

Board of Directors (as at March 31, 2021)

Mr. Arun Tiwari, Chairman
Mr. Shanker Annaswamy
Dr. T. T. Ram Mohan
Mrs. Akila Krishnakumar
Mr. Rajiv Agarwal
Mr. Sanjay Asher
Mrs. Bhavna Doshi
Mr. Sumant Kathpalia, Managing Director & CEO

Company Secretary

Mr. Haresh K. Gajwani

Auditors

M/s. Haribhakti & Co. LLP
Chartered Accountants
705, Leela Business Park
Andheri Kurla Road, Andheri (East)
Mumbai 400 059.
Tel: (022) 66729999
Fax: (022) 66729777

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
C 101, 247 Park
L. B. S. Marg, Vikhroli (West)
Mumbai – 400 083.
Tel: (022) 49186280, 49186000
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Company CIN: L65191PN1994PLC076333

Registered Office

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Pune – 411001.
Tel: (020) 26234000 - 10

Corporate Office

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841, Senapati Bapat Marg
Elphinstone Road (West) Mumbai – 400013.
Tel: (022) 30493999

Secretarial & Investor Services cell

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Andheri (East), Mumbai – 400093.
Tel: (022) 66412487 / 66412359

MESSAGE FROM THE MANAGING DIRECTOR

A digital future, built on sustainability



We will be committed to generating sustainable value for our stakeholders by following the triple bottom line approach



Dear Shareholders,

I want to start by wishing all of you and your loved ones good health. FY21 was an extraordinary year by any measure and it was a year of unprecedented challenges both at personal and professional levels. The year had a considerable amount of uncertainty with the virulent outbreak of COVID-19, followed by stricter lockdowns, bringing economic activities to a standstill. The Indian economy has shown great resilience towards the COVID-19 challenges and after reporting two-quarters of negative GDP, we saw a strong economic recovery in the 2nd half of FY 21. However, the economic recovery got interrupted by the 2nd wave of COVID-19. The economic impact of 2nd wave of COVID-19 has been severe but short term compared to last year. As the pandemic gets under control and the vaccination drive is lifting consumer and business confidence, economic recovery is expected to gain momentum as the year progresses. Measures announced by the Government of India and accommodative policies by RBI, will continue to boost the overall economic growth.

We, being part of the essential services, have to balance between customer convenience and the safety of our employees. We have accorded the highest priority to continuity of the services to our customers and the safety of our employees during the pandemic. IndusInd Bank has taken several significant steps in improving client experience including an "All-in-One store" in the IndusMobile App, Video Branch, Video KYC, Banking on WhatsApp and Alexa-based servicing, supported by Natural Language Processing. We have deployed a large scale Work From Home setup for over 15,000 staff. We have also conducted a large scale vaccination drive and over 40,000 i.e 70% of the employees in the Bank and our MFI subsidiary have received a minimum of one dose of vaccine.

It was my first financial year as the Managing Director and CEO of IndusInd Bank. We faced some internal and external challenges during the year. I can proudly say that the Bank has come out stronger from these challenges. If we look at some parameters indicating the health of the Bank, they are at their best levels in the last several years, if not in the decade. We closed the year with a capital adequacy ratio of 17.38%, surplus liquidity of Rs. 40,000 crores, Credit Deposit Ratio below 85%

with strong traction on retail deposits, PCR at 75% with significant buffer provisions outside PCR, operating profit margin at 6% of loans – all at their best levels in the last few years. We have used this year to strengthen our balance sheet and the Bank is well positioned to participate in the growth to follow in coming years.

During the financial year, the Bank also adopted its fifth 3-year (triennial) planning cycle for the period FY 2020-23. Planning Cycle-5 (PC-5) has "Scale with Sustainability" as a key theme and along with growth areas, the Bank has also defined boundaries relating to capital adequacy, provision coverage, stable funding sources etc. which will help achieve sustainable growth with stable profitability across the business cycles.

Our strategy revolves around improving the sustainability of the organisation. While traction on financial metrics is well covered, we have also progressed on non-financial aspects. With our commitment to sustainable finance, ~42% of our lending book constitutes Sustainable Finance – this includes Climate / Green Finance and Social Finance supporting livelihood, healthcare, education etc. We are committed to increasing capital allocation here and reaching this to 45% by 2023.

Regarding Sustainable Operations, IndusInd Bank has committed to reducing its carbon footprint by 50% by FY25 over the baseline of FY 20. The Bank has already, during FY21, reduced its intensity carbon emissions by 23% over baseline emissions of FY20.

As a result of these efforts,

- We are the only Indian Bank to be included in the S&P DJSI Sustainability Yearbook for 2021. The yearbook showcases select organisations that have progressed well on the sustainability aspects. It includes 21 Indian companies and we are the only Indian Bank amongst them
- For the 6th consecutive year, the Bank retained its top position in Carbon Disclosure Project by securing the highest Band A and being the only Bank in India in Band A Rankings
- IndusInd Bank was also ranked 57th out of 914 Global Banking Services companies assessed by Refinitiv ESG Rankings. The Bank was rated 78/100 by Refinitiv ESG Rankings for excellent ESG performance, commitment, effectiveness and a high degree of transparency in reporting material ESG data publicly

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

- We maintained healthy profit margins in a tough operating environment with PPOP/Loan ratio of 5.7%
- Our deposits saw handsome growth of 27% driven by granular retail deposits. Our retail deposits as defined by LCR grew by 53%
- We have moderated our loan growth in line with evolving macro environment. While we had 3% YoY loan book growth, the loan growth picked up in the 2nd half of FY 21 with 6% growth.
- We continued to have a healthy loan mix with 57% retail and 43% corporate advances
- Net interest income grew by 10% and our NIM remained range-bound between 4.1%-4.3%
- We have lowered our cost of deposit by 108bps during the year. We have further reduced our deposit rates in 1st half of FY 22 indicating our increased ability to attract retail deposits.
- With muted activity level during most part of the financial year, our fee income was marginally lower by 6%
- Following a conservative approach, we have taken higher provisions during the year as we have increased our PCR to 75% from 63% and created surplus contingent provisions of Rs. 1,600 crores (0.8% of advances)
- As a result, our profit after tax lowered by 34% at Rs. 2,930 crores and our ROA was 0.93%
- With capital raise of Rs. 5,309 crores, our CRAR increased to 17.38% from 15.04% and now our Bank is well capitalised to achieve the growth plans.

The Bank is deeply embedded in the community and plays an important role through its various Corporate Social Responsibility centric initiatives. We are proud of the ecosystem that we support, and the following few initiatives are a testament to this thought:

- The Bank, through its CSR initiatives has reached out to 64,000 villages and towns, thereby impacting the lives of over 19 lakh beneficiaries
- Provided accessible and affordable healthcare services to over 6.6 lakh people
- Groomed nearly 640 sportspersons to compete at national and international platforms across several disciplines
- Created water storage capacity of over 6,680 crore litres
- Planted about 2.2 lakh trees
- Implemented educational programmes that have benefited 92,770 students
- Imparted employable & entrepreneurial skill training to 1,209 young adults and entrepreneurs to generate income
- Mitigated 16 lakh kilograms of Carbon Dioxide emission through clean energy solutions

It is gratifying to see our work being acknowledged and rewarded at various reputed forums and platforms. In the last one year, the Bank was bestowed the following honours:

- “Most Innovative Company” for Multi-cloud platform in Business Impact Awards 2020 – Economic Times and VMware
- Silver Category in “Best Mobile Search Campaign” at the 11th India Digital Awards – Internet and Mobile Association of India
- 2020 APAC Innovation Award – RED HAT
- “Outstanding Response to COVID-19, Branchless Banking” at the Global Retail Banking Innovation Awards 2020 – The Digital Banker

Digitisation has always been the core theme in IndusInd Bank’s strategy. While Digital 1.0 was about seamless, digital onboarding, servicing journeys and employee enablements, as we look into the

future, there are two clear shifts that we see happening:

- Banking is becoming more and more frictionless and invisible and it is critical for the Bank to be where the client is and embed itself in customer’s lifestyle
- Customer experience and customer obsession will define competitive advantage in the long run and we need to move away from being product-centric to client-centric

With a focus on customer-centricity and human-centred design, the Bank is set to start its Digital 2.0 journey. The Bank has created a Digital Centre of Excellence and is taking a comprehensive view to deploy new-age digital platforms and build end-to-end digital client value propositions.

This includes:

- Re-inventing the experience layer by building end-to-end digital stacks with omni-channel capabilities across deposits, lending, payments and wealth
- API Orchestration and Management through Microservices-based stacks which enable a high degree of agility and ease and flexibility of integration with various partners making the Bank ready for API Banking or Open Banking or Platform Banking. A recent example of this is the launch of ‘Indus EasyCredit’ by the Bank
- Modernising the core stacks by moving to cloud-native, microservices-based API-enabled core stacks which enable a high degree of scalability and reliability
- Robust Data Engineering and Data Science Framework as we move to cloud-based data management and working on advanced analytics and machine learning led capabilities across use cases to drive client persona specific engagement, risk management, pricing and wallet share increase
- Overall, this year should see our vision on Digital 2.0 being implemented

We have created a Digital Centre of Excellence taking a comprehensive view to deploy new-age digital platforms and build an end-to-end digital value proposition. We are focused on 5 areas namely 1) Indus Easy Credit for unsecured retail loans, 2) Digital ecosystem for used vehicles, 3) Merchant solutions app, 4) Differentiated payments and finance solution for individuals, and 5) SME trade and credit stack. We will keep you updated on the progress of these five initiatives.

I think the Bank has shown strong resilience in facing heavy headwinds during last year. We have braved these and used this period to strengthen the Bank’s strategic position. Now the only way hereon is up and there is a long growth runway for us and I am committed to improving the quantity and quality of our earnings. As a part of the overarching strategy of the Bank, the management team and I will focus on sustainability as a theme to drive long-term stakeholder value.

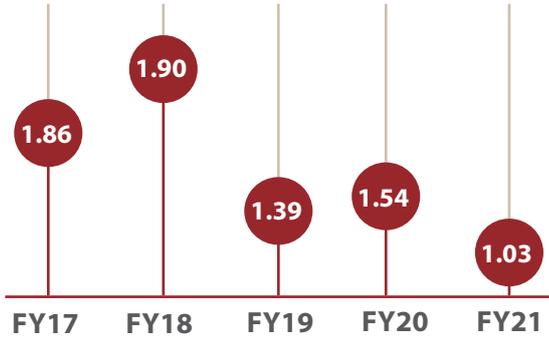
I would like to thank the regulatory authorities and agencies for their constant support. My sincere appreciation to my colleagues and members of the Board for guiding and supporting the management team in its endeavours. The Bank has an extremely strong franchise of **29 million customers** served by over **30,000 employees** today and I would like to acknowledge the support of our customers and our highly committed and capable workforce.

Sumant Kathpalia

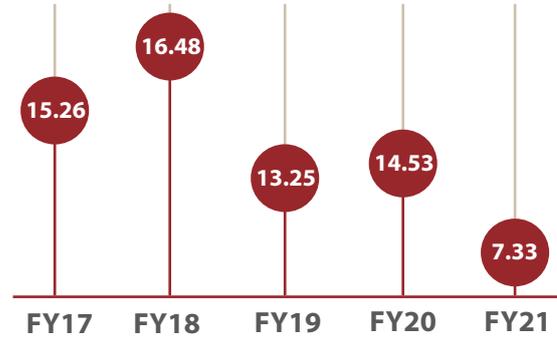
Managing Director & CEO

Stronger Fundamentals

RETURN ON ASSETS (%)



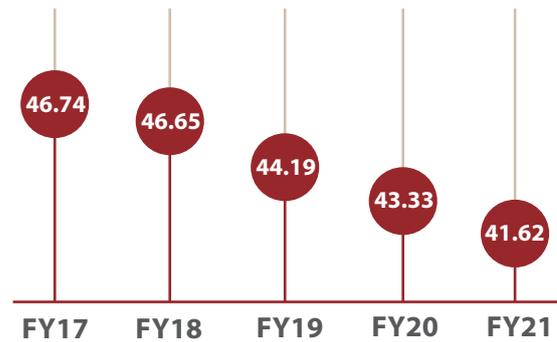
RETURN ON EQUITY (%)



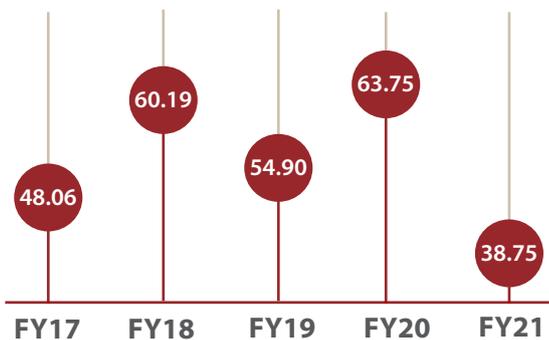
NET INTEREST MARGIN (%)



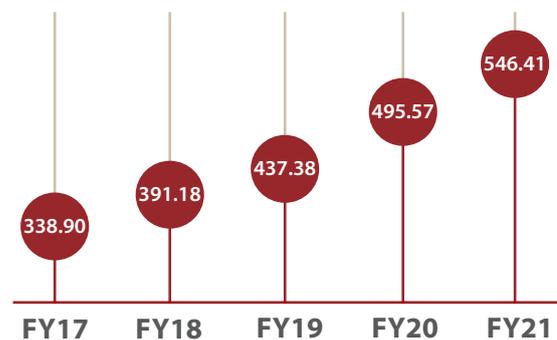
COST / INCOME (%)



EARNINGS PER SHARE (₹)



BOOK VALUE PER SHARE (₹)



Key Business Highlights

Net Profit at
₹2,836 Cr

Net Interest Margin at
4.17%

PPOP up by
8.86% to
₹11,727 Cr

PCR at
74.52%

Deposits up by
27% to
₹2,56,205 Cr

Capital Adequacy
Ratio (CAR) at
17.38%

CASA ratio at
42%

Book Value per share
₹546.41

Increased Network
2,015 Branches
ATMs **2,872**
760 Geographic
Locations

Ratings

Domestic Rating

CRISIL **AA+**
for Infra Bonds
program

CRISIL **AA**
for Additional Tier I
Bonds program

CRISIL **A1+**
for certificate of deposit/
short term FD program

IND **AA+**
for Senior bonds
program by India
Ratings and Research

IND **AA**
for Additional Tier I
Bonds program by
India Ratings and Research

IND **A1+**
for Short Term Debt
Instruments by India
Ratings and Research

International Ratings

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



Board of Directors



Mr. Arun Tiwari
Chairman



Mr. Shanker Annaswamy
Director



Dr. T. T. Ram Mohan
Director



Mrs. Akila Krishnakumar
Director



Mr. Rajiv Agarwal
Director



Mr. Sanjay Asher
Director



Mrs. Bhavna Doshi
Director



Mr. Sumant Kathpalia
Managing Director & CEO

Management Team



Sumant Kathpalia
Managing Director & CEO



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



S.V. Zaregaonkar
Chief Financial Officer &
Head - Corporate Services



S.V. Parthasarathy
Head - Consumer Finance



Sanjeev Anand
Head - Commercial &
Rural Banking



Ramesh Ganesan
Head - Technology,
Corporate & Global Market
Operations



Zubin Mody
Chief Human
Resources Officer



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



Ramaswamy Meyyappan
Chief Risk Officer



Roopa Satish

Head - Corporate & Investment Banking, CSR & Sustainable Banking



Bijayananda Pattanayak

Head - Gems & Jewellery



Soumitra Sen

Head - Consumer Bank



Anil M. Rao

Head - Consumer Operations & SDG



Anish Behl

Head - Wealth Management & Para Banking



Samir Dewan

Head - Affluent Banking



Rana Vikram Anand

Head - Pan Bank Liability & Synergy Group



Charu Sachdeva Mathur

Chief Digital Officer and Head - Business Strategy



Shalabh Saxena

MD & CEO, Bharat Financial

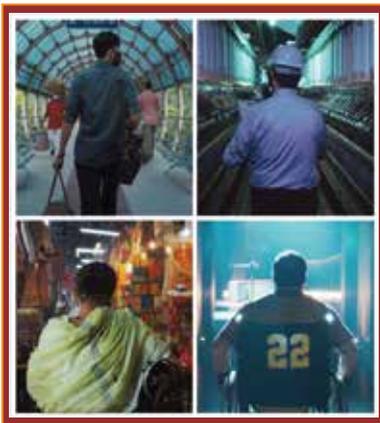
Keeping Customers In Focus

The year 2020 was a watershed year which impacted us as well as the economy in general. The COVID-19 outbreak hampered economies around the globe and continues to cause disruption in our lives. Given this uncertainty on the front lines, there has been a growing concern among citizens on how this will impact us further.

At IndusInd Bank, we always believe in putting our 'Customer First' in whatever we do. In a bid to unlock our Bank's greatest potential, we have pushed the envelope and have come together as a team to achieve our larger objective of providing customers with financial solutions that offer them a rewarding banking experience. Despite the external challenges, the Bank has introduced some of the most unique innovations that cater to the dynamic needs of our discerning customers.



The Bank's marketing and communication strategy has been aligned with this vision wherein campaigns were designed to understand stakeholders' interests and engage with them in their world.



As a testament to our unflinching focus towards making customers the epicentre of all our strategies the Bank launched its first brand campaign - **#HarIndianKaComeback**. The campaign celebrated the indomitable spirit of resourcefulness and resilience that every Indian citizen held amidst the trying times. The campaign highlighted the Bank's unwavering commitment of partnering customers in their renewed focus in restarting their journey. The campaign was primarily a TV-led one, and was **aired on 32 high performing channels** across different genres like English, Hindi, and Business news, General Entertainment (Hindi & English) as well

as Regional channels. It was also covered by **major media houses like Moneycontrol, NDTV, Economic Times**, among others. Moreover, the campaign was significantly amplified across all social media platforms as well. We created a separate micro-site for the campaign that garnered **over 2 lakh** traffic in terms of people visiting the site, banners that were put up across digital properties such as news websites and portals, garnered **over 110 million** impressions, while the ad itself received **more than 10 million views** on social media platforms. The Bank also issued a press release on the campaign which garnered 8 stories across key advertising & marketing portals.

Going forward, the Bank aims to continue interacting with customers at multiple touchpoints by significantly leveraging traditional, digital as well as social media channels to reach out to the world at large.

In a bid to further enhance, the Bank's brand visibility, earlier this year, IndusInd Bank in partnership with the Municipal Corporation of Greater Mumbai (MCGM) and supported by the

Hinduja Foundation, unveiled a majestic sculpture of its brand identity - **The 'Zebu' Bull** at the central business district of Worli in Mumbai. Conceptualised by globally acclaimed Mumbai-based sculptor Arzan Khambatta, the 'Zebu' Bull resonates through the Bank's history as a symbol of stability, confidence and strength.



The sculpture was inaugurated and dedicated to the city by **Shri Aaditya Uddhav Thackeray, Hon'ble Cabinet Minister of Tourism and Environment, Government of Maharashtra** along with Mr. Ashok P. Hinduja, Managing Trustee, Hinduja Foundation and Mr. Sumant Kathpalia, Managing Director and CEO, IndusInd Bank. The media was also invited to the unveiling ceremony basis which the event got featured across **22 local** publications as well as online platforms.

Digital innovation at the heart of what we do

As a Bank, we have built on the strong innovations and digitisation platforms that we already have and constantly remained focussed on innovating and finding simple but robust solutions. The single-minded objective is that we should continue to provide banking solutions that simplify banking, and fulfil every customer's financial requirement in a convenient, simple and speedy manner. It, as always, is critical to be totally connected with the customer, and to be in sync with their needs and expectations in a dynamic and fast changing world. Keeping this in view, our marketing and communication strategy too, has moved towards showcasing convenience and simplicity as important attributes that underpins our approach towards providing banking services.



FD Radio Campaigns

IndusInd Bank executed two strategically planned radio campaigns on the Bank's Fixed Deposit propositions which aired in 6 languages viz. Hindi, Tamil, Telugu, Kannada, Malayalam and Bengali. The radio campaign was aired across 24 markets. The key idea behind the campaign was to communicate the high, best-in-class FD interest rates to the audience. The first activity spanned from August 27 to October 1, 2020 (5 Weeks), while the second one spanned from February 15 to March 12, 2021 (4 Weeks). Other than standard radio spots, the campaign also used multiple RJ mentions and sponsorship tags.



Launch of the 'PIONEER Heritage' Metal Credit Card



A unique offering for those who live on their own terms. Not only is the metal card loaded with features for the discerning few, but is a piece of art owing to its stylish aesthetics. From privileges on dining, travel and entertainment to exciting rewards, it's a meticulously crafted credit card for the discerning few. This state-of-the-art card, along with an extended line of best-in-class offerings, redefines luxury and convenience. The card was rolled out with a strategic Out Of Home (OOH) campaign in select cities at marquee locations, Direct-to-customer (D2C) e-mailer campaigns to the base as well as amplification through social media.

COVID-19 specific Initiatives (Digital and Zonal)

The year 2020 was extremely challenging as every individual and organisation had to adapt to a new normal. Banking too, witnessed a major transformation during the nationwide lockdown as people stopped visiting their nearest branch or ATM for undertaking routine transactions such as cheque deposits or cash withdrawal. While maintaining social distancing became the new normal, IndusInd Bank implemented the same in its banking methods. The Bank revolutionised the traditional way of banking to adopt a fully digital process.

- This included introducing state-of-the-art digital banking solutions such as - Banking on WhatsApp, IndusNet, Banking on 'Alexa', Video Branch services, Video KYC and much more. All these services enabled customers to bank from the safety and comfort of their homes during the pandemic. Additionally, the Bank also deployed Mobile ATMs that helped people undertake a host of banking facilities at their door step.
- There was extensive communication of the moratorium done to the assets customers of the Bank. There were explanation videos and emailers created to communicate the impact of moratorium. These were done consistently over the 6 month moratorium period.
- In a bid to further amplify the digital banking initiatives of the Bank, the Bank launched a social media campaign that conveyed customers that they can now invest in a hassle-free life with a Bank that's always 'invested in their best interests'. Through this campaign, customers were told

about the perks of opening an account with IndusInd Bank that offers - attractive interest rates and innovative digital services for banking.

- The Bank also launched a two-part digital ad campaign to communicate about its products and services that are relevant during the current time. Coupled with some fine nuances of ventriloquism, we created two fictional characters – 'Viggy & Victor' to explain the convenience that the Bank offers its customers through its state-of-the-art digital banking products and services. The response to all the ads has been extremely gratifying. The Bank even issued a press release on the campaign which garnered 6 articles across reputed advertising & marketing portals.
- Apart from this, we also created multiple tutorial videos which focussed on educating the customers on using our robust suite of Digital Banking platforms.
- At the zonal level, our teams put up communication collaterals pertaining to COVID safety awareness protocol at all our branches. Other than in-branch communication, we also installed sanitiser stands at housing societies and implemented several COVID centric educational initiatives.



A New Website

During the year, the Bank engaged with a new-age technology platform to enhance its corporate website. This website offers a personalised experience to each customer basis their profile and relationship with the Bank. It is

equipped with latest technological updates that provides a rewarding banking experience thereby, depicting the ethos of the Bank which is being young, relevant and modern. After the launch of website, it witnessed a 30% jump in visitor traffic.

Loan Festivals

The Bank organised over 1000 'Loan Melas' across 125 cities in the months of October, November & December 2020. Through this initiative, the Bank reached to both existing and potential customers with its entire bouquet of loan related products ranging from home loan, personal loan, credit card, business loan, among others.

Fixed Deposit Campaigns

In September and October 2020, we did a 360-degree campaign on the Bank's fixed deposit offerings that was spread across 150 cities. The campaign included mobile van deployments, newspaper inserts as well as merchandising at branches. We used the alternative media and reached out to housing societies and senior citizens in particular with our FD propositions.



Beyond Banking

The Bank is committed to running its business in a way that generates sustainable value for its customers, clients, shareholders and employees. The Bank also recognises that since its sphere of activity and influence extends beyond the boundaries of the financial system, it needs to work through various CSR initiatives for social upliftment and

environmental conservation. Placed below, are a slew of initiatives, which have spearheaded the Bank's efforts beyond the banking domain. The Marketing & Communications team has crafted customised messages for each of them to create awareness among all our stakeholders.

'Ebar Pujo, Shobar Pujo'

It is a yearly activity undertaken by the East zone during the auspicious Durga Puja festival. This year, it was the 3rd edition of the initiative which was organised in association with the 'Rotary Club of Calcutta Magnum' and 'Rotaract Club of Contemporary Kolkatans'. The Bank organised a giveaway ceremony on October 17, 2020 at 'Anandaghar', an orphanage near Kolkata where new clothes were donated to over 200 children who live there. The event was graced by Smt. Shanti Sen, IPS, West Bengal Police as a Chief Guest.

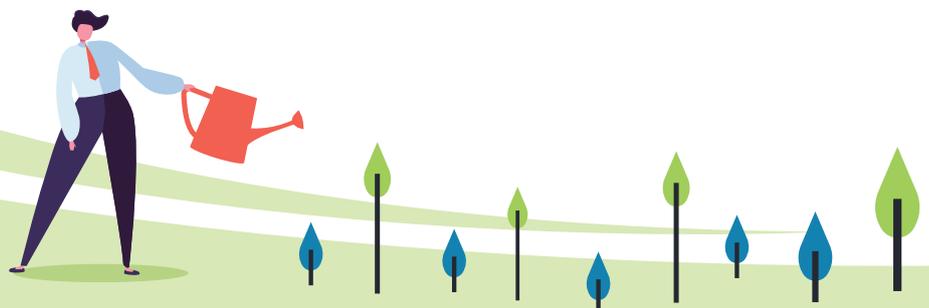


'Amaar Siksha, Sobar Siksha'

IndusInd Bank organised the first edition of 'Amaar Siksha, Sobar Siksha' on February 20, 2021. Under this initiative, the Bank distributed 700 sets of new books and stationery, to underprivileged children in Kolkata. The Branch teams conducted this activity across 22 housing societies and got an excellent response from neighbourhood catchments.

Zonal Initiatives

In a bid to engage with our clientele, our zonal teams conducted various digital marketing initiatives on the occasion of Mother's Day, Doctors Day, Independence Day, Environment Day as well as Teachers Day. Digital workshops on immunity boosting, fitness, nutrition was organised for our clients that witnessed active participation.



Alliances and Tie-ups

Through strategic alliances and tie-ups, the Bank not only offers customers more value, but also engages with them at the highest level.

Brand Partnerships for Debit and Credit Card Customers



This year, the Bank entered into various tactical alliances with over 100 brands to bring forth engaging value adds for its Debit and Credit Card customers. These partnerships are spread across an array of categories including Travel, Lifestyle, Food & Beverage, and Health & Wellness among others.

Branding Metro Stations



Continuing with our pursuit of investing in strategic long-term brand properties, we identified the '**Chakala**' Metro Station in **Mumbai** - one of the most prominent stations on the Versova-Ghatkopar metro corridor, and bagged the rights to name and re-brand the station. The station is in a prominent location in Andheri and is frequented by office goers, businessmen and youngsters for their daily commute. The area around the Chakala metro station has become a major corporate hub and also houses several banks in the vicinity. The station is a 5-minute drive from Terminal 2 of the Mumbai International Airport which caters to both domestic and international travellers.



Employee Engagement Activities

Within the Bank, employee activities go beyond the realm of banking to extend to innumerable initiatives that explore and nurture their talent, passion and team-spirit. The Bank considers **running** as a holistic activity that contributes to life like none other. We celebrate running as an activity that inspires those around you. Keeping this in view, the Bank had introduced the **'Get Set Run'** initiative in 2017 which has been the biggest employee engagement activity since then.



During FY2020-21, the Get Set Run initiative aimed at **engaging 12000 employees across 35 cities** with the inclusion of women specific runs, ultra-marathons and endurance runs. However, due to the limited visibility of on-ground events, owing to the pandemic, virtual running initiatives were explored. These virtual initiatives enabled participants to run anytime and anywhere by recording their activity data on any GPS enabled app. A total of **32 virtual marathons** were conducted through the year which engaged **over 6000** employees across the country. This phase kick-started in June 2020 with participation in one of the first virtual marathons - **'Run to the Moon'**, which was a month-long event commemorating the 51st anniversary of Man landing on Moon. With participation from 15 countries across the globe, IndusInd Bank's participants

comprised 39% of the total run contingent. The Bank even topped the list of corporates consistently throughout the duration of this event by clocking over 150,000 kms. To commemorate this milestone, we created a video that garnered over **720,000** views across the social media platforms of the Bank.



During the nationwide lockdown, we organised the following employee initiatives and even made videos featuring our employees that was shared on the Bank's social media pages:

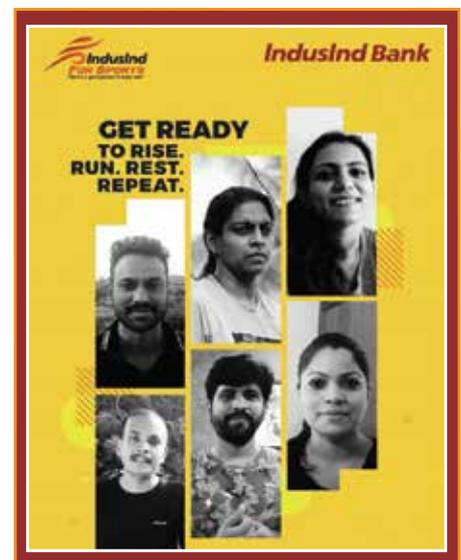
Squat Challenge

This was created to add an element of fun along with fitness during the peak lockdown. Participants were encouraged to send across short videos of them doing squats – one of the most effective exercises. This video garnered over 29000 views across social media platforms of the Bank.



Runner's Tips Video

With the focus on 6 of our in-house runners, this video touched upon what kept their spirits high and the athlete in them alive, even while at home. This video garnered **more than 25000** views across social media platforms of the Bank.



The Finish Line

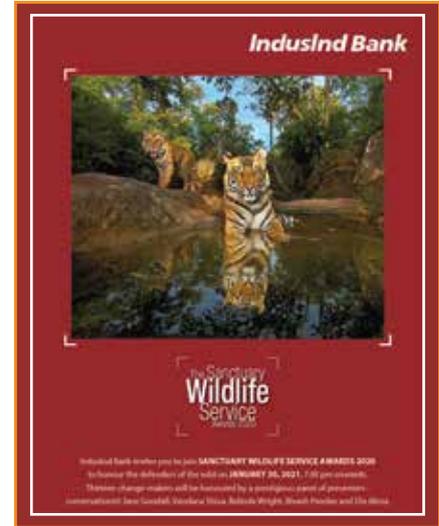
The Bank partnered with Baseline Ventures - a sports management firm to present an 8-episode web series called '**The Finish Line**'. It featured 8 noted athletes who spoke about the most defining moment in their sporting career. The Bank shared the links to each episode on its social media pages which garnered **over 2 million** views.

During the year, the Bank also launched an internal campaign featuring stories of employees who have taken up a certain kind of sport as part of their daily regime. The campaign used relatable stories as shining examples, thereby living up to the ethos of the sports vertical which says, 'there's a sportsperson in everyone'. The campaign received great traction as it featured **28 employees** across 18 sport disciplines



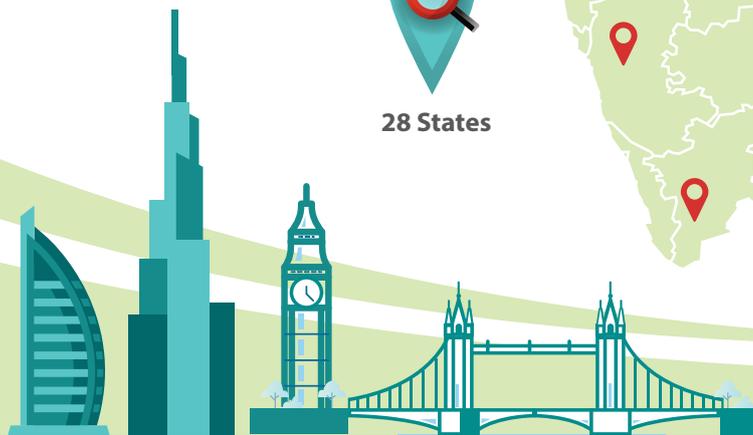
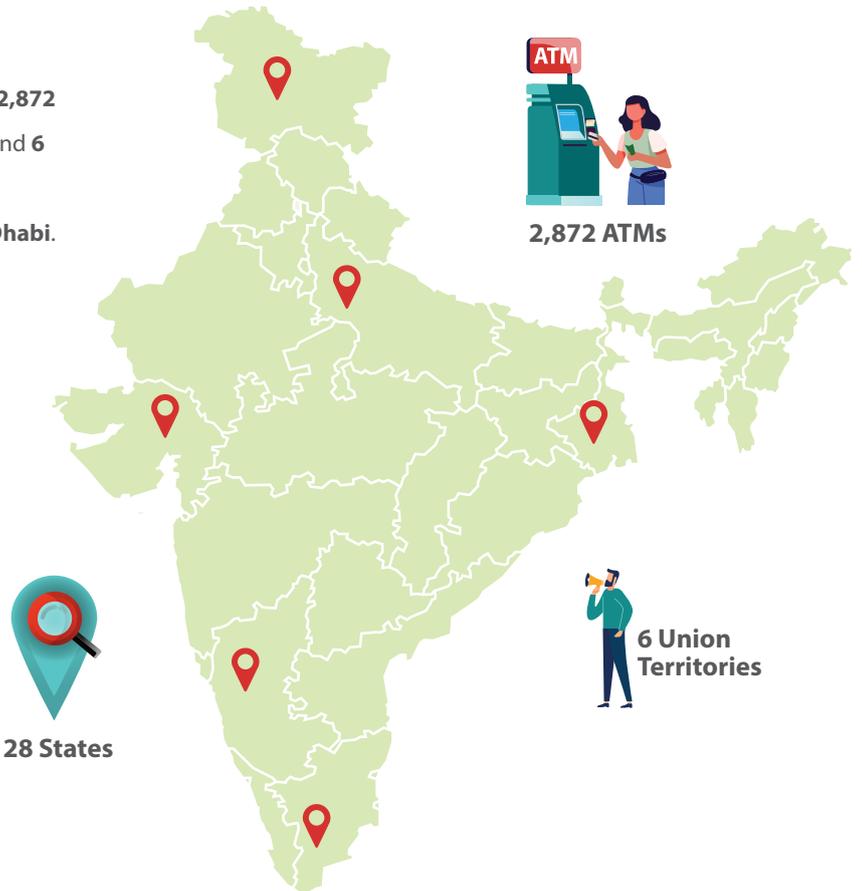
Activities to Reinforce Brand Image

The Bank has extended its support to the field of art, music, sports and environment through sponsorships. To begin with, the Bank collaborated with Sanctuary Asia Foundation to organise their virtual Annual Wildlife and Photography awards. One of the biggest contributions of the Bank towards encouraging fine arts has been its association with 'Art for Concern' by Secure Giving Foundation. A charitable exhibition cum sale event organised by the Foundation, it helps in achieving dual purposes of promoting art and helping the underprivileged. Other associations include Pandit Chaturlal Memorial Society, FICCI and Isha Utsav.



Branch Network

With a total network of **2,015 Banking Outlets** and **2,872 ATMs**, the Bank has a presence across all **28 States** and **6 out of the 8 Union Territories**. The Bank also has Representative Offices in **London, Dubai and Abu Dhabi**.



CORPORATE SOCIAL RESPONSIBILITY

Making The World A Better Place.

The Bank's CSR programmes are guided by the CSR policy. During the year, IndusInd Sattvam was launched as the umbrella brand for all social responsibility initiatives undertaken by the Bank.

Aligning with the CSR mission of designing sustainable CSR programmes that primarily empower and benefit marginalised and weaker sections of society, high risk and high-stressed communities, the initiatives are focussed on five major themes.



