525
Rubber & Rubber Products	810	483
Lease Rental Discounting - Others	8,664	-
Plastic & Plastic Products	5,104	1,714
Food Product & Beverages and other food processing	17,316	572
Sugar	-	3,752
SME - Miscellaneous-Mfg.	4,457	607
Electronic components	1,095	506
Commodity Market Brokers	7,866	2,676
Beverage, Breweries, Distilleries	-	-
Hotels & Tourism	3,769	1,364
Glass & Glass Products	361	661
Shipping	574	5,017
Educational Institutions	4,874	426
Computers - Hardware	253	285
Coal	878	688
IT Enabled Services	3,298	2,757
Electrical fittings	995	473
Petrochemicals	16	16,070
Banks	46,811	79,393
Animal Husbandry	176	-
Mining, Quarrying & Minerals	1,525	2,610
Construction Equipments	1,718	232
Airlines	11,592	1
Wood and Wood Product	545	32
Leather & leather Products	1,817	539
Tiles / Sanitaryware	655	637
Transport Services	-	43
Oil and Gas Exploration	467	13,924
Electric Equipment	4,028	6,469
Media, Entertainment & Advt	13,238	2,086
Organised Retailing	2,283	32
Trading – Wholesale	55,332	31,862
Trading – Retail	33,080	3,198
Services	25,509	25,252
Credit Cards	17,040	-
Consumer Finance Division	342,597	-
Other Industries	45,811	73,266
Residual Assets	533,764	14,080
Total Exposure	**1,652,886**	**629,635**

Exposures to industries (other than consumer finance division) in excess of 5% of total exposure

(₹ in millions)

Industry	Fund Based	Non-Fund Based
Banks	46,811	79,393

(d) Residual Contractual Maturity breakdown of assets

(₹ in millions)

Assets	1D	2 - 7D	8 - 14D	15 - 30D	31D - 2M	>2M -3M	> 3M -6M	> 6 M - 1 Y	>1Y - 3Y	> 3Y - 5Y	> 5Y - 7Y>	> 7Y - 10Y	> 10Y - 15Y	>15Y	Total
Cash	11,355	-	-	-	-	-	-	-	-	-	-	-	-	-	11,355
Balances with RBI	15,202	-	-	3,514	1,717	4,232	3,142	5,394	9,987	6,169	4,676	2,638	3,978	5,484	66,132
Balances with other Banks	7,836	82,046	-	-	-	1,475	2,130	6,434	8,874	-	-	-	-	-	1,08,795
Investments	-	965	-	-	280	5,205	3,565	18,230	51,308	28,270	35,226	78,582	96,346	49,043	3,67,021
Advances*	5,943	72,435	24,155	18,832	44,593	88,234	88,838	1,55,180	3,87,999	1,10,283	47,051	43,343	49,906	5,013	11,41,805
Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	13,352	13,352
Other Assets	7,923	945	31,376	682	3,097	2,291	10,853	6,600	11,543	5,542	7,789	383	-	-	89,023

*Includes BRDS of ₹11,000 mio

(e) Movement of NPAs and Provision for NPAs as on 31st March, 2017

(₹ in millions)

A	**Amount of NPAs (Gross)**	**10549**
	Sub-standard	3,931
	Doubtful 1	2,221
	Doubtful 2	2,771
	Doubtful 3	1,034
	Loss	592
B	**Net NPAs**	**4,389**
C	**NPA ratios**	
	Gross NPA to Gross advances (%)	0.93%
	Net NPA to Net advances (%)	0.39%
D	**Movement of NPAs (Gross)**	
	Opening Balance as on 01.04.16	7,768
	Additions during the period	14,293
	Reductions during the period	11,512
	Closing Balance as on 31.03.17	10,549
E	**Movement of provision for NPAs**	
	Opening as on 01.04.16	4,551
	Provision made till 31.03.17	7,356
	Write off	4,655
	Write back of excess provisions	1,092
	Any other adjustments, including transfers between provisions	-
	Closing as on 31.03.17	6,160

Particulars	Amount (₹ in millions)
Write offs booked directly to income statement	Refer to E above
Recoveries booked directly to income statement	323

(f) Non Performing Investments and Movement of provision for depreciation on Non Performing Investments

(₹ in millions)

A	Amount of Non-Performing Investments	23
B	Amount of provisions held for non-performing investments	23
C	Movement of provisions for depreciation on investments	
	Opening as on 01.04.16	564
	Add: Provisions made till 31.03.17	313
	Less: Write-off/ write-back of excess provisions	-
	Closing Balance as on 31.03.17	877

(g) Major Industry Break up of NPA and Provision

(₹ in millions)

Industry	Gross NPA	Specific Provision
NPA in Top 5 Industry	131	**60**

(h) Geography wise Distribution of NPA and Provision

(₹ in millions)

Geography	Gross NPA	Specific Provision
Domestic	10,549	6,160
Overseas	-	-
Total	10,549	**6,160**

DF-4: Credit risk: Disclosures for Portfolios Subject to the Standardised Approach

As per the Basel II guidelines on Standardised approach, the risk weight on certain categories of domestic counter parties is determined based on the external rating assigned by any one of the accredited rating agencies, i.e. CRISIL, ICRA, CARE, India Rating Pvt. Ltd, Brickworks Ratings India Pvt. Ltd and SMERA. For Foreign counterparties and banks, rating assigned by S&P, Moody's and Fitch are used.

Bank computes risk weight on the basis of external rating assigned, both Long Term and Short Term, for the facilities availed by the borrower. The external ratings assigned are generally facility specific. Bank follow below mentioned procedures as laid down in Basel II guidelines for usage of external ratings:

- Ratings assigned by one rating agency are used for all the types of claims on the borrowing entity.
- Long term ratings are used for facilities with contractual maturity of one year & above. Short term ratings are generally applied for facilities with contractual maturity of less than one year.
- If either the short term or long term ratings attracts 150% risk weight on any of the claims on the borrower, Bank assigns uniform risk weight of 150% on all the unrated claims, both short term and long term unless the exposure is subjected to credit risk mitigation.
- In case of multiple ratings, if there are two ratings assigned to the facility that maps to different risk weights,

the rating that maps to higher risk weight is used. In case of three or more ratings, the ratings corresponding to the two lowest risk weights is referred to and the higher of those two risk weights is be applied. i.e., the second lowest risk weight.

- For securitized and guaranteed transactions, SO ratings assigned by the rating agency are applied for arriving at the risk weights.

Risk Weight-wise distribution of Gross Credit Exposures -

Category	(₹ **in millions)**
Below 100% Risk Weights	1,639,763
100% Risk Weights	505,534
More than 100% Risk Weights	200,222
Deducted	-

DF-5: Credit Risk Mitigation: Disclosures for Standardised approach

Bank mitigates credit exposure with eligible collaterals and guarantees to reduce the credit risk of obligors as stipulated under Basel II. In principle with mitigating credit risk, Bank has put in place a comprehensive Policy on Credit Risk Mitigants and Collaterals for recognizing the eligible collaterals and guarantors for netting the exposures and reducing the credit risk of obligors. Basic procedures and descriptions of controls as well as types of standard/acceptable collaterals, guarantees necessary in granting credit, evaluation methods for different types of credit and collateral, applicable "haircuts" to collateral, frequency of revaluation and release of collateral are stipulated in the Bank's credit policy, policy on collateral management and credit risk mitigant policy. The Bank uses net exposure for capital calculations after taking cognizance of eligible financial collaterals. All collaterals and guarantees are recorded and the details are linked to individual accounts. Perfection of security interest, date, currency and correlation between collateral and counterparty are also considered.

As lending is subject to default risk, Bank accepts collateral securities to minimize the impact of loss and consequently reducing the credit risk. The type of collaterals is determined based on the nature of facility, product type, counter party risk and its credit quality. However, as explained earlier, collateral is not the sole criteria for granting credit. For Corporate and SME clients, working capital facility is generally secured by charge on current assets and Term loan is secured by charge on fixed assets. In case of project financing, Bank generally stipulates escrow of receivables/project cash flows along with the charge on underlying project assets. The credit risk policy clearly defines the types of secondary securities and minimum percentage in relation to the total exposures that is required to be obtained in case of credit granted to obligors falling outside the preferred rating grade. Credit facilities are also granted against the security of assets such as cash deposits, NSC, guarantee, mortgages, pledge of shares and commodities, bank guarantees, accepted bills of exchange, assignment of receivables etc. The credit facilities, in terms of risk policies, are secured by secondary collaterals such as cash deposits, NSC, guarantee, mortgages, fixed assets etc. Bank also grants unsecured credit to the borrowers with high standing and low credit risk profile. Customers under Credit card programme are assessed by means of comprehensive customer selection parameters.

For Business Banking clients, who are driven by product programmes and templated scoring models, the facilities are ordinarily secured by adequate collaterals. The programmes have a robust mechanism for collateral acceptance, valuation and monitoring.

In case of schematic products such as Home Loan, LAP, Auto Loan, etc., Loan to value ratio, margin and valuation/ revaluation of collaterals is defined in the respective product programme. The valuation is generally carried out by the empanelled valuer of the Bank. Bank has also put in place approved product paper on loan against warehouse receipts, shares and other securities. The margin, valuation and revaluation of the assets are specified in the product note.

The credit approving authorities also decides on the type and amount of collaterals for each type of facility on a case-to-case basis. For schematic loans and facilities offered under product programme, securities are obtained as defined in the product notes.

Eligible financial asset collateral and guarantor

For the purpose of credit risk mitigation, i.e. offsetting the amount of collateral/ basket of collaterals against the individual/ pool of exposures to which the collaterals are assigned, financial asset collateral types are defined by the Bank as per the Capital Adequacy Framework to include Fixed deposits, KVP, IVP, NSC, Life Insurance Policies, Gold, Securities issued by Central and State Governments and units of Mutual Fund. On a similar note, the eligible guarantors are classified into the following categories:

- Sovereigns, Sovereign entities, Banks and Primary Dealers with lower risk weights than the counterparty
- Other entities including guarantee cover provided by parent, subsidiary and affiliate companies when they have lower risk weight than the obligor.

(₹ in millions)

Particulars	Eligible Financial Collaterals	Supported by guarantee
Exposure before applying eligible mitigants	281,719	16,733
Exposure after applying eligible mitigants	119,974	473

DF-6: Securitisation Exposures: Disclosure for Standardised approach

Securitisation "means a process by which a single performing asset or a pool of performing assets are sold to a bankruptcy remote Special Purpose Vehicle (SPV) and transferred from the balance sheet of the originator to the SPV in return for an immediate cash payment.

SPV" means any company, trust, or other entity constituted or established for a specific purpose - (a) activities of which are limited to those for accomplishing the purpose of the company, trust or other entity as the case may be; and (b) which is structured in a manner intended to isolate the corporation, trust or entity as the case may be, from the credit risk of an originator to make it bankruptcy remote.

Bank had neither originated any securitization transactions by way of sale of securitised assets, nor retained any exposure on such assets, actual conditional, or contingent, during the period ended March 31, 2017.

The Bank, in the past, had carried out securitization transaction and such deals were done on the basis of 'True Sale', which provides 100% protection to the Bank from the default in case of assets originated by it. All risks in the securitised portfolio were transferred to the Special Purpose Vehicle (SPV). Post-securitisation, Bank continued to service the loans transferred under securitization. Bank had also provided for credit enhancements in the form of cash collaterals to a minimum extent.

The Bank, in the past, had securitized its assets with the objectives of managing its funding requirements, improving liquidity, reducing credit risk and diversifying the portfolio risk, managing interest rate risk, and capital adequacy. The Bank has not securitised any of its portfolios for the past 9 years.

Apart from managing credit risk, Bank also considers different types of risks viz. interest rate risk and liquidity risk for the retained assets or acquired portfolio and ensure its adequate assessment and mechanism for mitigating the same. The securitized portfolio, both the retained part and acquired assets are monitored regularly in terms of various risk parameters such as repayment, cash flows to service the interest, principal and other charges, counterparty risk, servicer's capability, underlying asset risk profile and interest rate risk.