Environment

The Bank's core sustainability philosophy of 'Good Ecology is Good Economics' is extended beyond the fence through CSR initiatives on Environmental Conservation with sub-themes as follows:

Water Stewardship

Water Resource Development and Management:

These projects work on restoration of degraded and water scarce landscapes and improve water harvesting capacity by building structural barriers. On the demand side, it tries to address less remunerative agriculture through awareness on adaptation and best cropping practices, soil conservation and optimum water use. While it revives the ecosystem & provides water security, the socio economic conditions of mainly agrarian community is also impacted.



Projects:

- Watershed Management (Maharashtra, Odisha, Jharkhand, MP)
- Springshed Management (Odisha)
- Rain Water Harvesting (Rajasthan)
- River Water Harvesting (West Bengal)
- Revival of Water Bodies & Watershed (Bundelkhand)
- Community-led Institutions for Managing Agriculture-resources with Tank-based Watershed Approach (TN, AP, Karnataka, Telangana)
- Pragat Watershed Development (Karnataka)

190
Villages

936 Crore
Litres
Pondage created

9863 Ha
Land treated

3000
Kitchen
gardens

1.5 Lakh
Trees planted

1.5 Lakh
Beneficiaries

Towards the end of completion the activities will result in increase in groundwater levels, area under irrigation and cultivation, crop production, household incomes, farmers adopting sustainable agriculture practices, reduction in women drudgery and migration. etc.

Restoration of Water Bodies

Lakes, ponds and drains especially in urban areas which are most vulnerable to encroachment and degradation are restored and maintained in partnership with the local corporations and community in five states & union territories of Tamil Nadu, Karnataka, Gujarat, Puducherry, Andhra Pradesh



7
Water bodies

5742 Crore Litres
Water holding capacity created

52 Ha
Area restored

6.5 Lakh kilograms
Garbage cleared

10145
Trees planted

These restored water bodies act as buffer for urban flooding, recreational space for citizens and improves biodiversity.

Access to Safe Drinking Water



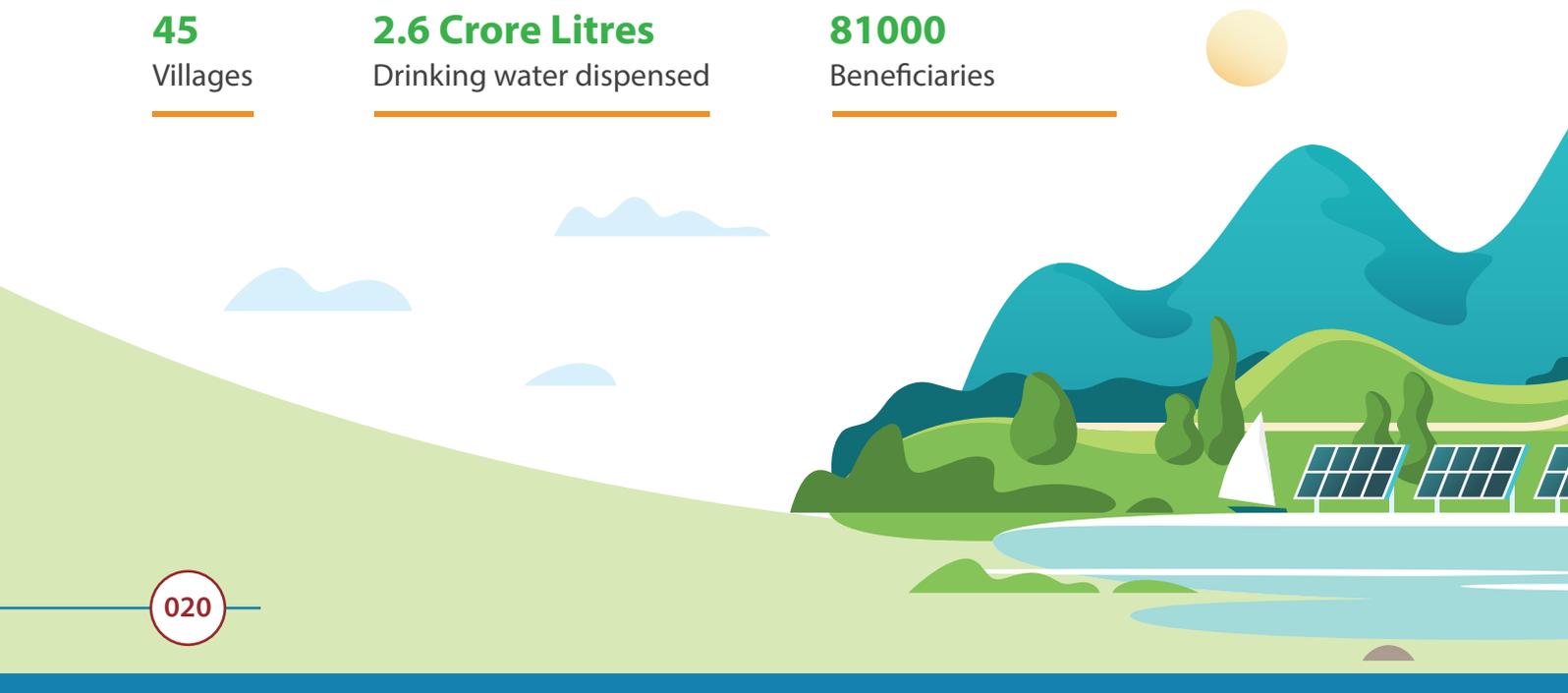
40 RO-based Water ATMs are installed in areas of Uttar Pradesh and Rajasthan facing issues of drinking water quality and its accessibility & affordability. These village-based decentralised Water ATMs dispense clean water at the rate of 30 paise per litre and is owned and operated by the community and Gram Panchayat. Similarly, 10 defunct RO systems were revived in Karnataka under BFIL's Pragat Water initiative.

Both initiatives have incorporated borewell recharge in and around the system which has a water harvesting and recharge capacity of more than 3.7 Crore Litres.

45
Villages

2.6 Crore Litres
Drinking water dispensed

81000
Beneficiaries



Afforestation

Under the Bank's Urban Afforestation Programme, 56000 trees were planted across multiple cities in states of Maharashtra, Karnataka, Tamil Nadu, Delhi, Haryana, West Bengal and Uttar Pradesh. Plantation in urban spaces was done through strong liaison with Government officials and departments for land, permits and other resources.



11

Cities

56000

Trees

825 CO₂e/annum

Sequestration potential

The plantation survival rate has been maintained at around 90% with all native species planted so far. Miyawaki (mini-forest) technique was also adopted in three cities.

Apart from the Urban Afforestation programme, 1.64 lakh trees were planted in project locations of watershed management, springshed management, rejuvenation of water bodies and others.

Renewable Energy



Work for a rooftop solar installation was initiated in a hospital. This will not only provide a clean energy source, but will help the hospital to save electricity cost. The hospital selected for solar electrification provides preventive and curative paediatric cardiac care.

In another initiative an AC Micro-Grid system (Solar PV based), was installed in a village on Kumirmari Island, in Sundarbans. This has provided critical electricity supply to 200 households and village institutions which are generally at risk of human wildlife conflicts. This will support 400 households and institutions. Additionally, 100 smart solar street lights were operationalised.

330 kwp

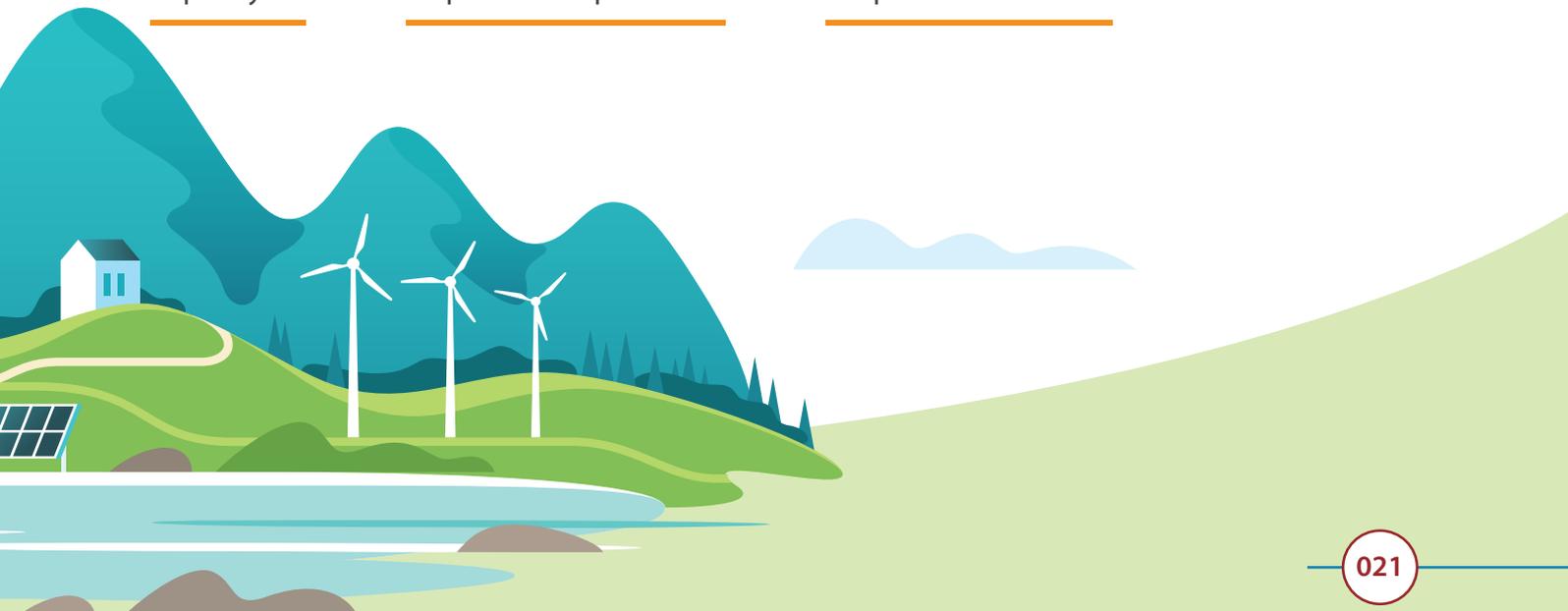
Capacity

384 CO₂e/annum

Sequestration potential

39000

People benefited



Waste Management

The waste management programme in Dehradun added 3 more Panchayats making it a total of 11 villages and 25000 beneficiaries in 2020-21. Over 12 Lakh kilograms of waste is collected per annum, of which, 40000 kilograms are recycled and 1.2 Lakh kilograms of compost is produced.



Education

School Academic Improvement Programmes

There are three main programmes that are implemented under this sub-theme. Two of these focus on providing remedial education to bridge the learning gaps in grade level reading, comprehension and solving arithmetic with a holistic approach for overall development of children in government schools. Teachers are also trained through disseminating unique teaching ideas, approaches and concepts. In another programme Education Centres run group tuitions to assist children from poor families with necessary education and knowledge support, to help them pass class 10. It also intends to reduce dropouts and encourage them for salaried employment.

To continue the programme during the pandemic, Online mode of teaching and Offline mode of teaching in community centres were conducted to provide access to face time with their teachers. Self learning mode of learning with the help of video resources and worksheets were adopted.



Programmes:

- Road to School Programme, Odisha
- Early Language Learning, Haryana
- Assisted Learning Programme, MP, Jharkhand, Chhattisgarh, Bihar, UP
- Pragat – Road to School, Karnataka

Education Excellence

Scholarships were provided to deserving students from economically weak families to complete their education. Such support is provided through Ashoka University, FFE Foundation for Excellence and Purkal Youth Development Society

Projects

- Scholarship for Engg. Students
- Scholarships for students from Purkal Youth Development Society
- Young India Fellowship Programme

4317

Schools / Learning Centres

92770

Students

4221

Teachers

4137

Villages



Healthcare

Primary healthcare



Keeping in mind the restrictions due to pandemic, and to provide timely access through primary medical care in remote locations, e-Health/Telemedicine Clinics were set-up. In some places access is provided through Mobile Medical Units (MMUs). Local Awareness campaigns on health & hygiene and preventive healthcare were conducted by local Community Health Facilitators

Programmes:

- e-clinics - UP, MP, Jharkhand, Chhattisgarh, Bihar
- Primary Healthcare programme - UP
- Pragat - Primary Health Centre and Sub-centre strengthening

The programmes run hand-in-hand with the government healthcare machinery.

Care has been majorly provided for primary ailments and cases requiring secondary care are referred with a follow-up. Patients receive free consultation & medicines at subsidised cost. Therefore, they are also saved of the quacks in the community.

579

Villages

310

e-Clinics,
Healthcare centres
MMUs etc.

6.2 Lakh

Benefited directly
and through outreach
programmes

1670

Community Health
Facilitators and
Frontline healthcare workers

Specialised Care:

Support for screening, diagnosis, treatment, surgeries and infrastructure support (e.g. equipment) for critical and cost intensive ailments like Paediatric and General Cancer, Paediatric Congenital Heart diseases and HIV are provided. Tie-ups with institutions working on a large-scale and catering to disadvantaged patients are done.

Programs:

- Treatment of HIV patients, Kolhapur
- Cancer support for Children, Jaipur
- Cancer Treatment for Children in Maharashtra and Goa
- Cancer Support with Assam Govt.
- Congenital Heart Disease Programme in Chhattisgarh and Haryana



2591

Patients Directly
benefited

8

Specialised hospitals
associated with

The Bank has also launched Mother and Child Care Programme in conjunction with the Government Healthcare machinery of Odisha State Government and a specialised menstrual and general health programme for Adolescent girls in Telangana.



Sports



The sports programmes focus on inclusion (gender, differently-abled and the underprivileged) and sporting excellence. Athletes who are scouted and supported, compete at national and international sports tournaments to win accolades.

Programmes

- Girl Power Programme
- Blind Cricket Programme
- Hockey for Her Excellence Programme
- Nurturing Rural Champions
- Para-Champions Programme

639

Athletes

57

Tournaments participated in

182

Medals / Win

77% of the total athletes supported are differently-abled and 27% are females

Skills & Livelihood



Employment security is provided through creating village entrepreneurs in sanitary pad manufacturing and carrying out three short-term, employment-led skill training programmes and providing placements for youth. The latter has led to average earnings of ₹ 8185 per month, while the former has created 201 women Village Level Entrepreneurs, further creating livelihood opportunities for more.

Programmes

- Village Level Entrepreneurs for Sanitary Pad manufacturing
- Skill training programme for drug rehabilitated youth
- Skill training programme for the differently-abled
- Skill training programme for youth

1209

Youth / Entrepreneurs benefited

290

Villages

Out of the total youth and VLEs, 45% are differently-abled and 47% are women.

Apart from the above, two income enhancing livestock development programmes - Dairy Farmer's Livelihood Programme (income enhancement through ICT intervention and market linkage) in Punjab and Sanjeevani Programme in MP & Jharkhand (livestock veterinary care) reach over 4.7 Lakh beneficiaries.



Covid Relief Work



The Bank committed and spent nearly 24% of the total CSR expenditure in response to the pandemic. Following activities were conducted under COVID-19 relief work by the Bank:

- Supported MCGM in the training of 3000 doctors and nurses for Ventilator Management for critical care
- Setting up of 1100 kitchen gardens for the sustenance and benefit of villagers facing mobility issues during the pandemic
- Conducted online training programmes to initiate the use of technology for business continuity for 1000 women micro-entrepreneurs
- Donated to Chief Minister's Relief Fund and State's Disaster Management Authority of several States and PM CARES Fund
- Distributed relief material along with governments, directly and through NGOs as follows:

Three-ply face masks:
4 Lakh

N-95 face masks:
9000

Pairs of gloves:
2.72 Lakhs

Sanitiser:
16310 litres

Sanitiser dispensers:
123

PPE kits:
35650

VTM & Rapid testing kits:
15200

Ventilators:
4

Dry ration kits:
24250

Disposable bed sheets:
15500

Hospital beds:
100

Pulse oximeters:
5000

Spray machine:
110

Thermal fogging spraying machine:
34

Soya cooking oil for community kitchens:
3400 litres

Apart from the above, the Bank also carried out relief works through its existing CSR implementation partners with activities like ration and sanitation kit distribution, carrying out awareness programmes, stitching and distribution of masks through SHGs, grocery procurement from small farmers, SHGs, MSMEs whose livelihood were impacted due to COVID. In one such drive, 50000 Happiness boxes were distributed to children of Govt. schools and their families who were losing on their daily nutrition due to COVID.

The Bank is committed towards sustainable and inclusive development of the nation and its people, along with its biodiversity and its resources.



The collective reach of our programmes are as follows

- ★ Over **19 Lakh** beneficiaries from the projects
- ★ Around **64000 villages** and towns reached
- ★ **Over 6680 Crore Litres** of water storage capacity created
- ★ About **2.2 Lakh** trees planted
- ★ **92770** students benefitted from education programmes
- ★ Over **6.6 Lakh** people provided with preventive and affordable primary healthcare services
- ★ Around **639** sportspersons groomed to compete at national on international platforms across several disciplines
- ★ **1209** youth and entrepreneurs trained for employable & entrepreneurial skill to generate income
- ★ **16 Lakh** kilograms of Carbon Dioxide emissions mitigated through clean energy solutions

- ★ More than **5000** Local/Village level volunteers and frontline workers
- ★ Created and strengthened local institutions which are representative of the community. Most of the interventions are implemented through around 1000 institutions like SHGs, Village Development Committees, Water User Groups, Village Energy Committees and others. These trained institutions are capable of identifying and contribute in implementing any developmental issue in their village

All the interventions are accepted, adopted and later owned by the community.

Awards Received

- Mahatma CSR Excellence Awards for overall CSR Profile and COVID-19 Humanitarian Efforts Award for COVID Relief Works
- CSR Summit Awards by CSR Times for Road to School Odisha project under Education Category and Rainwater harvesting Rajasthan - Project SARAL under Water Conservation & Management category
- Special mention as 'Noteworthy Project in Water Management' at CII National Awards for Excellence in Water Management 2020 Beyond the Fence Rainwater harvesting Rajasthan - Project SARAL

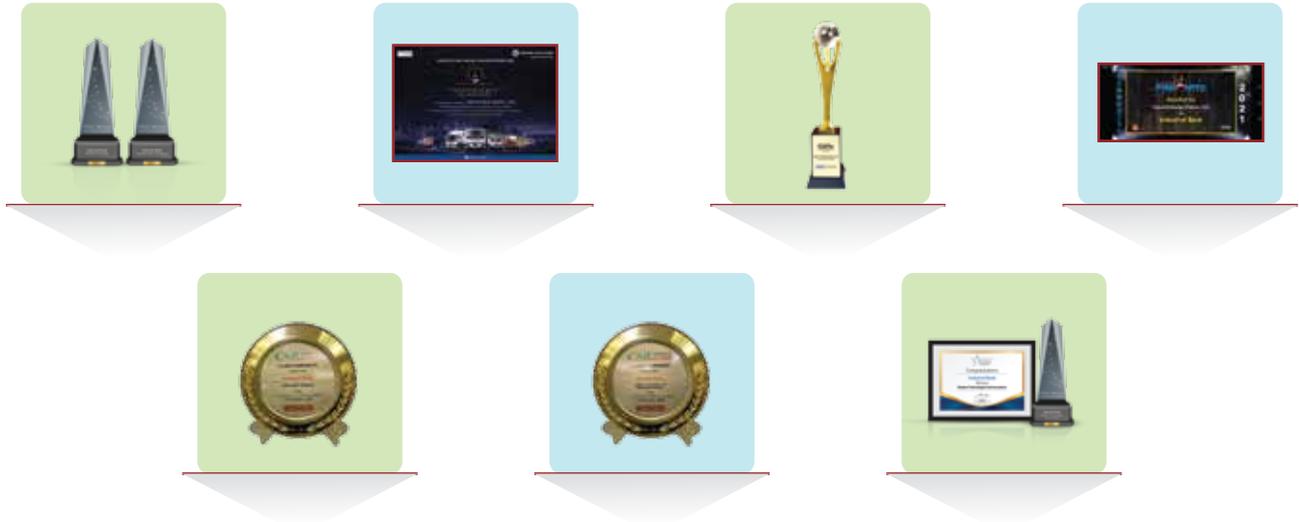


Sustainability

The Bank has adopted a comprehensive approach to improve its triple bottom line (i.e., People, Planet and Profit) performance by integrating sustainability considerations in its business practices, decision-making, operations and products. The Bank has voluntarily committed targets on Environmental, Social and Governance (ESG) aspects and continues to improve the performance to surpass the ESG targets. The Bank's inclusion in the S&P Dow Jones Sustainability Yearbook 2021 showcases that the Bank clearly looks beyond profits to focus on its people, society and the planet. The Bank has also been recognised for leadership in Carbon Disclosure Project (CDP), securing a place on its

prestigious 'A List' for tackling climate change. The Bank has been publishing the Integrated Report for four years, which aims to communicate how the Bank's Strategy, Governance, Performance and Prospects create value over time. The value creation story of the Bank articulated in the Integrated Report has been prepared on voluntary basis in adherence to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/10 dated February 6, 2017. As a green initiative, the Bank has hosted the latest 'Integrated Report' on its website at <https://www.indusind.com/in/en/sustainability.html>.

Awards & Accolades



- ★ Received two awards at the **Finacle Innovations Awards 2020** for technology implementations
• Product Innovation • Transformation Excellence
- ★ Awarded with the **Infosys Finacle Client Innovations Awards 2020** for Alexa and Chatbot Implementations
- ★ Awarded with the **Banking Frontiers FINNOVITI Awards 2021** for Indus OnTheGo Mobile LOS
- ★ Third year in a row - Awarded with the **Best Financier Award** at the **JCB India Annual Financiers' Award 2019**
- ★ **Received two awards at the CSR Times Awards 2020-21**
For Rainwater Harvesting in Rajasthan and Road To School Programme in Odisha Projects
- ★ The only Indian Bank included in the **S&P DJSI Sustainability Yearbook**
- ★ First Bank to go live on RBI's "**Account Aggregator Framework**" (FIP Launch)
- ★ Awarded "**Outstanding Response to COVID-19, Branchless Banking**" in Global Retail Banking Innovation Awards 2020 – The Digital Banker
- ★ Retains its top position in Carbon Disclosure and is the only bank in India to get featured in **Carbon Disclosure Project (CDP)** list for 6th Consecutive year
- ★ Awarded Silver Category in "**Best Mobile Search Campaign**" in 11th India Digital Awards – Internet and Mobile Association of India
- ★ Awarded as **2020 APAC Innovation Award** – RED HAT
- ★ Awarded as "**Most Innovative Company**" for **Multi-cloud platform in Business Impact Awards 2020** – Economic Times and VMware



Management Discussion & Analysis

Macro-economic and banking environment

The fiscal year 2020-21 was a watershed year for the Indian economy and banking sector. A “once-in-century” COVID-19 pandemic engulfed India and the world, bringing mobility and activity to a standstill. To break the chain of transmission of this novel virus, the Government imposed a national lockdown for 68 days, which lasted until the end of May 2020, followed by a gradual and phased unlocking. This national lockdown was the most stringent containment measure taken anywhere in the world and economic activity was severely hampered as a result. Indian economy went into a recession, with real GDP estimated to have contracted by 8% during the year. The economy would be smaller in size by about 4% compared to the March 2020 level. This is only the sixth instance of a recession since FY1951-52 and the magnitude of the contraction is the deepest. During the first half of the year, a sharp slump in growth ensued, with real GDP growth, at -16% y-o-y, slipping into negative territory.

The economy recovered during the second half to return to positive growth. A deep contraction in the non-farm economy was seen over the first half, followed by a manufacturing sector-led recovery in Q3 and a pick-up in services sector activity in Q4. The farm sector showed resilience with another year of record foodgrains production helped by normal monsoons. On the spending side, a sharp contraction in private consumption and capital formation during the first half triggered the recession, while government consumption and net exports provided support. The global economy also witnessed a large contraction of 3.3% in FY2020, estimates the IMF, with the US economy contracting by 3.5% and Euro area GDP declining by 6.6%.

The actual growth outcome was, however, better than anticipated. Large fiscal stimulus, especially in the US, along with ultra-loose monetary conditions put in place by major global central banks coupled with a rapid vaccination roll-out, allowed for a faster rebound in global activity and trade. Total budgetary and below the line support offered globally amounted to USD 16 trillion or 15.3% of global GDP as of March 2021, as per the IMF Fiscal Monitor of April 2021.

In India too, a large and coordinated policy response was initiated by the Government and the RBI encompassing fiscal, monetary, liquidity and regulatory measures. The Central Government raised its budget spending and had to forgo tax revenue because of growth contraction. As a result, the fiscal deficit for the year rose sharply to 9.5% of GDP from the budget estimate of 3.5%, with 2.1% of GDP in additional spending on subsidies and 2% of GDP due to tax revenue shortfall. The fiscal policy response in the initial stages was targeted at providing liquidity and credit guarantee support particularly to small businesses and cash/kind support to migrant workers and other vulnerable sections. With gradual unlocking, fiscal support was calibrated towards helping consumption and reviving investment activity. The Central Government also extended the production-linked incentive scheme to 10 new sectors, to promote domestic investments and to reduce reliance on imports. The Union of India’s Budget for FY2021-22 also aims to increase public spending on CAPEX and healthcare infrastructure.

Monetary policy levers were also eased to counter the growth slump via sharply lower policy rates and infusion of durable surplus liquidity in the banking system, with targeted operations to channelise credit towards sectors most impacted. This was done to ensure that financial conditions remain easy and to reduce the cost of borrowings for both the Government and private borrowers. Repo rate was reduced by 1.15% over March and May to 4%, while the reverse repo rate was reduced by 1.55%. The RBI through various measures including a 1% cut in banks CRR, open market bond purchases and target lending operations, injected ₹13.6 trillion or 6.9% of GDP in durable liquidity from February 6, 2020 to March 31, 2021. With the overhang of surplus liquidity, market rates got anchored to the reverse repo rate, leading to a significant easing in rates over the year.



However, the large size of the Government's market borrowing programme for the FY2021-22 at ₹12 trillion, on top of record borrowings in FY2020-21 at ₹12.6 trillion, started exerting pressure on sovereign bonds yields over February and March, especially for the longer tenors. That in turn exerted upward pressure on the cost of borrowings for other borrowers. Taking note of that and in line with accommodative monetary policy, the RBI announced another unprecedented step. The central bank introduced a facility called GSAP 1.0 to buy a pre-defined size of Government bonds each quarter, which is akin to quantitative easing. This programme, along with the extension of the HTM limit increase to 22% of the NDTL of banks until March 2022, helped in curbing the pressure on bond yields.

On the regulatory front, the RBI provided a 6-month loan moratorium window on all term loans affected by the pandemic along with an asset quality standstill for banks. By end-August, when the moratorium period ended, almost 40% of the term loans by banks and NBFCs had availed of the moratorium. In October 2020, the RBI introduced a resolution framework for the sectors most impacted by the pandemic, which provided for one-time restructuring of loans to allow borrowers to tide over the lockdown induced business disruption. In May 2021, the RBI extended the loan resolution scheme to individuals and the SME segment in response to local restrictions being imposed by states to curb the second wave of COVID-19 which started in March.

The banking sector continued to build on the turnaround seen during FY2019-20, with improved asset quality and stronger capital and provision buffers. During the first half of FY2020-21, these trends continued, even in the face of the pandemic, aided by the regulatory dispensation given to deal with COVID-19 related stress. Policy induced easy liquidity and financing conditions enabled improvement in profitability and capital adequacy of banks with some moderation in balance sheet stress, however, bank credit remained subdued. The CRAR of Scheduled Commercial Banks (SCBs) improved to 15.8% in September 2020 from 14.7% in March 2020, while their gross NPA ratio declined to 7.5% from 8.4%, and the Provision Coverage Ratio (PCR) improved to 72.4% from 66.2%. As per the RBI Financial Stability Report of January 2021, macro-stress tests indicate that the GNPA ratio of all SCBs may increase from 7.5% in September 2020 to 13.5% by September 2021. Provisions made for COVID-19 related loan losses and capital raising by banks would help alleviate this stress. Credit growth during the year registered a feeble growth of 5.6%, pointing to continuing risk aversion amidst the pandemic. Deposit mobilisation remained sturdy, clocking 11.4% growth. The year ended with a cumulative credit expansion of ₹5.8 trillion, a shade lower than ₹6 trillion in the previous year. In comparison, banks invested ₹7.2 trillion in government securities, nearly double of their investment in the previous year.

India's external sector fundamentals improved significantly during the year. This was partly due to the current account turning into a large surplus from a deficit during the first half, following a collapse in domestic demand. Helped by a current account surplus of 3% of GDP in H1FY21 and robust capital inflows, both from FDI and FPI-equity, during the second half, RBI's foreign exchange reserves went up by USD 103.7 billion over the year. That makes for a comfortable position, covering over 18 months of imports and 102.8% of India's external debt.

As the year ended, the country was in the midst of a second and more intense wave of the pandemic, leading to most states imposing lockdown-like restrictions. Thus, a key downside risk to the nascent economic recovery had materialised. To counter the pandemic, an immunisation program with 2 vaccines was started in mid-January. The roll-out, however, remained slow with respect to the need to generate herd immunity. The Government is looking to address the issue by allowing more vaccines and through wider population coverage. With the staggered imposition of restrictions and localised nature of lockdowns, a strong global economic turnaround, prospects of a normal monsoon, accommodative monetary policy, and government focus on reviving public investments, the economic impact of the second wave is likely to be limited compared to the first wave. Better adaptation of work from home practices, digital payments, e-commerce and online delivery models, would also help. A sizeable foreign exchange reserve pile will help contain exchange rate pressures due to episodes of capital outflows which may occur on the back of upward pressure on US treasury yields on concerns about higher inflation. Continued vigilance and policy support would, however, be required, until a sustainable recovery is in sight and mass vaccinations have contained the pandemic.



Business Performance

The financial year under review was severely impacted by the COVID-19 pandemic, as the entire world was affected in a manner unseen for more than a century. During the financial year 2020-21, the Bank embarked on multiple initiatives to fortify the Balance Sheet, which included growing and granularising the deposit franchise, rebalancing the loan book with a moderate growth year on year, improving the credit rating and tenor profile of the loan book and augmenting capital and provision buffers to build resilience. While the loan growth was a moderate 3%, the deposit book increased by 27% and the Bank had less reliance on Borrowings as of March 31, 2021, as compared to a year ago.

The salient features of the Bank's Operating Performance during the FY2020-21 are summarised in the table below:

(₹ in Crores)

Particulars	FY2020-21 (Actual)	FY2019-20 (Actual)	Y-o-Y Growth
Interest Earned	28,999.80	28,782.83	0.75%
Interest Expended	15,471.91	16,724.09	-7.49%
Net Interest Income	13,527.89	12,058.74	12.18%
Non-Interest Income	6,558.61	6,951.31	-5.65%
Revenue	20,086.50	19,010.05	5.66%
Payment to Employees	2,213.51	2,208.48	0.23%
Other Expenses	6,146.32	6,028.86	1.95%
Operating Expenses	8,359.83	8,237.34	1.49%
Profit before Depreciation, Provisions and Contingencies	12,032.08	11,050.68	8.88%
Depreciation	305.41	277.97	9.87%
Operating Profit	11,726.67	10,772.71	8.86%
Provision and Contingencies	7,942.53	4,652.10	70.73%
Profit Before Tax	3,784.14	6,120.61	-38.17%
Provision for Tax	947.75	1,702.70	-44.34%
Net Profit	2,836.39	4,417.91	-35.80%

Business Performance Highlights

Despite a moderate loan growth, the Operating Profit (before Provisions and Contingencies) increased by 8.86% over the previous year to ₹11,726.67 crores from ₹10,772.71 crores. The provisions and contingencies during the FY2020-21 increased to ₹7,942.53 crores, which was 70.73% higher than the previous year. Significantly, during the year, the Bank made regulatory, floating, counter cyclical and contingent provisions relating to the COVID-19 pandemic, taking the total amount of such provisions to ₹2,208 crores as of March 31, 2021, including an amount of ₹905 crores in respect of borrower accounts restructured in accordance with Resolution Framework for COVID-19 related stress. The provisions held by the Bank are higher than the provision required under the RBI guidelines. In view of the large provision cushion made to meet exigencies, the Net Profit moderated to ₹2,836.39 crores registering a fall of 35.80% over ₹4,417.91 crores earned during the previous year.

Net Interest Income of the Bank increased by 12.18% to ₹13,527.89 crores from ₹12,058.74 crores. Abundant liquidity available in the system led to softening of interest rates. While Yield on Advances fell marginally to 11.84% as compared to 11.97% in the previous year, the Cost of Deposits registered a sharper decline to 5.38% from 6.51% a year ago. Consequently, the Net Interest Margin for the year improved to 4.17%.

Non-Interest Income fell by 5.65% to ₹6,558.61 crores from ₹6,951.31 crores. Owing to the subdued economic activity, 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 was ₹4,679.22 crores as compared to ₹5,785.83 crores earned in the previous year.

The Bank expanded its branch network to reach 2,015 branches/banking outlets, as against 1,911 branches/banking outlets at the beginning of the year. The extended network of the Bank included 2,872 ATMs, 2,289 branches of BFIL, and 828 outlets of IndusInd Marketing and Financial Services Private Limited, an associate entity. Revenue per employee during the year improved to ₹67.72 lakhs.

Net Non-Performing Assets of the Bank improved to 0.69% as on March 31, 2021, and Return on Assets for the year stood at 0.90%.

Under a Preferential Issue completed in two stages, on September 2, 2020, the Bank allotted 4,76,29,768 equity shares of ₹10 each to five Qualified Institutional Buyers and on September 4, 2020, allotted 1,51,17,477 equity shares of ₹10 each to two corporates including one of the promoter entities, at a price of ₹524 per equity share, in compliance with the applicable laws and regulations. Consequently, the equity share capital of the Bank increased by ₹62.75 crores and Share Premium Account by ₹3,196.39 crores, net of share issue expenses.

Pursuant to a Composite Scheme of Arrangement with Bharat Financial Inclusion Limited, on July 6, 2019 the Bank had allotted 1,57,70,985 Share Warrants to the Promoters of the Bank, on receipt of the subscription amount at 25% of the price of ₹1,709 per Share Warrant. Each Share Warrant was convertible to one equity share of the Bank fully paid, upon exercise of the option by paying the remaining amount. On February 18, 2021, the Promoters paid ₹2,021.45 crores towards the remaining 75% of the price of Share Warrants and exercised the option of conversion and consequently, the Bank allotted 1,57,70,985 equity shares of ₹10 each fully paid at a price of ₹1,709 per equity share. Accordingly, the share capital increased by ₹15.77 crores and the share premium by ₹2,679.49 crores.



Consumer Banking

The Consumer Bank business continued its growth momentum with strong business growth on the liabilities side, across client segments. With a focus on deposit mobilisation, Consumer Liabilities grew by 38%, with retail deposits jumping 50% y-o-y. The Bank witnessed the highest per branch and per customer growth in deposits amongst peer banks through a systemic, digital and tele-assisted sales-cum-service model for its branch and affluent customers, as well as for new client acquisition via online channels. The Bank's deposit growth was twice as that of the market, thereby increasing its market share on both, CASA and Retail deposits. The NRI segment continued to grow and ended the year at a 2.5% market share, thereby making the Bank the fifth largest private sector bank within the NRI segment.

Some of the concerted efforts towards digitising the business and customer journeys helped the Bank in getting awarded as the 'Best Bank in Response to COVID-19' by Digital Banker, Singapore.



In keeping with the needs of its customers in these dynamic times, the Bank tied up with multiple e-commerce, food delivery players and payment apps to help drive customer engagement. The Bank saw Debit Card volumes grow more than the market by almost 50% y-o-y, and UPI spends by 250% y-o-y. The Bank played a pivotal role in driving financial inclusion by enabling disbursement through Direct Bank Transfer (DBT) for citizens at large, through its Aadhaar Enabled Payment System partnerships with some of the leading public and private business correspondent networks in the country.

The focus on Digital payments helped the Bank retain its position among the Top 3 Private Banks in the latest Government of India's Ministry of Electronic and Information Technology Digital Payment ScoreCard.