Exposure details on account of Securitization transactions

(a) Securitisation exposures in Banking Book

There are no outstanding under the securitization exposures as on 31st March 2017. No securitization activities were undertaken by the Bank during the period ended 31st March 2017.

(b) Amount of Assets intended to be securitized within a year:

For the time being Bank does not have any plans to undertake securitization of its assets. However, for the purpose of balance sheet management and if the opportunities arises, securitization of exposure may be explored.

(c) Securitisation exposures in Trading Book:

Aggregate amount of on-balance sheet securitisation exposures retained or purchased broken down by exposure type

Exposure Type	**Amount** (₹ in **millions**)
Agriculture Loans	1,082.14
SME	243.97

Aggregate amount of securitisation exposures retained or purchased subject to Comprehensive Risk Measure for specific risk

Exposure Type	**Amount** (₹ in **millions**)
Agriculture Loans	1,082.14
SME	243.97

Aggregate amount of securitisation exposures retained or purchased subject to securitisation framework for specific risk broken down into different risk weight bands

Risk Weight band	**Amount** (₹ in **millions**)
<100% risk weight	767.03
100% risk weight	559.08
>100% risk weight	-
Total	**1326.11**

Aggregate amount of the capital requirements for the securitisation exposures, subject to the securitisation framework broken down into different risk weight bands:

Risk Weight band	**Capital Charge Amount** (₹ in **millions**)
<100% risk weight	45.07
100% risk weight	63.94
>100% risk weight	**-**
Total	**109.01**

Securitisation exposures deducted from capital

Exposure Type	**Exposures deducted entirely from Tier-1 capital**	**Credit enhancing interest-only strips deducted from total capital**	**Other exposures deducted from total capital**
NA			

DF-7: Market risk in Trading book

Market Risk may be defined as the possibility of loss to a bank caused by changes in the market variables. The market risk for the Bank is governed by the Market Risk Policy and Funds and Investment policy which are approved by the Board. These policies serve to outline the Bank's risk appetite and risk philosophy in respect of Treasury / Forex / Equity / Derivatives / Bullion operations, and the controls that are considered essential for the management of market risks. The policies are reviewed periodically to update it with changed business requirements, economic environment and revised regulatory guidelines.

Sources of market risk:

Market risks arise from the following risk factors:

- Price risk for bonds, forex, equities and bullion
- Interest rate risk for investments, derivatives, etc.
- Exchange rate risk for currencies; and
- Trading / liquidity risk.

Objectives of Market risk management:

The broad objectives of Market Risk management are:

- Management of interest rate risk and currency risk of the trading portfolio.
- Adequate control and suitable reporting of investments, Forex, Equity and Derivative portfolios
- Compliance with regulatory and internal guidelines.
- Monitoring and Control of transactions of market related instruments.

Scope and nature of risk reporting and measurement systems:

Reporting

Market Risk group reports various investments, Foreign exchange positions and derivatives position with their related risk measures to top management daily and to Committees of the Board on a periodic basis. Bank periodically reports the related positions to regulators in compliance with regulatory requirements.

Measurement

Bank monitoring its risks through risk management tools and techniques such as are Value-at-Risk, Modified Duration, PV01, Stop Loss, amongst others. Based on risk appetite of the Bank, various risk limits are placed which are monitored on a daily basis.

Capital requirements for Market risks @ 9%

(₹ in millions)

Market Risk elements	Amount of capital required
Interest Rate Risk	4,851
Foreign Exchange Risk (including gold)	304
Equity Risk	847

DF-8: Operational Risk

Bank has framed Operational Risk Management Policy duly approved by the Board. Other policies adopted by the Board that deals with management of operational risk are (a) Information System Security Policy (b) Policy on Know Your Customer (KYC) and Anti Money Laundering Policy (AML) process (c) IT business continuity and Disaster Recovery Plan and (d) Business Continuity Plan (BCP) (e) New Product Programme Policy (f) Framework for Risk and Control Self Assessment (RCSA) and (g) Risk Event Reporting Framework.

Operational Risk Management Policy adopted by the Bank outlines organization structure and detailed process for management of Operational Risk. Basic objective of the policy is to closely integrate operational management system to risk management processes of the Bank by clearly assigning roles for effectively identifying, assessing, monitoring and controlling / mitigating operational risk exposures, including material operational losses. Operational risks in the Bank are managed through comprehensive and well-articulated internal control frameworks. Bank has implemented the process of capturing, reporting and assessing risk events at the process level using RCSA framework.

DF-9: Interest rate risk in the banking book (IRRBB)

Interest Rate Risk is the risk of loss in the Bank's net income and net equity value arising out of a change in level of interest rates and / or their implied volatility. Interest rate risk arises from holding assets and liabilities with different principal amounts, maturity dates and re-pricing dates. The Bank holds assets, liabilities and off balance sheet items across various markets with different maturity or re-pricing dates and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates in such markets. Interest rate risk in the banking book refers to the risk associated with interest rate sensitive instruments that are not held in the trading book of the Bank.

Risk management framework

The Board of the Bank has overall responsibility for management of risks and it decides the risk management policy of the Bank and set limits for liquidity, interest rate, foreign exchange and equity price risks. The Asset Liability Management Committee (ALCO) consisting of Bank's senior management including Managing Director is responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Bank (for the assets and liabilities) in line with the Bank's budget and decided risk management objectives. ALCO decides strategies and specifies prudential limits for management of interest rate risk in the banking book within the broad parameters laid down by Board of Directors. These limits are monitored periodically and the breaches, if any, are reported to ALCO.

Monitoring and Control

The Board of Directors has approved the Asset-Liability Management policy. The policy is intended to be flexible to deal with rapidly changing conditions; any variations from policy should be reported to the Board of Directors with recommendations and approval from the ALCO.

The Bank has put in place a mechanism for regular computation and monitoring of prudential limits and ratios for liquidity and interest rate risk management. The Bank uses its system capability for limits and ratio monitoring. The ALCO support group generates periodic reports for reporting these to ALCO and senior management of the Bank. The ALM support group carries out various analyses related to assets and liabilities, forecast financial market outlook, compute liquidity ratios and interest rate risk values based on the earnings and economic value perspective.

Risk measurement and reporting framework:

The estimation of interest rate risk involves interest rate sensitive assets (RSAs) and interest rate sensitive liabilities (RSLs).

The techniques for managing interest rate risk include:

- Interest rate sensitivity gap Analysis
- Earning at Risk Analysis
- Stress Testing

Interest rate sensitivity gap: The gap or mismatch risk as at a given date, is measured by calculating gaps over different time intervals. Gap analysis measures mismatches between rate sensitive liabilities (RSL) and rate sensitive assets (RSA) (including off-balance sheet positions). The report is prepared by grouping liabilities, assets and off-balance sheet positions into time buckets according to residual maturity or next re-pricing period, whichever is earlier. The difference between RSA and RSL for each time bucket signifies the gap in that time bucket. The gap report provides a good framework for determining the earnings impact.

Earning at Risk: Any change in interest rate would impact Bank's net interest income (NII) and the value of its fixed income portfolio (price risk). The interest rate risk is measured by EaR that is the sensitivity of the NII to a 100 basis points adverse change in the level of interest rates.

Stress Testing: The Bank measures the impact on net interest margin (NIM) / EaR after taking into account various possible movement in interest rates across tenor and their impact on the earnings and economic value of the Bank is calculated for each of these scenarios. These reports are prepared on a monthly basis for measurement of interest rate risk

With an upward rate shock of 1% across the curve, as per Rate Sensitive Gaps in INR as on 31.03.2017, the earning shows an increase of ₹ 677 million.

The impact of change in interest rate by 100 bps and 50 bps has been computed on open positions (as on 31st March, 2017) and shown hereunder against the respective currencies.

Change in interest rates (in bps)				
Impact on NII (₹ in millions)				
Currency	**-100**	**-50**	**50**	**100**
INR	(676.88)	(338.44)	338.44	676.88
Others	-	-	-	-
Total	**(676.88)**	**(338.44)**	**338.44**	**676.88**

DF-10: General Disclosures for Exposures Related to Counterparty Credit Risk

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value for the Bank at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty. The market value is uncertain and can vary over time with the movement of underlying market factors.

Capital is allocated to CCR exposures taking into consideration the regulatory guidelines on Basel – III capital adequacy computation.

Counterparty credit risk is managed and controlled through variety of risk policies and monitoring procedures including, but not limited, to the following:

- Credit Risk Policy
- Bank Risk Policy
- Derivatives Policy and
- Country Risk Policy

It is possible for the counterparty's credit quality to be co-dependent with the level of exposure. This effect is called wrong-way risk if the exposure tends to increase when the counterparty credit quality gets worse. Wrong way risk is controlled through policies that manage industry, country and individual counterparty concentrations.

Exposure on account of Counterparty Credit Risk

(₹ in millions)

Particulars	**Amount**
Gross positive value of contracts	31537.36
Netting Benefits	-
Netted current credit exposure	93711.30
Collateral held	2,135.68
Net derivative credit exposure	91575.62

DF-11: Composition of Capital

(₹ Million)

		At March 31, 2017	
Common Equity Tier 1 capital: Instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	99,675.70	A=a1+a2
2	Retained earnings	68,441.41	B=b1-b2
3	Accumulated other comprehensive income (and other reserves)	33,136.14	C=c1+c2+c3+ c4+c5+c6 +c8-c9
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies1)	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	**Common Equity Tier 1 capital before regulatory adjustments**	**201,253.25**	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	
9	Intangibles (net of related tax liability)	-	
10	Deferred tax assets 2	-	
11	Cash-flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined-benefit pension fund net assets	-	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)3	-	
20	Mortgage servicing rights4 (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences5 (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold6	-	

(₹ Million)

		At March 31, 2017	
23	of which: significant investments in the common stock of financial entities	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments7 (26a+26b+26c+26d)	-	
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	-	
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries8	-	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank9	-	
26d	of which: Unamortised pension funds expenditures	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	**Total regulatory adjustments to Common Equity Tier 1**	**-**	
29	**Common Equity Tier 1 Capital (CET1)**	**201,253.25**	
	Additional Tier 1 Capital: Instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	10,000.00	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	10,000.00	D=d1
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 capital before regulatory adjustments**	10,000.00	
	Additional Tier 1 Capital: Regulatory Instruments		
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	

(₹ Million)

		At March 31, 2017	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)10	-	
41	National specific regulatory adjustments (41a+41b)	-	
41a	Of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	
41b	Of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	**Total regulatory adjustments to Additional Tier 1 Capital**	-	
44	**Additional Tier 1 Capital (AT1)**	**10,000.00**	
45	**Tier 1 Capital (T1 = CET1 + AT1) (29 + 44)**	**211,253.25**	
	Tier 2 Capital: Instruments and Provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
47	Directly issued capital instruments subject to phase out from Tier 2	-	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Provisions12	8,420.51	E=c7+e1
51	**Tier 2 Capital before Regulatory adjustments**	**8,420.51**	
	Tier 2 capital: Regulatory adjustments		
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55	Significant investments13 in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments (56a+56b)	-	
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	-	
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-	

(₹ Million)

		At March 31, 2017	
57	**Total Regulatory adjustments to Tier 2 Capital**	-	
58	**Tier 2 Capital (T2)**	**8,420.51**	
59	**Total Capital (TC = T1 + T2) (45 + 58)**	**219,673.76**	
60	**Total Risk Weighted Assets (60a + 60b + 60c)**	**1,435,287.90**	
60a	of which: total credit risk weighted assets	1,220,360.60	
60b	of which: total market risk weighted assets	66,683.80	
60c	of which: total operational risk weighted assets	148,243.50	
	Capital Ratios and Buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	14.02	
62	Tier 1 (as a percentage of risk weighted assets)	14.72	
63	Total capital (as a percentage of risk weighted assets)	15.31	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	6.750	
65	of which: capital conservation buffer requirement	1.250	
66	of which: bank specific countercyclical buffer requirement	-	
67	of which: G-SIB buffer requirement	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	7.272	
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.500%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.000%	
71	National total capital minimum ratio (if different from Basel III minimum)	9.000%	
	Amounts below the thresholds for deduction (before Risk Weighting)		
72	Non-significant investments in the capital of other financial entities	-	
73	Significant investments in the common stock of financial entities	-	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-	