The Bank's 'digital agenda' journey continued to gain momentum, with more than 50% of its sales across retail liabilities, assets and wealth products coming via digital platforms, thereby helping drive sales efficiency. Digital transactions comprised 84% of the overall transactions, up from 80% at the beginning of the year, helping optimise back-end costs.



Small and Medium Enterprises



As part of the Current Account business, the Bank launched a mobile application for opening current accounts for diverse types of business entities including individuals, proprietorship and partnership firms, private and public limited companies in a fully digital manner. This digital journey has increased customer experience while improving the Turn-Around-Time (TAT) for setting up new relationships to 1-2 days from the earlier timespan of 6-7 days. There were concerted efforts focussed around capturing branch neighbourhood businesses, via the feet-on-street on spot sales structure and at a later stage via the Do-It-Yourself (DIY) module.

For merchant clients, the Bank went live with acceptance solutions on UPI 2.0 and National Common Mobility Card (NCMC) which increased the digital merchant base of the Bank to over 1 lakh, making it one of the fastest-growing banks in this space.

Client's Wealth Management

During the country-wide lockdown that led to severe business disruption in Q1, the Bank accelerated the pace of digitisation in third-party product distribution, strengthened its processes, and launched innovative products/solutions.

In a bid to minimise face-to-face contact with customers, the Bank provided its wealth products through online channels. The Bank created multiple online journeys for its customers. Consequently, customers were able to digitally complete over 2.55 lakh (i.e., 93% of total buy transactions) transactions during the year ended March 31, 2021.

Keeping customer-centricity at the core of all initiatives, the Bank innovated by offering complimentary COVID-19 defined benefit policies to eligible premium debit card and fixed deposit customers. Through this initiative, the Bank offered customers who are eligible under the plan, a lump-sum pay-out on being detected COVID-19 positive, and was able to extend this offer to over 1,00,000 clients.

The Bank distributes a comprehensive bouquet of best-in-class third-party products, viz., Life Insurance, General Insurance, Health Insurance, Mutual Funds and Alternate Investment Products. In its step towards providing customers with a larger portfolio of life insurance products and solutions, a new partner, ICICI Prudential Life Insurance Company was on-boarded in addition to the Bank's current partner, Tata AIA Life Insurance Company. The Bank now has a corporate agency tie-up with 2 life insurers, 3 general insurers and 1 standalone health insurer and over 25 Asset Management Companies (AMC).

As on March 31, 2021, Consumer Bank held Assets Under Management (AUM) of ₹48,000 crores of its customers through products like Mutual Funds, Portfolio Management Service (PMS), Alternate Investment Fund (AIF) and Demat. The Bank also mobilised an insurance premium of ₹1,650 crores for Life and Non-Life products, for the year ended March 31, 2021.

Assets

Retail Agriculture Business

The Bank sanctioned more than ₹ 2,000 crores covering 11,000 farming households across 105 districts of Madhya Pradesh, Gujarat, Haryana, Punjab, Kerala, Rajasthan, Maharashtra and Chhattisgarh, for taking up Agricultural and agri-allied activities.

As a part of the Bank's commitment towards improving digital literacy, all its customers were made aware and empowered for doing cashless transactions through RuPay Debit Card and Net/Mobile Banking.



Loans have been extended to small and marginal farmers, women beneficiaries and other weaker sections, thereby establishing the Bank's commitment to service these segments. The Bank's regular engagement with Agri Value chain stakeholders allows the Bank to stay abreast with the latest developments and accordingly provide the best product to its customers. All the Bank's customers are offered a unique insurance facility that secures their loan liabilities in case of death or disability, and with Pradhan Mantri Fasal Bima Yojana (PMFBY) scheme.

Loan Against Property (LAP)

The Loan against Property (LAP) business continued its steady growth trajectory, keeping the portfolio metrics robust. The loan book, as well as the fresh acquisition yield, remained strong despite a competitive market and downward rate cycle. With a consistent focus on leveraging the branch distribution network and cross-sell opportunities, the share of internal sourcing remained upwards of 40%. The Bank continues to distribute Home Loans in association with HDFC Limited and it remains a key asset product that is distributed through the branch network, providing lucrative cross-sell opportunities.

Personal Loans



On the Personal loans front, given the outbreak of COVID-19, the Bank had promptly revised sourcing guidelines and policies restricting acquisition from lower risk score bands/segments. Additionally, the nationwide lockdown impaired physical movement that resulted in a muted growth for the year. Personal loan disbursements for the year was 42% lower than the previous year, and the loan book remained flat at approximately ₹3,500 crores. The product has a live portfolio of a little over 3 lakh accounts, with 0.82 lakh accounts being on-boarded in FY2020-21. Overall, the cross-sell book stands at 62%, with significant contributors being savings account clients, which were sourced and fulfilled completely using digital platforms.

Credit Cards

Credit Card receivables grew by 5% over the year as growth was focussed on low-risk accounts given the economic situation of the country. The business focussed on trimming operational costs, as it reduced by 4.5% while maintaining the revenue at the same value, which improved the cost efficiency during the year. The Cards in use crossed the 1.5 million mark, an increase of 13% over the previous year. With lockdown restrictions getting lifted, the overall spends during Q3 was more than that in the same quarter of the previous year. However, for the full year, spends saw a drop of 7% mainly due to the stringent national lockdown imposed in Q1.

Post the outbreak of COVID-19, in partnership with Bank Bazaar, the Bank pioneered the sourcing of new-to-bank customers through Video-KYC in a completely digital manner. The business will continue its focus on driving the cross-sell agenda across the vast data pool of internal customers, through a process of pre-qualification of low-risk clients. Moreover, the business is moving towards a new digital platform, which will help acquire new clients directly, in a digital manner. Digital acquisition significantly reduces the cost of acquisition.



The Commercial Card

The Commercial Card business, which provides payment solutions for corporates, continued to demonstrate growth and has been a key product proposition for the Bank's corporate clients. During the year, spends on commercial card products grew by 18%. The business has diversified into new client segments and has deepened its existing client base by offering new products. In FY2020-21, the Bank launched contactless Corporate Cards for the Travel and Entertainment segment which is equipped with the 'tap n pay' feature to facilitate faster payments at merchant outlets. Contactless payment is the latest in secure technology for safe online shopping and Point of Sale (POS) transactions. The Bank has also identified a new growth area that focusses on payment solutions via partnerships with new-age fin-tech players to offer technology platforms to reduce operational costs for clients.

The Bank had taken a conservative approach towards growing its Business Loans portfolio (Unsecured SME) and shifted its focus to strengthen collections. As a result, the Business Loan book remained flat at ₹1,076 crores as of March 2021, while the previous FY2019-20 reported y-o-y growth of 28%. With more focus on collections, the Bank was able to hold portfolio quality in FY2021, even as the industry faced challenges with increased default within the unsecured SME segment. This will also help the Bank in the ensuing year to handle expected collection challenges pertaining to the unsecured lending business.



Consumer Finance

The Consumer Finance Division (CFD) is one of the three specialised asset businesses of the Bank, with industry-leading market share across product segments, deep customer penetration and a well-managed business franchise. The CFD extends funding for a wide range of Vehicles / Equipment, which includes Heavy, Light and Small Commercial Vehicles used for goods and Passenger Applications, Passenger Cars, Utility Vehicles, Two-Wheelers, Tractors, and Construction Equipment such as Excavators, Loaders, Tipplers, Cranes, etc. Finance is extended for both, new and used assets in all the above segments. Housing loans to Low cost / affordable housing segment has been launched a couple of years ago participating in the housing for all project, a key focus area of the Government of India.

The lockdown on account of the COVID-19 pandemic and the lower level of activity resulted in the aggregate disbursements made by the CFD during FY2020-21 drop to ₹24,057 crores as against ₹32,664 crores in FY2019-20, a decline of 26% y-o-y. The Passenger Transport segment was the most severely affected. During FY2020-21, loan disbursements towards the purchase of new vehicles was ₹18,756 crores as against ₹25,185 crores in FY2019-20, a 26% de-growth y-o-y and used vehicle disbursement at ₹4,640 crores as against ₹6,776 crores in FY2019-20, registered a decrease of 31% over the previous year. During the year, CFD added 9.09 lakh new loan accounts, as compared to 13.14 lakh new loan accounts during FY2019-20. As the loan acquisition got impacted significantly, the focus during the year shifted towards optimising the product mix to maximise yields, while maintaining portfolio quality despite the COVID-19 impact and industry sluggishness.



Despite the pandemic, Tractor funding, a major initiative towards Priority Sector Lending and Financial Inclusion, performed well during the year with the disbursement of ₹3,545 crores as against ₹2,871 crores in FY2019-20, a 23% growth over the previous year. Disbursement under the low cost / affordable housing segment for the year was ₹661 crores as against ₹703 crores in FY2019-20. Though the segment recorded a marginal drop at 6%, essentially due to the pandemic, the Bank plans to grow the loan book business substantially during the coming years. Many of the beneficiaries under this segment qualify under the Pradhan Mantri Awas Yojana Credit Linked Subsidy Scheme and the Bank has been successful in getting the same to the customers.



Besides lending, CFD also earned a Commission Income of ₹51.20 crores through the distribution of various third-party insurance products of Cholamandalam MS General Insurance, the Bank's strategic partner for bancassurance in the General Insurance segment.

The operations of CFD are well supported by a deep back office and the Document Storage and Retrieval Facility at the Bank's Karapakkam Unit in Chennai. During the year, this Unit handled nearly 5 million transactions including loan bookings closure.

CFD sources applications for all products through Android Tablets which has enabled a seamless credit and business approval process and has improved efficiency. All the field collection executives of the Division have been provided with Android mobile-based Collection App on the Bank-owned mobile devices, and the 12,000+ units in use is one of the largest deployment in the banking industry. It is integrated within the Airwatch MDM Container Model for data security and operates with data and access controlled APN SIMS.

Corporate, Institutional and Investment Banking

Corporate & Institutional Banking

The Corporate & Institutional Banking group provides Universal Banking Solutions to large Indian groups and multinational corporates. Over the years, with the continued addition of new-to-bank clients, the unit has developed deep relationships amongst a large number of corporate houses.

During the year, the Corporate Banking group continued its emphasis on strengthening relationships with high rated corporates and gained higher market share in entities and groups rated 'A' or higher.

In FY2020-21, the C&I group undertook an exercise of rebalancing its portfolio to achieve a healthier portfolio diversification across sectors and client segments and to reduce the concentration risk. As a result, assets worth ₹7,000 crores were sold down. At the same time, the Group managed to leverage the relationships for a higher share of product penetration and cross-sell.

**THE
CORPORATE
BANKING GROUP
PROVIDES
A LARGE
BOUQUET OF
PRODUCTS.**



KEY HIGHLIGHTS OF THE GROUP

- ◆ C&I group has increased penetration in the top corporate groups through a variety of working capital and transactional facilities including trade products, foreign exchange products and Investment Banking activities.
- ◆ The Group's business grew well in both, Assets and Liabilities. The deposit book registered good growth with renewed focus to enlarge the deposit base and grow the deposits granularly.
- ◆ **Specialised Verticals: Financial Services, Real Estate, Healthcare:** To sharpen the focus on certain sectors, bring out a better understanding of the industry and offer more customised products, the following specialised verticals are present within the Corporate Banking Unit:
 - ◆ **Healthcare:** Specialised offering of banking products to the Indian healthcare industry consisting of:
 - Hospitals:** Primary, Secondary and Tertiary care units - Super and multi-speciality.
 - Diagnostics:** Multi-location diagnostic chains augmenting medical diagnostics.
 - Others:** Medical equipment / consumable manufacturing.

The Unit also provides loans to Doctors as well as small value healthcare equipment loans. Given the macro environment due to the COVID-19 pandemic, the unit came into sharp focus and financed several transactions.

- ◆ **Financial Services:** Offers products to a large landscape of Financial Services Players – NBFCs, HFCs, Insurance Companies, Mutual Funds and Public Financial Institutions. The Group has built strong ties with key players with 99% of books rated 'A' or better. The Group has a unique positioning in the marketplace as a preferred choice for transaction banking and has a leading share in cash management and escrow services to leading NBFCs.
- ◆ **Multinational Corporations:** This vertical targets MNCs having large businesses in India with significant local banking requirements and Financial Sponsors who are active through M&As in India. The Group has been able to garner a good market share of business from multinational corporates and has coverage of corporates from the USA, Europe, and the Far East, predominantly.
- ◆ **Real Estate:** Products offerings for commercial and residential projects including, LAP, LRD and construction finance. It also offers advisory for REITs and syndication.

Investment Banking

The Investment Banking offerings of the Bank are trusted by leading Indian business houses and it services clients in the fields of Infrastructure, Energy, Healthcare, Metals and Telecom. The Investment Banking unit provides strategic advisory services to aid growth initiatives and offers Equity and Debt products to support a variety of funding structures and enables the Bank to partner with growth-oriented corporates throughout their lifecycles.

Amongst the top Mandated Lead Arrangers (₹ Borrowings) in India, the Bank was ranked 1st in deal count and 2nd in deal volume with syndication volumes of about ₹15,000 crores.



Lenders	Market Share	Volume (₹ crores)	Rank (Volume)	Deals	Rank (Deal Count)
SBI	44.36%	56,631	1	18	2
IndusInd Bank	11.99%	15,219	2	23	1
L&T Financial Services	8.70%	11,110	3	13	4
ICICI Bank	7.35%	9,028	4	17	3
Yes Bank	5.47%	7,005	5	12	5
Standard Chartered	5.08%	6,486	6	6	6

*Source: Refinitiv (erstwhile Reuters) league table for CY 2020

The Bank has consistently improved its league table position in terms of deal volume, from 6th in CY 2016 to 4th in CY 2019 and 2nd in CY 2020.

The Project Finance unit has 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. Aligning its sustainability strategy, the Bank added new sectors in Project Finance that support Sustainable Development Goals (SDGs). Until March 2021, the Bank has supported an installed capacity of 4,500 MW in renewable energy power with nearly ₹14,000 crores in sanctions. The Bank has also financed projects in e-mobility and City gas distribution.

The Government of India has envisioned National Infrastructure Pipeline (NIP) 2020-2025 with an outlay of ₹111 trillion with key thrust on roads and highways, renewables, transmission, thermal, city gas distribution, water, energy efficiency and railways. 20% of the above investments are expected to come from the private sector. Given the expertise of the Unit in these sectors, the Bank intends to actively participate with an underwrite and sell down strategy, holding 20-30% of the underwritten amount in the Bank’s books and selling down of the rest, depending upon the size of the project.

The group has been adding number of Asset and Liability clients every year, and has a significant portion of business pertaining to this universe. The PSU Assets are preferred by many lenders considering the lower delinquencies and hence the Assets portfolio growth is achieved under stiff competition from all banks and at competitive pricing. PSUs also act as a source of large Liability books and CA floats for the Bank which has been growing over the years.

The group offers customised solutions to PSU clients in the areas of Trade, Forex, CMS and other digital products. Additionally, an entire bouquet of Asset products like Term Loans, Working Capital Finance, Bonds and NCDs, etc., are also offered to these clients customised to their requirements. The Bank offers targeted Retail Banking products to the employees of its PSU clients, such as Salary Accounts, Credit Cards, Retail loans amongst the junior and middle-level managers and a Pioneer range of products amongst the senior management team. The Bank is keen to garner increased market share in this space and be a sizeable banking partner to strategic large PSUs, which until recently, was the exclusive domain of large banks.

Public Sector Group

Public Sector Group maintains relationships with most of Central Government-owned and select State Government owned Public Sector Undertakings (PSUs) which include the Maharatnas, Navratnas and Mini Ratnas.



Financial Institutions Group

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

Despite COVID-19 related disruptions in global trade and payments, FIG continued its flagship performance during the year under review, contributing to the Bank's overall revenue. FIG is also actively involved in raising liabilities for the Bank through inter-bank deposits, CDs as well as borrowings in the form of Syndicated Loans, Bilateral and Club Loans, and borrowing programmes with MFIs and DFIs. During the year, FIG helped in generating liquidity from global and domestic banks and financial institutions. FIG also acts as the single point of contact for administration of the USD 400 million Medium Term Note Programme of the Bank, and raising of Syndicated Loans. The Bank conducts its FI Business in strict conformity with applicable domestic and international laws and abides by various sanction provisions applicable from time to time.

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



International Financial Service Centre Banking Unit (IBU)

The International Financial Service Centre Banking Unit (IBU) has seen significant business, achieving a Balance Sheet size of USD 1.50 billion as on March 31, 2021. The product offering from IBU includes External Commercial Borrowings (ECBs), Trade Credits, Loans to Overseas Entities, non-funded products, and swaps and derivatives undertaken for proprietary trading and client hedges. The IBU provides an access to hitherto untapped clients and product profiles and is slated to be a significant contributor to the Bank's Balance Sheet as well as profitability. IBU provides the Bank with the ability to serve large corporates with overseas presence with end-to-end solutions by participating in the international syndicated loan market and to strengthen the brand globally. The Global Markets Group of the Bank is amongst a few private sector banks to have been invited to participate in working committees organised by IFSCA (the regulating body of IBU) on formulating regulatory guidelines on FX and Derivatives.

Commercial, Inclusive and Rural Banking

The Commercial Banking Group focusses on providing end-to-end financing solutions to emerging and mid-sized corporates across a wide spectrum and follows a target industry approach. This Group also drives the Inclusive and Rural Banking verticals.



Mid-market Group

With a presence across 14 cities, the Group provides strategic value to its clients through 'relationship-lending' approach, a deep understanding of client's business requirements, and offering products and services that meet all the evolving needs of business across industries and sectors. This approach has helped the Bank to get a substantial share of the client's wallet and product penetration.

Focussing on client relationships at all levels has enabled the business to detect and act on early warning signals, maintaining low stress in the book. The business also has a significant liability book spread across the customers which provides granularity both, in the Bank's lending and deposits.

Incrementally, the Group follows a target industry approach and has specialised verticals of Education, Logistics and Pharmaceuticals under its umbrella. These sectors are the identified growth sectors for the Indian economy and have experienced minimal business disruption during the pandemic.

The FY2020-21 has been a challenging year for the country, with the pandemic and country-wide lockdown. Notwithstanding that, the Commercial Banking Group has clocked higher than average growth in advances and deposits. The key pillars of business strategy for the financial year ending March 2021 has been: (a) Liability-led asset growth; (b) Robust portfolio management backed by sharp analytics; and (c) Cautious growth and focus on increasing granularity in the portfolio. The focussed approach has enabled the business to withstand the current times and grow consciously while ensuring robust portfolio management.



Specialised Verticals

Education

Education Sector is one of the sunrise sectors for the Indian economy, considering the young demographic profile of the country.

The segment has witnessed significant transformation in the last 2 to 3 years, with evolving business models such as Public-Private partnership, new Education Policy, booming ED Tech sector with increased private investments and evolving ecosystem. The Bank is one of the leading players in the sector and provides niche and digital solutions for meeting the financing and cash management needs of the players across the education ecosystem.



Logistics

Logistics is the backbone of consumption, and in an era of e-commerce, the impetus on this sector has significantly increased and continues to increase, especially considering the strategic role during the pandemic period. The Bank, through its specialised industry verticals, provides a customised product suite for this sector which helps in meeting client's specific needs.

Going forward, Mid-market Group shall continue its focus on specialised verticals, viz., education, logistics and pharma, and providing niche offerings and sector customised financial solutions.



Supply Chain Finance

With a focus on granular business, the Bank is investing significantly in the Supply Chain Finance business and aims to grow it multi-fold over the next three years. Significant investment is planned in digitisation, upskilling manpower and deepening client relationships. The vertical provides comprehensive financing solutions to dealers/vendors of large corporates across industries, the key being, Auto and Auto OEMs, Steel, Consumer Durables, etc., by catering to their financing needs through different products such as channel finance and vendor finance. With a dedicated and experienced relationship team, backed by a strong product proposition and seamless services, the Supply Chain Finance product has enabled inroads into large corporate relationships.

The COVID-19 pandemic has had a far-reaching impact on the auto industry which has impacted the entire supply chain. Despite that, assets in the SCF book have recorded 34% growth (78% from peak lockdown levels) with the on-boarding of 66 new Anchors and 250+ new suppliers/dealers. With stringent governance processes and comprehensive portfolio monitoring tools, the Bank has been able to maintain high portfolio quality in the SCF book.



Agriculture Business Group

Agriculture Business Group follows the Value Chain Financing approach to cover the complete Agri Value Chain from farmers to Agri corporates.

With presence across 17 States, 60 locations and 45 commodities, the Group has a strong presence in core Agriculture-based markets with innovative Agri Project Finance, Agri Trade Finance and Agri Infrastructure Finance. Currently, the vertical leads the commodity funding space through its flagship Pledge Finance product. Incrementally, the Group focusses on mid-size corporates in food and agriculture, making the Bank one of the significant players in the dairy financing segments. Agriculture Business Group is also one of the major PSL contributing divisions of the Bank with more than two-thirds portfolio classified as PSL. The marquee relationships in this Group has helped gain inroads into rural masses wherein IndusInd as a bank, has been able to offer a comprehensive suite of rural products to the rural population under rural franchise, hence deriving significant synergies across the spectrum.



Business Banking Group

The Business Banking Group caters to the financing needs of MSME customers across the country spread across 150+ cities.

MSME segment has been one of the most impacted segments across the economy, following the onset of the pandemic early last year. Following the economic impact on the MSME segment, the Government had announced a series of measures enabling the survival and revival of the MSME segment. The Business Banking Group has been instrumental in ensuring the Bank's participation in enabling these relief measures to the existing customers in the MSME segment.

The business approach for the year was focussed on cautious on-boarding of new customers with stringent on-boarding norms and, at the same time, ensuring the active management of the existing portfolio. The Bank enhanced its product offering for this segment with the launch of the 'GST' and 'Banking Secured Overdraft' product. This is a score-based templated product that relies on the customer's banking and repayment behaviour, GST payments, and availability of collateral for making instant appraisal decisions.

The acquisition rate of the portfolio had been impacted during H1FY21 due to the external environment. However, in the last quarter of the financial year, the Bank has observed new acquisitions inching back to pre-COVID-19 levels. There has been increased focus on sourcing the NTBs internally, through the Bank's branch network. The initiative of SME clusters identification was concluded in FY2021 and this is expected to further provide an impetus to the acquisition engine in the coming year.

Another strategic initiative within Business Banking Group has been launched in collaboration with Affluent Business Group, leveraging the expertise of the Bank across two groups and providing a one-stop shop for the MSME customers across their banking needs for their business or personal finances. This includes an entire gamut of banking products including, Personal Accounts, Investment Management, Insurance and Cash Management, Family Business planning, etc., thus, increasing the overall wallet share from such relationships.

MSME segment is one of the growth engines for the Bank in their PC-5 strategy. During the financial year, there has been an increasing focus on building foundation blocks for the digital transformation of the segment. The digital transformation is expected to cover all aspects of the customer and the Bank's journey, including loan delivery, loan assessment using advanced machine learning and AI-based models, front to back-end process digitisation, to name a few.

Inclusive Banking Group

Partnerships for lending have helped us establish a commercially viable and financially sustainable business. Inclusive Banking Group (IBG), through its partnership model, has been able to establish a domain leadership position in the inclusive finance space, specifically in the microfinance sector, by reaching out to around 85 lakh women borrowers. With a portfolio outstanding of ~₹27,500 crores by end of FY2021 accounting, for a ~11% market share in sustainable livelihood financing, the Bank is well-positioned within the microfinance industry. With the MFI industry Portfolio Outstanding at ₹2,52,000 crores and growing at a CAGR 34%, and with active customers at 6 crores, there is huge potential to tap this market further. This apart, from a host of liability products/services such as Savings Bank Accounts, Micro Recurring Deposits, Remittances, etc., helps the Bank to offer comprehensive banking services to this segment. The Bank believes that the key to the success of financial inclusion is the last-mile delivery that offers affordability, convenience and flexibility through low operational costs enabled by innovations in digital solutions and process improvements.

Drawing the principles of partnership, the Unit's canvas is expanding beyond microfinance into the space of MSME, Gold loans, Affordable housing, FPOs. Similarly, in the Community Banking space, we would want to leverage the good work done by NGOs / Agri value chain companies/self-help promoting institutions and originate good quality and diversified portfolio along with a priority sector book. Our overall business strategy is to expand the collaboration opportunities and offer other loan products to small businesses for which pilot programmes are being run.

Sports

IndusInd For Sports - a non-banking sports vertical was launched in 2016, with an objective to inspire communities inside and outside the Bank using the unique power of sports.

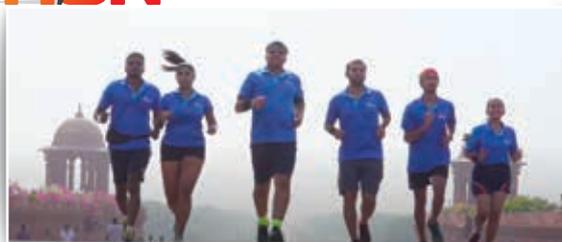
In a pandemic-stricken year, IndusInd For Sports has kept the spirit of sportsmanship alive by adapting to the new normal through virtual engagement with external and internal stakeholders, while abiding by COVID-19 protocols. Through various initiatives across platforms, IndusInd For Sports has ensured continued support to athletes under its programmes and also promoted health and fitness within the organisation to ensure a happy and healthy workforce in the tough times.

Employee Engagement

Get Set Run

Get Set Run Phase 4 (FY2020-21) aimed at engaging ~12,000 employees across 35 cities with the inclusion of women-specific runs, ultra-marathons and endurance runs. However, due to the limited visibility of on-ground events, virtual running initiatives were explored. These virtual initiatives enabled participants to run anytime and anywhere by recording their activity data on any GPS-enabled App.

A total of 32 virtual marathons were conducted in Phase 4 which engaged 6,000+ employees across the length and breadth of the country.



This phase kickstarted in June 2020, with participation in one of the first virtual marathons – ‘Run to the Moon’, a month-long event which witnessed participation from 15 countries across the globe. IndusInd Bank’s participants formed 39% of the total run contingent and topped the list of corporates by clocking over 1,50,000 kms, with competition from Cisco, TCS, Wipro, the Indian Navy, to name a few. Other causes supported by the Bank, which supported virtual running events were, contribution to the National Defence Fund, welfare of army veterans and their dependents, spreading awareness on environmental issues such as protection of wetlands and sustainable mountain tourism, cancer aid, saluting the frontline warriors, to name a few.

#SportsChangesLife

In addition to the regular campaigns launched under this vertical for the Bank’s employees, an inspirational employee-centric campaign launched with an objective to drive the core philosophy of encouraging participation in sports and fitness amongst employees, by using relatable stories as shining examples of the employees who embraced sports to bring a positive change in their lives. It pushed them further through engaging communication to develop an interest around sports. IndusInd Bank is proud to say that its in-house talent has skills across the sports categories from Biking, Running, Badminton, Cricket, to Mountaineering, Motor-biking, Paragliding, to name a few.



The Finish Line

An 8-part web series was launched in partnership with Baseline Ventures with an aim to keep the sportsman spirit and motivation alive by showcasing some of the most defining moments in Indian Sports.

It featured 8 athletes over a span of 8 weeks in the form of a conversation interview by the host, Sourav Ghoshal (professional Indian Squash Player). The athletes that were featured were – Abhinav Bindra, Vishwanath Anand, Pankaj Advani, Smriti Mandhana, Leander Paes, Varun Singh Bhati, Parul Parmar, Dinesh Kartik. This series garnered more than 2 million views.

Programmes

Para Champions Programme

43 para-athletes supported across 7 disciplines to cover their high-performance need, travel, injury management, rehabilitation, strength training, medical support needs, etc.

With the COVID-19 lockdown, all athletes went back to their hometowns and online sessions on nutrition, physiotherapy, mental well-being commenced to ensure wellness of the athletes.

During FY2020-21, 3 of the para-athletes were conferred the Arjuna Award. With 4 national and 2 international competitions across para-athletics, powerlifting, shooting and swimming, the Bank’s para-athletes bagged 35 gold, 16 silver and 4 bronze medals across these events.



Cricket for Blind Programme

In partnership with the Cricket Association for Blind in India (CABI), the sporting wing of Samarthanam Trust, this programme supports the Indian Blind Cricket Team and 300+ blind cricketers at the state and district level.

During FY2020-21, the 3rd edition of IndusInd Bank Nagesh Trophy Tournament, which is equivalent to the Ranji Trophy for able-bodied cricketers, was conducted successfully. Post the tournament, the Indian National Blind Cricket Team was finalised. This team will be representing India across all international blind cricket events.



Girl Power Programme

60 girl athletes supported across 3 disciplines, i.e., judo, boxing and wrestling, with an objective to nurture and develop each of these young talents at the Inspire Institute of Sports (IIS) through high quality coaching, tailor-made academic and life skills programme to help athletes chase their Olympic dream.

With the COVID-19 lockdown, online sessions on nutrition and mental well-being commenced to ensure wellness of the athletes. Life-skill modules on communication and financial literacy were organised virtually to ensure holistic development of athletes. IIS was converted into a bio-bubble with dummies introduced in practice sessions of contact sports – judo, wrestling and boxing.

In FY2020-21, IIS was recognised as the National Centre of Excellence for Boxing, Wrestling and Judo by the Sports Authority of India. These girl athletes have won 10 medals at national and international events, which included 4 gold, 2 silver and 4 bronze medals.



Elite Athlete Programme

In line with the Bank's excellence and inclusive approach for sports, this programme supports 55 athletes (from nomadic tribes/backward castes) in Satara district in Maharashtra, in partnership with the Mann Deshi Foundation, across 3 disciplines (field hockey, athletics and wrestling) with an objective to improve the livelihood of rural children by strengthening their leadership skills, motor skills and life skills through medium of sports.

With the COVID-19 lockdown imposed, the academy shutdown, and in-house training sessions commenced in partnership with the local government panchayats. Furthermore, COVID-19 relief packs were distributed to the athletes and to their families.

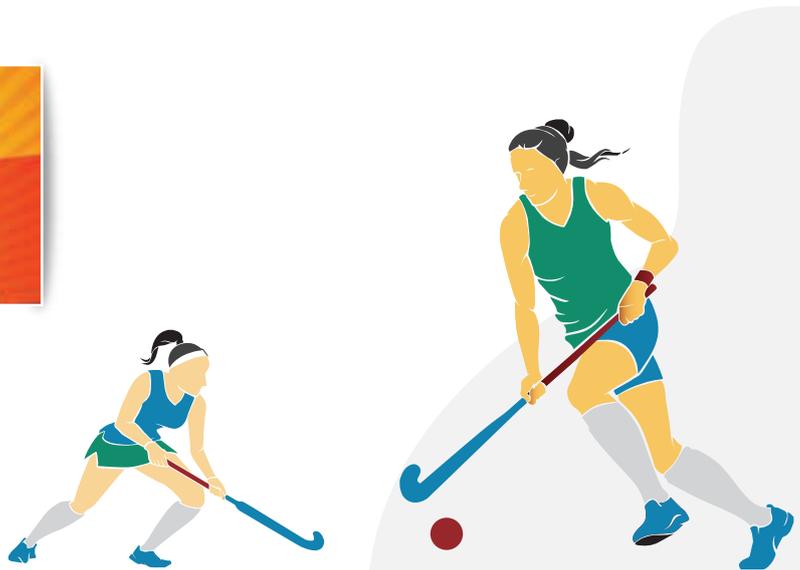
During FY2020-21, in a wonderful display of talent, 18 of the Bank's rural athletes garnered 11 gold, 5 silver and 4 bronze medals at various national, state, district and local level events.

Hockey for her excellence programme

Encourages 40 girl athletes in the age group of 13-16 years, with an objective to groom and facilitate young talent at the high-performance hockey academy in Bhubaneswar (Odisha) to represent at the National/International level.

With the COVID-19 lockdown, the Academy in Bhubaneswar was converted into a bio-bubble, and virtual sessions on physical fitness, mental well-being, nutrition, and education were organised to ensure wellness of the athletes.

During FY2020-21, two new grassroots centres were identified to scout talent. In the first ever Hockey India Junior and Sub Junior Women Academy National Championship, the teams won a bronze and silver respectively. 9 girls from the programme were selected in the Odisha State Team for Hockey India Junior Women National Championship 2021.



Environment & Social Management System Policy

To promote sustainable development through our investment activities, while conforming to international and national standards, a department-wide Environmental and Social Management System (ESMS) was instituted across the Corporate Banking unit in FY2018.



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

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

Global Markets Group

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

- 1** Asset Liability Management (ALM);
- 2** Trading (Rates, Equities, Foreign Exchange and Derivatives);
- 3** Client Sales, comprising, Financial Markets Sales and Solutions team, which 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), as prescribed by the Reserve Bank of India and other regulating bodies. In addition, the Desk manages the day-to-day liquidity requirements of the Bank through appropriate funding avenues 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, Equities, Foreign Exchange and Derivatives. It strategises and takes proprietary positions in Government Bonds, Corporate Debt, Equities, Interest Rates (INR and Foreign Currency), Interest Rate Futures and Currencies. The FX & Derivatives Trading Desk focuses on Currency and Interest Rate Derivative products for proprietary positions and also acts as a liquidity provider cum market access in respect of client business. The desk has executed Long-Term Currency and Interest Rate Swaps with established market counterparties.

In view of the proposed discontinuation of publication of global benchmarks, the Bank has embarked upon a planned transition of derivative products, in line with the global market practices, on certain benchmark trades linked to LIBOR. The Equity desk takes proprietary positions in both primary offerings as well as trades in listed securities.

The Financial Markets Sales and Solutions team provide hedging solutions to clients across Large Corporates, Financial Institutions and Mid-market corporates and Consumer clients on their foreign exchange and interest rate exposures. The Bank enters into these transactions based on strict suitability, appropriateness and credit criteria. Besides the above OTC products, the Bank is also a Trading-cum-Clearing Member of NSE and BSE, which enables the Bank to offer a web-based platform across client segments for hedging their currency exposures in the exchange-traded currency derivatives market.

During the year, GMG continued to actively undertake proprietary and client hedges across FX, Interest Rates, Derivatives, Credit markets, besides Equity IPOs. The Bank is in the process of expanding the Global Markets Desk at its IBU in GIFT City and will undertake activities in products allowed by the regulator under the new liberalised guidelines of IFSCA.

The Bank has well laid-out Board-approved Funds & Investment and Risk Management Policies, Client Suitability and Appropriateness Policy, and appropriate systems support to monitor transactions and risk on a real-time basis. Given the dependency on System and Trading platforms, the Bank has been conducting Business Continuity Plan drills at regular intervals. The Bank has an Integrated Treasury application interfaced with the Risk Monitoring System that covers all Client and Trading products of the Global Markets business and provides seamless straight-through flow of transactions.



Transaction Banking Group

The Transaction Banking Group (TBG) offers products and services to customers across all Business Units in the areas of Cash Management, Trade Services & Finance, Factoring & Global Remittances and it continues to build world-class products by leveraging the strengths of its Digital Banking platform.

The Bank continued to be one of the leading players facilitating India linked Cross Border Remittances. The Bank continued to enjoy a significant market share in LRS Outward Remittances from India, originating transactions from its network of branches as well facilitating flows for other licensed partners. It also continues to be a preferred India Correspondent for Overseas Banks, Exchange Houses as well as MSBs / MTOs. Bank's association with Ripple Network also saw an increased interest from new partners (Banks as well as non-banks) keen to work with the Bank for their India bound remittances. Despite the pandemic impact, the Bank witnessed a healthy growth in its in-bound flows during the year.

Under the umbrella of Cash Management Services (CMS), the Bank offers customised and differentiated products to its Corporate and Consumer Banking customers, to enhance efficiencies in their Payables and Receivables Management. In addition, the strengthening of the Corporate Internet Banking product suite, the Bank also started offering Synchronous APIs for Domestic Payments to complement the bouquet of Asynchronous APIs managed to date. The focus was towards driving efficiency in the API integration process, thereby ensuring instantaneous transaction processing, coupled with transparency in payment status.

Amongst the focussed areas for the Bank, the Financial Institutions Segment (NBFCs / HFCs / Govt. Fls / Microfinance / Insurance / Fintech) saw the Bank deliver bespoke solutions within quick Implementation timelines. The Bank continued its focus on Digital product offerings with reasonable success especially in API NACH, UPI, BBPS, Link Based Payments, Open Banking, E-Payments & Escrow solutions. Apart from this, the Bank continued to be an important player in providing Digital solutions to Government Departments across e-Tendering, e-Procurement, GeM, PFMS and Subsidy management services. Sustained focus by the Bank in CMS saw significant gains by way of enhancement in CASA (Current Account Savings Account) balances.

IndusInd Bank offers a wide range of trade services designed to meet our Large, Medium and MSME customer needs ranging from short-term to medium-term Trade Financing requirements, with a product suite comprising of basic as well as complex trade structures, applicable for Domestic as well as International Trade.

Our Exporter clients avail Credit bills negotiation, Pre-shipment financing (INR and FCY), Post-shipment financing, Export Letter of Credit (LC) advising, LC confirmation, Export bills on collection services, Bank line discounting amongst other Trade Services. Likewise, our Importer clients avail of product offerings comprising of LCs, Shipping Guarantees, Import financing, Custom bonds and guarantees, Import collections, Direct and Advance remittances, Buyers credit LOU, Performance & Financial Bank Guarantees. The Bank also caters to client's trade finance requirements for their offshore business units through its GIFT City branch.

Owing to the COVID-19 impact, the Bank witnessed an increased adaption of our Connect Online platform, the digital platform facilitating all Trade transaction requests such as Bank Guarantee issuance, BG Amendment, Letters of Credit issuance, LC amendment, Remittances & a variety of enhanced data insight analytics to add value throughout the trade transaction life cycle. The platform also gives a comprehensive view of IDPMS / EDPMS Dashboards, Bill of Entry / Shipping Bill Regularisation and Direct Import Payment & Export Bill Lodgement with IDPMS/EDPMS Linkages.

The Bank's prowess in Transaction Banking was yet again underlined by the multiple recognitions received during the year, from 'The Asset', an independent leading Asian business journal:

- ◆ 4 awards in the "Best Payments and Collections Solution" Category
- ◆ 1 award in "Best in Treasury and Working Capital-Public Sector" Category



Gems and Jewellery Group

The Gems and Jewellery industry in India is one of the largest in the world, contributing 29% to global jewellery consumption and 15% to India's total merchandise exports. India is one of the largest exporters of Gems and Jewellery and the industry is considered to play a vital role in the Indian economy as it contributes a major chunk to the total foreign reserves of the country. India is a world leader in Diamond manufacturing and exports with more than 90% of the polished stones manufactured in India. The Gems and Jewellery market in India is home to more than 3,00,000 players, with the majority being MSME players. Apart from this, it also employs more than 5 million workers and artisans in the sector. As one of the fastest-growing sectors, it is extremely export-oriented and labour intensive. This Group caters to the important manufacturing export sector engaged in diamond manufacturing, jewellery manufacturing and exports. Apart from this, the Group has a focus on the global luxury market for jewellery which is growing at a CAGR of 3% p.a. and has immense scope of expansion with more preference for branded jewellery both domestically and globally.



IndusInd Bank is the largest player in India and a worldwide leader in this segment with almost 20% share in finance globally. The Bank has been recognised by the Trade Council as a Centre of Excellence through many awards and accolades, the latest being, the Gems and Jewellery Export Promotion Council (GJEPC), sponsored by the Commerce Ministry of the Government of India, awarding the Bank as the Best Bank financing the Industry in the category of 'Highest Limits Sanctioned'. The sector provides large cross-sell opportunities and contributes to the Bank's targets in Priority Sector Lending and is home to a number of MSME entities. During the year, portfolio had zero delinquency and overall has remained delinquency free, providing attractive returns over the years including the last financial year. The Bank has been spreading its portfolio in various segments apart from its core dominance in the cut and polished diamond sector. Started as a mid-stream player, the expanse spreading over to financing of rough traders, midstream diamond manufacturers in India with more than one-third being MSMEs to largest exporters, jewellery manufacturers and financing world's biggest names directly or indirectly in the diamond, jewellery and high-end luxury chains. The financing activity is undertaken both in India and through GIFT City to businesses around the globe like Hong Kong, Dubai, Antwerp and Luxembourg, etc.

Financial Restructuring and Reconstruction Group

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

The Bank has also actively utilised the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 for recovering its dues.

During the year, the Bank had recovered an amount of ₹56.57 crores in written-off accounts. Net NPAs of the Bank stand at 0.69% of Total Advances, while the ratio of Gross NPA as a percentage of Total Advances is 2.67%.

Priority Sector Lending

Being a socially responsible Bank, the Bank has a special focus on the requirements for the needy / Priority segment of society. Lending to the Priority Sector is institutionalised within the multiple business verticals of the Bank due to which the Bank has comfortably exceeded the overall Priority Sector targets during FY 2020-21. The Bank has met all the sub-targets, except a shortfall in direct Agriculture financing. Given the wide range of sectors and activities covered, various business units of the Bank, i.e., Corporate, Commercial, Consumer, Inclusive, Agriculture and Rural Banking, have been oriented to align and focus on the specialised needs of the clientele under priority segments, which has helped the Bank create its footprint in almost all the categories under PSL.

Being a responsible corporate citizen, as a contribution towards building sustainable banking, the Bank continues to have a special focus on the clients at the bottom of the pyramid and who are largely in the informal segment. Nearly 50% of the loans by the Bank are provided for livelihood purposes across sectors of strategic importance to the economy. The Bank has come up with relevant and innovative solutions by leveraging our technology to increase credit flow and deepen access and further financial inclusion. With the help of our domain expertise and rich experience built with over decades of work, a well-developed risk framework has been put in place which is yielding good results in building a healthy portfolio resilient to shocks and aid in long-term growth. It is our firm belief that the various sectors under PSL offer huge growth opportunities and emerge clear growth drivers in future. While complying with the letter and spirit of the needs and requirements of PSL, we are creating a domain leadership in the space.

The Bank's technology platforms has witnessed huge investments and are built to drive and facilitate an inclusive society giving equal opportunities to all and empower women. The Bank has designed and developed products under assets and liabilities which are affordable, easily accessible and flexible to the needs of the customers and align them to the evolving needs of customers.

Submission of Financial Information to Information Utilities

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

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

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



Customer Service

In accordance with the RBI's recommendations, meetings of the Standing Committee on Customer Service (SCCS) are attended by Senior Management of the Bank. Customers are also invited to attend these meetings to provide feedback to the Bank in order to further improve the service standards.

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

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

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

The Bank has implemented "CRM Next", a 'Customer Complaints and Requests Management System'. This is a bank-wide single system to track requests, complaints and queries at the 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.

Risk Management

Management of risks inherent in the Banking business effectively and proactively is critical to sustainable growth. Banking is exposed to a wide range of risks and such risks must be measured precisely, monitored on an ongoing basis and managed effectively. A robust Enterprise-wide Risk Management (ERM) framework enables precise measurement of respective risks, effective and proactive management of various risks while supporting business growth. ERM framework helps to maintain earnings quality and stability while aligning risk appetites with business strategies.

The Bank has an integrated Risk Management Department, independent of business functions, covering Credit Risk, Market Risk, Assets-Liabilities Management (ALM), Operational Risk Management and Business Continuity Planning (BCP). Risk Management practices in the Bank have been aligned with the best industry practices and are adaptable to a dynamic operating environment and market conditions.

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 Corporate Office, within the overall framework of RBI guidelines.

The Bank has also appointed an Internal Ombudsman, and complaints which are rejected and/or partial relief is being provided to the Complainant, are referred to him for an independent review.

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.

Customers can contact their respective Branch Manager or call the Bank's Contact Centre on the toll-free number or send an email to the dedicated email IDs or access the Bank's website www.indusind.com to lodge their grievances in a simplified way and get their complaints redressed without delay.

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



Credit Risk Management

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

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

- ◆ Credit Risk policies are aligned with business strategies with defined risk appetite. The policies are maintained in alignment with changes in RBI guidelines and economic environment;
- ◆ Credit Risk at the time of credit assessment is gauged by means of risk-rating models, implemented for different business segments;
- ◆ Credit Portfolio Management Analysis monitors credit quality, the composition of portfolios, concentration risk, yield v/s risk and business growth;
- ◆ Measurement and monitoring of credit quality regularly by means of Weighted Average Credit Rating (WACR) of the credit portfolio;
- ◆ Prudential internal exposure limits prescribed for assuming exposures on counterparties (linked to the internal rating of borrowers), industries, sectors, etc;
- ◆ Measurement of the credit quality of Vehicle Finance portfolios by means of Behaviour Models;
- ◆ Sector reviews are carried out to assess and evaluate potential risks and stress within such sectors for analysing the impact of stress on portfolio health and taking proactive actions to mitigate such risks;
- ◆ Management of exposures to counterparty banks and the countries by setting exposure limits basis their risk profiles and monitoring such exposures regularly;
- ◆ Stress Testing of Credit Portfolios is carried out periodically to measure the shock-absorbing capacity under multiple stressed scenarios and assessment of the impact of potential credit losses on profitability and capital adequacy, thus enabling initiation of appropriate risk mitigation measures;
- ◆ Early Warning Signals (EWS) system implementation for tracking risks and alerts in borrower's accounts as a post disbursement monitoring mechanism;
- ◆ Credit Quality Assurance, which is independent of business and credit, for tracking post disbursement weaknesses developing in the account for initiating corrective measures in time.

Despite the challenging environment posed by COVID-19 impact, the Bank has maintained the asset quality of its portfolio, with its NPA being one of the lowest in the industry. The Bank has been proactively assessing the impact of COVID-19 on its asset quality, profitability and capital adequacy. Such an assessment facilitated the Bank in making a strong provision buffer and managing risks in a better manner. During the year, the Weighted Average Credit Rating (WACR) of the Credit Portfolio has remained stable. The Bank has always strived towards maintaining a balanced mix of Corporate: Retail loan book.

The Bank has been introducing a wider range of Retail products and their variants, to have a larger share of the wallet and to meet customers' needs. Such products are governed by structured product programmes specific to the business, which details out the criteria on customer selection and underwriting standards. Further, the Bank has rationalised its Corporate lending during the year with diversification while onboarding borrowers with high credit rating profile.

The Coronavirus outbreak in early 2020 caused turbulence in all financial markets and led to multiple disruptions in all major economies and global trade. A major part of 2020 was dominated by remedial measures to counter the impact of pandemic-related disruptions across the globe as well as in India. The lockdown resulted in the loss of business activities and it impacted different sectors with varying degrees of severities. In India, while Q1 of FY2020-21 was majorly impacted by lockdowns in various parts of the country, economic activity picked up from Q2 onwards and almost all sectors which had been impacted started picking up momentum gradually well up to Q4 of FY2021, supported by various fiscal and monetary measures. Since March 2021, there has been a sudden and sharp rise in the number and spread of COVID-19 infections across the country. The spread which was largely restricted to a few states has gradually spread to other states as well and the numbers and the severity of the second wave are far higher than the first wave. Major states have announced a localised lockdown to curb the spread of infections as compared to a nationwide lockdown last year. However, even these localised lockdowns have now spread across various states and impacted the economic recovery and movement of goods and people. Therefore, the impact of these on economic activity will be felt across industries and sectors. The key is how long the second wave would last and localised lockdown/restrictions would continue. If its duration is short, the impact could be controlled. Vaccination drive, if ramped up, could cushion the severities of lockdown.

Considering these ongoing related developments, the Bank has been assessing COVID-19 impact on its business and credit and has been carrying out stress testing of credit portfolio at regular intervals to manage the credit quality and proactively initiate appropriate actions and determine the provisioning as a result of COVID-19 pandemic.

Market Risk Management

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

The Bank manages market risk in trading portfolios through a robust Market Risk Management Framework prescribed in its Market Risk Management Policy.

The Bank has implemented a state-of-the-art Market Risk Management System, which supports the monitoring of risk parameters and risk sensitivities and computation of capital charge. The Market Risk Management system supports advanced risk measurement functionalities for the proactive management of risks. The system supports monitoring of Value-at-Risk (VaR) limits, Risk Sensitivity limits such as PV01 and Greeks for Forex, Investments, Equity and Derivatives portfolios, besides Stop-Loss limits, Exposure limits, Deal-size limits, etc. Valuation of all portfolios and the risk sensitivities are monitored on daily basis.

Asset-Liability Management

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

- ♦ **Liquidity Risk** is managed through Liquidity Coverage Ratio (LCR), Structural Liquidity Gaps, Liquidity Simulation, Dynamic Liquidity monitoring, Liquidity Ratios analysis, Behavioural Analysis of liabilities and assets using advanced measurement measures. Risk values, mismatches under various time buckets and liquidity ratios are monitored against regulatory and prudential limits prescribed under Asset and Liability Management Policy.
- ♦ **Interest Rate Sensitivity** is monitored through prudential limits for Rate Sensitive Gaps, Earning at Risk, Modified Duration of Equity and other risk parameters.

- ♦ **Interest Rate Risk** on Trading Portfolios is monitored through Market Risk Measurement tools such as VaR, PV01 and other Risk Sensitivities on a daily basis. Optimum risk is assumed through the Market Risk Measurement parameters, to balance between risk containment and profit generation from market movements.

Detailed analysis of liquidity position, interest rate risks, product mix, business growth versus budgets, interest rate outlook, etc., is presented to Asset-Liability Management Committee (ALCO) which meets frequently and deliberates on liquidity position and interest rate risk and reviews 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, Liquidity Coverage Ratio (LCR), Liquidity measures on a daily basis for managing liquidity in a cost-effective manner.

Stress Testing – Liquidity Risk

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

The Bank regularly conducts stress tests to assess the potential impact of COVID-19 on the liquidity position of the Bank under stress scenarios, assumed with varying severity. Results of such Stress tests are presented to ALCO and discussed and the committee provides guidance /direction for pro-active management.

Contingency Funding Plan

The Bank has put in place Contingency Funding Plan (CFP) to respond swiftly to any anticipated or actual stressed market conditions. The Contingency Funding Plan is reviewed periodically.

The Bank reviews its contingency plans considering evolving market conditions. Contingency Funding Plan covers monitoring of internal as well as external contingency triggers, categorised into Yellow, Amber and Red. The CFP mentions the available sources of funds to supplement cash flow gaps in the event of stressed scenarios. CFP prescribes the conditions basis contingency triggers for assessment of liquidity position and invocation of contingency plan if deemed appropriate.

Roles and responsibilities of the Contingency Management Group constituted under the CFP have been defined to facilitate effective execution of contingency plans in the event of invocation of contingency plan. The Bank carries out CFP testing to assess the effectiveness of the plan.

Interest Rate Risk on Banking Book

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

From an economic value perspective, it is the Bank's policy to minimise sensitivity to changes in interest rates on assets and liabilities. Interest Rate Risk is measured based on the re-pricing behaviour of each item under asset, liability and off-Balance Sheet products. The Bank's Assets and Liabilities Management Policy has laid down tolerance limits based on the risk appetite and the impact on NII and the Economic Value of Equity (EVE) for a given change in Interest Rate.

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

Operational Risk Management

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or external events. The Operational Risk Management Policy documents the Bank's approach towards management of Operational Risk and defines roles and responsibilities of various stakeholders within the Bank. The Bank has put in place several operational risk measurement and monitoring frameworks for the management of Operational Risk. Besides the above, the Operational Risk Management framework effectively manages operational risk through several internal committees, viz., Operational Risk Management Committee (ORMC), Fraud Risk Management Committee and BCM Steering Committee.

With the objective to reinforce the Operational Risk Management Framework in the Bank, an Enterprise Governance Risk and Compliance (EGRC) system has been implemented. This system has the following key components:

- ♦ **Incident Management Module** enables reporting and management of incidents (i.e., operational risks and fraud incidents), Root Cause Analysis (RCA), internal escalations, action plans, resolutions, etc., which helps appropriate actions towards mitigation of such risks.
- ♦ **Issue and Action Module** enables tracking and monitoring issues emanating from Root Cause Analysis, Risk Assessment, Actionables relating to various operational risk issues, products/processes approvals, etc.
- ♦ **Key Risk Indicator (KRI) Module** enables reporting, monitoring, tracking, trend analysis of Key Risk Indicators. It has been designed to generate periodic reports for respective units and provide the KRIs to Function-Heads, Department-Heads, Business-Heads for necessary actions towards mitigation of such identified risks.
- ♦ **Risk and Control Self-Assessment (RCSA) module** provides a single platform enabling identification of operational risks, recording of such risks, assessment of residual risks and effectiveness/adequacy of corresponding controls, etc. RCSA module shall progressively reinforce the assessment of operational risks and their mitigation. Status of operational risks, associated controls, Heat Map and Risk Index are generated by the system for concerned stakeholders (Operation Heads, Department Heads, Business Heads) to take appropriate action towards risk mitigation.

Operational Risk Assessment Process (ORAP) Framework:

The Bank assesses new Products and Processes under the Operational Risk Assessment Process (ORAP) Framework. An advanced ORAP system has been implemented to reinforce the identification of risks associated with new products/processes and assign necessary controls before the launch of the products.

Operational Risk Stress Testing Framework:

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

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

Systems Risk

The Bank deploys the best Information Security capabilities, where it continuously strives for excellence in the respective areas of tools and practices which the Bank is using to protect its IT infrastructure and information.

The Bank has adopted the COBIT framework, ITIL framework and ISO/IEC27001 standards. COBIT, a globally accepted and proven framework, provides best practices and tools for monitoring and managing IT activities. It enables clear policy development and good IT practice. This has helped the Bank to manage IT-related risks and ensure compliance, business continuity, security and privacy. Bank's Data-Centres, IT and Support functions are ISO 27001:2013 certified.

The Board-approved Information Security Policy and Cyber Security Policy mandates control objectives in all domains, i.e.:

- ♦ Security operations including real-time monitoring, analysis, and triage of threats.
- ♦ Cyber risk and cyber intelligence including maintaining current knowledge of security threats and context for the threat response.
- ♦ Data loss and fraud prevention including monitoring for and protecting against insider threats.
- ♦ Security architecture including applying security best practices to network and application architecture.
- ♦ Identity and access management including to ensure adequate authentication, authorisation and auditing techniques.
- ♦ Investigations and forensics including to ensure complete investigations.
- ♦ Governance including complete coverage of security operations and reporting.

The Bank has a Board-approved Cyber Crisis Management Plan in place. This guides the Bank in mitigating the risks from Cyber Security incidents by providing complete coverage for response to various cyber security incidents, effectively and efficiently. This establishes the Cyber Security resilience vision of the Bank. The framework and processes help consistent approaches during various stages of detection, identification, containment, eradication, and recovery from specific Cyber Security incidents.

The Information Security Department identifies risks, vulnerabilities and solutions, securing critical information and enforcement activities related to Information & Cyber Security. Various other departments, divisions and groups of the Bank assist in the implementation of Information & Cyber Security practices. These are respectively measured and the same is presented in the form of a Dashboard to the Bank's top management.

The Bank has a Security Operations Center (SOC). The Bank's security services partner provides the services through a combination of onsite and offsite resources. The Bank has invested in a leading SIEM solution, Anti-phishing, Anti-malware, DDoS protection services are also being delivered. Alerts are monitored and responded to by the remote security team on a 24x7 basis. Qualified security events or series of events that contributes to a successful attack or breach which causes significant disruption of business operations and/or breach of information/data are logged as security incidents.

The Bank has also tied with external experts for Cyber Security Incident Response Management. The Incident Response Plan defines major categories of incidents and incident handling procedures. In case of a critical cyber security incident, external experts are having retainers arrangements for assisting the Bank, for bringing in crucial expertise during the incident response. The Bank has Cyber Security incident insurance in place.

The Bank has a 24x7 onsite Incident response team to monitor alerts and advisories from various sources for immediate assessment and necessary action.

Insider Treats / Internal Frauds are mitigated and monitored through various channels like the Surveillance Unit, etc. The Bank communicates awareness messages and tips through various digital channels, e-learning, classroom training and workshops. The program is aimed at raising awareness around cyber frauds, safe use of the internet and online banking, recognising and avoiding phishing/vishing attempts, tips for safe use of credit/debit cards, protection from malware and malicious websites, et al. The awareness program addresses internal users, customers and partners.

From a technology perspective, the Bank has taken several measures to detect and protect against such threats in a timely manner. The Bank has subscribed to services to detect any Rogue mobile application and phishing site detection of the Bank and for the phishing sites. On confirmation by the Bank about a suspected app/site to be unauthorised, the takedown is immediately commenced.

The Bank has also subscribed to DDoS protection services from its ISPs. Additionally, the Web Application Firewall protects against application-level DOS attacks. The Bank has taken a special initiative for feeds from the Dark Web through Threat Intelligence Services.

The Bank has a detailed and periodic Disaster Recovery Strategy to protect from loss or damage due to unforeseen events, e.g., ransomware, natural disasters, or single points of failure. The Bank has implemented Disaster Recovery Strategy to recover information, restore systems, and resume operations. These strategies are a part of the Business Continuity Management (BCM) plan, designed to enable and maintain operations with minimal downtime.

The Bank has a defined Vulnerability Management Plan which is used to reduce inherent risks in an application or system. The idea behind this practice is to discover and patch vulnerabilities before issues are exposed or exploited. The Vulnerability Management Plan practices rely on testing, auditing, and scanning to detect issues.

The Bank is deploying threat hunting capabilities, which involves validating certain hypotheses for emerging threat scenarios.

The Bank deploys a variety of tools for fine-grained authentication and authorisations to restrict unauthorised users from accessing private information. These measures help the Bank to prevent harm related to information theft, modification, or loss.

The Bank is using Cloud for services and have similar protections to application and infrastructure security but is more focussed on cloud or cloud-connected components and information. The Bank's Cloud security adds extra protections and tools to focus on the vulnerabilities that may come from Internet-facing services and shared environments, such as public clouds.

With the advent of IT service management at the Bank, the Bank was to plan, design, implement, operate, support and improve IT services and align them with the business needs. This helps to map the processes with the right process owners and right process champions, functions with clear roles and responsibilities.

These various capabilities ensure that the Bank is deploying a safe and secure banking experience to the customers and hence trust in the digital properties of the Bank.

BCP Framework ensures continuity of critical processes to extend essential services to the customers. Regular mock tests are carried out to ascertain BCP preparedness. With the implementation of the EGRC system, key components of BCP such as, Business Impact Analysis (BIA), BCP Recovery Plan, BCP Testing, BCP Risk Assessment, are monitored through the system, which reinforces effective monitoring and management of Business Continuity.



BCP - Coping with COVID-19

Anticipating the disruption due to the spread of COVID-19, the BCM Steering Committee of the Bank regularly reviewed the readiness of critical functions; decisions were taken and implemented swiftly to minimise disruption and provide critical banking services to customers. A Quick Response Team (QRT) has been constituted to handle the COVID-19 situations. Safeguarding the health and safety of officials and customers of the Bank has been accorded the top-most priority. Guidelines issued by the Central Government, State Governments and local law enforcement authorities have been adhered to. The Work From Home (WFH) strategy has been implemented. Resourcing was reviewed by Department Heads and teams carrying out similar processes were bifurcated into teams that will alternatively work from the office. Despite serious constraints due to the complete stoppage of public transport and imposition of curfew rules, the required minimum attendance was ensured at most of the Bank's branches and centralised operations.

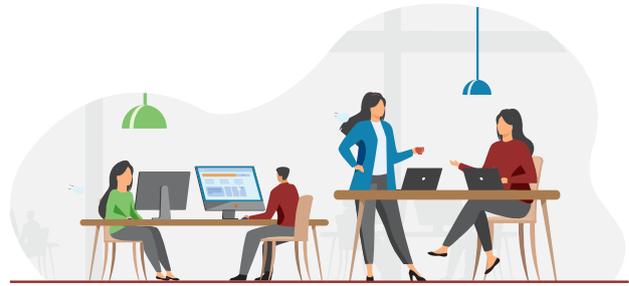
Business Continuity Management

The Bank has implemented Business Continuity Policy (BCP) wherein critical processes and other enablers have been identified and appropriate recovery plans have been put in place for such critical processes to ensure timely recovery of the Bank's critical operations and services in the event of a crisis.



Health of Employee and Customer Safety

All officials at offices/branches observed COVID-19 protocols, usage of Masks, Sanitisers, Thermal Scanners, etc. Critical Banking Services, namely – Cash, Remittances, Clearing and Government business-related services were provided to customers. 90% of the branches and ATMs were kept operational on most days. Branches / Offices were sanitised on reporting of suspicious/confirmed COVID-19 positive cases. As a proactive measure, a large number of branches, offices and Currency Chests were sanitised. Suspected officials were advised to self-isolate, branches were sanitised and then only operations were resumed.



SOPs were issued with procedures to resume full-fledged operations post lockdown, ensuring the safety of employees at all establishments. Biometric devices were disabled for recording attendance at Offices. Guidelines were issued to cover aspects like Personal Hygiene, handling of suspected cases, isolation and treatment, prevention of the spread of COVID-19, and self-reporting.



IT Initiatives

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

Customer-Centric Initiatives

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



General Banking Operations

The Bank has strengthened the policy framework on “Know Your Customer” (KYC) norms 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, in line with the RBI Policy.

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



The System enables faster turnaround time and movement of work from branch locations across the country to the Central Operations Unit in real-time mode, thus cutting out the time that physical forms would take to arrive through courier. This has helped improve efficiency at the branches as well as enhance client servicing standards.

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

Central Government through its third amendment on Prevention of Money-laundering Rules, 2005 dated August 19, 2019 has permitted banks and financial institutions to accept KYC documents electronically. Further, with a view to leveraging the digital channels for Customer Identification Process (CIP) by Regulated Entities (REs), RBI has allowed Video-based Customer Identification Process (V-CIP) as a consent-based alternate method of establishing the customer's identity, for customer on-boarding. Accordingly, the Bank introduced a Video-Based Customer Identification Process enabling customers to complete their KYC verification and account opening formalities from the comforts of their home to enjoy unlimited banking with zero paperwork.

The Bank is participating in the Clearing through Cheque Truncation System (CTS). As on March 31, 2021, the Bank had 1,586 branches covered under the Grid Clearing, through its three CTS Centres at Mumbai, Chennai and New Delhi.

The Bank as on March 31, 2021 has Five Currency Chests, i.e., Thane, New Delhi, Kolkata, Bengaluru and Chennai.

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

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

The Bank has put in place a "Deposit Policy" and a "Fair Practice Code". The former outlines the guiding principles in respect of various products of the Bank and the terms and conditions governing the operations of the accounts and the rights of depositors. The Fair Practice Code is voluntary, establishing standards to be followed by all 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 a "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 the 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 are periodically transferred to "Depositor Education and Awareness Fund" (DEAF), w.e.f., June 2014. Details relating to accounts unclaimed are duly uploaded on the Bank's website.

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

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



Corporate and Global Markets Operations

Corporate and Global Market Operations (CGMO) is responsible for operational support/delivery of products related to Trade Services, Supply Chain Finance, Cross Border Remittances, Cash Management, Global Markets (Investments, Money Markets, Foreign Exchange, Derivatives), Depository and Capital Markets, and Bullion. CGMO services customers in both Corporate as well as Retail segments for these products.

Given the unprecedented challenges during the year on account of the pandemic situation, the major focus areas for CGMO were: (a) ensuring the safety of the employees and continuation of development initiatives; (b) providing strong support to customers, through agile capacity management and secure communications; (c) efficiency initiatives to reduce cycle times with a view to enhance customer service and (d) comprehensive risk reviews and robust controls.

People

Throughout the year, CGMO teams demonstrated outstanding commitment, and many customers highly commended the exceptional support provided. A number of early actions were taken to rapidly build 'Work From Home' capability across teams. Ensuring staff safety was one of the top priorities, however, despite the precautionary steps taken, some colleagues who were impacted by COVID-19 were provided with all required support. Through these challenges, CGMO teams maintained a strong focus on serving customers and ensured 100% of transactions were processed, by working from both office and home, often working long hours. Learning and development initiatives were sustained throughout the year.

CGMO leaders ensured high levels of engagement in the teams and recognition for the outstanding work done. CGMO will continue to focus on building People capability and maintain high engagement.



Customers

During the year all transactions were handled in a timely manner, with CGMO teams working from office and home.

Several key processes were proactively simplified, in order to make it easier for customers to deal with the Bank. For example, digital submission of Trade transactions was enabled through the online 'Connect On-Line' (COL) channel and email, especially for voluminous activities like Shipping Bill and Bill of Entry regularisation. There was a strong focus on onboarding customers onto COL, to accelerate digital submission of transactions. CGMO also played a key role in the seamless operationalisation of RTGS 24x7.

Optimal customer outcomes will continue to be at the heart of CGMO initiatives.



Efficiency

Despite pandemic-related challenges, some key system upgrades and automation projects were implemented, as part of the CGMO journey to optimally leverage technology in order to simplify processes, enhance efficiency, reduce cycle times, and strengthen controls.

Building on the automation initiatives in previous years, CGMO implemented high-end automation for some voluminous processes, leveraging Robotic Process Automation (RPA) and Cognitive Machine Reading (CMR), leading to improvement in processing time, operational controls, and cost saves. These were landmark automation, which will be replicated in other areas in the coming months.

The Inward Remittance process was further improved by offering customers multiple avenues to provide disposal instructions, leading to improved cycle times.

The upgraded Cash Management system Finnaxia for Payment products was implemented, offering customers a range of advanced features related to bulk printing of cheques. A project to upgrade the existing Treasury platform with enhanced features was initiated.

CGMO has initiated several projects leveraging diverse automation technologies, to drive operational efficiency and deliver superior customer outcomes and cost saves.

All key risk and control actions were completed in a timely manner, including submission of all regulatory reports and returns. CGMO continued to implement the Risk & Control Self-Assessment (RCSA) framework for key processes in a phased manner.

CGMO will continue to focus on building and maintaining a strong risk culture.

Risk Management

Proactive management of operational risk and strict adherence to regulatory guidelines has been a major focus area for CGMO. Throughout the year, given the unprecedented environment, CGMO teams operated with a heightened focus on risk and ensured strict adherence to the revised control framework. The resilience of CGMO delivery capability was effectively tested during the lockdowns. Amidst tightened liquidity conditions due to the pandemic, Treasury Operations seamlessly supported the Global Markets Group, reaffirming the resilience of its processes and systems.

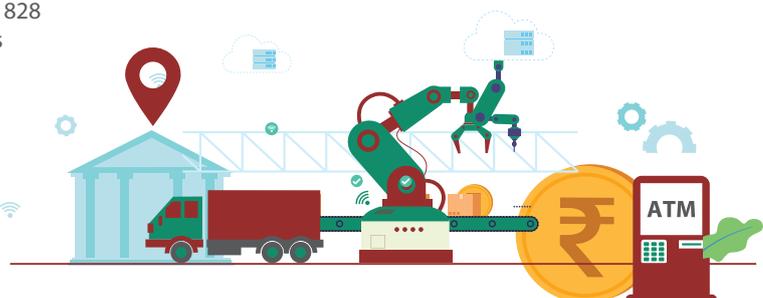


Branch Network and Infrastructure

With a total network of 2,015 banking outlets and 2,872 ATMs, the Bank has a presence in all 28 States, and 6 out of the 8 Union Territories. In addition, the Bank also has Representative Offices in London, Dubai and Abu Dhabi.

Apart from expanding its Pan-India network, the Bank has also refurbished/re-modelled 10 branches and 1 office, relocated 21 branches and 1 office towards better business prospects. The Bank has 5 currency chests located in Mumbai, Delhi, Chennai, Kolkata and Bengaluru and one more coming up in Chandigarh. The Bank has set up 9 PIONEER branches in Mumbai (Juhu, Pedder Road and Lower Parel), Pune (Koregaon Park and Ghole Road), Delhi (Defence Colony and Punjabi Bagh), Gurugram (Palm Springs) and Chandigarh.

The Bank also leverages its presence and customer service through 2,289 branches of Bharat Financial Inclusion Limited (BFIL), a wholly-owned subsidiary of the Bank and 828 outlets of IndusInd Marketing and Financial Services Private Limited (IMFS), an associate entity. As of March 2021, there were more than 51,000 active Retail Distribution Service Points, managed by BFIL, acting as the Business Correspondents of the Bank.



Information Technology

Technology in IndusInd Bank

Information Technology (IT) in IndusInd Bank continues to be the backbone supporting the business growth ambitions. The Bank's IT has a 3-pronged strategy: (1) Delivering superior client experience; (2) Delivering efficiency; and (3) Managing risk. The Bank has taken several significant steps in improving client experience, with the all-in-one store (aggregator being GoNuclei) which enables clients to use services such as, DTH recharges, place orders for cab services, etc., while in app-delivered through a single sign-on. The Bank had been the first to launch the innovative Video Branch, which enables clients to engage services of dedicated agents over a video call and this was extended through the launch of on-boarding of new-to-Bank accounts. The Bank has been keen to engage its clients digitally through the means of channels like WhatsApp and Alexa to offer a range of services that are supported by Natural Language Processing.

Towards better performance, the Bank has come out with a large scale, secure Work from Home setup for its staff, and has enabled most of its staff to work remotely. Users can now connect to Bank applications on mobile phones too, for example, tab-based account opening for savings and current accounts (more than 70% digital today), for its vehicle collections are accessible on users' mobile phones and secured via the Bank's mobile device management seamlessly. The Bank has also recently moved its staff to the Microsoft O-365 email on cloud offering coupled with MS Teams for easy on-the-go collaboration digitally.

The Bank has modernised its data centre and progressively moved some of its digital applications like Website, CRM onto the Cloud in India. This has achieved high resiliency and throughput. Digital payments have been increasing at the rate of 5X for UPI acquired transactions and 2X for IMPS transactions, which have been delivered successfully. MEITY has acknowledged this and the Bank was rated 1st and in the top 3 in recent quarters among peer Banks. The Bank has smoothly transitioned to RTGS and NEFT 24X7 supporting the Regulator's drive for 24X7 Banking.

The Bank has adopted the highest standards for client data and transaction security with a range of modern and sophisticated security tools. The Bank has not faced security breaches which have been very common during the pandemic, as it has been careful about controls and data protection, supported by threat intelligence.

Towards superior management of business risk, the Bank has adopted robust systems for fraud monitoring, operational risk management, and DR management through investment in market-leading tools.

Recently, the Bank successfully implemented the Early Warning Signal which is an AI-based set of algorithms which measures impact or risk to accounts assimilating various market data and internal Bank data.



Some key transformation initiatives launched in FY2020-21

Superior customer experience – New Initiatives:

Video KYC Platform

This new KYC facility enables the Bank to onboard customers using a live video-based interface, thereby, replacing the existing practice involving physical authentication of documents. With this, customers who are new to the Bank can request for opening an IndusInd Bank savings account and complete the entire formalities from their homes or offices, without any direct physical interaction or meeting with bank officials. The project was launched in May 2020. The application offers a fully integrated, zero-contact, completely digital account opening facility as well as a process for booking fixed deposits in just a few steps. This also enables credit card customers to submit applications and get them processed digitally – a first-of-its-kind service in the banking industry.

UPI Auto Pay - Recurring Mandate

IndusInd Bank was one of the key partners for the launch as it did the pilot use cases on the merchant side and implemented AutoPay functionality for SIP investments through CAMS and reloading of DMRC's transit card. NPCI has launched the functionality of UPI AutoPay for recurring payments in July 2020. With this new facility introduced under UPI 2.0, customers can now enable recurring e-mandate using any UPI application for recurring payments such as mobile bills, electricity bills, EMI payments, entertainment/OTT subscriptions, insurance, and mutual funds, among others.

RBI Positive Pay

An independent portal created where the Bank's customers can initiate a request to OPT-IN for Positive Pay confirmation against Cheques presented for clearing and can provide/submit cheque related details online. It was launched in February 2021.