(₹ Million)

		At March 31, 2017	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Notes to the Template

Row No. of the template	Particulars	(₹ in million)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-
	Total as indicated in row 10	-
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	-
	of which: Increase in Common Equity Tier 1 capital	-
	of which: Increase in Additional Tier 1 capital	-
	of which: Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
	(i) Increase in Common Equity Tier 1 capital	-
	(ii) Increase in risk weighted assets	-
50	Eligible Provisions included in Tier 2 capital	8,420.51
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	8,420.51

DF-12: Composition of Capital- Reconciliation Requirements

Step 1

(₹ in million)

		Balance Sheet as in Financial Statements As on March 31, 2017	Balance sheet under Regulatory scope of consolidation As on March 31, 2017
A	**Capital & Liabilities**		
i	Paid-up Capital	5,981.49	
	Reserves & Surplus	200,327.71	
	Employees' Stock Option Outstanding	152.01	
	Minority Interest	-	
	Total Capital	**206,461.21**	
ii	Deposits	**1,265,722.23**	
	of which: Deposits from banks	83,199.77	
	of which: Customer deposits	1,182,522.46	
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	224,536.94	
	of which: From RBI	-	
	of which: From banks	23,674.89	
	of which: From other institutions & agencies	155,000.00	
	of which: Others (pl. specify) Borrowings from outside India	35,862.05	
	of which: Capital instruments	10,000.00	
iv	Other liabilities & provisions	**89,763.76**	
	Total	**1,786,484.14**	
B	**Assets**		
i	Cash and balances with Reserve Bank of India	**77,487.47**	
	Balance with banks and money at call and short notice	**108,795.07**	
ii	Investments:	**367,021.38**	
	of which: Government securities	314,523.42	
	of which: Other approved securities	-	
	of which: Shares	1,612.46	
	of which: Debentures & Bonds	25,245.73	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	Of which: Others (Commercial Papers, Mutual Funds etc.)	25,639.78	
iii	Loans and advances	**1,130,805.08**	
	of which: Loans and advances to banks	4.80	
	of which: Loans and advances to customers	1,130,800.28	
iv	Fixed assets	**13,352.33**	
v	Other assets	**89,022.81**	
	of which: Goodwill and intangible assets	-	
	of which: Deferred tax assets	3,524.67	
vi	Good will on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	**1,786,484.14**	

Step 2

(₹ in million)

		Balance Sheet as in Financial Statements As on March 31, 2017	Balance Sheet under Regulatory scope of consolidation As on March 31, 2017	Ref No.
A	**Capital & Liabilities**			
i	**Paid-up Capital**	**5,981.49**		a1
	Reserves & Surplus	**200,479.72**		
	of which :			
	Share Premium	93,694.21		a2
	Balance in P/L a/c.	71,183.81		b1
	of which			
	Unallocated Surplus	50,134.53		
	Current period profits not reckoned for Capital Adequacy purposes	2,742.40		b2
	Statutory Reserve	29,227.70		c1
	General Reserve	13.56		c2
	Capital Reserve	2,157.49		c3
	Investment Allowance Reserve	10.00		c4
	Employee Stock Options Outstanding	152.01		c5
	Foreign Currency Translation Reserve	(110.28)		c6
	Investment Reserve Account	405.30		c7
	Revaluation Reserve	3,745.94		c8
	of which			
	Not reckoned for Capital Adequacy purposes	2,060.27		c9
	Minority Interest	-		-
	Total Capital	**206,461.21**		
ii	**Deposits**	**1,265,722.23**		
	of which: Deposits from banks	83,199.77		
	of which: Customer deposits	1,182,522.46		
	of which: Other deposits (pl. specify)	-		
iii	**Borrowings**	**224,536.94**		
	of which: From RBI	-		
	of which: From banks	23,674.89		
	of which: From other institutions & agencies	155,000.00		
	of which: Others (pl. specify) Borrowings from outside India	35,862.05		
	of which: Capital instruments	10,000.00		
	Eligible AT1 Capital	10,000.00		d1
iv	**Other liabilities & provisions**	**89,763.76**		
	of which: Provision for Standard Advances	8,015.21		e1
	of which : DTLs related to goodwill	-		
	of which : Details related to intangible assets	-		
	Total	**1,786,484.14**		
B	**Assets**			
i	**Cash and balances with Reserve Bank of India**	**77,487.47**		
	Balance with banks and money at call and short notice	108,795.07		
ii	**Investments:**	**367,021.38**		
	of which: Government securities	314,523.42		
	of which: Other approved securities	-		

(₹ in million)

		Balance Sheet as in Financial Statements As on March 31, 2017	Balance Sheet under Regulatory scope of consolidation As on March 31, 2017	Ref No.
	of which: Shares	1,612.46		
	of which: Debentures & Bonds	25,245.73		
	of which: Subsidiaries / Joint Ventures / Associates	-		
	of which: Others (Commercial Papers, Mutual Funds etc.)	25,639.78		
iii	**Loans and advances**	**1,130,805.08**		
	of which: Loans and advances to banks	4.80		
	of which: Loans and advances to customers	1,130,800.28		
iv	Fixed assets	**13,352.33**		
v	Other assets	89,022.81		
	of which: Goodwill and intangible assets	-		
	Out of which :			
	Goodwill			
	Other Intangibles (excluding MSRs)	-		
	Deferred tax assets	3,524.67		
vi	Good will on consolidation	-		
vii	Debit balance in Profit & Loss account	-		
	Total Assets	**1,786,484.14**		

Step 3

	Common Equity Tier 1 Capital : Instruments and Reserves		
		Component of regulator capital reported by bank	**Source based on reference number / letters of the balance sheet under the regulatory scope of consolidation from step 2**
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus (share Premium)	99,675.70	A=a1+a2
2	Retained earnings	68,441.41	B=b1– b2
3	Accumulated other comprehensive income (and other reserves)	33,136.14	C=c1+ c2+ c3+ c4+ c5+c6+c8-c9
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	**Common Equity Tier I Capital before Regulatory adjustments**	**201,253.25**	
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	

Table DF-13: Main Features of Regulatory Capital Instruments

Sr. No	Particulars	Equity Shares	Additional Tier 1 Bond
1	Issuer	INDUSIND BANK LTD	INDUSIND BANK LTD
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE095A01012	INE095A08066
3	Governing law(s) of the instrument	Indian Law	Indian Law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier I	Additional Tier 1
5	Post-transitional Basel III rules	Common Equity Tier I	Additional Tier 1
6	Eligible at solo/group/ group & solo	Group and Solo	Group and Solo
7	Instrument type	Common Shares	Perpetual Debt Instrument
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	₹ 5,969 Millions	₹ 10,000 Million
9	Par value of instrument	₹ 10 per share	₹ 1 Million per Bond
10	Accounting classification	Shareholder's Equity	Borrowings
11	Original date of issuance	Various*	22.03.2017
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No Maturity	No Maturity
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	NA	5 years from the deemed date of allotment or any date thereafter, at the sole discretion of the Bank with a prior approval of RBI but subject always to the "condition for exercise of call option"; the call will be for the whole amount of the Bond and not in part.
16	Subsequent call dates, if applicable	NA	Any date after 22.03.2022, with the prior approval of RBI.
	Coupons / dividends		
17	Fixed or floating dividend/coupon	NA	Fixed
18	Coupon rate and any related index	NA	9.50% p.a.
19	Existence of a dividend stopper	NA	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Fully Discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non-Cumulative	Non-Cumulative
23	Convertible or non-convertible	NA	Non-convertible
24	If convertible, conversion trigger(s)	NA	NA

Sr. No	Particulars	Equity Shares	Additional Tier 1 Bond
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	No	Yes
31	If write-down, write-down trigger(s)	NA	Temporary write down at Pre-Specified Trigger Event, which is Common Equity Tier 1 capital falling below the regulatory level.
	Permanent write down at a Point of Non-Viability (PONV) Trigger Event. The PONV Trigger Event is the earlier of (1) a decision that full permanent write off / other adjustment stipulated by RBI without which the Bank would become non-viable as determined by the RBI, and (2) the decision to make a public sector injection of capital or equivalent support without which the Bank would become non-viable as determined by the relevant authority.		
32	If write-down, full or partial	NA	Fully or Partially
33	If write-down, permanent or temporary	NA	Temporary or Permanent
34	If temporary write-down, description of write-up mechanism	NA	In case of temporary write down, outstanding principal amount of the Bond can be increased in accordance with RBI guidelines. The Bonds may be subject to more than one reinstatement.
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA	The Bonds are senior / superior to claims of investors in equity shares and perpetual non-cumulative preference shares issued by the Bank.
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	NA	-

*Various dates of issuance of equity are as follows: 31st March 1994, 31st March 1996, 31st March 1998, 31st March 1999, 31st March 2000, 31st March 2001, 31st March 2003, 31st March 2004, 31st March 2005, 29th March 2007, 24th June 2008, 17th August 2009, 24th September 2010, 5th December 2012, 3rd July 2015 and 6th August 2015.

DF-14: Capital Disclosures

DF-14 has been disclosed separately on the Bank's website under 'Regulatory Disclosures Section'. The link to this section is http://www.indusind.com/important-links/regulatory-disclosures-section.html

DF-16: Equities – Disclosure for Banking Book Positions

Investments are classified at the time of purchase into Held for trade (HFT), Available for Sale (AFS) and Held to Maturity (HTM) categories in line with the RBI master circular- Prudential Norms for classification, valuation and operation of investments portfolio by Banks. In accordance with the RBI guidelines, investments in equity of subsidiaries and joint ventures (a joint venture will be one where the bank, along with its subsidiaries, holds more than 25 percent of the equity) are required to be classified under HTM category. For capital adequacy purpose, as per the RBI guidelines, equity securities held under HTM category are classified under banking book. Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities.

The amount of equity held in banking book is insignificant as on 31st March, 2017.

DF-17: Summary comparison of accounting assets vs. leverage ratio exposure measure

Leverage Ratio:

Leverage ratio is a non-risk based measure of exposure over capital. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage

$$\text{Leverage Ratio} = \frac{\text{Capital Measure (Tier I Capital)}}{\text{Exposure Measure}}$$

Summary comparison of accounting assets vs. leverage ratio exposure measure		
	Item	**(₹ in millions)**
1	Total consolidated assets as per published financial statements.	1,786,484
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation.	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure.	(3,525)
4	Adjustments for derivative financial instruments.	91,576
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending).	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures).	407,670
7	Other adjustments	-
8	**Leverage Ratio Exposure**	**2,282,205**

DF-18: Leverage ratio

Leverage ratio		
	Item	**Leverage ratio framework (₹ in Million)**
	On balance sheet exposure	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,786,484
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(3,525)
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	**1,782,959**
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	29,402
5	Add-on amounts for PFE associated with all derivatives transactions	62,174
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**91,576**
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**-**
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	1,021,820
18	(Adjustments for conversion to credit equivalent amounts)	(614,150)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**407,670**
	Capital and total exposures	
20	**Tier 1 capital**	**211,253**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**2,282,205**
	Leverage ratio	
22	Basel III leverage ratio	9.26%

Independent Auditors' Report

To the Members of IndusInd Bank Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of IndusInd Bank Limited (hereinafter referred to as "the Bank") and its associate company (refer Schedule 17(1) to the attached Consolidated financial statements), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Profit and Loss Account, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Board of Directors of the Bank is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Bank and its associate company in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the requirements of Section 29 of the Banking Regulation Act, 1949 (B R Act) and other applicable Reserve Bank of India (RBI) directions in so far as it relates to the financial statements of the Bank. The Bank's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated financial statements. The respective Board of Directors of the Bank and its associate company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and its associate company respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Bank's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act and the provisions of Section 29 of the B R Act and other applicable RBI directions insofar it relates to the financial statements of the Bank included in these consolidated financial statements, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Bank and its associate company as at March 31, 2017 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

8. The Consolidated financial statements also include the Bank's share of net profit of ₹ 2,780,541 for the year ended March 31, 2017 as considered in the consolidated financial statements, in respect of one associate company whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose report has been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of associate company and our report in terms of sub-sections (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid associate, is based solely on the reports of the other auditor.

   Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

9. In our opinion, the consolidated financial statements dealt with by this report have been drawn up in accordance with applicable provisions of Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of Section 29 of the B R Act insofar as it relates to the financial statements of the Bank included in these consolidated financial statements.

10. As required by Section143(3) of the Act and Section 30 of the B R Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    (b) The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank.

    (c) In our opinion, proper books of account as required by law maintained by the Bank and its associate company incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Bank and the reports of the other auditor.

    (d) The Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Bank and its associate company incorporated in India including relevant records relating to the preparation of the consolidated financial statements.

    (e) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the requirements of Section 29 of the Banking Regulation Act and other applicable RBI directions in so far as it relates to the financial statements of the Bank included in these consolidated financial statements.

(f) On the basis of the written representations received from the directors of the Bank as on March 31, 2017 taken on record by the Board of Directors of the Bank and the report of the statutory auditor of its associate company incorporated in India, none of the directors of the Bank and its associate company incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and its associate company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Bank and its associate – Refer Schedule 12 and Note 3 of Schedule 18 to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2017 – Refer (a) Note 4 of Schedule 18 to the consolidated financial statements in respect of such items as it relates to the Bank and its associate company and (b) the Bank's share of net profit in respect of its associate.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank and its associate company incorporated in India during the year ended March 31, 2017.

iv. The disclosure requirement as envisaged in Notification G.S.R 308(E) dated March 30, 2017 is not applicable to the Bank – Refer Note 17 of Schedule 18. The associate company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 15(C) of Schedule 18.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number : 012754N/N500016
Chartered Accountants

Russell I Parera
Partner
Membership Number : 042190

Place : Mumbai
Date : April 19, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(g) of the Independent Auditors' Report of even date to the members of IndusInd Bank Limited on the Consolidated Financial Statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the Consolidated Financial Statements of the Bank of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of IndusInd Bank Limited (hereinafter referred to as "the Bank") and its associate company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Bank and its associate company, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other 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 Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Bank and its associate company, which is company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one associate company, which is company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number : 012754N/N500016
Chartered Accountants

Russell I Parera
Partner
Membership Number : 042190

Place : Mumbai
Date : April 19, 2017

Consolidated Balance Sheet as at March 31, 2017

	SCHEDULE	As at 31.03.2017	₹ in '000s As at 31.03.2016
CAPITAL AND LIABILITIES			
Capital	1	598,14,87	594,98,63
Employee Stock Options Outstanding	18 (Note 9.2)	15,20,07	13,76,64
Reserves and Surplus	2	20034,25,47	17088,42,78
Deposits	3	126572,22,28	93000,34,61
Borrowings	4	22453,69,43	24995,86,48
Other Liabilities and Provisions	5	8976,37,58	7204,80,65
TOTAL		**178649,89,70**	**142898,19,79**
ASSETS			
Cash and Balances with Reserve Bank of India	6	7748,74,71	4521,04,05
Balances with Banks and Money at Call and Short Notice	7	10879,50,71	5590,83,10
Investments	8	36703,62,14	34055,51,98
Advances	9	113080,50,76	88419,34,19
Fixed Assets	10	1335,23,28	1255,32,39
Other Assets	11	8902,28,10	9056,14,08
TOTAL		**178649,89,70**	**142898,19,79**
Contingent Liabilities	12	406387,19,15	285101,32,08
Bills for Collection		19006,90,91	13760,84,54
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 and on behalf of Board of Directors

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N / N500016

R. Seshasayee
Chairman

T. Anantha Narayanan
Director

Russell I Parera
Partner
Membership No : 042190

Romesh Sobti
Managing Director

Place : Mumbai
Date : April 19, 2017

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Consolidated Profit and Loss Account for the year ended March 31, 2017

₹ in '000s

		SCHEDULE	Year ended 31.03.2017	Year ended 31.03.2016
I.	**INCOME**			
	Interest Earned	13	14405,67,03	11871,74,37
	Other Income	14	4171,49,22	3296,94,62
	TOTAL		**18577,16,25**	**15168,68,99**
II.	**EXPENDITURE**			
	Interest Expended	15	8343,06,61	7355,17,13
	Operating Expenses	16	4783,07,58	3672,10,09
	Provisions and Contingencies		2583,12,79	1854,96,76
	TOTAL		**15709,26,98**	**12882,23,98**
III.	**PROFIT**			
	Net Profit for the year		2867,89,27	2286,45,01
	Add : Share in profit / (loss) of Associate		27,81	27,68
	Profit brought forward		5014,65,48	3664,94,13
	TOTAL		**7882,82,56**	**5951,66,82**
IV.	**APPROPRIATIONS**			
	Transfer to			
	a) Statutory Reserve		716,97,32	571,61,25
	b) Capital Reserve		45,53,66	13,21,00
	c) Investment Reserve Account		-	-
	d) Proposed dividend (includes tax on dividend) [Refer Schedule 18 (Note 15)]		45,54	352,19,09
			762,96,52	937,01,34
	Balance carried over to the Balance Sheet		7119,86,04	5014,65,48
	TOTAL		**7882,82,56**	**5951,66,82**
V.	**EARNINGS PER EQUITY SHARE**			
	(Face value of ₹ 10/- per share)			
	Basic (₹)	18 (Note 13)	48.06	39.68
	Diluted (₹)	18 (Note 13)	47.56	39.26
	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 and on behalf of Board of Directors

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N / N500016

R. Seshasayee
Chairman

T. Anantha Narayanan
Director

Russell I Parera
Partner
Membership No : 042190

Romesh Sobti
Managing Director

Place : Mumbai
Date : April 19, 2017

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2017

		₹ in '000s Year ended 31.03.2017	Year ended 31.03.2016
A.	**Cash Flow from Operating Activities**		
	Net Profit before taxation	**4359,68,85**	**3469,26,11**
	Adjustments for :		
	Depreciation on Fixed Assets	190,69,88	156,51,93
	(Appreciation) / Depreciation on Investments	31,36,39	29,51,23
	Employees Stock Option Expenses	3,28,93	2,22,46
	Loan Loss and Other Provisions	1059,96,81	642,64,44
	Amortisation of premium on HTM investments	78,50,86	36,33,24
	Loss / (Profit) on sale of Fixed Assets	(3,14,57)	(6,98,95)
	Share in Current Year profit of Associate	27,81	27,68
	Operating Profit before Working Capital changes	**5720,64,96**	**4329,78,14**
	Adjustments for :		
	(Increase) / Decrease in Advances	(25721,13,37)	(20273,78,73)
	(Increase) / Decrease in Investments	(2757,97,41)	(4541,09,83)
	(Increase) / Decrease in Other Assets	546,84,11	(705,99,49)
	Increase / (Decrease) in Deposits	33571,87,67	18865,98,19
	Increase / (Decrease) in Other Liabilities	2093,81,94	747,03,26
	Cash generated from / (used in) Operations	**13454,07,90**	**(1578,08,46)**
	Direct Taxes paid (net of refunds)	(1884,77,71)	(1348,84,10)
	Net Cash from / (used in) Operating Activities	**11569,30,19**	**(2926,92,56)**
B.	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets (including WIP)	(287,18,59)	(269,02,26)
	Proceeds from sale of Fixed Assets	13,54,86	11,50,78
	Net Cash used in Investing Activities	**(273,63,73)**	**(257,51,48)**
C.	**Cash Flow from Financing Activities**		
	Proceeds from issue of equity shares (net of issue expenses)	96,62,24	5125,19,57
	Proceeds from issue of Long Term Infrastructure Bonds	1500,00,00	-
	Dividends paid	(322,70,55)	(284,83,42)
	Proceeds from Perpetual Debt instruments	1000,00,00	-
	Redemption of Sub-ordinated Tier 2 capital	(308,90,00)	(535,00,00)
	Increase / (Decrease) in Borrowings	(4733,27,06)	(1788,19,15)
	Net Cash generated from / (used in) Financing Activities	**(2768,25,37)**	**2517,17,00**
	Effect of exchange fluctuation translation reserve	**(11,02,82)**	**-**
	Net Increase / (Decrease) in Cash and Cash Equivalents	**8516,38,27**	**(667,27,04)**
	Cash and Cash Equivalents at the beginning of the year	**10111,87,15**	**10779,14,19**
	Cash and Cash Equivalents at the end of the year	**18628,25,42**	**10111,87,15**

Notes:

1. The above Consolidated Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements.
2. Figures in bracket indicate cash outflow.
3. Cash and cash equivalents comprise of Cash in Hand and Balances with RBI (Schedule 6) and Balances with Banks and Money at Call and Short Notice (Schedule 7).

As per our report of even date.

For and on behalf of Board of Directors

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N / N500016

R. Seshasayee
Chairman

T. Anantha Narayanan
Director

Russell I Parera
Partner
Membership No : 042190

Romesh Sobti
Managing Director

Place : Mumbai
Date : April 19, 2017

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Schedules to the Consolidated Financial Statements

₹ in '000s

	As at 31.03.2017	As at 31.03.2016
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		
59,81,48,705 (previous year 59,49,86,335) equity shares of ₹ 10 each	**598,14,87**	**594,98,63**
Paid up Capital		
59,81,48,705 (previous year 59,49,86,335) equity shares of ₹ 10 each [Refer Schedule 18 (Note 1)]	598,14,87	594,98,63
TOTAL	**598,14,87**	**594,98,63**
SCHEDULE - 2 RESERVES AND SURPLUS		
I Statutory Reserve		
Opening balance	2205,79,68	1634,18,43
Additions during the year	716,97,32	571,61,25
	2922,77,00	**2205,79,68**
II Share Premium Account		
Opening balance	9274,10,55	4211,93,46
Additions during the year	95,31,50	5112,84,48
Less: Share issue expenses	-	(50,67,39)
	9369,42,05	**9274,10,55**
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	170,21,21	157,00,21
Additions during the year	45,53,66	13,21,00
	215,74,87	**170,21,21**
V Capital Reserve on Consolidation		
Opening Balance	35	35
Addition during the Year	-	-
Balance as at the end of the year	**35**	**35**

Schedules to the Consolidated Financial Statements (Contd.)

			₹ in '000s
		As at 31.03.2017	As at 31.03.2016
VI	**Investment Allowance Reserve**		
	Balance as at the end of the year	1,00,00	1,00,00
		1,00,00	**1,00,00**
VII	**Investment Reserve Account**		
	Balance as at the end of the year	40,52,98	40,52,98
		40,52,98	**40,52,98**
VIII	**Revaluation Reserve**		
	Opening balance	380,76,96	391,00,81
	Deductions during the year	(6,17,53)	(10,23,85)
	Balance as at the end of the year	**374,59,43**	**380,76,96**
IX	**Foreign Currency Translation Reserve**		
	Opening balance	-	-
	Debits during the year	(11,02,82)	-
	Balance as at the end of the year	**(11,02,82)**	**-**
X	**Balance in the Profit and Loss Account**	7119,86,04	5014,65,48
	TOTAL	**20034,25,47**	**17088,42,78**

SCHEDULE - 3 DEPOSITS

A	**I**	**Demand Deposits**		
		i) From Banks	991,32,40	567,66,73
		ii) From Others	18617,48,76	14910,35,03
	II	**Savings Bank Deposits**	27037,23,23	17246,24,53
	III	**Term Deposits**		
		i) From Banks	7328,65,30	5001,20,36
		ii) From Others	72597,52,59	55274,87,96
		TOTAL	**126572,22,28**	**93000,34,61**
B	**Deposits of Branches**			
	I	In India	126572,22,28	93000,34,61
	II	Outside India	-	-
		TOTAL	**126572,22,28**	**93000,34,61**

Schedules to the Consolidated Financial Statements (Contd.)