NEFT 24X7 Implementation

NEFT 24X7 implementation launched in December 2020, enables corporate clients to process NEFT Payments round the clock. This customisation also includes mapping of customer-wise per transaction and cumulative limit.

RTGS 24X7 CBS Implementation

The RTGS 24x7 was implemented in December 2020 thus, providing availability of RTGS payment round the clock. As per RBI Regulation, the Bank has implemented the logic for per transaction limit. Per transaction limit variables for the stipulated start and end time are configurable.

Corporate Website Revamp

IndusInd Bank launched its redesigned Website in June 2020, to offer customers an enhanced experience across devices such as desktops, laptops, mobile phones and tablets. The new Website enables users to seamlessly navigate through the various products and services of the Bank, thereby enabling it to curate its offerings based on customer preferences. The new Website also comprises features that aim to offer users who are visually impaired a smooth browsing experience.

New Products/Innovations with superior operating efficiency

iBPS (Intelligent Business Process Suite) – iWorks upgrade

Document Management and Workflow Critical Bank processes that are digitised have been migrated from iWorks to the iBPS Platform. iBPS Platform enables low-code with rapid application development, thus reducing CR cost and efforts. Since on latest technology platform, it helped in closing security and compliance-related open items. The upgrade also accommodated the recent Regulatory related changes.

SWIFT upgrade

SWIFT universal confirmation Utility for Inward remittances – The Bank has developed this utility in-house to comply with the recent mandatory guidelines released by SWIFT - FIN where users must provide confirmations of the status when the receipt of a MT 103 results in a credit to the account of the beneficiary customer or when it results in a rejection of the payment. The Utility developed will store the payment acknowledgements from all the source systems in which the payments via MT 103, MT 103 STP and MT 103 REMIT are processed.

Account Aggregator - FIU & FIP

IndusInd Bank was the first Bank to go live on RBI's Account Aggregator Framework. Account Aggregator (AA) Services is one of the new initiatives introduced by RBI in collaboration with Sahamati. Sahamati Foundation, which is a Collective of Account Aggregator (AA) ecosystem set up as a non-government, Not for Profit Company. AA model is intended to provide ease of sharing financial information of customers securely and digitally across all regulated financial entities basis explicit consent provided by the customer.

CRMNext on Cloud (AWS)

CRMNext launched in July 2020, provides an enhanced digital customer experience and action platform leveraging the elasticity and resilience of the Cloud and through a robust API-led integration with all customer touchpoints. This platform provides a unified view of the customer across the lifecycle by incorporating the principle of a golden customer profile from lead/prospect to after-sales service. CRM Platform is a single platform for Customer Service, Sales, Campaign and Leads Solution and with enhanced Customer Survey Management.

Straight Through Processing (STP) Transactions Capability

Through CRMNext, the Bank was able to integrate with internal and third-party applications to enable STP transactions capability across Branch, Contact Centre and Operations. This further enhanced productivity.

IndusQode: Open Banking Sandbox

The Bank launched Indus Open Banking in September 2020, a developer portal for seamless development experience and faster adoption for its partners - Fintechs, Corporate, Exchange Houses and FI partners. The Bank has a strong API Banking suite that spans Collections, Payments, Bill Payments, Global Remittances and more. Via Open Banking, the Bank brings time-tested APIs on Cloud, to enable developers to build innovative use cases to drive digital payments in India. A total of 44 APIs are available in the Open Banking Sandbox.

Ganseva Online Saving Account

As part of the PM SVANidhi (PM SVANidhi Scheme: Central Government launched a scheme - PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi), to empower Street Vendors, by not only extending loans to them but also for their holistic development and economic upliftment). IndusInd has tied up with Atyati who offers Assisted Digital Financial services through its technology and service platform. The new business module implemented in January 2021, is now bringing banking to the customer's doorstep, wherein one can be at ease while interacting, transacting and even on-boarding an application for setting up a new relationship with the Bank.

Security, Risk & Internal Efficiency Initiatives:

New email gateway with Cisco Ironport

The Bank has a state-of-the-art Email Security system (Cisco IronPort) deployed on-premise which protects the email users from malware, phishing and spoofing. The Email Security system adequately secures users against viruses and spam.

NAC (Network Access Control)

The Bank has implemented Network Access Control which provides the capability of Visibility and Control, provides insights into what connects into the Bank's network by showing which systems are connected to the Bank's network. It provides control on what can connect to the Bank network by denying network connection to the unauthorised system. It limits the access provided to the Bank's system if the system fails to meet minimum compliance criteria.

Early Warning Signals System on Cloud

This is a Monitoring Tool to proactively identify deterioration in credit quality, as a result of various Internal and External factors during the life cycle of the credit.

Early identification of credit deterioration signals enables the Bank to trigger necessary action for preventing the account from slipping into the Non-Performing Loans (NPL) category and taking timely remedial actions and facilitate appropriate account strategy.

End-user Support over Work From Home

In order to ensure continuity of Business, Operations and Support functions, secured remote access has been enabled for employees and partners through VPNs. Different types of VPN and Virtual Desktop solutions such as SSL VPN, Remote Desktop, Hosted Shared Desktop and Windows Virtual Desktop have been configured for authorised users pan-India, basis their role and approved requirements to facilitate Work From Home. Two-Factor Authentication has been enabled for authentication on the VPN gateway, and End point analysis has been enabled on the VPN gateway to ensure that the laptops connecting to it are domain-joined machines provided by the Bank with the most updated Antivirus and security software.

Network-Based Anomaly Detection (NBAD) Implementation

- a. The Bank has implemented the NBAD solution and its available security use-cases on IBM Q-radar platform in March 2021.
- b. NBAD is the continuous monitoring of a network for unusual events or trends. NBAD is an integral part of Network Behaviour Analysis (NBA), which offers security in addition to that provided by traditional anti-threat

applications such as, firewalls, intrusion detection systems, antivirus software and spyware-detection software.

Enhancing Security of Card Transactions

The completion of this initiative makes IndusInd Bank and its clients compliant with the RBI issued circular, whereby it was mandated that banks provide an ability to the debit card-holder to switch on / off the following types of transactions - International / Domestic usage of the card, ATM, POS, E-commerce, Contactless Transactions, SI (Standing Instructions) / MOTO / Tokenisation. This was launched in September 2020.

Robotic Process Automation (RPA) for SWIFT Controls

RBI mandated banks to strengthen their operational controls for SWIFT-related processes. One of the key controls required to be implemented was related to frequent reconciliation of all outgoing payment SWIFT messages every 1-2 hours. To overcome the manual reconciliation challenges, the Automated (RPA) SWIFT message reconciliation process through BOTs was implemented in October 2020.

TRRACS - Trade Regulatory Reporting and Compliance System

Trade Regulatory Reporting and Compliance System is the one-stop solution that allows banks to continue with the existing business process and still be compliant with RBI Regulatory requirements. It was launched in November 2020. TRRACS processes the data from the Bank's existing system as per RBI Guidelines and transforms the dataset into RBI compliant formats. It provides web interfaces for the banks to handle the processes that are not available in their existing trade system. TRRACS -IDPMS Processing now handles complete reporting to RBI.



Technology Awards



Finnoviti 2021 Awards

The Bank has won the Finnoviti award for the launch of the IndusOnTheGo-Mobile LOS initiative at the 9th edition of the Finnoviti 2021 Conference & Awards.



IDC DX Awards 2020

IndusInd Bank has been the winner of the Information Visionary Award for the IDC Digital Transformation Awards-India 2020.



IDC Industry Insights Innovation Awards 2020

IndusInd Bank has won the IDC Industry Insights Innovation Awards under the category Excellence in Omni-Experience for the initiative 'CRMNext'.



Finacle Client Innovation Awards 2020

IndusInd Bank has been the winner for the categories: Modern Technologies-led Innovation, Product Innovation, Transformation Excellence.

Human Resources

FY2020-21 was a very challenging year for the entire nation and the economy in particular. The Corona pandemic caused economic disruptions of unimaginable proportions. The key focus of the Human Resources function during the year was to ensure the health and well-being of its employees.

The Bank continues to create an enabling environment of entrepreneurship, innovation, accountability and creativity. The Bank believes in nurturing its human capital and make them co-participants in the business growth plans of the Bank.

The Bank's Human Resources function agenda is to be a strategic business partner with a mandate to attract and retain quality talent, build cutting edge competencies, reward and recognise talent, design aspirational career plans, ensure compliance to the Government's regulations, regulatory and statutory guidelines. The key aspiration is to create a great workplace and culture to become an employer of choice.

The Bank's HR processes seek to enhance employee value propositions in terms of employee development, compensation, performance management, career planning, work-life balance, etc.

Improved business results, stable leadership and influx of quality talent from the marketplace indicate that the Bank is enroute to becoming an employer of choice in the BFSI sector.

Key Highlights:

- ♦ The employee headcount of the Bank stood at 29,661 as on March 31, 2021. The new hires in FY2020-21 were mainly recruited for supporting new business initiatives, critical and specialised roles requiring domain expertise and for new branches.
- ♦ The Bank believes in hiring the “best-in-class” and providing them with suitable career opportunities. The Bank has employed diversified hiring channels such as Employee Referral Schemes, Job Portals, Consultants, Campus Hiring, Social Media for quality hiring. Social Media (LinkedIn, Facebook) is continuously leveraged for critical roles requiring domain expertise and leadership hiring.
- ♦ Employee development initiatives were on an upswing throughout the year. The Bank followed a well-defined learning process comprising learning need identification, dissemination of learning plan amongst the stakeholders and learning delivery through digital modes (virtual classroom sessions/e-learning). The Bank made learning fun by launching several Gamefied online modules on Business Ethics, Business Etiquettes, Managerial Effectiveness, Customer Focus, Sustainability, and COVID-19 learning series for employees across the Bank.

During the year, the Bank conducted over 8,50,000 learning man-hours for 5,05,000 participants with an emphasis on Leadership Development, Selling and Negotiation Skills, Managerial Effectiveness, Customer Focus and Responsiveness, Banking Products, Operational Processes, Credit, Risk, Treasury, Compliance and Orientation programs.

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

- ♦ The Bank’s performance objectives are derived from its business objectives. The key enabler for employee performance is the Bank’s Performance Management process, which comprises Goal / SMART setting, and Annual Review processes.
- ♦ The Bank’s business ambition based on stretch targets is captured in the Individual Goals / SMARTs, which are linked to the business plans of the Bank. Periodic performance reviews aim at identifying performance gaps and counselling employees to achieve the desired performance levels.

The individual performance evaluation is based on tangible achievement of performance objectives. The Bank recognises and rewards individuals through monetary rewards, learning opportunities, horizontal/lateral career mobility, and also by showcasing top performers as role-models.

The Annual Performance Appraisal for FY2020 was executed amidst testing times with an intent to maintain the morale and commitment of its employees. The process focussed on identifying future leaders for enhancing the Bank’s business growth and meaningful performance conversations for addressing performance issues and enhancing employee productivity.

- ♦ The Bank’s strategic intent has always been to Attract, Reward and Retain quality talent. The Bank’s core Compensation philosophy is to “Pay for Performance” and Role criticality, be a competitive paymaster and offer market-linked performance-based compensation, build long-term employee ownership through ESOPs. The key agenda has been to ensure compliance with the new RBI Compensation Guidelines throughout the process.
- ♦ The Bank believes in employee connect and bonds with its employees through various employee engagement initiatives. Quarterly Webcasts by the MD & CEO helped to communicate the Bank’s business direction and performance and emphasised on core values of compliance, integrity and discipline.

The HR and Line Managers connected with employees through virtual visits in the pandemic period and provided support to effectively handle COVID-19 related issues.

The Bank also launched WeConnect and Let’s Connect employee connect initiatives to understand employee issues, resolve employee grievances, facilitate employee retention and development.

The Bank celebrated Women’s Day and gave long service awards to its female employees as a recognition measure.

The Bank has continued to battle the COVID-19 pandemic. The entire focus continues on protecting its employees and customers through initiatives such as Issuance of comprehensive COVID-19 Guidelines (sanitation, social distancing, travel, hygiene, rostering), Work from Home advisory, Virtual Branch Visits, Adherence to Government guidelines, providing full support to all the affected cases, etc. The Bank’s employees also rose to the occasion and provided exemplary customer service throughout the pandemic.

- ◆ Digitisation is the theme to drive the efficiency of Employee Lifecycle processes. Launch of digital on-boarding platform, internet-based on-boarding process, Online Staff Account Opening, Career Platform, New LMS platform are steps in the direction. All the Employee Lifecycle HR processes relating to Attendance, Leave, Payroll, Confirmations, Loans, Mediclaim, Gratuity, Exits, Full and Final Settlement were managed seamlessly and within the stipulated TATs.
- ◆ The Bank pursues “Discipline and Compliance” as its core values. Every employee follows the Bank’s Code of Conduct and any deviation is dealt with punitive action.
- ◆ Compliance is also an integral part of the SMARTs of employees. The Bank continues to conduct awareness programmes on compliance, business ethics, prevention of sexual harassment, cyber security to prevent misconduct. The Bank also ensured adherence to all the HR-related regulatory and statutory laws.

Employees Stock Option Scheme:

On September 25, 2020, the shareholders of the Bank approved the IndusInd Bank Employee Stock Option Scheme 2020 (ESOS 2020), which comprehensively replaced the erstwhile Employee Stock Option Scheme 2007 (ESOS 2007) that was approved by the shareholders earlier on September 18, 2007. ESOS 2020 enables the Board and the Compensation Committee to grant a number of stock options of the Bank not exceeding 7% of the aggregate number of paid-up equity shares of the Bank, in line with the guidelines issued by the SEBI. The options vest at one time or at various points of time as stipulated in the Award Confirmation issued by the Compensation Committee, and there shall be a minimum period of one year between the grant of option and vesting of the option. The unvested options shall expire by such period as stipulated in the Award Confirmation or five years from the grant of options whichever is earlier, or such further or other period as the Compensation Committee may determine. The exercise price for each grant is decided by the Compensation Committee, which is normally based on the latest available closing price and shall not be lower than the face value of the shares. Upon vesting, the options have to be exercised within a maximum period of five years or such period as may be determined by the Compensation Committee from time to time. The stock options are equity-settled where the employees will receive one equity share per stock option.

Pursuant to a Composite Scheme of Arrangement with the erstwhile Bharat Financial Inclusion Limited, the shareholders of the Bank approved the IBL Special Incentive ESOS for BFIL Merger 2018 (ESOS 2018) on December 11, 2018.

ESOS 2018 was approved with a pool of 57,50,000 Options which are equity settled. 50% of the options vest over a period of three years from the grant date and the remaining options vest over a period of three years from the first anniversary of the grant date. Upon vesting, the options have to be exercised within a maximum period of five years.

Marketing and Communications

The Bank always believes in putting our 'Customer First' in whatever the Bank does, with a larger objective of providing customers with financial solutions that offer them a rewarding banking experience. Despite the external challenges, the Bank introduced some of the most unique innovations that cater to the dynamic needs of its discerning customers. The Bank's marketing and communication strategy has been aligned with this vision wherein campaigns were designed to understand stakeholders' interests and engage with them in their world.

As a testament to the Bank's unflinching focus towards making customers the epicentre of all its strategies, the Bank launched its first brand campaign - **#HarIndianKaComeback**. The campaign celebrated the indomitable spirit of resourcefulness and resilience that every Indian citizen held amidst trying times.



The campaign highlighted the Bank's unwavering commitment to partnering customers in their renewed focus on restarting their journey. The campaign was primarily a TV-led one and was aired on 32 high-performing channels across different genres like English, Hindi, and Business news, General Entertainment (Hindi and English), as well as Regional channels. It was also covered by major media houses like Moneycontrol, NDTV, Economic Times, among others. Moreover, the campaign was significantly amplified across all social media platforms as well. The Bank created a separate micro-site for the campaign that garnered over 2 lakh traffic in terms of people visiting the site, banners that were put up across digital properties such as, news websites and portals, garnered over 110 million impressions, while the advertisement itself received more than 10 million views on social media platforms. The Bank also issued a press release on the campaign which garnered 8 stories across key advertising and marketing portals.

Going forward, the Bank aims to continue interacting with customers at multiple touchpoints by significantly leveraging traditional, digital as well as social media channels to reach out to the world at large.

In a bid to further enhance the Bank's brand visibility, earlier this year, IndusInd Bank in partnership with the Municipal Corporation of Greater Mumbai (MCGM) and supported by the Hinduja Foundation, unveiled a majestic sculpture of its brand identity - The 'Zebu' Bull at the central business district of Worli in Mumbai. Conceptualised by globally acclaimed Mumbai-based sculptor Arzan Khambatta, the 'Zebu' bull resonates through the Bank's history as a symbol of stability, confidence and strength.

The sculpture was inaugurated and dedicated to the city by **Shri Aaditya Uddhav Thackeray, Hon'ble Cabinet Minister of Tourism and Environment, Government of Maharashtra** along with Mr. Ashok P. Hinduja, Managing Trustee, Hinduja Foundation and Mr. Sumant Kathpalia, Managing Director and CEO, IndusInd Bank. The media was also invited to the unveiling ceremony basis which, the event got featured across 22 local publications as well as online platforms.



Digital innovation at the heart of what we do

As a Bank, we have built on the strong innovations and digitisation platforms that we already have and constantly remained focussed on innovating and finding simple but robust solutions. The single-minded objective is that we should continue to provide banking solutions that simplify banking and fulfil every customer's financial requirement in a convenient, simple and speedy manner. It, as always, is critical to be connected with the customer and to be in sync with their needs and expectations in a dynamic and fast-changing world. Keeping this in view, the Bank's marketing and communication strategy too has moved towards showcasing convenience and simplicity as important attributes that underpin the Bank's approach towards providing banking services.

FD Radio Campaigns

IndusInd Bank executed two strategically planned radio campaigns on the Bank's Fixed Deposit propositions which aired in 6 languages, viz., Hindi, Tamil, Telugu, Kannada, Malayalam and Bengali. The radio campaign was aired across 24 markets. The key idea behind the campaign was to communicate the high, best-in-class FD interest rates to the audience. The first activity spanned from August 27 to October 1, 2020 (5 Weeks), while the second one spanned from February 15 to March 12, 2021 (4 Weeks). Other than standard radio spots, the campaign also used multiple RJ mentions and sponsorship tags.

Launch of the 'PIONEER Heritage' Metal Credit Card

A unique offering for those who live on their own terms. Not only is the metal card loaded with features for the discerning few, but is a piece of art owing to its stylish aesthetics. From privileges on dining, travel and entertainment to exciting rewards, it is a meticulously crafted credit card for the discerning few. This state-of-the-art card, along with an extended line of best-in-class offerings, redefines luxury and convenience. The card was rolled out with a strategic Out-Of-Home (OOH) campaign in select cities at marquee locations, Direct-to-Customer (D2C) e-mailer campaigns to the base as well as amplification through social media.



COVID-19 specific initiatives (Digital and Zonal)

The year 2020 was extremely challenging as every individual and organisation had to adapt to a new normal. Banking too, witnessed a major transformation during the nationwide lockdown as people stopped visiting their nearest branch or ATM for undertaking routine transactions such as cheque deposits or cash withdrawals. While maintaining social distancing became the new normal, IndusInd Bank implemented the same in its banking methods. The Bank revolutionised the traditional way of banking to adopt a fully digital process.

- ◆ This included introducing state-of-the-art digital banking solutions such as Banking on WhatsApp, IndusNet, Banking on 'Alexa', Video Branch services, Video KYC and much more. All these services enabled customers to bank from the safety and comfort of their homes during the pandemic. Additionally, the Bank also deployed Mobile ATMs that helped people undertake a host of banking facilities at their doorstep.
- ◆ There was extensive communication of the moratorium done to the assets customers of the Bank. There were explanation videos and emailers created to communicate the impact of the moratorium. These were done consistently over the 6-month moratorium period.
- ◆ In a bid to further amplify the digital banking initiatives of the Bank, the Bank launched a social media campaign that conveyed to customers that they can now invest in a hassle-free life with a bank that's always 'invested in their best interests'. Through this campaign, customers were told about the perks of opening an account with IndusInd Bank that offers attractive interest rates and innovative digital services for banking.
- ◆ The Bank also launched a two-part digital ad campaign to communicate about its products and services that are relevant during the current times. Coupled with some fine nuances of ventriloquism, the Bank created two fictional characters – 'Viggy & Victor' to explain the convenience that the Bank offers to its customers through its state-of-the-art digital banking products and services. The response to all the advertisements has been extremely gratifying. The Bank has even issued a press release on the campaign which garnered 6 articles across reputed advertising and marketing portals.
- ◆ Apart from this, the Bank also created multiple tutorial videos which focussed on educating its customers on using its robust suite of Digital Banking platforms.
- ◆ At the zonal level, the Bank's teams put up communication collaterals pertaining to COVID-19 safety awareness protocol at all its branches. Other than in-branch communication, the Bank has also installed sanitiser stands at housing societies and implemented several COVID-19-centric educational initiatives.

A New Website

During the year, the Bank engaged with a new-age technology platform to enhance its corporate website. This website offers a personalised experience to each customer basis their profile and relationship with the Bank. It is equipped with the latest technological updates which provide a rewarding banking experience thereby, depicting the ethos of the Bank which is being young, relevant and modern. After the launch of the website, the Bank witnessed a 30% jump in visitor traffic.



Loan Festivals

The Bank organised over 1,000 'Loan Melas' across 125 cities during the months of October, November and December 2020. Through this initiative, the Bank reached out to both, existing and potential customers with its entire bouquet of loan-related products ranging from home loan, personal loan, credit card, business loans, among others.



Fixed Deposit Campaigns

In September and October 2020, the Bank did a 360-degree campaign on the Bank's Fixed Deposit offerings that were spread across 150 cities. The campaign included mobile van deployments, newspaper inserts as well as merchandising at branches. The Bank used the alternative media and reached out to housing societies and senior citizens in particular, with its FD propositions.



Digital Banking

During the year, the Bank acquired approximately 2.5 lakh relationships digitally on the back of partnerships or the back of platform marketing leveraging the 'IndiaStack' foundation. The Bank also re-launched its digital savings account propositions as 'Digi-Start' and 'IndusDelite' with attractive cashbacks across leading brands such as Amazon, Bigbasket and Swiggy resulting in better engagement and activation of clients. The Bank also entered into partnerships with digital aggregators such as Paisabazaar and IndiaLends for its credit cards business.

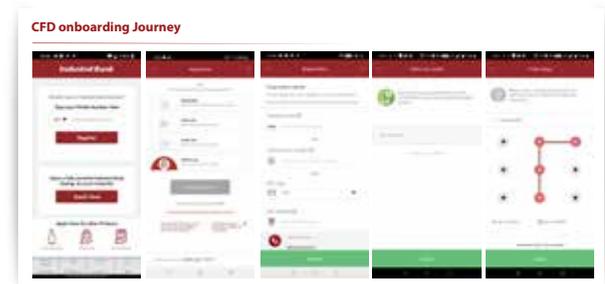
During the year, the Bank's registered user base on the mobile app increased by 39%. In terms of transactions growth, mobile transactions grew by almost 140% year-on-year. On emerging channels such as WhatsApp Banking, the user base increased almost 3 times during the year.

The Bank also took the lead in bringing several new initiatives to clients, true to its promise of being client-responsive:

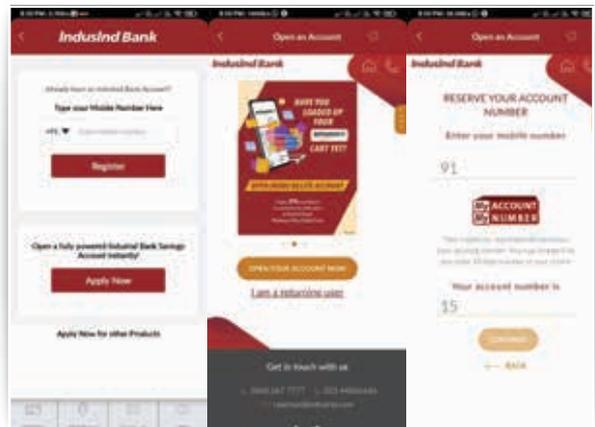
- ◆ At the onset of lockdown in Q1-FY21, the Bank was quick to realise the needs of customers and launched several digital banking initiatives to enhance the customer experience, such as:
 - ◆ Portal for booking FD for the existing bank, credit card and vehicle loan customers.
 - ◆ A virtual Debit Card for e-commerce transactions when physical delivery of cards was impacting the industry.
 - ◆ Digital banking access without the need for Debit Card and PIN.
- ◆ The Bank was amongst the first ones to go live with VideoKYC for both, liabilities and asset clients. During the year, approximately 1.2 lakh clients were onboarded leveraging Video KYC across assets and liabilities.
- ◆ The Bank was the first to go live on the RBI's Account Aggregator Framework.



- ◆ The Bank also expanded its digital presence by providing a Mobile App instance and access to its growing vehicle loan segment.



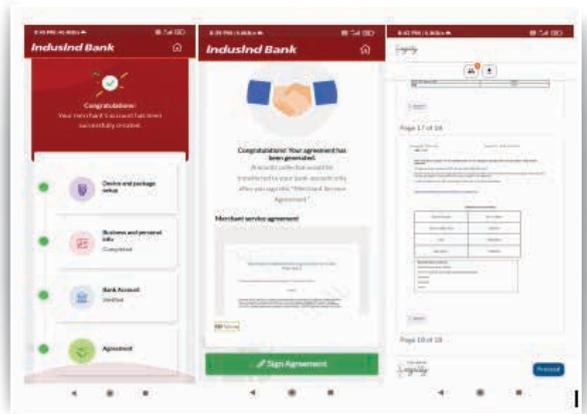
- ◆ The Bank provided additional convenience to its customers to start the banking relationship by downloading the IndusMobile App and on-boarding themselves digitally.



- ◆ The Bank continued with innovations, such as becoming the first Bank to provide a P2P payments option of pulling funds within WhatsApp and the ability to connect with a live agent during AI-enabled chat.



- ◆ During the year, the Bank also launched a unique Merchant on-boarding journey and is the first in the industry to have a completely digital paperless on-boarding process for merchants, including digital merchant service agreement leveraging e-sign and e-stamping where on-boarding for CA and Payment product is done together in a single seamless journey.



The Bank also invested in further digitisation of its capabilities on the lending side in a powerful stack named **IndusEasyCredit** that offers instant personal loans and credit cards to new bank clients. It is a unique, one of its kind platform, leveraging the power of 'Indiastack' that offers digital end-to-end paperless, presence-less, cashless journey for new-to-Bank clients seeking personal loans or credit cards. It leverages digital checks across KYC, AML, Employment Verification, Real-Time Bank Statement Analysis, Real-Time Underwriting, Video KYC, E-agreement, E-sign, E-stamping and E-Nach setup to provide a seamless experience to clients. Additionally, it is a single stack that gets leveraged across Client, RM assisted, Partner led or DSA led journeys.

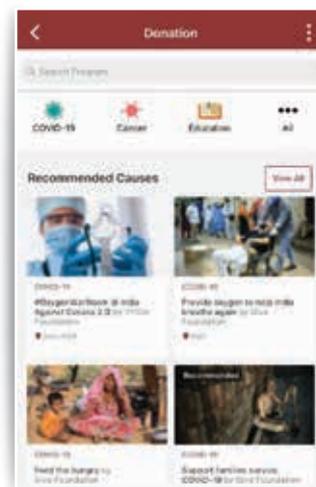
The Bank is also in the advanced stages of developing its stack for the business owner segment and will soon launch 'easy credit for business owners' leveraging GST, Banking and Bureau data.



The banking industry will look radically different from what it is today, and digital will transform the way we bank or consume financial products. The Bank has always been a leader in bringing responsive innovations to clients. While the focus thus far was on bringing product or service-specific innovations on commoditized products and services and on delivering end-to-end digital journeys to clients, the next phase will be all about bringing end-to-end holistic, experience-driven, innovative client value propositions to clients with deep segment focus.

The Bank is accordingly investing in making its architecture ready for Open Banking to the core and is in the process of developing segment-specific digital stacks which will also include value-added services from ecosystem players relevant to those segments leveraging partnerships and alliances.

The Bank has also stepped forward several times during the COVID-19 crisis to lend a helping hand towards society, by enabling donation options digitally for feeding the less privileged or raising money for Oxygen.



Beyond Banking

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

'Ebar Pujo, Shobar Pujo'

It is a yearly activity undertaken by the East zone during the auspicious Durga Puja festival. This year, it was the third edition of the initiative which was organised in association with the 'Rotary Club of Calcutta Magnum' and 'Rotaract Club of Contemporary Kolkatans'. The Bank organised a giveaway ceremony on October 17, 2020 at 'Anandaghar', an orphanage near Kolkata, where new clothes were donated to over 200 children who live there. The event was graced by Smt. Shanti Sen, IPS, West Bengal Police as a Chief Guest.



'Amaar Siksha, Sobar Siksha'

IndusInd Bank organised the first edition of 'Amaar Siksha, Sobar Siksha' on February 20, 2021. Under this initiative, the Bank distributed 700 sets of new books and stationery to underprivileged children in Kolkata. The Branch teams conducted this activity across 22 housing societies and got an excellent response from neighbourhood catchments.

Zonal Initiatives

In a bid to engage with its clientele, the Bank's Zonal teams conducted various digital marketing initiatives on the occasion of Mother's Day, Doctor's Day, Independence Day, Environment Day as well as Teacher's Day. Digital workshops on immunity-boosting, fitness and nutrition were organised for its clients that witnessed active participation.

Alliances and tie-ups

Through strategic alliances and tie-ups, the Bank not only offers customers more value but also engages with them at the highest level.

Brand Partnerships for Debit and Credit Card customers

This year, the Bank entered into various tactical alliances with over 100 brands to bring forth engaging value adds for its Debit and Credit Card customers. These partnerships are spread across an array of categories including Travel, Lifestyle, Food & Beverage, and Health & Wellness, among others.

Branding Metro Stations

Continuing with its pursuit of investing in strategic long-term brand properties, the Bank identified the 'Chakala' Metro Station in Mumbai – one of the most prominent stations on the Versova-Ghatkopar Metro corridor, and bagged the rights to name and re-brand the station. The station is in a prominent location in Andheri and is frequented by office goers, businessmen and youngsters for their daily commute. The area around the Chakala metro station has become a major corporate hub and also houses several banks in the vicinity. The station is a 5-minute drive from Terminal 2 of the Mumbai International Airport which caters to both, domestic and international travellers.

Employee engagements and activities

Within the Bank, employee activities go beyond the realm of banking to extend the innumerable initiatives that explore and nurture their talent, passion and team spirit. The Bank considers running as a holistic activity that contributes to life like none other. We celebrate running as an activity that inspires those around you. Keeping this in view, the Bank had introduced the 'Get Set Run' initiative in 2017, which has been the biggest employee engagement activity since then.

During FY2020-21, the Get Set Run initiative aimed at engaging 12,000 employees across 35 cities with the inclusion of women-specific runs, ultra-marathons and endurance runs. However, due to the limited visibility of on-ground events, owing to the pandemic, virtual running initiatives were explored. These virtual initiatives enabled participants to run anytime and anywhere by recording their activity data on any GPS-enabled App. A total of **32 virtual marathons** were conducted throughout the year, which engaged **over 6,000** employees across the country.

This phase kickstarted in June 2020 with participation in one of the first virtual marathons – 'Run to the Moon', which was a month-long event commemorating the 51st Anniversary of Man landing on the Moon. With participation from 15 countries across the globe, IndusInd Bank's participants comprised 39% of the total run contingent. The Bank even topped the list of corporates consistently throughout the duration of this event by clocking over 1,50,000 kms. To commemorate this milestone, the Bank has created a video that garnered over **7,20,000** views across the social media platforms of the Bank.

During the nationwide lockdown, the Bank organised the following employee initiatives and has even made videos featuring its employees which were shared on the Bank's social media pages:

Squat Challenge

This was created to add an element of fun along with fitness during the peak lockdown. Participants were encouraged to send across short videos of them doing squats – one of the most effective exercises. This video garnered **over 29,000** views across social media platforms of the Bank.

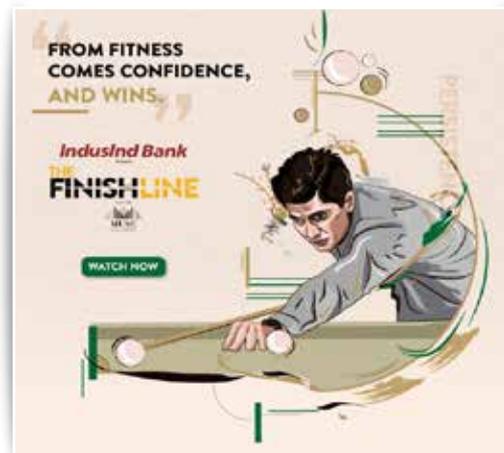
Runner's Tips Video

With the focus on six of the Bank's in-house runners, this video touched upon what kept their spirits high and the athlete in them alive, even while at home. This video garnered **more than 25,000** views across social media platforms of the Bank.

The Finish Line

The Bank partnered with Baseline Ventures - a sports management firm to present an 8-episode web series called 'The Finish Line'. It featured 8 noted athletes who spoke about the most defining moment in their sporting career. The Bank shared the links of each episode on its social media pages which garnered over 2 million views.

During the year, the Bank also launched an internal campaign featuring stories of employees who have taken up a certain kind of sport as part of their daily regime. The campaign used relatable stories as shining examples, thereby living up to the ethos of the sports vertical which says, 'There's a sportsperson in everyone'. The campaign received great traction as it featured 28 employees across 18 sport disciplines.



Activities to Reinforce Brand Image

The Bank has extended its support to the field of art, music, sports and environment through sponsorships. To begin with, the Bank collaborated with Sanctuary Asia Foundation to organise their virtual Annual Wildlife and Photography awards. One of the biggest contributions of the Bank towards encouraging fine arts has been its association with 'Art for Concern' by Secure Giving Foundation. A charitable exhibition-cum-sale event organised by the Foundation helps in achieving dual purposes of promoting art and helping the underprivileged. Other associations include Pandit Chatural Memorial Society, FICCI and Isha Utsav.



Bharat Financial Inclusion Limited, a wholly-owned subsidiary of the Bank

Bharat Financial Inclusion Ltd. (BFIL) has been expanding its reach over the years, penetrating geographies that cover a wider populace of India. Besides from financial inclusion, which remains the cornerstone of the operating model, BFIL has been expanding into other product lines to fulfil the needs of various customer segments across income brackets. BFIL's foray into two new business lines, viz., Bharat Super Shop (Loans to Merchants) and Bharat Money Stores (Kirana stores) to meet credit demand has seen success, and it is now in the process of scaling these models from the current levels. BFIL continues to build on both, the asset and liability product suite by offering Loans, Savings Bank accounts, Recurring / Term Deposits and Remittances, to a wider customer base thus ensuring that it integrates them fully into the formal financial system. BFIL's focus on providing last-mile delivery is the core of its existence. Riding on technology and robust processes, BFIL will continue to pursue the goal of financial inclusion by delivering solutions at the doorstep of the customer in a transparent manner through efficient delivery channels and low operational costs.

With a Portfolio Outstanding of ₹25,507 crores as of March 31, 2021, which accounts for more than 12% market share in sustainable livelihood financing, BFIL, is well-positioned within the Microfinance industry to lead this space in the coming years. BFIL's conservative approach to lending, concentration norms defined at a geographic level, muted ticket sizes and a high level of focus on new customer acquisition, has held it to great advantage over the years and shall continue to pursue these rigorously to ensure Qualitative Profitable Growth.

While BFIL continues to grow its microfinance operations, the focus shall also be on scaling up its operations under Bharat Money Stores (BMS) and Bharat Super Shop (BSS). Initial results have given the company sufficient confidence in expanding these verticals thus, creating new opportunities and playing a meaningful role towards building sustainable financial inclusiveness across unbanked and under-banked segments of the country.

BFIL and every employee of the company is committed to being a strong and reliable partner in the journey of making India financially Atmanirbhar.

Microfinance

Microfinance business is primarily operated through the Bank's wholly-owned subsidiary "Bharat Financial Inclusion Limited". Engaged in providing microfinance to low-income individuals in India, essentially women borrowers, BFIL has a presence in 22 states, with 2,289 branches and 27,561 employees as of March 31, 2021.

Brief details of BFIL's operating model and geographical reach are given below:

Unique Operating Model	Extensive Reach	#1 Low-Cost Producer	Pan-India presence with balanced geographic exposure
100% Group lending	No. of districts 436	Interest Rate: • Sub 20% lending rate for existing borrowers.	State Portfolio cap of maximum 14%
80% Rural Customer base	No. of branches 2,289	• Focus on Sales & Operational Efficiency. FOS handling ~610 loan clients one of the highest in the Industry.	District Monthly disbursement cap of 3% and portfolio cap of 1%
Weekly meetings with customers 100%	Number of borrowers 8 million		Branch Monthly disbursement cap of 1%

In a year of major upheaval due to the COVID-19 pandemic, BFIL continued to make deeper inroads into existing and new geographies providing uninterrupted services to over 8 million borrowers. Despite challenging times, lockdowns, risk of exposure to COVID-19, BFIL ensured credit support to its customers albeit, making them aware of the need to be prudent. This ensured customer loyalty, quality portfolio and double-digit portfolio growth in FY2021 over the previous year.

Offering Savings and Deposits products for BFIL's customer base

BFIL ended FY2020-21 with about 4.4 million of its members having an IndusInd Savings account and about 1 million of its members having an active Recurring Deposit account. BFIL is also seeing good interest being shown by its members to open Fixed Deposit accounts. BFIL expects increased penetration of savings account among its customer base and a healthy uptick of term deposits going forward. This strategy will not only help BFIL in building a strong relationship with customers, but it will also help in extending higher credit limits basis their savings and deposit behaviour.

Door-Step-Banking through Bharat Money Stores - The True Last-Mile solution

Last-mile delivery of financial service remains a challenge. BFIL is endeavouring to bridge this gap through "Bharat Money Stores (BMS)". BMS (typically a neighbourhood Grocery store) acts as transacting point offering a gamut of banking services such as cash deposits, cash withdrawals, bill payments, fund transfers, etc. The in-house developed technology platform enabled in BMS smartphone, leverages JAM (Jan Dan, Aadhaar, Mobile), by using AEPS (Aadhaar Enabled Payment System). These services are utilised not only by its customers but also by other residents. By end of the year, BFIL had a distribution network of over 51,000 stores, the results ensuring that BFIL scales this up exponentially. BMS stores delivered tremendous value to customers and general population thus helping BFIL take a step closer towards providing doorstep financial service.



Bharat Super Shop

Bharat Super Shop is an initiative launched to address the demand for working capital loans by small shops, merchants & retailers in Tier I to Tier III cities. These customers are offered the entire range of services such as current account, recurring deposit, loans along with the convenience of payment services such as UPI/QR, Mobile/WhatsApp Banking. BFIL has adopted a Phygital approach in the entire life cycle of the customer - from sales to service.

As on March 31, 2021, BFIL had 135 branches across India. Given the response and the opportunity, BFIL is planning to scale this up pan-India in the FY2022.



Technology drives BFIL

The challenges are unique on account of deep geographical presence, unstable internet connectivity, large feet-on-street requiring mobility solutions and high velocity of transactions. These unique challenges were met through technology-driven solutions. The unique customisation ensures a niche that BFIL and its field force has with respect to delivering solutions and services.

Unique Challenges	Business Deliverables	In-House Developed Solutions
<ul style="list-style-type: none"> • Deep geographical footprint – presence in 1,26,000 villages. • Large feet-on-street workforce on the move – 20,000 field staff travelling 30-50 km every day. • The high volume of transactions is ~2 million transactions every day. 	<ul style="list-style-type: none"> • Seamless and Paperless transactions with customers. End-to-End process of customers covering attendance, collections, loan applications, disbursements is digital. • Cashless disbursements. • Real-time information on collections and disbursements. • Route maps of centre meetings, FOS logistics are monitored and reviewed digitally. 	<ul style="list-style-type: none"> • Mobility-driven Jan-Dhan/ Aadhaar compliant (JAM) Lending Management Software (LOS & LMS). • Hand-held device for the field-staff. • JAM Compliant Agent Banking for Cashless transactions and Cross-Sell.

Internal Control Systems and their adequacy

Operational Controls

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

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

Internal Audit

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

In congruence with the Reserve Bank of India’s Guidelines on Risk-based Internal Audit (RBIA), the Bank has adopted the Internal Audit Policy and the Internal Audit function undertakes a comprehensive Risk-based Audit of operating units.

An Audit Plan is drawn up on the basis of risk-profiling of auditee units and an audit of operating units is undertaken at a frequency synchronised to the risk profile of each unit in line with the guidelines relating to Risk-Based Internal Audit.

An Independent IS Audit team within Internal Audit Department provides assurance on the management of Information Technology related risks.

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

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

Compliance

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

Compliance is an integral part of the culture of IndusInd Bank. The Bank accords the highest priority to compliance with laws, regulations and internal rules for all of its businesses and operations. It is the responsibility of every staff member to perform their functions within the framework of the statutory and regulatory regime.

The culture of compliance starts from the top. The Bank's Board of Directors is responsible for overseeing the management of the Bank's compliance risk. The Bank has formulated a Compliance Policy enumerating the Compliance Philosophy of the Bank and establishing an independent compliance function in the Bank.

The strong compliance culture is ensured through detailed policies and guidelines, strong procedures, mechanism of regular reviews, monitoring and testing, regular messages from the Top Management on the importance of compliance and zero-tolerance towards non-compliance, and compliance awareness programmes.

The Compliance function plays a vital role in ensuring that the overall business of the Bank is conducted within the ambit of rules, regulations, laws and internal guidelines.

The function assists the Board and Top Management in efficiently managing the compliance risk. The Compliance function works as a nodal link between the Bank and the Regulatory Authorities, i.e., RBI, SEBI, DFS, UIDAI, IBA, IRDA, PFRDA, etc., and provides guidance to all verticals in the Bank on applicable regulatory framework, i.e., regulatory guidelines, statutes and advisory issued by the Regulatory Authorities.

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

Vigilance Function

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

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

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



Corporate Social Responsibility

The Bank's CSR programmes are guided by the CSR policy. During the year, IndusInd Sattvam was launched as the umbrella brand for all social responsibility initiatives undertaken by the Bank. Aligning with the CSR mission of designing sustainable CSR programmes that primarily empower and benefit marginalised and weaker sections of society, high risk and high-stressed communities, the initiatives are focussed on five major themes:

1. ENVIRONMENT

The Bank's core sustainability philosophy of 'Good Ecology is Good Economics' is extended beyond the fence through CSR initiatives on Environmental Conservation with sub-themes as follows:

1.1 Water Stewardship

1.1.1 Water Resource Development and Management

These projects work on restoration of degraded and water scarce landscapes and improve water harvesting capacity by building structural barriers. On the demand side, it tries to address less remunerative agriculture through awareness on adaptation and best cropping practices, soil conservation and optimum water use. While it revives the ecosystem & provides water security, the socio economic conditions of mainly agrarian community is also impacted.

Projects:

- Watershed Management (Maharashtra, Odisha, Jharkhand, MP)
- Springshed Management (Odisha)
- Rain Water Harvesting (Rajasthan)
- River Water Harvesting (West Bengal)
- Revival of Water Bodies & Watershed (Bundelkhand)
- Community-led Institutions for Managing Agriculture-resources with Tank-based Watershed Approach (TN, AP, Karnataka, Telangana)
- Pragat Watershed Development (Karnataka)



Towards the end of completion, the activities will result in increase in groundwater levels, area under irrigation and cultivation, crop production, household incomes, farmers adopting sustainable agriculture practices, reduction in women drudgery and migration etc.



1.1.2 Restoration of Water Bodies

Lakes, ponds and drains especially in urban areas which are most vulnerable to encroachment and degradation are restored and maintained in partnership with the local corporations and community in five states & union territories of Tamil Nadu, Karnataka, Gujarat, Puducherry, Andhra Pradesh.



These restored water bodies act as buffer for urban flooding, recreational space for citizens and improves biodiversity.

1.1.3 Access to Safe Drinking Water

40 RO-based Water ATMs are installed in areas of Uttar Pradesh and Rajasthan facing issues of drinking water quality and its accessibility & affordability. These village-based decentralised Water ATMs dispense clean water at the rate of 30 paise per litre and is owned and operated by the community and Gram Panchayat. Similarly, 10 defunct RO systems were revived in Karnataka under BFIL's Pragat Water initiative.

Both initiatives have incorporated borewell recharge in and around the system which has a water harvesting and recharge capacity of more than 3.7 Crore Litres.

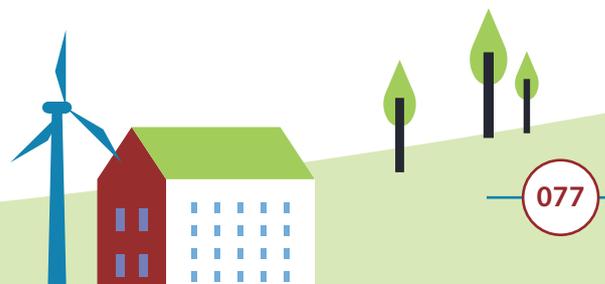


1.2 Afforestation

Under the Bank's Urban Afforestation Programme, 56000 trees were planted across multiple cities in states of Maharashtra, Karnataka, Tamil Nadu, Delhi, Haryana, West Bengal and Uttar Pradesh. Plantation in urban spaces was done through strong liaison with Government officials and departments for land, permits and other resources.

The plantation survival rate has been maintained at around 90% with all native species planted so far. Miyawaki (mini-forest) technique was also adopted in three cities.

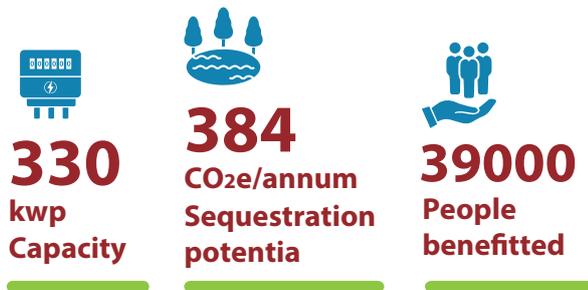
Apart from the Urban Afforestation Programme, 1.64 lakh trees were planted in project locations of watershed management, springshed management, rejuvenation of water bodies and others.



1.3 Renewable Energy

Work for a rooftop solar installation was initiated in a hospital. This will not only provide a clean energy source, but will help the hospital to save electricity cost. The hospital selected for solar electrification provides preventive and curative paediatric cardiac care.

In another initiative, an AC Micro-Grid system (Solar PV based), was installed in a village on Kumirmari Island, in Sundarbans. This has provided critical electricity supply to 200 households and village institutions which are generally at risk of human wildlife conflicts. This will support 400 households and institutions. Also, a total of 100 smart solar street lights are operationalised.



1.4 Waste Management

The waste management programme in Dehradun added three more Panchayats making it a total of 11 villages and 25000 beneficiaries in 2020-21. Over 12 Lakh kilograms of waste is collected per annum, of which, 40000 kilograms are recycled and 1.2 Lakh kilograms of compost is produced.

2. EDUCATION

2.1 School Academic Improvement Programmes

There are three main programs that are implemented under this sub-theme. Two of these focus on providing remedial education to bridge the learning gaps in grade level reading, comprehension and solving arithmetic with a holistic approach for overall development of children in government schools. Teachers are also trained through disseminating unique teaching ideas, approaches and concepts. In another programme Education Centres run group tuitions to assist children from poor families with necessary education and knowledge support, to help them pass class 10. It also intends to reduce dropouts and encourage them for salaried employment.

To continue the programme during the pandemic, Online mode of teaching and Offline mode of teaching in community centres were conducted to provide access to face time with their teachers. Self learning mode of learning with the help of video resources and learning worksheets were adopted.

Programmes:

- Road to School Programme, Odisha
- Early Language Learning, Haryana
- Assisted Learning Programme, MP, Jharkhand, Chhattisgarh, Bihar, UP
- Pragat – Road to School, Karnataka

2.2 Education Excellence

Scholarships were provided to deserving students from economically weak families to complete their education. Such support is provided through Ashoka University, FFE Foundation for Excellence and Purkal Youth Development Society.

Projects:

- Scholarship for Engg. Students
- Scholarships for students from Purkal Youth Development Society
- Young India Fellowship Program



3. HEALTHCARE

3.1 Primary healthcare

Keeping in mind the restrictions due to pandemic and to provide timely access through primary medical care in remote locations, e-Health/Telemedicine Clinics were set up. In some places access is provided through Mobile Medical Units (MMUs). Local Awareness campaigns on health & hygiene and preventive healthcare were conducted by local Community Health Facilitators.

Programmes:

- e-clinics – UP, MP, Jharkhand, Chhattisgarh, Bihar
- Primary Healthcare Programme - UP
- Pragat – PHC and Sub Centre strengthening

3.2 Specialised Care

Support for screening, diagnosis, treatment, surgeries and infrastructure support (e.g. equipment) for critical and cost intensive ailments like Paediatric and General Cancer, Paediatric Congenital Heart diseases and HIV are provided. Tie-ups with institutions working on a large-scale and catering to disadvantaged patients are done.

Programmes:

- Treatment of HIV patients, Kolhapur
- Cancer support for Children, Jaipur
- Cancer Treatment for children in Maharashtra & Goa
- Cancer Support with Assam Govt.
- Congenital Heart Disease Programme in Chhattisgarh, Haryana and Maharashtra

The programs run hand-in-hand with the government healthcare machinery.


579
Villages


310
e-Clinics, Healthcare centres, MMUs etc.


6.2 Lakh
Benefited directly and through outreach programmes


1670
Community Health Facilitators and Frontline healthcare workers


2591
Patients Directly benefited


8 Specialised hospitals associated with

The Bank has also launched Mother and Child Care Programme in conjunction with the Government Healthcare machinery of Odisha State Government and a specialised menstrual and general health programme for Adolescent girls in Telangana.

Care has been majorly provided for primary ailments and cases requiring secondary care are referred with a follow-up. Patients receive free consultation & medicines at subsidised cost. Therefore, they are also saved of the quacks in the community.

4. SPORTS

The sports programmes focus on inclusion (gender, differently-abled and the underprivileged) and sporting excellence. Athletes who are scouted and supported, compete at national and international sports tournaments to win accolades.

Programmes:

- Girl Power Programme
- Hockey for Her Excellence Programme
- Para-Champions Programme
- Blind Cricket Programme
- Nurturing Rural Champions



77% of the total athletes supported are differently-abled and 27% are females.

Programme:

- Village Level Entrepreneurs for Sanitary Pad manufacturing
- Skill training programme for drug rehabilitated youth
- Skill training programme for the differently-abled
- Skill training programme for youth



Out of the total youth and VLEs, 45% differently-abled and 47% are women.

Apart from the above, two income enhancing livestock development programmes – Dairy Farmer’s Livelihood Program (income enhancement through ICT intervention and market linkage) in Punjab and Sanjeevani Program in MP & Jharkhand (livestock veterinary care) reach over 4.7 Lakh beneficiaries.

5. SKILLS & LIVELIHOOD

Employment security is provided through creating village entrepreneurs in sanitary pad manufacturing and carrying out three short-term, employment-led skill training programmes and providing placements for youth. The latter has led to average earnings of ₹8185 per month, while the former has created 201 women Village Level Entrepreneurs, further creating livelihood opportunities for more.



COVID RELIEF WORK

The Bank committed and spent nearly 24% of the total CSR expenditure in response to the pandemic. Following activities were conducted under COVID-19 relief work by the Bank:

- Supported MCGM in training of 3000 doctors and nurses for Ventilator Management for critical care
- Setting up of 1100 kitchen gardens for the sustenance and benefit of villagers during pandemic mobility issues
- Conducted online training to initiate the use of technology for business continuity for 1000 women micro-entrepreneurs
- Donation to Chief Minister’s Relief Fund and State’s Disaster Management Authority of several states and PM CARES Fund
- Distribution of relief material with Government, directly and through NGOs as follows:

Three-ply face masks: 4 Lakh	PPE kits: 35650	Hospital beds: 100
N-95 face masks: 9000	VTM & Rapid testing kits: 15200	Pulse oximeters: 5000
Pairs of gloves: 2.72 Lakhs	Ventilators: 4	Spray machine: 110
Sanitiser: 16310 litres	Dry ration kits: 24250	Thermal fogging spraying machine: 34
Sanitiser dispensers: 123	Disposable bed sheets: 15500	Soya cooking oil for community kitchens: 3400 litres

Apart from the above, the Bank also carried out relief works through its existing CSR projects implementation partners with activities like ration and sanitation kit distribution, carrying out awareness programmes, stitching and distribution of masks through SHGs, grocery procurement from small farmers, SHGs, MSMEs whose livelihood were impacted due to COVID-19 etc. In one such drive, 50000 Happiness boxes were distributed to children of Govt. schools and their families who were losing on their daily nutrition due to COVID-19.

The Bank is committed towards sustainable and inclusive development of the nation and its people, along with its biodiversity and its resources.

OVERALL THE PROJECTS HAVE THE FOLLOWING COLLECTIVE REACH

-  Over **19 Lakh** beneficiaries from the projects
-  Around **64000** villages and towns reached
-  **Over 6680** Crore Litres of water storage capacity created
-  About **2.2 Lakh** trees planted
-  **92770** students benefited from education programmes
-  Over **6.6 Lakh** people provided with preventive and affordable primary healthcare services
-  Around **639** sportspersons groomed to compete at national on international platforms across several disciplines
-  **1209** youth and entrepreneurs trained for employable & entrepreneurial skill to generate income
-  **16 Lakh** kilograms of Carbon Dioxide emissions mitigated through clean energy solutions
-  More than **5000** Local/Village level volunteers and frontline workers
-  Created and strengthened local institutions which are representative of the community. Most of the interventions are implemented through around **1000** institutions like SHGs, Village Development Committees, Water User Groups, Village Energy Committees and others. These trained institutions are capable of identifying and contribute in implementing any developmental issue in their village.

All the interventions are accepted, adopted and later owned by the community.

AWARDS RECEIVED

Sr. No.	Name of Award Platform	Category Applied for	Project covered	Result/Remark
1	Mahatma Awards	Mahatma Awards	Overall CSR profile	Won
2		COVID-19 Humanitarian Efforts	COVID Relief works	Won
3	CSR summit and awards by CSR Times	Education	Road to School Odisha	Won
4		Water Conservation & Management	Rainwater harvesting Rajasthan - Project SARAL	Won
5	CII National Awards for Excellence in Water Management 2020	Beyond the Fence	Rainwater harvesting Rajasthan - Project SARAL	Special mention as 'Noteworthy Project in Water Management'

Sustainability

The Bank has adopted a comprehensive approach to improve its triple bottom line (i.e., People, Planet and Profit) performance by integrating sustainability considerations in its business practices, decision-making, operations and products. The Bank has voluntarily committed targets on Environmental, Social and Governance (ESG) aspects and continues to improve the performance to surpass the ESG targets. The Bank’s inclusion in the S&P Dow Jones Sustainability Yearbook 2021 showcases that the Bank clearly looks beyond profits to focus on its people, society and the planet. The Bank has also been recognised for leadership in Carbon Disclosure Project (CDP), securing a place on its prestigious ‘A List’ for tackling climate change. The Bank has been publishing the Integrated Report for four years, which aims to communicate how the Bank’s Strategy, Governance, Performance and Prospects create value over time. The value creation story of the Bank articulated in the Integrated Report has been prepared on voluntary basis in adherence to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/10 dated February 6, 2017. As a green initiative, the Bank has hosted the latest ‘Integrated Report’ on its website at <https://www.indusind.com/in/en/sustainability.html>.





Only Indian Bank to be included in the S&P DJSI Sustainability Yearbook 2020 with **Highest Ranking** within the Indian Banking Sector



Leadership in Climate Change Mitigation in CDP and the **Only Bank** with the **Highest Rating A**



Pioneering ESG Excellence through Definitive ESG Ratings & Ranking

ESG Highlights 2020-21

Bank's Emissions Intensity per Unit Revenue has decreased by 22.33%	The Bank's carbon footprint per full-time employee (FTE) has gone down by 15.37%	3 Green buildings LEED Gold and Platinum rated corporate offices
56,000 trees planted across FY2020-21	Total Electricity Emissions have gone down by 17.31% in FY2020-21	Emissions from Business Travel has been reduced by 92.25% and Hotel Stays reduced by 34.16% due to the travel restrictions and nationwide lockdown
8.83 million beneficiaries through Micro Finance	63% increase in rural customers over the past year	5,528 women employees in FY2020-21
~280% Growth in registrations and active users in FY2021 for Banking on WhatsApp	Average monthly used services increased from 4 to 6.3 for active customers in FY2020-21	The Bank conducted 8,52,990+ training man-hours for 5,05,130+ participants through 1,590+ programmes
12 years of reporting on sustainability initiatives	~42% of total lending ESG focussed	2/9 Women Directors on the Board

Sustainable from the Core

IndusInd Bank through its PC-5 strategy has embedded sustainability as one of its cornerstones. Through this, the Bank aims at interlinking its strategic focus areas with its sustainability commitments, to emerge as a responsible organisation. The Bank understands its responsibility towards enabling positive environmental and social impact on its investment decisions. IndusInd Bank's sustainability journey culminated in the Bank bringing through its investments and operations under the ESG lens. The Bank has forayed into financing sustainable projects as well as greening its operations.

The Bank has established a Sustainability Policy to have an umbrella guideline that oversees ESG (i.e. the Environmental, Social, and Governance) aspects of the Bank. The Sustainability Policy defines the guiding principles for integrating Sustainability considerations in our business practices, decision-making, operations, processes and systems to demonstrate a promising triple bottom line performance to our legitimate stakeholders.

The Bank's ESG framework, in accordance with its Sustainability Policy, comprises key initiatives as follows:

Responsible Banking

The Bank's Environmental and Social Risk Management System (ESMS policy) incorporates Responsible banking standards and mitigates the ESG risks arising from our lending activities. This approach integrates environmental, social and governance factors in addition to the various credit & financial risk factors while undertaking lending and investment decisions. The system includes an exclusion list comprising of specific industries that carry an extremely high social or environmental risk.

Sustainable Financing

IndusInd Bank as a socially and environmentally responsible organisation, seeks to specialise the lending portfolio by increasing lending in development sectors and contribute positively to the nation's developmental transformation in a sustainable manner. The aim of Sustainable Finance is to facilitate funding of specific sectors that contribute directly to the SDGs or allow businesses to align with the SDGs. The Sustainable Finance portfolio is further divided into Green and Climate Finance and Social, Livelihood and Inclusive Finance. The Bank is increasing its Green and Climate Finance portfolio through sectors such as renewable energy, clean energy, energy efficiency, green buildings and water and sanitation.

Social, Livelihood and Inclusive Finance include sectors such as education, healthcare, affordable housing, impact NBFCs, social infrastructure, agribusiness and inclusive finance.

Greening Operations

The Bank is determined to mitigate climate change impact by deploying a climate strategy to invest in eco-friendly projects as below:

- ◆ Greening IT system - server virtualisation and installation of thin clients and timers
- ◆ Greening infrastructure - green building certification achieved for three facilities
- ◆ Waste management - recycling e-waste as per govt. regulations
- ◆ Shifting to renewable energy - Solar ATMs and rooftop solar installed at Karapakkam, Chennai and IBL House, Mumbai
- ◆ Carbon Sequestration through Tree plantation - More than 1 lakh trees have been planted since the inception of the Urban Afforestation Programme
- ◆ Virtual Meetings - Promoting the concept of online meetings, which has resulted in a decrease in business travel emissions

Sustainable Procurement

IndusInd Bank promotes sustainable and ethical procurement practices through selection and onboarding criteria for vendors and suppliers. Sustainable Procurement Policy emphasises the importance of sustainability performance including human rights, labour laws and adherence to standardised ESG norms by the vendors. The Bank has conducted sustainability assessments for its critical suppliers that provide technology, equipment, IT hardware, white goods manpower, security and housekeeping services. These suppliers were assessed on their social and environmental practices, including health and safety, employee welfare, GHG emissions management, etc. The Bank seeks to associate with supply chain entities willing to abide by standard and progressive labour practices while upholding basic human rights.

Sustainability Commitments

The Bank has its specific ESG targets across the Environmental, Social and Governance (ESG) facets, dedicated to carry out responsible operations, contributing directly and indirectly to 12 UN SDGs. These targets were adopted in order to establish a systematic approach to measure and enhance Bank's ESG performance.

Performance Review of ESG Targets

Dimension	Aspects	Baseline	Targets for FY2021	Performance Dashboard FY2021	Revised Target Year and KPIs
Environment	Green and Climate Finance Portfolio	FY18: 1.72% (Audited by E&Y)	5% of loans through distinctive lending themes	<i>Green and Climate Finance:</i> FY19: 2.25% (Audited by E&Y) FY20: 2.60% (Audit by E&Y underway) FY21: 2.91% (Audit by E&Y underway)	Target year: FY23 Green and Climate Finance @ 3.5%
	GHG Emissions Intensity	FY18: 5.2 CO ₂ / Revenue Cr	15% reduction in GHG Emission intensity (CO ₂ / Cr revenue)	<i>Reduction in GHG Emission intensity:</i> FY19: 12% reduction over baseline (4.6 MT CO ₂ / Revenue Cr) FY20: 27% reduction over baseline (3.8 MT CO ₂ / Revenue Cr) FY21: 36% reduction over baseline (2.93 MT CO ₂ / Revenue Cr)	Target year: FY25 50% Reduction over baseline (1.9 MT CO ₂ / Revenue Cr) Baseline Year: FY 20 (3.8 MT CO ₂ / Revenue Cr)
	Participation in ESG Indices	Carbon Disclosure Project Rating FY18: A-Rating	Maintain A- Rating or higher in CDP	<i>Carbon Disclosure Project Rating:</i> FY19: A-Rating FY20: A-Rating FY21: Submission underway	Target year: FY23 Maintain the highest Rating
		Dow Jones Sustainability Index Score FY18: 50 score	Submit to DJSI with a score >70	<i>Dow Jones Sustainability Index Score:</i> FY19: 55 score FY20: 64 score FY21: Submission underway	Target year: FY23 Achieve DJSI Score >79
	Sustainable Procurement in Supply Chain	Some vendors exhibit sustainability practices	80% of vendors have ESG policies in place; vendor sustainability assessments in place	<i>ESG Compliant Vendors:</i> FY21: 45% of vendors by procurement spent ESG compliant. Audited by third-party-DQS.	Target year: FY23 80% of vendors have ESG policies in place

Performance Review of ESG Targets

Dimension	Aspects	Baseline	Targets for FY2021	Performance Dashboard FY2021	Revised Target Year and KPIs
Social	Social, Livelihood and Inclusive Finance Portfolio	FY18: 33.8% (Audited by E&Y)	45% of all loans	<i>Social, Livelihood and Inclusive Finance:</i> FY19: 38.7% (Audited by E&Y) FY20: 37.6% (Audit by E&Y underway) FY21: 40.2% (Audit by E&Y underway)	Target year: FY23 Social, Livelihood and Inclusive Finance @ 41.5%
	Women's Participation in Workforce	FY18: 18.68%	Expand to 22%	<i>Women Employees in the workforce:</i> FY19: 18.26% (Audited by KPMG) FY20: 18.26% (Audited by KPMG) FY21: 18.64% (Audit by Deloitte underway)	Target year: FY23 Women's Participation in Workforce @22%
	Employee engagement	FY18: Internal initiatives	Employee engagement with external benchmarking	<i>Employee Engagement:</i> Employee Engagement Score survey exercise planned	Target year: FY23 Achieving employee engagement score with external benchmarking
	Participation in Community and Outreach Activity	FY18: Green Champions Program	In addition: Bank-wide volunteering of 10 hr/staff & e-Learning (on sustainability)	<i>Employee Volunteering:</i> FY19: 2,458 hours of volunteering by 350 employees FY20: 7,292 hours of volunteering by ~1,400 employees FY21: 1,470 hours of volunteering by 213 employees Restrictions to conduct pre-defined activities due to COVID-19 pandemic	Target year: FY23 Volunteering strategy being revised considering COVID-19 pandemic. Target setting under progress
Governance	Corporate Governance Score Rating	FY18: Did not participate	Corporate governance score in a leadership category	<i>Corporate Governance:</i> FY20: Conducted internal evaluation FY21: External evaluation for rating underway	Target year: FY23 Corporate governance score in a leadership category
	ESMS Lending Filters	FY18: ESMS filters implemented	Expand ESMS to cover all corporate loans with external assurance	FY20: Conducted external assurance by a third party - Environment Resource Management FY21: 91% corporate loans covered under ESMS	Target year: FY23 Expand ESMS to cover all corporate loans

Performance Review of ESG Targets

Dimension	Aspects	Baseline	Targets for FY2021	Performance Dashboard FY2021	Revised Target Year and KPIs
Governance	ESG Disclosure and Integrated Reporting	FY18: Integrated Report published but no external assurance	Have external accredited agencies verify ESG/integrated reports & disclosures	<i>Integrated Report:</i> FY19: Integrated Report and ESG KPIs externally assured by KPMG FY20: Integrated Report and ESG KPIs externally assured by KPMG FY21: External assurance of Integrated report and ESG KPIs by Deloitte underway	Target year: FY23 Integrated Annual Report with external assurance
	Formulation and Compliance to ESG Policies and CDP Program	FY18: Internal disclosures	External disclosures of ESG policies	<i>ESG Policies:</i> <ul style="list-style-type: none"> • Sustainability Policy (externally disclosed) • Anti-corruption and Anti-Bribery Policy • Sustainable Procurement Policy • Human Rights, Diversity and Inclusion Policy • ESMS Policy (externally disclosed) • Workforce Health & Safety Policy (externally disclosed) • CSR policy (externally disclosed) Set internal processes to monitor the compliance of these policies	Target year: FY23 External disclosure of ESG policies: <ul style="list-style-type: none"> • Anti-corruption and Anti-Bribery Policy • Sustainable Procurement Policy • Human Rights, Diversity and Inclusion Policy



Environment

IndusInd Bank recognises its responsibility towards the environment. The Bank is devoted to having a positive impact on the environment through its investment decisions. It endeavours to mitigate risks emerging from a variety of hazards by undertaking various initiatives.

Environment Focus Areas



Climate Change Mitigation

The Bank considers climate change to be the most pertinent issue of our times and aligning financing with the Paris Climate Agreement has put in place comprehensive strategies, for reducing its carbon footprint:

- ♦ Measuring, monitoring, and reducing GHG emissions associated with its operations across India.
- ♦ Transforming its operations to achieve carbon neutrality over the long term.
- ♦ Investing in renewables and energy-efficient solutions for meeting its energy requirements.
- ♦ Divesting from fossil fuel.
- ♦ Educating its employees on climate change and encouraging them to be partners in the implementation of its mitigation strategies.

Green and Climate Finance



The Bank is geared up to finance renewable energy projects in India as a means to contribute towards the national agenda of installing at least 9% of generation capacity through wind and solar energy – a commitment within India’s Intended Nationally Determined Contributions (INDC) towards the Paris Climate Change Agreement. As against the Green Commitment to finance 2,000 MW of additional renewable energy capacity by the end of 2019 (provided as part of the Renewable Energy Global Investors Meet and Expo (RE-Invest)), the Bank had financed more than 3,500 MW of new renewable energy projects. Apart from Renewable Energy, Bank is also increasing its climate finance portfolio through sectors such as energy efficiency, water and sanitation, electric vehicles and others. At IndusInd Bank, the eligible sectors under the Green and Climate Finance portfolio are as follows:

Renewable Energy

As on March 31, 2021, the Bank has financed renewable energy projects of 4,568 MW capacity, these projects include solar, wind, biomass or biogas and small hydro projects, renewable energy products and renewable energy production/transmission and distribution.

Clean Energy

IndusInd Bank seeks to encourage the transition from conventional energy sources to cleaner fuels. The Bank finances waste-to-energy and electric mobility projects (vehicles, charging infrastructure and technology), smart grids, mini-grids, energy storage devices, electric or hydrogen technologies.



Green Buildings

The Bank finances real estate developers that directly provide products/services for infrastructure projects with certifications such as LEED/GRIHA/GBC certifications as well as retrofitting/replacement in existing buildings.



Energy Efficiency (EE)

Projects including retrofitting/replacement for reducing energy consumption in commercial and residential buildings, municipal projects, agricultural equipment, industrial EE improvement as well as manufacturing of energy-efficient products approved by the Bureau of Energy Efficiency (BEE) are financed by the Bank.



Water, Sanitation and Hygiene (WaSH)

Projects including basic sanitation, sewage treatment plants (STPs), industrial and municipal wastewater treatment plants, water management/treatment projects, distribution, desalination are financed by the Bank.



Social

IndusInd Bank recognises its responsibilities towards society. The Bank aims to contribute towards social development nurturing relationships and brand value.

People

For IndusInd Bank, its people are the core pillars of its success. The Bank hosts a diverse, talented and professional workforce who strive to deliver top-notch performance, while the organisation ensures to provide a safe, transparent work environment for all its employees.

Promoting a culture of growth through:



Diversity and Inclusion

IndusInd Bank is committed to empowering a diverse workforce culture, devoting the necessary focus towards ensuring gender equality. People at IndusInd Bank are not only diverse in terms of age, gender, race and cultural background but also in terms of their different skill sets and experience. The Bank has 5,528 permanent women employees, 25 differently-abled staff members and 2 Women Directors out of 8 Board Members.

Employee Learning and Development

IndusInd Bank invests in induction and development programmes for employees. During FY2020-21, the Bank conducted 8,52,997 training man-hours for 5,05,132 participants through 1,593 programmes. New training initiatives on business communication skills, leadership development, the art of collaboration and interpersonal effectiveness were also conducted.

Employee Engagement

At IndusInd Bank, we believe our employees are our primary stakeholders and they form an integral part of the Bank's success. An engaged employee is a 'Brand Ambassador' of the organisation. Within the Bank, employee engagement activities go beyond the realm of banking to extend to innumerable initiatives that are undertaken through the medium of Sports and CSR that explore and nurture their talent, passion and team spirit. As an organisation, the Bank strongly subscribes to the spirit of innovation and entrepreneurship wherein every employee is encouraged to share their thoughts and ideas.

Health and Safety

The Bank is committed to providing its employees with a safe and secure working environment with Health and Safety Management System. The Bank has a Fire Safety Manual, Security Manual and Workplace Health and Safety Policy in place and also conducts regular drills and training in first aid, fire safety and personal safety, periodic checks on the physical and mental health.

Human Rights Practices

IndusInd Bank has a robust and comprehensive policy on human rights including areas of child labour and forced labour as well as on prevention of sexual harassment and discrimination at the workplace under the guidance of the Board of Directors. Reviews on Human Rights aspects are being undertaken from time to time in areas of hiring employees/contract staff and during their life cycle, on an ongoing basis.

Social, Livelihood & Inclusive Finance

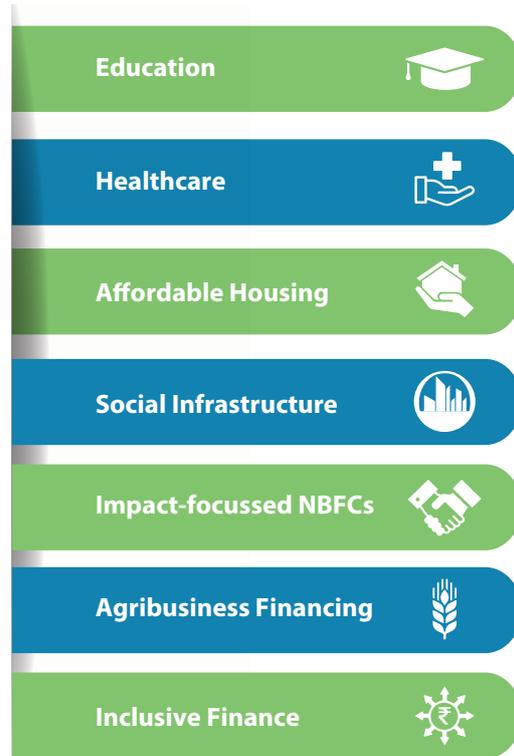
The Bank has identified rural banking and microfinance as a strategic priority under its Planning Cycle 4. The strategic decision to merge Bharat Financial Inclusion Ltd. (BFIL), the country's largest microfinance institution, with IndusInd Bank was driven by the need to create a stronger and more sustainable platform for financial inclusion, especially in rural India. In FY2019, Bank had reached out to 7.53 million Bottom of Pyramid beneficiaries through microfinance, and after the merger is capable of reaching 22.2 million customers.