₹ in '000s

		As at 31.03.2017	As at 31.03.2016
SCHEDULE - 4 BORROWINGS			
I	**Borrowings in India**		
i)	Reserve Bank of India	-	2840,00,00
ii)	Other Banks	2367,48,93	4769,68,99
iii)	Other Institutions and Agencies	13500,00,00	14622,75,24
iv)	Unsecured Non-Convertible Redeemable Non-Cumulative Bonds (Subordinated Upper Tier 2 Bonds)	-	308,90,00
v)	Long Term Infrastructure Bonds	2000,00,00	500,00,00
vi)	Unsecured Non-Convertible Perpetual Non-Cumulative Bonds (Subordinated Debt qualifying as Additional Tier 1 Capital)	1000,00,00	-
II	**Borrowings outside India**	3586,20,50	1954,52,25
	TOTAL	**22453,69,43**	**24995,86,48**
	Secured borrowings included in I & II above	-	-
SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS			
I	Inter-office Adjustments (Net)	242,39,32	126,86,21
II	Bills Payable	600,34,85	520,03,19
III	Interest Accrued	947,61,27	789,19,18
IV	Proposed Dividend [Refer Schedule 18 (Note 15)]	-	322,25,01
V	Others	7186,02,14	5446,47,06
	TOTAL	**8976,37,58**	**7204,80,65**
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I	Cash in hand (including foreign currency notes)	1135,52,11	739,52,90
II	Balances with Reserve Bank of India		
i)	In Current Account	6613,22,60	3781,51,15
ii)	In Other Accounts	-	-
	TOTAL	**7748,74,71**	**4521,04,05**
SCHEDULE 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I	**In India**		
i)	Balances with Banks		
a)	In Current Accounts	323,86,22	454,27,01
b)	In Other Deposit Accounts	2333,96,50	3059,52,75
ii)	Money at Call and Short Notice - With Other Institutions	6300,00,00	-
	TOTAL	**8957,82,72**	**3513,79,76**

Schedules to the Consolidated Financial Statements (Contd.)

		₹ in '000s	
		As at 31.03.2017	As at 31.03.2016
II	**Outside India**		
i)	In Current Accounts	467,74,28	751,93,34
ii)	In Other Deposit Accounts	805,43,70	-
iii)	Money at Call and Short Notice	648,50,01	1325,10,00
	TOTAL	**1921,67,99**	**2077,03,34**
	GRAND TOTAL	**10879,50,71**	**5590,83,10**

SCHEDULE - 8 INVESTMENTS

I	**In India**		
	Gross Value	36791,34,80	34111,88,25
	Less : Aggregate of provision / depreciation	87,72,66	56,36,27
	Net value of Investments in India	**36703,62,14**	**34055,51,98**
	Comprising :		
i)	Government securities*	31452,34,18	28108,03,95
ii)	Other approved securities	-	-
iii)	Shares	161,24,31	41,32,53
iv)	Debentures and bonds	2524,57,26	1812,88,69
v)	Subsidiaries and / or Joint Ventures	-	-
vi)	Others - Security Receipt, Units of schemes of Mutual Funds and Others	2563,97,77	4092,06,00
vii)	Associate [1]	1,48,62	1,20,81
II	**Outside India**	-	-
	TOTAL	**36703,62,14**	**34055,51,98**
[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)	1,47,97	1,20,16
	Less : Share of Unrealised Profit in Associate	-	-
	TOTAL	**1,48,62**	**1,20,81**

*Includes securities of ₹ 275.02 crores (previous year ₹ 403.18 crores) pledged for clearing facility and margin requirements.

Schedules to the Consolidated Financial Statements (Contd.)

			₹ in '000s	
			As at 31.03.2017	As at 31.03.2016
SCHEDULE - 9 ADVANCES				
A	i)	Bills Purchased and Discounted	4031,26,82	869,52,78
	ii)	Cash Credits, Overdrafts and Loans Repayable on Demand	33010,05,62	23144,94,88
	iii)	Term Loans	76039,18,32	64404,86,53
		TOTAL	**113080,50,76**	**88419,34,19**
B	i)	Secured by Tangible Assets (includes advances against book debts)	96573,78,66	76778,24,12
	ii)	Covered by Bank / Government Guarantees (includes advances against L/Cs issued by Banks)	2215,14,18	1125,55,91
	iii)	Unsecured	14291,57,92	10515,54,16
		TOTAL	**113080,50,76**	**88419,34,19**
C	I)	Advances in India		
		i) Priority Sector	34821,02,43	28066,51,54
		ii) Public Sector	1655,03,58	808,25,51
		iii) Banks	48,08	29,69
		iv) Others	74886,79,76	59544,27,45
		TOTAL	**111363,33,85**	**88419,34,19**
	II)	Advances Outside India	1717,16,91	-
		TOTAL	**113080,50,76**	**88419,34,19**
SCHEDULE - 10 FIXED ASSETS				
I		**Premises**		
	i)	At cost, as at the beginning of the year	590,01,82	595,92,11
	ii)	Additions during the year	-	-
			590,01,82	595,92,11
	iii)	Less : Deductions during the year	3,43,11	5,90,29
	iv)	Less : Depreciation to date [Refer Schedule 18 (Note 2.3)]	74,95,41	66,72,06
		TOTAL	**511,63,30**	**523,29,76**

Schedules to the Consolidated Financial Statements (Contd.)

		₹ in '000s	
		As at 31.03.2017	As at 31.03.2016
II	**Other Fixed Assets (including furniture and fixtures)**		
	i) At cost, as at the beginning of the year	1465,63,13	1232,41,88
	ii) Additions during the year	296,22,64	269,56,04
		1761,85,77	1501,97,92
	iii) Less : Deductions during the year	26,48,75	36,34,79
	iv) Less : Depreciation to date [Refer Schedule 18 (Note 2.3)]	940,20,75	771,08,26
	TOTAL	**795,16,27**	**694,54,87**
III	**Capital Work in Progress**	28,43,71	37,47,76
	GRAND TOTAL	**1335,23,28**	**1255,32,39**
SCHEDULE - 11 OTHER ASSETS			
I	Interest Accrued	917,41,89	962,60,98
II	Tax Paid in Advance / tax deducted at source (net of provision)	686,69,35	456,98,06
III	Stationery and Stamps	1,54,43	40,35
IV	Non-banking assets acquired in satisfaction of claims	29,68,73	45,52,82
V	Others [Deferred Tax Assets [Refer Schedule 18 (Note 14)]]	7266,93,70	7590,61,87
	TOTAL	**8902,28,10**	**9056,14,08**
SCHEDULE - 12 CONTINGENT LIABILITIES			
I	Claims against the Bank not acknowledged as debts	522,68,84	648,59,09
II	Liability on account of outstanding Forward Exchange Contracts	215013,20,26	143761,31,22
III	Liability on account of outstanding Derivative Contracts	138028,58,33	99741,53,69
IV	Guarantees given on behalf of constituents		
	- In India	38903,46,44	32722,19,60
	- Outside India	60,82,61	-
V	Acceptances, Endorsements and Other Obligations	12739,47,55	6512,09,48
VI	Other Items for which the Bank is contingently liable	1118,95,12	1715,59,00
	TOTAL	**406387,19,15**	**285101,32,08**

Schedules to the Consolidated Financial Statements (Contd.)

		₹ in '000s Year ended 31.03.2017	Year ended 31.03.2016
SCHEDULE - 13 INTEREST EARNED			
I	Interest / Discount on Advances / Bills	11479,10,87	9244,55,57
II	Income on Investments	2466,88,91	2067,02,24
III	Interest on Balances with RBI and Other Inter-Bank Funds	330,83,18	413,19,79
IV	Others	128,84,07	146,96,77
	TOTAL	**14405,67,03**	**11871,74,37**
SCHEDULE - 14 OTHER INCOME			
I	Commission, Exchange and Brokerage	2895,34,09	2231,47,71
II	Profit / (Loss) on Sale of Investments	276,91,92	145,25,65
III	Profit / (Loss) on Sale of Land, Buildings and Other Assets (Net)	3,14,57	6,98,95
IV	Profit on exchange transactions / Derivatives (Net)	919,51,71	836,99,93
V	Income earned by way of dividend from companies in India	30,80	3,39,65
VI	Miscellaneous Income	76,26,13	72,82,73
	TOTAL	**4171,49,22**	**3296,94,62**
SCHEDULE - 15 INTEREST EXPENDED			
I	Interest on Deposits	6931,27,54	5708,78,69
II	Interest on Reserve Bank of India / Inter-Bank Borrowings	341,28,83	563,49,00
III	Other Interest	1070,50,24	1082,89,44
	TOTAL	**8343,06,61**	**7355,17,13**
SCHEDULE - 16 OPERATING EXPENSES			
I	Payments to and Provisions for Employees	1521,02,16	1236,08,80
II	Rent, Taxes and Lighting (includes operating lease rentals)	326,56,01	271,32,58
III	Printing and Stationery	63,06,99	49,45,74
IV	Advertisement and Publicity	50,33,60	21,01,43
V	Depreciation on Bank's Property	190,69,88	156,51,93
VI	Directors' Fees, Allowances and Expenses	2,71,53	1,30,95
VII	Auditors' Fees and Expenses	2,08,63	1,42,24
VIII	Law Charges	42,42,54	44,76,42
IX	Postage, Telegrams, Telephones, etc.	134,78,55	111,00,91
X	Repairs and Maintenance	255,14,69	201,67,45
XI	Insurance	137,57,00	103,35,29
XII	Service Provider Fees	381,26,30	334,39,88
XIII	Other Expenditure	1675,39,70	1139,76,47
	TOTAL	**4783,07,58**	**3672,10,09**

Schedule 17
Significant Accounting Policies

1. General

1.1 IndusInd Bank Limited ("the Bank") was incorporated in 1994 under the Companies Act, 1956 and is licensed by the Reserve Bank of India (RBI) to operate as a commercial bank under the Banking Regulation Act, 1949. The Bank is publicly held and provides a wide range of banking products and financial services to corporate and retail clients besides undertaking treasury operations. The Bank operates in India including at the International Financial Service Centres in India, and does not have a branch in any foreign country.

1.2 **Principles of Consolidation**

The consolidated financial statements comprise the financial statements of IndusInd Bank Limited ("the Bank") and its Associate, which together constitute 'the Group'.

The Bank consolidates investments in associates in accordance with AS-23, "Accounting for Investments in Associates in "consolidated financial statements" notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, using the equity method of accounting.

The difference between the cost of investment in the associate and the share of net asset at the time of acquisition of share in the associate, is identified in the consolidated financial statements as goodwill or capital reserve, as the case may be.

1.3 **Basis of preparation**

The accompanying financial statements have been prepared under the historical cost convention except where otherwise stated, and in accordance with statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013, (the Act) and practices prevailing within the banking industry in India.

The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Any revision to accounting estimates is recognised prospectively in current and future periods.

The consolidated financial statements present the accounts of IndusInd Bank Limited with its Associate IndusInd Marketing & Financial Services Private Limited.

As per AS-23, the Consolidated Financial Statements incorporate the audited results of the following associate:

Name of the Associate	Country of Origin	% Shareholding of Group as at March 31, 2017	% Shareholding of Group as at March 31, 2016
IndusInd Marketing & Financial Services Private Limited	India	30%	30%

2. Transactions involving Foreign Exchange

2.1 Monetary assets and liabilities of domestic and integral foreign operations denominated in foreign currency are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are recognised in the Profit and Loss account.

2.2 Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

2.3 Both monetary and non-monetary assets and liabilities of non-integral foreign operations are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are accumulated in the foreign currency translation reserve until disposal of the net investment in the non-integral foreign operation.

2.4 All foreign exchange contracts outstanding at the Balance Sheet date are re-valued on present value basis and the resulting gains or losses are recognised in the Profit and Loss account.

2.5 Swap Cost arising on account of foreign currency swap contracts to convert foreign currency funded liabilities and assets into rupee liabilities and assets is amortised to the Profit and Loss account under the head 'Interest – Others' over the underlying swap period.