Livelihood and Inclusive Finance at IndusInd Bank translates to investing in projects that create long-term values for stakeholders in terms of sustainable livelihood; financial inclusion through supporting agriculture & agri-allied sectors and micro-enterprises. Apart from livelihood and inclusive finance, the Bank also has a significant portfolio in other social development sectors such as education, affordable housing, healthcare and social infrastructure.

Keeping in view the strong emphasis on creating sustainable livelihoods and financial inclusion in the country, the Bank has set ambitious targets for social impact lending.

At IndusInd Bank, the eligible sectors under the Social, Livelihood & Inclusive Finance portfolio are as follows:

Social Livelihood & Inclusive Finance



Inclusive Finance

IndusInd Bank believes in delivering affordable and flexible services to every individual in society. The Bank hosts a wide range of financial inclusion offerings such as microfinance commercial vehicle lending for livelihood purposes, small business financing and other sectors that qualify under priority sector lending as per RBI guidelines. IndusInd Bank has also been proactively engaging women to get a sustainable livelihood through microloans.

Agribusiness Financing

IndusInd Bank supports the holistic development of agricultural businesses and value chains. The Bank is expanding its investment in agribusiness through financing projects and providing finance to corporate linked agricultural and dairy cooperatives as well as agri-infrastructure. IndusInd Bank also provides short and long-term credit products to farmers from agriculture and agri-allied sectors.

Education

The Bank is providing loans to different types of educational institutions which cater to different sections of the society, thus having a holistic impact on society. Under the education segment, funding is provided to various types of educational institutions like medical colleges, engineering colleges, vocational colleges. Further, few institutes provide affordable education to make education accessible to students belonging to lower socio-economic strata of the society thereby contributing to the social cause as well.

Healthcare

IndusInd Bank is devoted to offering support to the healthcare ecosystem. The Bank is catering to hospitals, diagnostic chains, speciality care units and equipment manufacturing units. The Bank has formulated a passionate and dedicated healthcare delivery team. The entire healthcare value chain is covered from growing medical equipment manufacturers to large established hospital chains.

Affordable Housing

Catering to the basic needs such as affordable housing in a developing nation is vital. Thus, the Bank provides loans to real estate developers providing affordable housing. Rural housing finance, linked to the government housing scheme - Pradhan Mantri Awas Yojana (PMAY), social enterprises focussed on improving living conditions (related to housing) are also supported by the Bank.

Social Infrastructure

With a focus on supporting better accessibility for all, IndusInd Bank promotes financing of social infrastructure projects such as multi-modal transport projects (Metros and BRT), roads and highways.

Impact focussed NBFCs: The Bank provides loans to NBFCs strongly supporting SDG themes such as affordable housing, healthcare, small business loans, education, renewable energy, infra projects – roads, highways, multi-modal transport and social enterprises.

Governance

IndusInd Bank values good governance practices. The Bank has a clear board and management structure consisting of various internal policies and processes which ensure transparency and trust for the long-term benefit of the Bank's stakeholders.

The leadership at IndusInd Bank provides strategic guidance and is committed to keeping improving the Bank's governance mechanism for better value creation for our stakeholders.

They consider the outcomes of the Bank's actions and activities and choose what's best for the business and its stakeholders. IndusInd Bank has a strong vigilance mechanism in place for ensuring prudent governance. These policies help the Bank uphold its code of conduct and ethical standards. The Bank has an Anti-Corruption Policy, Whistleblower Policy and Privacy Policy in place which ensure the effective establishment and implementation of ethical company culture. The Bank's governance practices are laid out on the foundation of honesty and integrity, conducting business in compliance with all regulatory & legal obligations.

The Board has formulated a Policy on Performance Evaluation which provides a guideline for the individual Directors to evaluate the Board, its Committees and individual members. IndusInd Bank has a single-tier system and its Board of Directors has 8 members including the Chairman, Managing Director & CEO and 6 directors. Six out of the total number of directors (8) are independent directors on the Board including 2 Woman Directors. The Bank's Board members are individually elected and re-elected on an annual basis. The average tenure of Board members is eight years and the attendance for Board meetings is 94%.

Sustainability Governance framework

IndusInd Bank has always looked at the world through a sustainable lens. The Bank's current PC-5 strategy has embedded sustainability into the core framework. Sustainability-led actions and decisions are a way to conscientiously move forward. The Bank is operating responsibly to achieve inclusive growth in terms of revenue, environmental and social value creation. IndusInd Bank understands that inclusion of sustainable practices is key for surviving and thriving in the long run. The Bank upholds sustainability in every aspect of its functioning, devising various board committees, councils and teams. At the apex lies the CSR and Sustainability Committee of the Board, followed by the Sustainability Council and the Sustainability Team.





CSR & Sustainability Committee of Board

- Agree, review and evaluate the sustainability strategy of the Bank
- Provide Industry perspective to the sustainability agenda of the Bank



Sustainability Council

- Sustainability strategy, goals and performance
- Align sustainability policies with the business units
- Review compliance with respect to sustainability



Sustainability Team

- Management and implementation of strategies
- Dedicated Head of Sustainability to drive agenda
- Business and functional coordination

Shareholders' Satisfaction

In IndusInd Bank, we recognise the importance of regular and transparent communication with our shareholders.

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

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

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

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

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

Shareholders have been requested to furnish their e-mail IDs at investor@indusind.com or by sending a request in writing at the Secretarial & Investor Services Office to help accelerate the migration to paperless communication.

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

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

As regards the transmission of securities, in case of securities held in physical mode (in a single name, without Nomination), SEBI has prescribed a threshold limit of ₹2,00,000 (Rupees Two lakhs only), i.e., the market value of securities per folio, as on the 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 the convenience of shareholders, delegated the authority to the Share

Transfer Committee for approving transmission of securities held in physical mode of the market value of securities of up to ₹10,00,000 (Rupees Ten lakhs only) subject to compliance with the simplified documentation procedure prescribed by SEBI.

Shareholders are requested to note that according to provisions of Section 124 of the Companies Act, 2013, the amounts of Dividend remaining unpaid or unclaimed for a period of 7 years from the date of their transfer to the Bank's Unpaid Dividend Accounts are required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

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

The Bank has sent intimation to shareholders on April 30, 2021 in respect of the shares on which Dividend for FY2013-14 had remained Unpaid or Unclaimed for seven consecutive years or more, requesting them to claim such dividend on or before July 31, 2021 so as to avoid the corresponding shares from being transferred to the IEPF Authority.

Notice in this regard was also published in Financial Express (all editions) and Loksatta (Pune Region) on May 4, 2021.

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

Shareholders are requested to contact Link Intime India Pvt. Ltd. (Contact details and Office Address given elsewhere in the Notice) / Bank's Secretarial and Investor Services Team for claiming Unclaimed Dividends standing in their name.

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

DIRECTORS' REPORT

The Board of Directors of the Bank have pleasure in presenting the Twenty-seventh Annual Report covering business and operations of the Bank, together with the Audited Financial Statements for the year ended March 31, 2021.

The financial performance for the year ended March 31, 2021 is summarized as under:

(₹ in crores)

Particulars	As on March 31, 2021	As on March 31, 2020
Deposits	256,204.96	202,039.81
Advances	212,595.41	206,783.17
Operating Profit (before Depreciation and Provisions and Contingencies)	12,032.08	11,050.68
Net Profit	2,836.39	4,417.91

The financial year under review was severely impacted by the COVID-19 pandemic, as the entire world was affected in a manner unseen for more than a century. The beginning of the financial year witnessed a country-wide lockdown which was lifted in phases since June 2020. From the unprecedented low level of economic activity and a technical recession in H1 FY 2020-21, the economy started a swift recovery on the back of fiscal measures taken by the Government of India and monetary policy support and regulatory forbearances provided by the Reserve Bank of India. While the economic recovery was progressing well, towards the end of the year a second and more virulent wave of the pandemic has affected some parts of the country.

During the year, the Bank embarked on multiple initiatives to fortify the Balance Sheet such as expanding and granularising the deposit franchise, rebalancing the loan book with a moderate growth year on year, improving the rating and tenor profile of the loan book, and augmenting capital and provision buffers to build resilience. The business of the Bank improved with Deposits growing by 26.81% and Advances by 2.81% over the previous year.

Operating Profit (before Depreciation and Provisions and Contingencies) rose by 8.88% to ₹ 12,032.08 crores, as compared to ₹ 11,050.68 crores in the previous year.

The Bank significantly increased the provision buffers prudentially so as to mitigate any potential impact arising out of the pandemic. The total Provisions and Contingencies recognised in the Profit and Loss account during the year were ₹ 8,890.28 crores, an increase of 40% over ₹ 6,354.80 crores recognized during the previous year. Consequently, the Net Profit of the Bank for the year under review, after considering all expenses and Provisions and Contingencies, amounted to ₹ 2,836.39 crores, as against ₹ 4,417.91 crores in the previous year.

Appropriations

The Directors recommend appropriation of Profit as under:

(₹ in crores)

Operating Profit before Depreciation and Provisions and Contingencies	12,032.08
Less: Depreciation on Fixed Assets	305.41
Less: Provisions and Contingencies inclusive of Income Tax	8,890.28
Net Profit	2,836.39
Profit Brought Forward	13,483.66
Amount available for Appropriation	16,320.05
Transfer to Statutory Reserve	709.10
Transfer to Capital Reserve	130.01
Dividend (including Tax on Dividend)	-
Deduction during the year	(480.44)
Total Appropriations	391.45
Balance carried over to Balance Sheet	15,928.61

Dividend

The Earning Per Share of the Bank during the year amounted to ₹ 38.75.

The RBI vide its Circular dated April 22, 2021, advised that banks may pay dividend on equity shares from the profits for the financial year ended March 31, 2021 subject to the quantum of dividend being not more than fifty percent of the amount determined as per the dividend payout ratio prescribed in Circular dated May 4, 2005. Accordingly, the Board of Directors, in their meeting held on April 30, 2021, have proposed dividend of ₹ 5 per equity share. This proposal is subject to the approval of the shareholders at the ensuing 27th Annual General Meeting.

Members may note that the Bank did not declare dividend for the year ended March 31, 2020, in compliance with RBI Circulars dated April 17, 2020 and December 4, 2020.

Financial Performance and state of the affairs of the Bank

The year under review was the first year of the new Triennial Planning Cycle of the Bank, (Planning Cycle 5, for Financial Years 2020-23) with the theme "Digitize to Differentiate, Diversify and Create Domain Expertise Underscored by Sustainability (4D+S)". In view of the pandemic, the focus of the Bank during the year under review was in building resilience, fortifying the balance sheet, improving the loan book profile, and granularising the deposit franchise. While Deposits grew by 26.81% year-on-year, the Advances grew only by 2.81% over the previous year and the Bank continued to be liquid. A large part of the retail customers and some of the corporate customers who were impacted by the pandemic availed of the moratorium offered by the Bank on payment of instalments and interest in accordance with the RBI guidelines, and the loan origination activity was largely subdued.

The Total Income of the Bank for the year under review grew by 5.66% to ₹ 20,086.51 crores from ₹ 19,010.05 crores. Net Interest Income increased by 12.18% to ₹ 13,527.89 crores from ₹ 12,058.74 crores.

In view of the low level of economic activity, the Non-Interest Income fell 5.65% to ₹ 6,558.61 crores from ₹ 6,951.31 crores. Core Fee Income such as, commission, exchange, loan processing and account management fees, fees on Investment Banking and distribution of third-party products, and earnings from foreign exchange business declined by 19.13% to ₹ 4,679.22 crores from ₹ 5,785.83 crores during the previous year.

Abundant liquidity available in the system kept the interest rates in a narrow range. While Yield on Advances fell marginally to 11.84% as compared to 11.98% in the previous year, the Cost of Deposits registered a sharper decline to 5.38% from 6.51% a year ago. Consequently, the Net Interest Margin for the year improved to 4.17%.

The Bank expanded its branch network to reach 2,015 branches / banking outlets, as against 1,911 branches / banking outlets at the beginning of the year. The extended network of the Bank comprised 2,872 ATMs, 2,289 branches of Bharat Financial Inclusion Limited (BFIL), and 828 outlets of IndusInd Marketing and Financial Services Private Limited, an associate entity. Revenue per employee during the year improved to ₹ 67.72 lakhs.

On account of the significant prudential provision buffers added during the year, the Net Non-Performing Assets of the Bank improved to 0.69% as on March 31, 2021 as compared to 0.91% a year ago. Return on Assets for the year stood at 0.90%.

Some of the significant events during the year are listed below:

- In June 2020, consequent to the rating downgrade of the issuer rating of the Government of India by a notch, Moody's Investors Service downgraded the long-term local and foreign currency deposit ratings of IndusInd Bank to Ba1 from Baa3, the Baseline Credit Assessment to ba2 from ba1, and the outlook was considered negative. Driven by improvement in the capital and funding franchise, and marginal asset quality deterioration because of the economic disruptions from the pandemic, in March 2021, Moody's affirmed the long term local and foreign currency deposit rating of the Bank at Ba1, while adjusting the Baseline Credit Assessment to ba2, and revising the outlook to stable from negative.
- Reserve Bank of India made multiple policy interventions, aimed at the macro economy as well as diverse groups of borrowers, so as to mitigate the adverse effect of the COVID pandemic. In accordance with RBI Circulars dated March 27, 2020, April 17, 2020 and May 23, 2020, a moratorium on loan instalments and interest payable up to six months during the period March 1, 2020 until August 31, 2020 was offered to eligible borrowers. The moratorium period led a freeze in the days-past-due status and NPA classification. In order to facilitate revival of real sector activities and mitigate the

impact on the ultimate borrowers, RBI Circular dated August 6, 2020 provided a window under the Prudential Framework enabling the Bank to implement a Resolution Plan in respect of eligible corporate exposures, while classifying such exposures as Standard, subject to certain specified conditions.

- On September 3, 2020, vide an interim order, the Hon'ble Supreme Court of India barred banks from recognizing new NPA accounts. On March 23, 2021, the Hon'ble Supreme Court pronounced its judgment in the matter, and ordered waiver of interest on interest during the moratorium period on all loan accounts irrespective of whether moratorium was extended or not, and the embargo on NPA recognition vide the interim order was also vacated. In conformity with the SC judgement, RBI on April 7, 2021 advised that all lending institutions shall put in place a Board approved policy to refund/adjust the interest on interest, compound interest and / or penal interest charged to the borrowers during the moratorium period, i.e. between March 1, 2020 and August 31, 2020. As suggested in the RBI Circular, the Indian Banks Association provided a common methodology for calculation of the amount to be refunded / adjusted for different facilities, and accordingly, the Bank assessed the impact and created a provision of ₹ 30 crores, to be refunded / credited to various borrower accounts.
- In order to provide relief to retail borrowers in select segments, the Department of Financial Services, Govt. of India, announced on October 23, 2020, an ex-gratia scheme for payment of difference between compound interest and simple interest for six months between March 1, 2020 and August 31, 2020. Accordingly, by the due date of November 5, 2020, the Bank credited the borrower accounts for an amount of ₹ 121 crores to eligible borrowers and filed a claim with the State Bank of India, the nodal agency. On March 31, 2021, the Government of India reimbursed the Bank fully.

Performance of Subsidiary and Associate Company

During the year under review, Bharat Financial Inclusion Limited (BFIL), the wholly-owned subsidiary of the Bank, earned revenue of ₹ 1,316.66 crores as against ₹ 881.63 crores earned during the previous year. The Net Profit for the year under review amounted to ₹ 153.48 crores as against ₹ 39.95 crores for the previous year. As a Business Correspondent undertaking, the strength of BFIL lies in its talent pool of trained and motivated employees, that stood at 27,561 as on March 31, 2021.

IndusInd Marketing and Financial Services Private Limited (IMFS) is an Associate Company of the Bank as 30% of its share capital is held by the Bank. IMFS is engaged in the business of providing manpower services, and during the year under review, earned a revenue of ₹ 300.59 crores as against ₹ 329.23 crores earned in the previous year. The net profit earned by IMFS during the year under review amounted to ₹ 0.88 crores as against ₹ 1.05 crores earned in the previous year. IMFS had 12,255 employees on its rolls as on March 31, 2021.

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014, the Bank has drawn up a Consolidated Financial Statement including the Financial Statement of its Subsidiary Company and Associate Company, and such Consolidated Financial Statement is included in this Annual Report.

In accordance with the fourth proviso to Section 136(1) of the Companies Act, 2013, the Standalone Financial Statements and the Consolidated Financial Statement, including audited accounts of BFIL and IMFS and all other documents required to be attached thereto have been hosted on the website of the Bank at:

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

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

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

Share Capital

In the Extraordinary General Meeting held on August 25, 2020, the members approved Preferential Allotment of equity shares of ₹10 each, fully paid, at a price of ₹ 524 per equity share, to five Qualified Institutional Buyers and two corporate entities including one of the promoters. Accordingly, in compliance with the applicable laws and regulations, 4,76,29,768 equity shares were allotted on September 2, 2020 to the Qualified Institutional Buyers and 1,51,17,477 equity shares were allotted on September 4, 2020 to two corporate entities, pursuant to the approval of the Finance Committee on the respective dates.

Consequently, the equity share capital of the Bank increased by ₹ 62.75 crores and share premium account by ₹ 3,196.39 crores, net of share issue expenses.

Pursuant to the Composite Scheme of Arrangement with Bharat Financial Inclusion Limited, the Bank allotted 1,57,70,985 Share Warrants to the Promoters of the Bank on July 6, 2019, on receipt of the subscription amount at 25% of the price of ₹ 1,709 per Share Warrant. Each Share Warrant was convertible to one equity share of the Bank fully paid, upon exercise of the option by paying the remaining amount. On February 18, 2021, the promoters exercised the option of conversion and paid ₹ 2,021.45 crores, being the remaining consideration of 75% of the price of Share Warrants. Consequently, the Bank allotted 1,57,70,985 equity shares of ₹ 10 each fully paid at a price of ₹ 1,709 per equity share, and the share capital increased by ₹ 15.77 crores and share premium by ₹ 2,679.49 crores.

During the year, 13,18,331 equity shares of ₹ 10 each fully paid were allotted on various dates to the employees who exercised their stock options, and consequently, the share capital of the Bank increased by ₹ 1.32 crores and share premium by ₹ 53.05 crores.

The Bank has not issued any equity shares with differential voting rights.

Debentures

The Bank did not issue any debentures during the year under review.

Being a Scheduled Commercial Bank, compliance with SEBI Circular No.: SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018 on fund-raising by issuance of Debt Securities by Large Entities is not applicable to the Bank.

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

Trustee I:

Name of Debenture Trustees: Catalyst Trusteeship Limited (formerly GDA Trusteeship Ltd.)

Address : GDA House, S. No. 94/95, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune – 411038, Maharashtra, India.

Website : www.catalysttrustee.com

E-mail : dt@ctltrustee.com

Trustee II:

Name of Debenture Trustees : Beacon Trusteeship Limited

Address : 4C&D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Club, Bandra (East), Mumbai – 400 051.

Website : www.beacontrustee.co.in

E-mail : info@beacontrustee.co.in

Tier 2 Capital

The Bank did not issue any Tier 2 Capital instruments during the year. As on March 31, 2021, the value of outstanding Tier 2 Capital instruments is Nil.

Deposits

The Bank is a banking company governed by the Banking Regulation Act, 1949, and as such, the provisions of the Companies Act, 2013 relating to acceptance of Public Deposits are not applicable.

Capital Adequacy

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

Particulars	March 31, 2021	March 31, 2020
i) Capital Adequacy Ratio (CRAR)	17.38%	15.04%
ii) CRAR- Common Equity Tier 1 Capital	15.55%	13.22%
iii) CRAR- Tier 1 Capital	16.83%	14.57%
iv) CRAR- Tier 2 Capital	0.55%	0.47%

Credit Ratings

Instruments	Rating	Rating Agency
Domestic Ratings		
Infra Bond program	AA+	CRISIL
Additional Tier I Bond Program	AA	CRISIL
Certificates of Deposit Program	A1+	CRISIL
Short Term FD Program	A1+	CRISIL
Senior Bonds program	AA+	India Ratings and Research
Additional Tier I Bond Program	AA	India Ratings and Research
Short Term Debt instruments	A1+	India Ratings and Research
International Ratings		
Senior Unsecured MTN Programme	Ba1	Moody's Investors Service

Bank's Directors

The Bank's Board comprised eight Directors as on March 31, 2021, viz., Mr. Arun Tiwari, Non-Independent Non-Executive, Part-time Chairman, six Independent, Non-Executive Directors, viz., Mr. Shanker Annaswamy, Dr. T. T. Ram Mohan, Mrs. Akila Krishnakumar, Mr. Rajiv Agarwal, Mr. Sanjay Asher, and Mrs. Bhavna Doshi, and Mr. Sumant Kathpalia, Managing Director & CEO.

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

(a) Non-Executive, Independent Directors

All Independent Directors have submitted Declarations that they meet the criteria of independence as laid down under sub-section (6) of Section 149 of the Companies Act, 2013. In compliance with Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and based on these Declarations, the following Non-Executive Directors continue to be identified as Independent Directors as on March 31, 2021:

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

In addition, the Bank's Board of Directors have, pursuant to Regulation 25(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, obtained Certificate from M/s Bhandari & Associates, Practicing Company Secretaries that the aforesaid Directors meet the 'Criteria of Independence' and are independent of the Management. The Certificate submitted by M/s Bhandari & Associates is furnished at **Annexure I**, and forms an integral part of this Report.

(b) Woman Director

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

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

Mrs. Bhavna Doshi (DIN: 00400508), who joined the Board on January 14, 2020, is a Non-Executive, Independent Woman Director, and Chairs the Stakeholders' Relationship Committee.

(c) Chairman of the Board

Mr. Arun Tiwari (DIN: 05345547) assumed charge as Part-time, Non-Executive Chairman of the Bank with effect from January 31, 2020, and shall hold office for a period of three years, up to January 30, 2023, as approved by the Reserve Bank of India.

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

The Shareholders had, at the Bank's 26th Annual General Meeting, held on September 25, 2020, approved the appointment of Mr. Arun Tiwari as Non-Executive, Non-Independent, Part-time Chairman, for a period of three years with effect from January 31, 2020.

(d) Managing Director & CEO

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

The Shareholders had, at the Bank's 26th Annual General Meeting, held on September 25, 2020, approved the appointment of Mr. Sumant Kathpalia as Managing Director & CEO of the Bank, for a period of three years with effect from March 24, 2020.

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

(i) Appointment

Mr. Jayant Deshmukh (DIN: 08697679) was appointed 'Additional Director' in the category of Non-Executive, Independent Director in the Bank's Board on July 24, 2021.

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

(ii) Re-appointment

None of the Directors of the Bank are liable for re-appointment at the ensuing AGM.

STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR:

The Bank did not appoint Independent Directors during the year 2020-21.

(iii) Retirement by Rotation

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

In accordance with the provisions of the Companies Act, 2013, Mr. Arun Tiwari (DIN: 05345547), Non-Executive, Non-Independent, Part-time Chairman of the Bank, shall be the Director liable to retire by rotation.

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

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

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

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

(f) Cessation of Directorship

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

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

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

None of the Directors had demitted office after the end of the year and up to the date of this Report.

Board and Committee Meetings

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

Mrs. Bhavna Doshi was appointed as Member of the Audit Committee with effect from May 9, 2020. As on March 31, 2021, the constitution of the Audit Committee comprised, Mr. Sanjay Asher as Chairman, Mr. Arun Tiwari, Mr. Shanker Annaswamy and Mrs. Bhavna Doshi, 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 of all its Committees, 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 SEBI (LODR) Regulations.

Performance Evaluation of the Board

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

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

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

The Board of Directors has carried out the annual evaluation of the performance of the Board as a whole, Individual Directors including Independent Directors, Non-Independent Directors, the Chairman and the Committees of the Board.

The performance of the Board as a whole, Committees of the Board, Directors individually, and of the Chairman has been evaluated / reviewed by the Nomination & Remuneration Committee, Committee of Independent Directors and by the Board of Directors.

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

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

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

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

Policy on Appointment and Selection of Directors

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

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

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

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

Familiarization Programs for Independent Directors

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

Change in Key Managerial Personnel

During the financial year 2020-21, there was no change in Key Managerial Personnel.

System for Internal Financial Controls and its Adequacy

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

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

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

Conservation of Energy:

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

Technology Absorption:

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

Foreign Exchange Earnings and Outgo:

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

Risk Management

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

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

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

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

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

Vigil Mechanism / Whistle Blower Policy

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

The said Policy is in compliance with RBI Guidelines, provisions of the Companies Act, 2013, and the 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's Whistle Blower Policy is in synchrony with all statutory and regulatory guidelines on Vigil Mechanism.

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

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

Reporting of Fraud, by the Auditors

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

Statutory Auditors

M/s Haribhakti & Co. LLP, Chartered Accountants were appointed Statutory Auditors in the 26th Annual General Meeting held on September 25, 2020 for a period of one year, until the conclusion of the next Annual General Meeting. In accordance with extant Guidelines, they are eligible to be reappointed for one more year, and accordingly, it is proposed to reappoint M/s Haribhakti & Co. LLP, Chartered Accountants (ICAI Firm Registration Number 103523W / W100048) as one of the Joint Statutory Auditors of the Bank from the conclusion of this AGM until the conclusion of the next AGM.

Further, M/s M. P. Chitale & Co., Chartered Accountants (ICAI Firm Registration Number 101851W) are proposed to be appointed as one of the Joint Statutory Auditors of the Bank for a period of three years commencing from the conclusion of this AGM, until the conclusion of the 30th Annual General Meeting that would be held during FY 2024-25, subject to the approval of the RBI on annual basis from the conclusion of the 28th AGM.

Independent Auditors' Report

M/s Haribhakti & Co. LLP, Statutory Auditors of the Bank, have audited the accounts of the Bank for the year 2020-21 and their Report is annexed. Pursuant to Section 143(3)(i) of the Companies Act, 2013, the Statutory Auditors have also reported on the adequacy and operating effectiveness of internal financial controls system over financial reporting, which has been enclosed as '**Annexure**' to the Independent Auditors' Report.

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

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

Secretarial Audit

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank has appointed M/s Bhandari & Associates, Company Secretaries in Practice, to undertake Secretarial Audit of the Bank for FY 2020-21. The Secretarial Audit Report submitted by M/s Bhandari & Associates is furnished at **Annexure II**, and forms an integral part of this Report.

The Secretarial Audit Report submitted by M/s Bhandari & Associates for FY 2020-21 does not contain any qualification, reservation or adverse remark.

Employees Stock Option Scheme

The Bank had instituted the Employees Stock Option Scheme (ESOS-2020) 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.

Pursuant to a Composite Scheme of Arrangement with the erstwhile Bharat Financial Inclusion Limited, the shareholders of the Bank approved the IBL Special Incentive ESOS for BFIL Merger 2018 (ESOS 2018) on December 11, 2018. ESOS 2018 was approved with a pool of 57,50,000 options which are equity settled 50% of the options vest over a period of three years from the grant date and the remaining options vest over a period of three years from the first anniversary of the grant date. Upon vesting, the options have to be exercised within a maximum period of five years.

As at March 31, 2021, the Compensation Committee of the Bank has granted a total of 5,10,15,642 Options that includes 4,57,27,836 options granted under ESOS 2020 and 52,87,806 options granted under ESOS 2018

Statutory disclosures as required by SEBI (Share Based Employee Benefits) Regulations, 2014 are given at **Annexure III**, and form an integral part of this Report.

The Annual Certificate on compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 issued by Statutory Auditors of the Bank shall be made available on the website of the Bank, on the day of the AGM.

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

Statutory disclosures as mandated under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended, have been hosted on the website of the Bank at:

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

Disclosure on compliance with Secretarial Standards

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

Maintenance of Cost Records

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

Other Disclosures

(i) **Details of application made or any proceedings pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year under review:**

Pan No.	Borrower	Date of filing	Date of admission	Is the case filed under RBI direction	Resolution status	Remarks
AAACC1921B	Cox & Kings Ltd. – (Borrower) Cox and Kings Global Services Pvt Ltd. (Corporate Guarantor)	29.06.2020	-	No	Yet to be admitted	In the matter of Cox & Kings Limited (borrower), the Bank has filed an application u/s 7 of IBC against the Corporate Guarantor - Cox & Kings Global Services Ltd. for Principal Liability of Borrower on 29.06.2020 before Mumbai NCLT, which is pending for admission.
AAACG0108J	Gallium Industries Ltd	30.06.2017	21.07.2017	No	Liquidation order passed	The liquidation Order was passed on 17.12.2018. The liquidator has sold all the assets and distributed the amount to the stakeholders as per claims. The liquidator is in the process of closure of all accounts and dissolution of the company. The matter is scheduled for hearing on August 26, 2021.

Directors' Responsibility Statement

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

- (a) that in the preparation of the Annual Accounts for the year ended March 31, 2021, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- (b) that such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied consistently and that judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at March 31, 2021 and of the profit of the Bank for the year ended on that date;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities;
- (d) that the Annual Financial Statements have been prepared on a 'going concern' basis;
- (e) that proper internal financial controls were in place and that the financial controls were adequate and operating effectively; and
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return of the Bank as on March 31, 2021, in the prescribed Form MGT-7 is available on the Bank's website at the link: <https://www.indusind.com/in/en/investors/investor-landing/investor-resources.html>

Particulars of Employees

The Bank had 29,661 employees on its rolls as on March 31, 2021.

58 employees employed throughout the year were in receipt of remuneration of ₹ 1.02 crore per annum or more, and 12 employees employed for the part of FY 2021 were in receipt of remuneration of ₹ 8.50 lakh 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 information is not being sent along with this Annual Report to the Members of the Bank in line with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining the Annexure may please send an email to the Company Secretary at investor@indusind.com.

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

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

Policy on Remuneration to Non-Executive Directors

In line with the guidelines contained in RBI Circular dated June 1, 2015 on compensation of Non-Executive Directors of private sector banks, and the approval of the Board of Directors, of the Shareholders and of the Reserve Bank of India, wherever applicable, remuneration of ₹ 10 lakhs per annum was paid to Non-Executive Directors in the form of Profit-related Commission in addition to Sitting Fees paid for attending meetings of the Board and of various Board Committees.

In line with the guidelines contained in the above-referred RBI Circular, Mr. Arun Tiwari, Non-Independent, Non-Executive, Part-time Chairman of the Bank is paid remuneration of ₹ 30 lakhs per annum, as approved by the Nomination & Remuneration Committee of the Board, the Board of Directors and by the Reserve Bank of India.

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

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

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

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

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

RBI, vide its Circular dated April 26, 2021 has permitted for higher payment of compensation to Non-Executive Directors (NEDs) in the form of a fixed remuneration commensurate with an individual Director's responsibilities and demands on time and which are considered sufficient to attract qualified competent individuals, subject to maximum of ₹ 20,00,000 per annum.

A proposal for payment of compensation to each Non-Executive Director [excluding the Non-Executive (Part-time) Chairperson] of the Bank, by way of fixed remuneration not exceeding Rupees ₹ 20,00,000/- (Rupees Twenty Lakhs) per annum, with effect from the Financial Year 2021-2022, is being placed for approval of the Shareholders at the ensuing AGM.

Particulars of Loans, Guarantees or Investments outstanding

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

Particulars of Contracts or Arrangements with Related Parties

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

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

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

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

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

Consolidated Financial Statements

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

In the preparation of the Consolidated Financial Statement, the Standalone Financial Statements of BFIL, the wholly-owned subsidiary, for the year ended March 31, 2021, have been considered on a line by line basis by adding together like items of assets, liabilities, income and expenses, in accordance with AS 21.

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

Indian Accounting Standards (Ind AS)

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

Pursuant to the RBI Circular dated February 11, 2016, the Bank formed a Steering Committee, comprising members from cross-functional areas, for the purpose of reviewing and monitoring the progress of implementation. The Bank had set up a Working Group under the guidance of the Steering Committee and has conducted Gap Assessment and identified the differences between the current accounting framework and Ind AS, including the identification of the accounting policy options provided under Ind AS 101, First Time Adoption. The Bank had engaged the services of a professional firm with international experience in the field, to assist in the project of implementation of Ind AS. The Bank has obtained licenses for IT systems to automate Expected Credit Losses and Effective Interest Rate calculations towards implementation of Ind AS and the project is currently under implementation. The Bank continues to organize trainings for its teams across business and support functions. The Audit Committee of the Board of Directors has an oversight on the progress of the Ind AS implementation. Further, there may be regulatory guidelines and/or clarifications in some of the critical areas with respect to application of Ind AS, which the Bank will need to incorporate in its implementation project as and when those are issued.

In accordance with RBI directions, the Bank has been submitting standalone pro forma Ind- AS financial statements along with other computations to the RBI, from time to time.

Corporate Social Responsibility

In line with its CSR focus areas, the Bank is committed to various long term community development projects that have a large positive impact. Consistent with the requirements of Section 135 of the Companies Act, 2013 and CSR Rules 2014, the Bank has set up a Board-level CSR Committee to look after the CSR initiatives. The Committee is headed by Mrs. Akila Krishnakumar as the Chairperson, and Mr. Rajiv Agarwal, Mr. Sanjay Asher and Mr. Sumant Kathpalia are the Members.

The composition of the CSR Committee is in accordance with Section 135 of the Companies Act, 2013. The Board at its meeting held on April 7, 2020, approved the integration of sustainability function with the CSR function in CSR Committee and the Committee was renamed as 'Corporate Social Responsibility & Sustainability Committee'.

The Bank's CSR Policy and strategy direct and govern the Bank's activities in focus areas, namely, Environmental Sustainability, Healthcare, Education, Sports, Skills/Livelihood Development and other areas.

In FY 2020-21 the Bank continued its flagship initiative under the water stewardship wherein it undertook water resource development and management through watershed and springshed management, restoration of water bodies like lakes, ponds, tanks, roof rain water harvesting by reviving traditional structures, harvesting of river water and availability and accessibility of safe drinking water through installation of water ATMs. The Bank also extended projects towards environmental sustainability like Urban afforestation, Renewable energy solutions and Waste management.

Under the theme Education, the Bank implemented Academic Improvement Programs in government schools viz., Road to school, Early Language learning which is expected to change the way in which education is delivered. Education centers of Assisted Learning Program helps children cope with their learning gaps and pass the 10th grade. To encourage excellence, the Bank also provides Scholarship support for higher education like engineering, school education and for deserving Young India Fellows.

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

Under the focus area of Healthcare, IndusInd Bank supported an intervention on reducing cancer burden by providing care, treatment, awareness and prevention services with supply of radiology equipment. The Bank also supports the treatment of children with cancer in Rajasthan, Maharashtra and Goa. IndusInd Bank has set up e-Health Clinics, Mobile Medical Units, etc.,

to provide affordable primary healthcare to individuals from poor and lower Income Group families. 2 special programs on Mother and Child care and Adolescent Girls Menstrual Health were also rolled out this year.

To promote livelihood, the Bank supports skill development of disabled from marginalized communities in various districts of Karnataka. Similarly, youth from Assam and Rajasthan are trained for an employable skill and placed. The Bank supports long term residential rehabilitation program including skill training for substance abusing street children/ youth. A program on livestock development is also newly launched.