2.6 Income and expenditure of domestic and integral foreign operations denominated in a foreign currency is translated at the rates of exchange prevailing on the date of the transaction. Income and expenditure of non-integral foreign operations is translated at quarterly average closing rates.

2.7 Contingent liabilities at the Balance Sheet date on account of outstanding forward foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in a foreign currency are stated at the closing rates of exchange notified by the FEDAI.

3. *Investments*

Significant accounting policies in accordance with RBI guidelines are as follows:

3.1 Categorisation of Investments:

The Bank classifies its investment at the time of purchase into one of the following three categories:

(i) **Held to Maturity (HTM) –** Securities acquired with the intention to hold till maturity.

(ii) **Held for Trading (HFT) –** Securities acquired with the intention to trade.

(iii) **Available for Sale (AFS) –** Securities which do not fall within the above two categories.

Subsequent shifting amongst the categories is done in accordance with RBI guidelines.

3.2 Classification of Investments:

For the purpose of disclosure in the Balance Sheet, investments are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures, and (vi) Other Investments.

3.3 Acquisition cost:

(i) Broken period interest on debt instruments is treated as a revenue item.

(ii) Brokerage, commission, etc. pertaining to investments, paid at the time of acquisition is charged to the Profit and Loss account.

(iii) Cost of investments is computed based on the weighted average cost method.

3.4 Valuation of Investments:

(i) **Held to Maturity –** Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortised over the balance period to maturity. The amortized amount is classified under Interest earned – Income on investments (Item II of Schedule 13). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each investment individually.

(ii) **Held for Trading –** Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.

(iii) **Available for Sale –** Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.

(iv) Market value of government securities (excluding treasury bills) is determined on the basis of the prices / YTM declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association (FIMMDA).

(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 and spreads provided by FIMMDA.

(vii) Quoted equity shares are valued at lower of cost and the closing price on a recognised stock exchange. Unquoted equity shares are valued at their break-up value or at ₹ 1/- per company where the latest Balance Sheet is not available.

(viii) Units of the schemes of mutual funds are valued at the lower of cost and Net Asset Value (NAV) provided by the respective schemes of mutual funds.

(ix) Investments in equity shares held as long-term investments by erstwhile IndusInd Enterprises & Finance Limited and Ashok Leyland Finance Limited (since merged with the Bank) are valued at cost and classified as part of HTM category. Provision towards diminution in the value of such long-term investments is made only if the diminution in value is not temporary in the opinion of management.

(x) Security Receipts (SR) are valued at the lower of redemption value and NAV obtained from the Securitisation Company (SC) / Reconstruction Company (RC).

(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 / 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.

3.5 Investments in unquoted units of Venture Capital Funds (VCF) are categorised under HTM category for initial period of three years and valued at cost as per RBI guidelines. Units of VCF held under AFS category where current quotations are not available are marked to market based on the Net Asset Value (NAV) shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1/- per VCF.

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 / 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 / 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 / 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 / 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 either are directly observable or are implied from instrument prices. The model may perform numerical procedures in the pricing such as interpolation when input values do not directly correspond to the most actively traded market trade parameters.

4.6 Provisioning of overdue customer receivable on derivative contracts is made as per RBI guidelines.

5. Advances

5.1 Advances are classified as per RBI guidelines into standard, sub-standard, doubtful and loss assets after considering subsequent recoveries to date.

5.2 Specific provisions for non-performing advances and floating provisions are made in conformity with RBI guidelines. In addition the Bank considers accelerated provisioning based on past experience, evaluation of securities and other related factors.

5.3 A general provision on standard assets is made in accordance with RBI guidelines. Provision made against standard assets is included in 'Other Liabilities and Provisions'.

5.4 Advances are disclosed in the Balance Sheet, net of provisions and interest suspended for non-performing advances, and floating provisions.

5.5 Advances exclude derecognised securitised advances, inter-bank participation certificates issued and bills rediscounted.

5.6 Amounts recovered during the year against bad debts written off in earlier years are recognised in the Profit and Loss account.

5.7 Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are written back to the Profit and Loss account to the extent such provisions were charged to the Profit and Loss account.

5.8 For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. The restructured accounts are classified in accordance with RBI guidelines, including special dispensation wherever allowed.

6. Securitisation transactions and direct assignments

6.1 The Bank transfers its loan receivables both through Direct Assignment route as well as transfer to Special Purpose Vehicles ('SPV').

6.2 The 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 / 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 / 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 SC / RC by way of assignment of debt against issuance of SRs, 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 realised on ultimate redemption of the SR is recognized in the Profit and Loss Account.

7. Property, Plant and Equipment

7.1 Fixed assets are stated at cost (except in the case of premises which were re-valued based on values determined by approved valuers) less accumulated depreciation and impairment, if any. Cost includes incidental expenditure incurred on the assets before they are ready for intended use.

7.2 The appreciation on account of revaluation is credited to Revaluation Reserve. Depreciation relating to revaluation is adjusted against the Revaluation Reserve.

7.3 Depreciation is provided over the useful life of the assets, pro rata for the period of use, on a straight-line method. The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable. Pursuant to this policy, the useful life estimates in respect of the following assets are as follows:

(a) Computers at 3 years.

(b) Application software and perpetual software licences at 5 years.

(c) Printers, Scanners, Routers, Switch at 5 years.

(d) ATMs at 7 years.

(e) Network cabling, Electrical Installations, Furniture and Fixtures, Other Office Machinery at 10 years.

(f) Vehicles at 5 years.

(g) Buildings at 60 years.

The useful life of an asset class is periodically assessed taking into account various criteria such as changes in technology, changes in business environment, utility and efficacy of an asset class to meet with intended user needs, etc. Whenever there is a revision in the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

7.4 The carrying amount of fixed assets is reviewed at the Balance Sheet date to determine if there are any indications of impairment based on internal / external factors. In case of impaired assets, the impairment loss i.e. the amount by which the carrying amount of the asset exceeds its recoverable value is charged to the Profit and Loss account to the extent the carrying amount of assets exceeds its estimated recoverable amount.

8. Revenue Recognition

8.1 Interest and discount income on performing assets is recognised on accrual basis. Interest and discount income on non-performing assets is recognised on realisation.

8.2 Interest on Government securities, debentures and other fixed income securities is recognised on a period proportion basis. Income on discounted instruments is recognised over the tenor of the instrument on a constant Yield to Maturity method.

8.3 Dividend income is accounted on accrual basis when the right to receive dividend is established.

8.4 Commission (except for commission on Deferred Payment Guarantees which is recognised over the term on a straight line basis), Exchange and Brokerage are recognised on a transaction date and net of directly attributable expenses.

8.5 Fees are recognised on an accrual basis when binding obligation to recognise the fees has arisen as per agreement, except in cases where the Bank is uncertain of realisation.

8.6 Income from distribution of third party products is recognised on the basis of business booked.

8.7 For Associate, Service Charges are accounted on accrual basis.

9. Operating Leases

9.1 Lease rental obligations in respect of assets taken on operating lease are charged to the Profit and Loss account on a straight-line basis over the lease term.

9.2 Assets given under leases in respect of which all the risks and benefits of ownership are effectively retained by the Bank are classified as operating leases. Lease rentals received under operating leases are 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 are made under trusts separately established for the purpose and the scheme administered by Regional Provident Fund Commissioner (RPFC), as applicable. The rate at which the annual interest is payable to the beneficiaries by the trusts is being administered by the government. The Bank has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the notified interest rates. Actuarial valuation of this Provident Fund Interest shortfall is done as per the guidance note on Valuation of Interest Rate Guarantees on Exempt Provident Funds under AS 15 (Revised) issued by the Institute of Actuaries of India, and such shortfall, if any, is provided for.

10.3 Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method.

10.4 Intrinsic value method is applied to account for the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which the quoted market price of the underlying shares on the grant date exceeds the exercise price of the options. Accordingly, such compensation cost is amortized over the vesting period.

11. Segment Reporting

In accordance with the guidelines issued by RBI, the Bank has adopted Segment Reporting as under:

(a) **Treasury** includes all investment portfolios, Profit / Loss on sale of Investments, Profit / Loss on foreign exchange transactions, equities, income from derivatives and money market operations. The expenses of this segment consist of interest expenses on funds borrowed from external sources as well as internal sources and depreciation / amortisation of premium on Held to Maturity category investments.

(b) **Corporate / Wholesale Banking** includes lending to and deposits from corporate customers and identified earnings and expenses of the segment.

(c) **Retail Banking** includes lending to and deposits from retail customers and identified earnings and expenses of the segment.

(d) **Other Banking Operations** includes all other operations not covered under Treasury, Corporate / Wholesale Banking and Retail Banking.

Unallocated includes Capital and Reserves, Employee Stock Options (Grants) Outstanding and other unallocable assets, liabilities, income and expenses.

12. Debit and Credit Card reward points liability

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

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 realised; where there are 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 realised 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 realised.

15. Earnings per share

Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as at end of the year.

16. Provisions, contingent liabilities and contingent assets

16.1 A provision is 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

Cash and cash equivalents comprises of Cash in Hand and Balances with RBI and Balances with Banks and Money at Call and Short Notice.

Schedule 18
Notes forming part of the consolidated financial statements

1. Capital:

During the year ended March 31, 2017, 31,62,370 equity shares aggregating to ₹ 96.62 crores were allotted on various dates to the employees who exercised their stock options.

During the year ended March 31, 2016, through a Qualified Institutions Placement (QIP), 5,12,18,640 equity shares of ₹ 10 each were allotted at a price of ₹ 845.00 per share aggregating to ₹ 4,327.98 crores. Further, the promoters of the Bank were allotted 87,81,360 equity shares of ₹ 10 each at a price of ₹ 857.20 per share, aggregating to ₹ 752.74 crores through a Preferential Allotment. Besides, 55,36,126 equity shares aggregating to ₹ 95.14 crores were allotted on various dates to the employees who exercised their stock options.

2. Fixed Assets:

2.1 Cost of premises includes ₹ 4.09 crores (previous year ₹ 4.09 crores) in respect of properties for which execution of documents and registration formalities are in progress. Of these properties, the Bank has not obtained full possession of one property having written down value of ₹ 1.56 crores (previous year ₹ 1.59 crores) and has filed a suit for the same.

2.2 Computer software:

The movement in fixed assets capitalised as computer software is given below:

(₹ in crores)

Particulars	March 31, 2017	March 31, 2016
At cost at the beginning of the year	280.48	209.36
Addition during the year	61.10	71.12
Deduction during the year	3.06	-
Accumulated Depreciation as at 31 March	207.26	160.31
Closing Balance as at 31 March	131.26	120.17
Depreciation charge for the year	47.20	32.35

2.3 Movement in depreciation of Fixed Assets:

(₹ in crores)

Depreciation	2016-17	2015-16
Premises		
At the beginning of the year	66.72	58.99
Transferred from Revaluation Reserve	6.18	6.20
Charge for the year	2.06	2.07
Deduction during the year	-	0.54
Depreciation to date	74.96	66.72
Other Fixed Assets		
At the beginning of the year	771.09	649.79
Charge for the year	188.64	154.45
Deduction during the year	19.52	33.15
Depreciation to date	940.21	771.09

3. Contingent Liabilities:

The Bank's pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax authorities. The Bank has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. Claims against the Bank not acknowledged as debts comprise of tax demands of ₹ 165.18 crores (previous year ₹ 159.24 crores) in respect of which the Bank is in appeal and the legal cases *sub judice* of ₹ 357.50 crores (previous year ₹ 489.35 crores). The Bank carries a provision of ₹ 4.48 crores (previous year ₹ 4.48 crores) against cases *sub judice*. The amount of contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

4. The Bank has a process whereby all long term contracts (including derivative contracts) are periodically assessed for material foreseeable losses. At the year end, the Bank has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

5. There is no delay in transferring amounts to Investor Education and Protection Fund by the Bank (previous year Nil).

6. Corporate Social Responsibility (CSR):

The Bank has spent an amount of ₹ 33.81 crores (previous year ₹ 27.32 crores) towards CSR initiatives through various projects in the areas of Rural Development and Inclusiveness, Environment Sustainability, Preventive Healthcare and certain areas of special interest such as Environmental, Education, etc. Of the total CSR spends, an amount of ₹ 21.16 crores (previous year ₹ 22.30 crores) was incurred towards capital expenditure.

7. The Bank does not have any Off-Balance Sheet SPVs (which are required to be consolidated as per accounting standards) (previous year Nil).

8. In March 2017, the Bank made an announcement of entering into an agreement with Infrastructure Leasing and Financial Services Ltd., (IL&FS) the Promoter Shareholders of IL&FS Securities Services Ltd., (ISSL) to acquire 100% of ISSL. The proposed transaction is conditional on definitive agreements and approvals including regulatory approvals, and as such, does not have any bearing on the current financial results or the financial position of the Bank as at March 31, 2017.

9. Employee Benefit (AS 15):

9.1 Employee Stock Option Scheme ("ESOS"):

The shareholders of the Bank approved Employee Stock Option Scheme (ESOS) on September 18, 2007. ESOS enables the Board and / or the HR and Remuneration 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 of the Securities & Exchange Board of India (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 HR and Remuneration Committee of the Bank has granted 3,98,39,800 options as set out below:

No.	Date of grant	No. of options	Range of exercise price (₹)
1.	18-Jul-08	1,21,65,000	48.00 - 50.60
2.	17-Dec-08	34,56,000	38.95
3.	05-May-09	8,15,500	44.00
4.	31-Aug-09	3,18,500	100.05
5.	28-Jan-10	7,47,000	48.00 - 140.15
6.	28-Jun-10	13,57,450	196.50
7.	14-Sep-10	73,500	236.20
8.	26-Oct-10	1,43,500	274.80
9.	17-Jan-11	25,00,000	228.70
10.	07-Feb-11	20,49,000	95.45 - 220.45
11.	24-Jun-11	21,54,750	253.60
12.	16-Aug-11	89,500	254.90
13.	30-Sep-11	2,61,000	262.25
14.	21-Dec-11	9,20,000	231.95
15.	29-Feb-12	1,95,000	304.05
16.	19-Apr-12	1,40,500	345.60
17.	25-May-12	1,34,500	304.55
18.	10-Jul-12	2,67,000	343.25
19.	29-Aug-12	1,14,000	319.05
20.	10-Oct-12	23,500	365.75
21.	09-Jan-13	30,000	433.75
22.	18-Apr-13	12,500	419.60
23.	20-Jun-13	1,75,000	478.45
24.	18-Jul-13	18,35,000	453.90
25.	23-Sep-13	75,000	411.50
26.	29-Oct-13	22,000	412.25
27.	29-Jan-14	7,67,500	300.00 - 389.85
28.	25-Mar-14	1,76,500	490.30
29.	15-May-14	65,500	537.05
30.	02-Jun-14	32,69,500	533.95
31.	09-Jul-14	33,000	551.10
32.	13-Oct-14	74,500	623.25
33.	17-Jan-15	47,500	831.85
34.	23-Feb-15	48,000	876.80

No.	Date of grant	No. of options	Range of exercise price (₹)
35.	30-Mar-15	11,000	880.75
36.	22-May-15	52,600	848.20
37.	24-Jul-15	16,30,000	949.80
38.	21-Sep-15	1,93,000	918.65
39.	04-Nov-15	93,500	911.85
40.	12-Jan-16	10,33,500	886.75 - 936.75
41.	12-May-16	13,500	1,053.75
42.	11-Jul-16	25,000	1,126.70
43.	23-Aug-16	2,76,000	1,186.75
44.	10-Oct-16	18,51,000	1,220.85
45.	16-Nov-16	33,500	1,093.10
46.	27-Jan-17	21,500	1,265.40
47.	24-Mar-17	49,000	1,383.90

9.2 Recognition of expense:

The Bank follows the intrinsic value method to recognise employee costs relating to ESOS, in accordance with the Guidance Note on "Accounting for Employee Share-based Payments" issued by the ICAI. Excess of fair market price over the exercise price of an option at the grant date, is recognised as a deferred compensation cost and amortised on a straight-line basis over the vesting period of such options. The compensation so recognised in respect of which exercise of options is outstanding is shown as Employee Stock Options Outstanding on the face of the Balance Sheet.

The fair market price is the latest available closing price on the stock exchange on which the shares of the Bank are listed, prior to the date of the meeting of the Compensation Committee in which stock options are granted. Since shares are listed on more than one stock exchange, the exchange where the Bank's shares have been traded highest on the said date is considered for this purpose.

9.3 Stock option activity under the scheme during the year:

Particulars	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,28,31,251	472.32
Granted during the year	22,69,500	1,216.73
Forfeited / surrendered during the year	2,06,270	707.72
Exercised during the year	31,62,370	305.54
Expired during the year	-	-
Outstanding at the end of the year	1,17,32,111	657.14
Options exercisable at the end of the year	65,35,784	403.13

The weighted average price of options exercised during the year is ₹ 1,129.96.

Following table summarises the information about stock options outstanding as at March 31, 2017:

No.	Date of grant	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
1.	31-Aug-09	100.05	17,000	0.42
2.	28-Jan-10 A	48.00	6,00,000	0.80
3.	28-Jun-10	196.50	42,212	0.83
4.	17-Jan-11	228.70	11,70,000	1.24
5.	07-Feb-11 A	220.45	2,58,900	1.36
6.	24-Jun-11	253.60	1,22,387	1.58
7.	30-Sep-11	262.25	9,000	2.33
8.	21-Dec-11	231.95	4,03,000	2.36
9.	29-Feb-12	304.05	1,04,500	1.97
10.	19-Apr-12	345.60	59,000	2.34
11.	25-May-12	304.55	21,960	1.88
12.	10-Jul-12	343.25	1,48,100	2.79
13.	29-Aug-12	319.05	750	3.42
14.	10-Oct-12	365.75	5,000	2.54
15.	09-Jan-13	433.75	5,100	2.81
16.	20-Jun-13	478.45	41,500	3.84
17.	18-Jul-13	453.90	4,70,765	3.57
18.	23-Sep-13	411.50	19,520	3.98
19.	29-Oct-13	412.25	12,560	4.03
20.	29-Jan-14	389.85	23,330	4.59
21.	29-Jan-14 A	300.00	7,00,000	3.84
22.	25-Mar-14	490.30	1,42,510	4.12
23.	15-May-14	537.05	21,450	4.50
24.	02-Jun-14	533.95	21,84,015	4.35
25.	09-Jul-14	551.10	18,400	4.47
26.	13-Oct-14	623.25	37,140	4.75
27.	17-Jan-15	831.85	43,685	4.82
28.	23-Feb-15	876.80	36,570	5.02
29.	30-Mar-15	880.75	11,000	5.01
30.	22-May-15	848.20	45,327	5.22
31.	24-Jul-15	949.80	14,13,670	5.38
32.	21-Sep-15	918.65	1,77,120	5.50
33.	04-Nov-15	911.85	77,540	5.66
34.	12-Jan-16	936.75	23,600	6.22
35.	12-Jan-16	886.75	10,00,000	5.80
36.	12-May-16	1,053.75	9,500	6.13
37.	11-Jul-16	1,126.70	25,000	6.29
38.	23-Aug-16	1,186.75	2,76,000	6.41
39.	10-Oct-16	1,220.85	18,51,000	6.54
40.	16-Nov-16	1,093.10	33,500	6.64
41.	27-Jan-17	1,265.40	21,500	6.84
42.	24-Mar -17	1,383.90	49,000	7.00

9.4 *Fair value methodology:*

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Particulars	2016-17
Average dividend yield	0.33 - 0.43%
Expected volatility	29.31 - 32.38%
Risk free interest rates	6.34 - 7.29%
Expected life of options (in years)	4.51 - 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, 2017 is ₹ 3.29 crores (previous year ₹ 2.22 crores). Had the Bank adopted the Black - Scholes model based fair valuation, compensation cost for the year ended March 31, 2017, would have increased by ₹ 70.05 crores (previous year ₹ 67.88 crores) and the proforma profit after tax would have been lower by ₹ 45.80 crores (previous year ₹ 44.39 crores). On a proforma basis, the basic and diluted earnings per share would have been as follows:

Particulars	March 31, 2017	March 31, 2016
Proforma basis -		
Basic earnings per share ₹	47.29	38.91
Diluted earnings per share ₹	46.80	38.49

The weighted average fair value of options granted during the year 2016-17 is ₹ 441.07 (previous year ₹ 382.98).

9.5 *Gratuity:*

Gratuity is a defined benefits plan. The Bank has obtained qualifying insurance policies from two insurance companies. The following table summarises the components of net expenses recognised in the Profit and Loss account and funded status and amounts recognised in the Balance Sheet, on the basis of actuarial valuation.

(₹ in crores)

No.	Particulars	March 31, 2017	March 31, 2016
	Changes in the present value of the obligation		
1.	Opening balance of Present Value of Obligation	61.67	46.38
2.	Interest Cost	4.30	3.42
3.	Current Service Cost	12.71	10.75

(₹ in crores)

No.	Particulars	March 31, 2017	March 31, 2016
4.	Benefits Paid	(7.44)	(6.48)
5.	Actuarial loss / (gain) on Obligation	4.07	7.60
6.	Closing balance of Present Value of Obligation	75.31	61.67
	Reconciliation of opening and closing balance of the fair value of the Plan Assets		
1.	Opening balance of Fair value of Plan Assets	65.34	49.58
2.	Adjustment to Opening Balance	0.57	0.62
3.	Expected Return on Plan assets	5.10	4.33
4.	Expenses	(0.33)	-
5.	Contributions	17.07	18.09
6.	Benefits Paid	(7.44)	(6.48)
7.	Actuarial loss Return on Plan Assets	1.22	(0.80)
8.	Closing balance of Fair Value of Plan Assets	81.53	65.34
	Profit and Loss – Expenses		
1.	Current Service Cost	12.71	10.75
2.	Interest Cost	4.30	3.42
3.	Expected Return on Plan assets	(5.10)	(4.33)
4.	Expenses	0.33	-
5.	Net Actuarial loss recognised in the year	2.86	8.40
6.	Expenses recognised in the Profit and Loss account	15.10	18.24
	Funded status	**100% insurance managed funds**	**100% insurance managed funds**
	Actuarial Assumptions		
1.	Discount Rate	7.00%	7.50%
2.	Expected Rate of Return on Plan Assets	7.60%	8.00%
3.	Expected Rate of Salary Increase	5.00%	5.00%
4.	Employee Attrition Rate		
	- Past Service 0 to 5 years	30%	30%
	- Past Service above 5 years	0.50%	0.50%

Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Experience Adjustment:

Particulars	March 31, 2017	March 31, 2016
Defined Benefit Obligations	75.31	61.67
Plan Assets	81.53	65.34
Surplus / (Deficit)	6.21	3.67
Experience Adjustments on Plan Liabilities	(4.07)	(7.60)
Experience Adjustments on Plan Assets	1.22	(0.80)

Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date is ₹ 24.00 crores.

9.6 Provident Fund:

The guidance note on implementing AS 15, Employee Benefits (revised 2005) states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed, are to be considered as defined benefits plans.

The details of the fund and plan assets position as at March 31, 2017, are as follows:

(₹ in crores)

Assets / Liabilities	March 31, 2017	March 31, 2016
Present value of Interest Rate guarantee on Provident Fund	1.20	1.25
Present value of Total Obligation	143.41	128.89
Fair value of Plan Assets	143.08	127.72
Net liability recognised in the Balance Sheet	(0.33)	(1.17)
Assumptions		
Normal Retirement age	60 years	60 years
Expected guaranteed interest on PF in future	8.65%	8.80%
Discount rate	7.00%	7.50%
Expected average remaining working lives of employees (years)	6.04 - 8.07	6.36 - 13.23
Benefit on normal retirement	Accumulated account balance with interest rate equal to or more than EPFO Rate	Accumulated account balance
Benefit on early retirement / withdrawal / resignation	Accumulated account balance with interest rate equal to or more than EPFO Rate	Same as normal retirement benefit
Benefit on death in service	Accumulated account balance with interest rate equal to or more than EPFO Rate	Same as normal retirement benefit

10. Segment Reporting (AS 17):

The Bank operates in four business segments, viz. Treasury, Corporate / Wholesale Banking, Retail Banking and Other Banking Operations. There are no significant residual operations carried by the Bank.

Business Segments:

(₹ in crores)

Business Segment	Treasury		Corporate / Wholesale Banking		Retail Banking		Other Banking Operation		Total	
Particulars	**31/03/17**	**31/03/16**	**31/03/17**	**31/03/16**	**31/03/17**	**31/03/16**	**31/03/17**	**31/03/16**	**31/03/17**	**31/03/16**
Revenue	3,490.63	3,253.89	6,311.25	4,687.03	9,608.76	8,175.22	40.81	38.70	19,451.45	16,154.84
Inter Segment Revenue									(874.29)	(986.15)
Total Income									18,577.16	15,168.69
Result	707.61	557.42	1,778.17	1,161.85	3,142.58	2,566.52	13.35	12.15	5,641.71	4,297.94
Unallocated Expenses									(190.70)	(156.52)
Operating Profit									5,451.01	4,141.42
Provisions and Contingencies (other than tax)									(1,091.33)	(672.16)
Tax Expenses									(1,491.79)	(1,182.81)
Extraordinary profit / loss									-	-
Net Profit									2,867.89	2,286.45
Other Information:										
Add: Share of Profit in Associate									0.28	0.28
Net Profit									2,868.17	2,286.73
Segment Assets	45,131.28	39,964.17	54,185.90	32,562.01	71,820.77	63,110.40	-	-	1,71,137.95	1,35,636.58
Unallocated Assets									7,511.95	7,261.62
Total Assets									1,78,649.90	1,42,898.20
Segment Liabilities	23,001.05	25,216.74	61,913.39	44,550.15	65,901.83	49,665.41	-	-	1,50,816.27	1,19,432.30
Unallocated Liabilities									27,833.63	23,465.90
Total Liabilities									1,78,649.90	1,42,898.20

Note:

Fixed Assets, tax paid in advance / tax deducted at source (net of provisions), stationery and stamps, non-banking assets acquired in satisfaction of claims, and others which cannot be allocated to any segments, have been classified as unallocated assets; Depreciation on Fixed Assets has been classified as unallocated expenses. The unallocated liabilities include share capital, employee stock option outstanding, reserves and surplus, proposed dividend and others.

Geographic Segments:

The business operations of the Bank are largely concentrated in India. Activities outside India are restricted to resource mobilization in the international markets and lending to a few overseas entities through the IFSC Banking Unit at the GIFT City Gujarat. Since the Bank does not have material earnings emanating from foreign operations, the Bank is considered to operate only in domestic segment.

11. Related party transactions (AS-18):

The following is the information on transactions with related parties:

Key Management Personnel
Mr. Romesh Sobti, Managing Director

Associates
IndusInd Marketing and Financial Services Private Limited

Subsidiaries
ALF Insurance Services Private Limited (till February 24, 2016 on which date the liquidator had repaid the entire share capital; vide an order issued by the High Court of Madras on June 14, 2016, the subsidiary has been liquidated pursuant to a voluntary winding up and the name has been struck off the Companies Register).

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided as there is only one related party in each of the above categories.

12. Operating Leases (AS 19):

The Bank has taken a number of premises on operating lease for branches, offices, ATMs and residential premises for staff. The Bank has not given any assets on operating lease. The details of maturity profile of future operating lease payments are given below:

(₹ in crores)

Particulars	March 31, 2017	March 31, 2016
Future lease rentals payable as at the end of the year:		
- Not later than one year	277.25	216.49
- Later than one year but not later than five years	950.16	711.44
- Later than five years	349.00	293.85
Total of minimum lease payments recognised in the Profit and Loss Account for the year	243.84	206.49
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-lease	-	-
Sub-lease payments recognised in the Profit and Loss account for the year	-	-

The Bank has not sub-leased any of the properties taken on lease. There are no provisions relating to contingent rent.

The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

13. Earnings per share (AS 20):

Details pertaining to earnings per share as per AS-20 are as under:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Net Profit after tax (₹ in crores)	2,867.89	2,286.45
Basic weighted average number of equity shares	59,66,99,170	57,62,52,656
Diluted weighted average number of equity shares	60,29,85,746	58,24,34,853
Nominal value of Equity Shares (₹)	10	10
Basic Earnings per Share (₹)	48.06	39.68
Diluted Earnings per Share (₹)	47.56	39.26

14. Deferred Tax (AS 22):

The major components of deferred tax assets / liabilities are as under:

(₹ in crores)

Particulars	March 31, 2017 Deferred Tax		March 31, 2016 Deferred Tax	
Timing difference on account of	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Difference between book depreciation and depreciation under the Income Tax Act, 1961	-	33.35	-	26.47
Difference between Provisions for doubtful debts and advances and amount allowable under Section 36(1) (viia) of the Income Tax Act, 1961	530.93	-	307.32	-
Difference between book income and income offered under the Income Tax Act, 1961	-	177.93	-	144.49
Others	32.82	-	26.57	-
Sub-total	**563.75**	**211.28**	**333.89**	**170.96**
Net closing balance carried to the Balance Sheet (included in Schedule 11 – Others)	**352.47**		**162.93**	

15. Additional Disclosures:

A. Proposed Dividend:

The Board of Directors, in their meeting held on April 19, 2017, have proposed a final dividend of ₹ 6.00 per equity share amounting to ₹ 431.95 crores, inclusive of corporate dividend tax. The proposal is subject to the approval of shareholders at the Annual General Meeting. In terms of Accounting Standard 4 – Contingencies and Events occurring after the Balance Sheet Date, this proposed dividend is not recognised as a liability on March 31, 2017 and accordingly, the said amount of ₹ 431.95 crores has not been considered as an appropriation from the Profit and Loss Account for the year ended March 31, 2017. Appropriation towards proposed

dividend during the year ended March 31, 2017 amounting to ₹ 0.46 crores disclosed on the face of the Profit and Loss Account represents the dividend pertaining to shares allotted from April 1, 2016 till the record date for declaration of dividend for the year ended March 31, 2016.

B. 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			
	2016-17		2015-16		2016-17		2015-16	
	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount	As a % of Consolidated Profit or Loss	Amount
IndusInd Bank Limited	100.00%	20,647.60	100.00%	17,697.18	99.99%	2,867.89	99.99%	2,286.45
Associate								
IndusInd Marketing and Financial Services Pvt Ltd	-	-	-	-	0.01%	0.28	0.01%	0.28
Total	**100.00%**	**20,647.60**	**100.00%**	**17,697.18**	**100.00%**	**2,868.17**	**100.00%**	**2,286.73**

* Total Assets – Total Liability

C. Disclosure on Specified Bank Notes by IndusInd Marketing and Financial Services Pvt Ltd.:

Pursuant to Notification No. G.S.R. 308(E) dated March 30, 2017 issued by the Ministry of Corporate Affairs (MCA) and as per Schedule III of Companies Act 2013, IMFS (Associate Entity) has reported Nil as a submission in their Notes to the financial statement in respect of disclosure related to Specified Bank Notes (SBN).

16. 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.

17. In terms of the clarification received from the Reserve Bank of India, the disclosure of details relating to Specified Bank Notes (SBNs) as per Notification No. G.S.R. 308(E) dated March 30, 2017 issued by the Ministry of Corporate Affairs (MCA) is not applicable to the banking companies.

18. Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report of even date.

For and on behalf of Board of Directors

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No : 012754N / N500016

R. Seshasayee
Chairman

T. Anantha Narayanan
Director

Russell I Parera
Partner
Membership No : 042190

Romesh Sobti
Managing Director

Place : Mumbai
Date : April 19, 2017

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Statement pursuant to Section 129 of the Companies Act, 2013

Form AOC-1 : Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the Financial Statement of Subsidiaries / Associate Companies / Joint Ventures

Part "A": Subsidiaries

The Bank did not have any subsidiary, in operation, during the year ended March 31, 2017. Hence, information in this regards is Nil.

Notes:

1. Names of the Subsidiary which are yet to commence operation:
   Nil
2. Names of the Subsidiary which have been liquidated or sold during the year:
   Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

No.	Name of Associate Companies / Joint Ventures	IndusInd Marketing and Financial Services Private Limited (IMFS)
1.	Latest Audited Balance Sheet	March 31, 2017
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 Bank's shareholding	₹ 1.49 crores
7.	Profit / Loss for the year:	
	i. Considered in Consolidated Financial Statement	₹ 0.28 crore
	ii. Not Considered in Consolidated Financial Statement	Nil

Notes:

1. Names of Associates or Joint Ventures which are yet to commence operations:
   Nil
2. Names of the Associates which have been liquidated or sold during the year:
   Nil

For and on behalf of Board of Directors

R. Seshasayee
Chairman

T. Anantha Narayanan
Director

Romesh Sobti
Managing Director

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Place : Mumbai
Date : April 19, 2017

US DOLLAR DENOMINATED

Standalone Balance Sheet as at March 31, 2017

1 USD = ₹ 64.85		As at 31.03.2017	(Million of US$) As at 31.03.2016
CAPITAL AND LIABILITIES			
Capital		92.24	91.75
Employee Stock Option Outstanding		2.34	2.12
Reserves and Surplus		3,089.09	2,634.88
Deposits		19,517.69	14,340.84
Borrowings		3,462.40	3,854.41
Other Liabilities & Provisions		1,384.18	1,111.00
	TOTAL	**27,547.94**	**22,035.00**
ASSETS			
Cash and Balances with Reserve Bank of India		1,194.87	697.15
Balances with Banks & Money at Call and Short Notice		1,677.64	862.12
Investments		5,659.54	5,251.24
Advances		17,437.24	13,634.44
Fixed Assets		205.90	193.57
Other Assets		1,372.75	1,396.48
	TOTAL	**27,547.94**	**22,035.00**
Contingent Liabilities		62,665.72	43,963.20
Bills for Collection		2,930.90	2,121.95

Standalone Profit and Loss Account for the year ended March 31, 2017

	1 USD = ₹ 64.85		Year ended 31.03.2017	(Million of US$) Year ended 31.03.2016
I.	**INCOME**			
	Interest earned		2,221.38	1,830.65
	Other Income		643.25	508.40
		TOTAL	**2,864.63**	**2,339.05**
II.	**EXPENDITURE**			
	Interest expended		1,286.52	1,134.18
	Operating expenses		737.56	566.25
	Provisions & contingencies		398.32	286.04
		TOTAL	**2,422.40**	**1,986.47**
III.	**PROFIT**		442.23	352.58
	Profit brought forward		773.09	565.00
	AMOUNT AVAILABLE FOR APPROPRIATION		**1,215.32**	**917.58**
IV.	**APPROPRIATIONS**			
	Transfer to			
	(a) Statutory Reserves		110.56	88.14
	(b) Capital Reserves		7.02	2.04
	(c) Investment Reserve Account		-	-
	(d) Dividend on equity (includes tax on dividend)		0.07	54.31
			117.65	144.49
	Balance carried over to Balance Sheet		1,097.67	773.09
		TOTAL	**1,215.32**	**917.58**

Bank's Branches

Details of branches are accessible on the Bank's website at:

https://www.indusind.com/locate-us.html?q1=&q2=branches

IndusInd Bank

Registered Office: 2401 General Thimmayya Road, Cantonment, Pune - 411 001.
Tel.: +91 20 3046 1600 - 609

Corporate Office: 8th Floor, Tower 1, One Indiabulls Centre,
841, S. B. Marg, Elphinstone Road, Mumbai - 400 013.
Tel.: +91 22 2423 1999 / 3049 3999 | **Fax:** +91 22 2423 1998/ 3049 3998

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CIN: L65191PN1994PLC076333