The Bank has continued CSR initiatives of Bharat Financial Inclusion Limited, its wholly- owned subsidiary. Two flagship initiatives, viz., Bharat Sanjeevani (on livestock care) and Pragat (Integrated Development Program including Water, Healthcare and Education) are supported.

In response to COVID, the Bank carried out several activities ranging from distribution of essential supplies to poor families, medical supplies / equipment for health workers and hospitals to contribution to State and Central Government Disaster Relief Funds, etc.

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

Companies, on the basis of criteria prescribed under Section 135 of the Act, are required to spend at least Two per cent of their Average Net Profits made during the three immediately preceding financial years, in pursuance of their Corporate Social Responsibility Policy. Accordingly, the Bank spent ₹ 94.72 crores towards various CSR activities specified in Schedule VII of the Companies Act, 2013. ₹ 26 crores are earmarked on several ongoing projects whose expenditure was delayed due to COVID and will be spent in the subsequent year totaling to ₹ 120.72 crores.

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

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

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

Sustainability

In its endeavor to incorporate sustainability in to business, the Bank is diligently setting up processes that reflect its long standing view – "Good Ecology is Good Economics". The Bank recognizes the fact that aligning its products, services and operations with its ESG strategy contributes towards betterment of the environment and society at large and also presents a good business case. The sustainability policy of the Bank lays out guidelines and targets in key areas of the environmental, social, economic and governance aspects. The Bank has committed targets on Environmental, Social and Governance (ESG) aspects and continues to improve the sustainability performance to surpass the ESG targets.

As a socially and environmentally responsible organization, the Bank seeks to specialize the lending portfolio by increasing investments in development sectors and integration of ESG aspects in corporate and consumer banking. The Bank has strengthened financial Inclusion with initiatives like livelihood financing, microfinance, vehicle financing for livelihood and agribusiness. The Bank keeps abreast with latest research on corporate citizenship and responsible banking both globally and locally. The Bank has adopted various reporting platforms and guidance frameworks laid out by 'Standard Setters' such as, International Integrated Reporting Council (IIRC), Global Reporting Initiative (GRI), Carbon Disclosure Project (CDP), Dow Jones Sustainability Index (DJSI), etc., for assessment and accountability in sustainability performance.

The Bank is determined to mitigate climate change impact which is evidenced through committing long term targets and deploying climate strategy to invest in energy efficiency projects and greening the IT systems. The Bank promotes sustainable and ethical procurement practices through selection and on-boarding criteria on ESG compliance for vendors and suppliers. The Bank has demonstrated accountability and transparency through disclosure on materiality analysis, ethical business practices, cyber-security strategy and data privacy management.

This comprehensive sustainability approach has helped IndusInd Bank's inclusion in the S&P Dow Jones Sustainability Yearbook 2021, which showcases that the Bank clearly looks beyond profits to focus on its people, the society and the planet.

Business Responsibility Report (BRR)

The Securities & Exchange Board of India have, with effect from December 26, 2019, vide SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2019, mandated the top 1,000 listed entities to include the 'Business Responsibility Report' (BRR) as part of the Annual Report, describing the initiatives taken by the listed entity from an environmental, social and governance perspective, in the format as specified by SEBI.

In view of the above and in compliance with Regulation 34(2) of the Listing Regulations, BRR has been hosted on the Bank's website at the link below: <https://www.indusind.com/in/en/sustainability.html>

Corporate Governance

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

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

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

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

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

Management Discussion and Analysis Report

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

Significant and Material Orders passed by the Regulators or Courts

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

Material Events that have happened after the Balance Sheet date

No material changes and commitments affecting the financial position of the Bank have occurred between the end of the financial year of the Bank to which the Financial Statements relate and the date of this Report. For the impact of Covid-19 on the performance of the Bank and the Group, refer "Note No. 5.13 of Schedule 18 – Notes forming part of the accounts" of financial statements of the Bank and "Note No. 12 of Schedule 18 – Notes forming part of the accounts" of consolidated financial statements of the Bank.

Awards and Accolades

IndusInd Bank was recognized for its excellence through a number of awards and accolades, across a range of categories. The Bank started off its winning streak with 2 awards at the Finacle Innovations Awards 2020 for technology implementations - Product Innovation and Transformation Excellence. The Bank was awarded with the Infosys Finacle Client Innovations Awards 2020 for Alexa and Chatbot Implementations.

The Bank ended Q1 on a high note, with the Best Financier Award 2019 at the JCB India Annual Financiers' Award 2019, along with being ranked 2nd in the Ashok Leyland Product Funding during the year 2020 at Annual Financier Award 2020 from Ashok Leyland.

The Bank was awarded 'Outstanding Response to COVID-19, Branchless Banking' in Global Retail Banking Innovation Awards 2020 - The Digital Banker.

The Bank was bestowed Silver Category in 'Best Mobile Search Campaign' in 11th India Digital Awards - Internet and Mobile Association of India.

The Bank was honoured with the 2020 APAC Innovation Award - Red Hat.

The Bank was also honoured with 'Most Innovative Company' for Multi-cloud platform in Business Impact Awards 2020 - Economic Times and vmware.

The Bank was also bestowed with two awards at the CSR Times Awards 2020-21, for the Bank's efforts in 'Rainwater Harvesting' in Rajasthan and 'Road To School' Programme in Odisha.

In the fourth quarter, the Bank was featured in the Carbon Disclosure Project (CDP) list for the 6th Consecutive year - the only Bank in India with this honour. Some other honours the Bank was bestowed with in this quarter include, Indus OnTheGo Mobile LOS at Banking Frontiers FINNOVITI Awards 2021 and an inclusion in the S&P DJSI Sustainability Yearbook.

Cautionary Statement

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

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

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

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

Acknowledgements

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

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

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

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: July 24, 2021

Sd/-
Arun Tiwari
Chairman
DIN: 05345547

CORPORATE GOVERNANCE

(The Report on Corporate Governance forms part of the Directors' Report for the Financial Year ended March 31, 2021)

Bank's Philosophy on Corporate Governance

The Bank believes that Corporate Governance is a reflection of its value system, encompassing its culture, its policies, and its relationships with the stakeholders. Responsible and ethical corporate conduct is integral to the way the Bank does its business.

The Bank also believes that consistent implementation of good corporate governance practices contributes towards developing and sustaining the best operating systems and processes.

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, which are regularly reviewed and updated on a regular basis to keep aligned with the Regulations.

The Bank's Board consists of eminent professionals having wide industry experience, diversified skills, experience and expertise. The Board plays a crucial role in overseeing how the Management serves the short-term and long-term interests of various stakeholders and creates lasting value for all stakeholders.

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

Certificate on compliance with the conditions of Corporate Governance

In compliance to Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Certificate from M/s Bhandari & Associates, Practising Company Secretaries, on compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations forms part of this report and is enclosed as **Annexure VI**.

Certification by the Chief Financial Officer and the Managing Director & CEO

In compliance with 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, 2021 has been obtained and placed before the Board.

Code of Ethics and Conduct for Directors and Senior Management

In compliance with Regulation 26(3) of the Listing Regulations and the Companies Act, 2013, the Bank has formulated a 'Code of Ethics and Conduct for Directors and Senior Management' (The term 'Senior Management' means personnel of the Bank who are members of its Core Management Team, and all personnel one level below the Managing Director & CEO, including all Functional Heads).

The Bank has received confirmations from all its Directors and Senior Management personnel regarding compliance with the Code for the year ended March 31, 2021. 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, 2021, is enclosed as **Annexure VII** to this Report.

The Code of Ethics and Conduct for Directors and Senior Management of the Bank has been hosted on the Bank's website (www.indusind.com).

MISSION

"We will consistently add value to all our stakeholders by enhancing the sustainability of the organisation and emerge as India's most convenient Bank with financial metrics amongst the best in the industry."

VISION

"IndusInd Bank will be:

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

QUALITY POLICY

"IndusInd Bank is committed to meet and strive to exceed customer requirements through timely, error-free and responsive service. We shall continually improve the effectiveness of our work processes through training, customer feedback, innovation and digitization."

Board of Directors

The Bank's Board is broad-based and consists of eminent persons from industry, having knowledge or practical experience in respect of one or more fields, viz., Accountancy, Banking, Finance, Information Technology, Economics, Agriculture & Rural Economy, Business Development and Management, Small Scale Industry, etc. The Board is constituted in compliance with the Banking Regulation Act, 1949, Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) and in line with the Board Diversity Policy adopted by the Bank.

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

i. Board Composition

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

As on March 31, 2021, the Bank's Board comprised eight Directors, viz., Mr. Arun Tiwari, Non-Executive, Non-Independent, Part-time Chairman, Mr. Sumant Kathpalia, Managing Director & CEO, and six Directors in the category of Non-Executive Independent, viz., Mr. Shanker Annaswamy, Dr. T. T. Ram Mohan, Mrs. Akila Krishnakumar, Mr. Rajiv Agarwal, Mr. Sanjay Asher and Mrs. Bhavna Doshi.

The composition of the Board represents an optimal mix of professionalism, knowledge, and experience.

During the year under review:

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

The Bank's Shareholders had in their 26th Annual General Meeting held on September 25, 2020, approved his appointment as 'Non-Executive Independent Director' for a period of four years from the date of his appointment.

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

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

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

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

Mr. Shanker Annaswamy (DIN: 00449634): On completion of term of four years on January 11, 2020, Mr. Shanker Annaswamy was re-appointed as 'Non-Executive Independent Director' in the Bank's Board for a further period of four years effective January 12, 2020 until January 11, 2024. He shall not be liable to retire by rotation.

The Bank's Shareholders had, in the 26th Annual General Meeting held on September 25, 2020, approved the re-appointment of Mr. Shanker Annaswamy as 'Non-Executive Independent Director'.

Mrs. Bhavna Doshi (DIN: 00400508): Mrs. Bhavna Doshi was appointed as 'Additional Director' in the category of 'Non-Executive Independent Director' in the Bank's Board on January 14, 2020. She shall not be liable to retire by rotation.

The Bank's Shareholders had, in the 26th Annual General Meeting held on September 25, 2020, approved the appointment of Mrs. Bhavna Doshi as 'Non-Executive Independent Director', for a period of four years from the date of appointment.

Dr. T. T. Ram Mohan (DIN: 00008651): On completion of term of four years on May 11, 2020, Dr. T. T. Ram Mohan was re-appointed as 'Non-Executive Independent Director' in the Bank's Board for a further period of four years effective May 12, 2020 until May 11, 2024. He shall not be liable to retire by rotation.

The Bank's Shareholders had, in the 26th Annual General Meeting held on September 25, 2020, approved the re-appointment of Dr. T. T. Ram Mohan as 'Non-Executive Independent Director'.

Mr. Arun Tiwari (DIN: 05345547): The Bank's Shareholders had, in their 26th Annual General Meeting held on September 25, 2020 approved the appointment of Mr. Arun Tiwari as a 'Non-Executive Part-time Chairman' of the Board for a period of three years with effect from January 31, 2020.

Mr. Sumant Kathpalia (DIN: 01054434): The Bank's Shareholders had, in their 26th Annual General Meeting held on September 25, 2020 approved the appointment of Mr. Sumant Kathpalia as Managing Director & CEO of the Bank, for a period of three years with effect from March 24, 2020.

During the period from April 1, 2021 until the date of this Report:

Mr. Jayant Deshmukh was appointed as 'Additional Director' in the category of 'Non-Executive, Independent Director' in the Bank's Board on July 24, 2021.

The proposal for appointment of Mr. Deshmukh as Non-Executive, Independent Director in the Bank's Board is being placed before the Shareholders at the 27th Annual General Meeting to be held on August 26, 2021.

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

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

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

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

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

Name of Director*	DIN	Nature of Directorship	Special Knowledge / Practical Experience	Occupation / Previous Employment
Mr. Arun Tiwari	05345547	Non-Executive, Non-Independent, Part-time Chairman	Banking	Professional. Former CMD of Union Bank of India
Mr. Shanker Annaswamy	00449634	Non-Executive, Independent	Information Technology	Professional. Former Managing Director of IBM India Pvt. Ltd.
Dr. T. T. Ram Mohan ¹	00008651	Non-Executive, Independent	Banking & Finance	Retired on January 31, 2021 from the position of Professor – Finance & Accounting, IIM, Ahmedabad
Mrs. Akila Krishnakumar	06629992	Non-Executive, Independent	Information Technology and Payments Systems	Professional.

Name of Director*	DIN	Nature of Directorship	Special Knowledge / Practical Experience	Occupation / Previous Employment
Mr. Rajiv Agarwal	00336487	Non-Executive, Independent	Small Scale Industry	Industrialist
Mr. Sanjay Asher	00008221	Non-Executive, Independent	Accountancy & Law Practising Advocate	Practising Advocate. Senior Partner with M/s Crawford Bayley & Co.
Mr. Sanjeev Kumar Asthana ²	00048958	Additional Director (Non-Executive, Independent)	Agriculture & Rural Economy	Professional.
Mrs. Bhavna Doshi	00400508	Non-Executive, Independent	Accountancy	Consultant: Advisory Services in the field of Taxation, Accounting, Corporate and regulatory matters.
Mr. Jayant Deshmukh ³	08697679	Non-Executive, Independent	Agriculture & Rural Economy	Retired as Director of Agriculture, Government of Maharashtra.
Mr. Sumant Kathpalia	01054434	Managing Director & CEO	Banking	Managing Director & CEO

Note:

*Details of change in Directorships during the year are aforementioned under the head 'Board Composition' forming part of this Report.

1. Dr. T. T. Ram Mohan's tenure concluded on May 11, 2020, and he was re-appointed for a further period of four years effective May 12, 2020.
2. Mr. Sanjeev Kumar Asthana resigned from the Bank's Board with effect from the close of business hours on July 27, 2020, owing to acceptance of a new role as the CEO of a large corporate, impacting his being a Director in the Bank's Board with specialised knowledge / practical experience in Agriculture & Rural Economy, as laid down in the Banking Regulation Act, 1949.
3. Mr. Jayant Deshmukh was appointed 'Additional Director' in the category of 'Non-Executive, Independent Director' in the Bank's Board on July 24, 2021. The proposal for appointment of Mr. Deshmukh as Non-Executive, Independent Director in the Bank's Board is being placed before the Shareholders at the 27th Annual General Meeting to be held on August 26, 2021.

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

During the year ended March 31, 2021, nineteen meetings of the Board were held: On, April 7, 2020, April 27, 2020, April 28, 2020, July 5, 2020, July 20, 2020, July 28, 2020, August 26, 2020, October 23, 2020, October 30, 2020, November 19, 2020, January 22, 2021, January 25, 2021, January 29, 2021, February 3, 2021, February 6, 2021, February 9, 2021, February 22, 2021, March 15, 2021 and March 25, 2021.

In the wake of COVID-19 pandemic and to adhere to the lockdown and social distancing norms, the Directors participated in the meetings of the Board and Committees held during the financial year 2020-21, through video conference. The meetings and agenda items taken up during the meetings complied with the Companies Act, 2013 and Listing Regulations read with various circulars issued by Ministry of Corporate Affairs (MCA), Securities Exchange Board of India, and the guidelines issued by RBI owing to the COVID-19 pandemic.

Details of attendance at the Board meetings and at the General Meetings, other Directorships, and Memberships and Chairpersonships of Committees pertaining to each Director, as on March 31, 2021, are as follows:

Name of the Director*	Attendance at Board meetings (No. of meetings attended #)	Attendance at the AGM held on September 25, 2020 #	Attendance at the EGM held on August 25, 2020#	Number of other Directorships		No. of Committees of other companies in which Member \$ %	No. of Committees of other companies in which Chair-personships \$ %
				Indian Public Limited Companies	Other Companies ~		
Mr. Arun Tiwari	19 / 19	✓	✓	4	1	2	-
Mr. Shanker Annaswamy	19 / 19	✓	✓	2	-	2	-
Dr. T. T. Ram Mohan	19 / 19	✓	Absent	-	-	-	-
Mrs. Akila Krishnakumar	18 / 19	✓	✓	4	2	2	1
Mr. Rajiv Agarwal	19 / 19	✓	✓	-	3	-	-
Mr. Sanjay Asher	14 / 19	✓	✓	7	6	3	3
Mr. Sanjeev Kumar Asthana**	5 / 5	-	-	-	-	-	-
Mrs. Bhavna Doshi	17 / 19	✓	Absent	8	2	2	4
Mr. Sumant Kathpalia	18 / 19	✓	✓	1	-	-	-

Notes:

- * Details of Appointment / Retirement / Resignation of Directors during the year under review are mentioned under the head 'Board Composition'.
- # Includes Attendance through Video-Conference.
- ~ Includes Directorships held in Foreign Companies, Private Limited Companies and Companies under Section 8 of the Companies Act, 2013 in India.
- \$ Pursuant to Regulation 26 of the Listing Regulations, for the purpose of considering the limit of Committees in which Directors are Members / Chairpersons, all Public Limited Companies, whether listed or not, are included. Private Limited Companies, Foreign Companies, and Companies under Section 8 of the Companies Act, 2013 ('Not for Profit') are excluded.
- % For the purpose of determination of the number of Committees of other companies, Chairpersonships and Memberships of only 'Audit Committee' and the 'Stakeholders Relations Committee' have been considered.
- ** Mr. Sanjeev Kumar Asthana resigned from the Bank's Board effective from the close of business hours on July 27, 2020.

Disclosure of Inter-se relationship:

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

Other Listed Entities in which the Bank's Directors hold Directorships and the category of their Directorships as on March 31, 2021:

Name of Directors	Other Listed Entities in which he / she is a Director	Category of Directorship
Mr. Arun Tiwari	-	-
Mr. Shanker Annaswamy	Healthcare Global Enterprises Ltd.	Non-Executive Independent Director
Dr. T. T. Ram Mohan	-	-

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

iii. Remuneration to Non-Executive Directors

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

No Stock Options were granted to Non-Executive Directors.

The structure of Sitting Fees payable for participation in the Board and its Committees' meetings is as under:

Particulars	Sitting Fees (in ₹)	Remarks
(a) Board of Directors	1,00,000	For every meeting attended.
(b) Audit Committee of the Board	50,000	For every meeting attended.
(c) Committee of Directors	50,000	For every meeting attended.
(d) Risk Management Committee	50,000	For every meeting attended.
(e) For all other Board Committees	20,000	For every meeting attended.

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

Name of Director	Commission (in ₹)	Sitting Fees (in ₹)
Mr. Arun Tiwari	30,00,000	38,90,000
Mr. Shanker Annaswamy	10,00,000	30,70,000
Dr. T. T. Ram Mohan	10,00,000	33,70,000
Mrs. Akila Krishnakumar	10,00,000	24,40,000
Mr. Rajiv Agarwal	10,00,000	25,40,000
Mr. Sanjay Asher	10,00,000	32,00,000
Mr. Sanjeev Kumar Asthana ¹	3,23,370	6,20,000
Mrs. Bhavna Doshi	10,00,000	26,50,000

Notes:

1. Compensation paid to Mr. Arun Tiwari, Part time Non-Executive Chairman is with the prior approval of the Reserve Bank of India and of Shareholders of the Bank.
2. Mr. Sanjeev Kumar Asthana resigned from the Bank's Board effective from the close of business hours on July 27, 2020.
3. The amount of Commission and Sitting Fees mentioned above is inclusive of taxes.
4. None of the Non-Executive Directors have any other pecuniary interest in the Bank.

iv. Compensation to Whole-time Directors

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

Mr. Sumant Kathpalia, Managing Director & CEO

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

Details of Remuneration paid to Mr. Sumant Kathpalia during the Financial Year 2020-21 are as follows:

Salary ₹ 166.71 lakhs, Other Allowances ₹ 543.41 lakhs, Provident Fund at 12% of Salary, Leave Fare Concession of ₹ 1 Lakh, Medical Reimbursement of ₹ 0.15 lakh, Gratuity at half months' Salary, Mediclaim for self and family members, Personal Accident Insurance, Term Insurance and Membership of One Club.

During FY 2020-21, Mr. Sumant Kathpalia had exercised 66,000 Options.

v. Directors' Shareholding

The details of Bank's Equity Shares held by the Directors, including the Managing Director & CEO, as on March 31, 2021 are given below:

(i)	Dr. T. T. Ram Mohan	: 3,800 shares (0.00%)
(ii)	Mr. Sanjay Asher	: 5,600 shares (0.00%)
(iii)	Mr. Sumant Kathpalia	: 5,94,818 shares (0.08%)

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

vi. Details of Directors seeking Appointment / Re-appointment / Resignation / Directors retiring by rotation at the forthcoming AGM**(a) Retirement by Rotation**

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

(b) Appointment of Additional Director as 'Director' in the Board of the Bank:**Mr. Jayant Deshmukh (DIN:08697679)**

Resolution seeking shareholders' approval for the aforesaid appointment forms part of the Notice of the ensuing Annual General Meeting of the Bank scheduled on August 26, 2021.

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

As required under Regulation 36(3) of the Listing Regulations, particulars of the Director seeking appointment / re-appointment are given in the Explanatory Statement to the Notice of the ensuing Annual General Meeting scheduled for August 26, 2021.

vii. Committees of the Board

The Board has constituted several Committees of Directors to take decisions and monitor the activities falling within their terms of reference. Each of these Committees have the requisite expertise to handle issues relevant to their fields. These Committees spend considerable time and pay focused attention to the various issues placed before them and the guidance provided by these Committees enhances the quality of decision-making process of the Board. The Board reviews the functioning of these Committees from time to time. The meetings of each of these Committees are convened by the respective Chairpersons, who also inform the Board the brief summary of discussions held in Committee meetings. Minutes of Committee meetings are circulated to the Board.

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

The constitution, terms of reference and the functioning of the existing Committees of the Board are as follows:

1. Audit Committee of the Board

Terms of reference:

(A) Powers:

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside Legal or other professional advice;
4. To secure attendance of outsiders with relevant expertise, if it considers necessary;
5. To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.

(B) Role:

1. Oversight of the company's Financial Reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible;
2. Recommendation to the Board for appointment, remuneration and terms of appointment of Auditors;
3. Approval of payment to Statutory Auditors for any other services rendered by them;
4. Reviewing, with the Management, the annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) Changes, if any, in Accounting Policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by Management;
 - (d) Significant adjustments made in the Financial Statements arising out of audit findings;
 - (e) Compliance with Listing and other Legal requirements relating to Financial Statements;
 - (f) Disclosure of any Related Party Transactions;
 - (g) Modified opinion(s) in the draft audit report;

5. Reviewing, with the Management, the quarterly Financial Statements before submission to the Board for approval;
6. Reviewing, with the Management, the Statement of Uses / Application of Funds raised through an issue (Public Issue, Rights Issue, Preferential Issue, etc.), the statement of funds utilized for purposes other than those stated in the Offer Document / Prospectus / Notice and the Report submitted by the monitoring agency monitoring the utilisation of proceeds of a Public or Rights Issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the Auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the listed entity with related parties;
9. Scrutiny of Inter-Corporate Loans and Investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of Internal Financial Controls and Risk Management Systems;
12. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems;
13. Reviewing the adequacy of Internal Audit Function, if any, including the structure of the Internal Audit Department, staffing and seniority of the Official heading the department, reporting structure coverage and frequency of Internal Audit;
14. Discussion with Internal Auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the Board;
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower Mechanism;
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
21. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
22. Reviewing all matters as specified by RBI in the Circular on Calendar of Reviews as per RBI Circular dated November 2010 and notifications, if any, issued from time to time in this regard;
23. Reviewing Concurrent Audit System of the Bank (including appointment of Concurrent Auditor(s) and their tenure, Scope of Audit, Remuneration to external concurrent auditors);
24. Quarterly review containing important features brought out during concurrent audits, finding and an annual appraisal/report of the audit system;
25. To provide directions on any penal action to be initiated, in case of any violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Code of Conduct formulated under the said Code by any person;

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

(C) Review of following information (Scope):

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

Composition : As on March 31, 2021, the Committee comprised four members, viz., Mr. Sanjay Asher (Chairman), Mr. Shanker Annaswamy, Mr. Arun Tiwari and Mrs. Bhavna Doshi.

Meetings : The Committee met twelve times during the financial year 2020-21: On April 27, 2020, May 15, 2020, July 20, 2020, July 28, 2020, October 23, 2020, October 28, 2020, October 30, 2020, December 29, 2020, January 21, 2021, January 29, 2021, February 26, 2021 and March 23, 2021.

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. Shanker Annaswamy	12/12	-
Mr. Arun Tiwari	10/12	-
Mr. Sanjay Asher	12/12	-
Mrs. Bhavna Doshi	10/11	Inducted as member in the Committee on May 9, 2020.

2. Committee of Directors

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

Composition : As on March 31, 2021, the Committee comprised four members, viz., Mr. Arun Tiwari (Chairman), Dr. T. T. Ram Mohan, Mr. Sanjay Asher and Mr. Sumant Kathpalia.

Meetings : The Committee met twenty times during the financial year 2020-21: On May 15, 2020, June 17, 2020, June 27, 2020, July 6, 2020, August 5, 2020, August 17, 2020, September 1, 2020, September 14, 2020, September 17, 2020, September 29, 2020, November 18, 2020, November 27, 2020, December 9, 2020, December 21, 2020, December 28, 2020, January 18, 2021, February 17, 2021, February 26, 2021, March 19, 2021 and March 26, 2021.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. Arun Tiwari	20/20	-
Dr. T. T. Ram Mohan	20/20	-
Mr. Sanjay Asher	14/20	-
Mr. Sumant Kathpalia	17/20	-

3. Compensation Committee

Terms of reference : The Committee's role is to approve the issuance of Stock Options to employees under the Employees Stock Option Scheme 2020 and IBL Special Incentive ESOS for BFIL Merger 2018 .

Composition : As on March 31, 2021, the Committee comprised three members, viz., Mrs. Akila Krishnakumar (Chairperson), Mr. Rajiv Agarwal, and Mr. Sanjay Asher.

Meetings : The Committee met five times during the financial year 2020-2021: On April 24, 2020, May 29, 2020, August 7, 2020, August 14, 2020 and December 30, 2020.

The attendance details of the members are as under:

Members	Number of meetings attended (includes attendance through videoconference)	Remarks
Mrs. Akila Krishnakumar	5/5	-
Mr. Rajiv Agarwal	5/5	-
Mr. Sanjay Asher	4/5	-

4. Customer Service Committee

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

Composition : As on March 31, 2021, the Committee comprised four members, viz., Dr. T. T. Ram Mohan (Chairman), Mrs. Akila Krishnakumar, Mr. Rajiv Agarwal and Mr. Sumant Kathpalia.

Meetings : The Committee met four times during the financial year 2020-2021: On June 19, 2020, December 24, 2020, February 18, 2021 and March 24, 2021.

The attendance details of the members are as under:

Members	Number of meetings attended (includes attendance through videoconference)	Remarks
Dr. T. T. Ram Mohan	4/4	-
Mrs. Akila Krishnakumar	4/4	-
Mr. Rajiv Agarwal	4/4	-
Mr. Sanjeev Kumar Asthana	1/1	Ceased to be member of the Committee upon resignation from the Bank's Board on July 27, 2020
Mr. Sumant Kathpalia	3/4	-

5. Corporate Social Responsibility and Sustainability (CSR&S) Committee

Terms of reference : 1. Formulation and recommendation to the Board, the Corporate Social Responsibility strategy of the Bank, including the Corporate Social Responsibility Policy ('CSR Policy') which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 as amended from time to time ('the Act');

2. Monitoring the Implementation of the CSR Policy of the Bank from time to time;

3. Recommending the amount of expenditure to be incurred on the activities in accordance with Section 135(5) of the Act;

4. Instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken;

5. Approve, review and evaluate the sustainability strategy of the Bank;

6. Review and evaluate sustainability performance of the Bank;

7. Provide industry perspective to overall sustainability agenda of the Bank.

Composition : As on March 31, 2021, the Committee comprised four members, viz., Mrs. Akila Krishnakumar (Chairperson), Mr. Rajiv Agarwal, Mr. Sanjay Asher and Mr. Sumant Kathpalia.

Meetings : The Committee met twice during financial year 2020-2021: On November 11, 2020 and March 23, 2021.

The composition of the CSR&S 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 Board at its meeting held on April 7, 2020, approved the integration of sustainability function with the CSR function in CSR Committee and the Committee was renamed as 'Corporate Social Responsibility & Sustainability Committee'.

The Bank's CSR Policy is uploaded on the website at the link given below:

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

The attendance details of the members are as under:

Members	Number of meetings attended (includes attendance through videoconference)	Remarks
Mrs. Akila Krishnakumar	2/2	-
Mr. Rajiv Agarwal	2/2	-
Mr. Sanjay Asher	2/2	-
Mr. Sumant Kathpalia	1/2	-

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 Bank, if necessary thereto in accordance with the provisions of Articles of Association of the Bank; to appoint and to fix terms and conditions of merchant bankers, investment bankers, lead or other managers, advisors, solicitors, agents or such other persons or intermediaries as may be deemed necessary for the capital-raising programme; to do all such things and deal with all such matters and take all such steps as may be necessary to give effect to the resolution for raising of capital and to settle / resolve any question or difficulties that may arise with regard to the said programme.

Composition : As on March 31, 2021, the Committee comprised four members, viz., Mr. Rajiv Agarwal (Chairman), Mr. Arun Tiwari, Mrs. Bhavna Doshi and Mr. Sumant Kathpalia.

Meetings : The Committee met thrice during the financial year 2020-2021: On September 2, 2020, September 4, 2020 and February 18, 2021.

The attendance details of the members are as under:

Members	Number of meetings attended (includes attendance through videoconference)	Remarks
Mr. Arun Tiwari	3/3	-
Mr. Rajiv Agarwal	3/3	-
Mrs. Bhavna Doshi	3/3	-
Mr. Sumant Kathpalia	3/3	-

7. I.T. Strategy Committee

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

Composition: As on March 31, 2021, the Committee comprised three members, viz., Mr. Shanker Annaswamy (Chairman), Mrs. Akila Krishnakumar and Mr. Sumant Kathpalia.

Meetings: The Committee met four times during the financial year 2020-2021: On May 15, 2020, June 19, 2020, November 9, 2020 and December 29, 2020.

The attendance details of the members are as under:

Members	Number of meetings attended (includes attendance through videoconference)	Remarks
Mr. Shanker Annaswamy	4/4	-
Mrs. Akila Krishnakumar	4/4	-
Mr. Sumant Kathpalia	4/4	-

8. **Nomination & Remuneration Committee**

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

For 'Nomination' matters:

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

For 'Remuneration and HR' matters:

- To oversee the framing, review and implementation of the Compensation Policy of the Bank for Whole-time Directors / Chief Executive Officers / Key Managerial Personnel / Risk-Takers and Control Function Staff towards ensuring effective alignment between remuneration and risks;

2. To determine, on behalf of the Board, the Bank's Policy on Remuneration packages for Executive Directors, including Pension, etc.;
3. To review the talent management and succession policy and processes in the Bank for ensuring business continuity, especially at the levels of Managing Director & CEO, and Senior Management, and other key roles of the Bank;
4. Policy for Top-level Executives, one level below the Managing Director and Chief Executive Officer (Members of the Core Executive Team); and
5. To review the HR strategy, Performance Appraisal process, fundamental changes in the Organization Structure, Training and the overall HR function.

Composition : As on March 31, 2021, the Committee comprised four members, viz., Mrs. Akila Krishnakumar (Chairperson), Mr. Arun Tiwari, Mr. Rajiv Agarwal and Mr. Sanjay Asher.

Meetings : The Committee met nine times during the financial year 2020-2021: On April 24, 2020, June 23, 2020, June 29, 2020, August 14, 2020, August 26, 2020, November 3, 2020, December 30, 2020, February 22, 2021 and March 22, 2021.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. Arun Tiwari	9/9	-
Mrs. Akila Krishnakumar	9/9	-
Mr. Sanjay Asher	9/9	-
Mr. Rajiv Agarwal	9/9	-
Mr. Sanjeev Kumar Asthana	3/3	Ceased to be member of the Committee upon resignation from the Bank's Board on July 27, 2020.

9. Risk Management Committee

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

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

Composition : As on March 31, 2021, the Committee comprised five members, viz., Dr.T.T.Ram Mohan (Chairman), Mr. Shanker Annaswamy, Mr. Arun Tiwari, Mrs. Bhavna Doshi, and Mr. Sumant Kathpalia.

Meetings : The Committee met seven times during the financial year 2020-2021: On July 17, 2020, July 22, 2020, August 29, 2020, November 10, 2020, December 23, 2020, March 9, 2021 and March 24, 2021.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Dr. T. T. Ram Mohan	7/7	-
Mr. Shanker Annaswamy	7/7	-
Mr. Arun Tiwari	5/7	-
Mrs. Bhavna Doshi	5/7	-
Mr. Sumant Kathpalia	5/7	-

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

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

Composition : As on March 31, 2021, the Committee comprised three members, viz., Mr. Sumant Kathpalia (Chairman), Mrs. Akila Krishnakumar and Mrs. Bhavna Doshi.

Meetings : The Committee met twice during the financial year 2020-2021: On December 9, 2020 and March 5, 2021.

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. Sumant Kathpalia	1 / 2	-
Mrs. Akila Krishnakumar	2/2	-
Mr. Sanjeev Kumar Asthana	-	Ceased to be member of the Committee upon resignation from the Bank's Board on July 27, 2020.
Mrs. Bhavna Doshi	1 / 2	-

11. Stakeholders' Relations Committee

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

Composition : As on March 31, 2021, the Committee comprised three members, viz., Mrs. Bhavna Doshi (Chairperson), Mr. Rajiv Agarwal and Mr. Sumant Kathpalia.

Meetings : The Committee met twice during the financial year 2020-2021: On December 4, 2020 and March 5, 2021.

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 (includes attendance through videoconference)	Remarks
Mrs. Akila Krishnakumar	1/1	Stepped down as a member and Chairperson of the Committee with effect from February 6, 2021.
Mr. Rajiv Agarwal	2/2	-
Mr. Sumant Kathpalia	1/ 2	-
Mrs. Bhavna Doshi	1/1	Inducted as member and Chairperson in the Committee on February 6, 2021.

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

During the year, 17 complaints were received from investors / shareholders and the same were resolved within the time permitted by regulations.

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

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

Composition : As on March 31, 2021, the Committee comprised five members, viz., Mr. Sanjay Asher (Chairman), Mr. Shanker Annaswamy, Mr. Rajiv Agarwal, Mrs. Bhavna Doshi and Mr. Sumant Kathpalia.

Meetings : The Committee met five times during the financial year 2020-2021: On June 17, 2020, November 11, 2020, January 19, 2021, February 24, 2021 and March 17, 2021.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. Sanjay Asher	5/5	-
Mr. Shanker Annaswamy	5/5	-
Mrs. Akila Krishnakumar	-	Stepped down as a member of the Committee with effect from May 9, 2020.
Mr. Rajiv Agarwal	5/5	-
Mrs. Bhavna Doshi	3 / 4	Inducted as member in the Committee on August 26, 2020.
Mr. Sanjeev Kumar Asthana	1/1	Inducted as member in the Committee on May 9, 2020. Ceased to be member of the Committee upon resignation from the Bank's Board on July 27, 2020.
Mr. Sumant Kathpalia	4/5	-

13. Vigilance Committee

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

Composition : As on March 31, 2021, the Committee comprised of three members, viz., Mrs. Akila Krishnakumar (Chairperson), Mr. Sanjay Asher and Mr. Sumant Kathpalia.

Meetings : The Committee met thrice during the financial year 2020-2021: On June 27, 2020, December 4, 2020 and March 9, 2021.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mrs. Akila Krishnakumar	3/3	-
Mr. Sanjay Asher	3/3	-
Mr. Sanjeev Kumar Asthana	1/1	Ceased to be member of the Committee upon resignation from the Bank's Board on July 27, 2020.
Mr. Sumant Kathpalia	2/3	-

Separate meeting of Independent Directors

During the year under review, two meetings of Independent Directors were held, without the attendance of Non-Independent Directors and members of the Management: on August 26, 2020 and December 15, 2020.

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

In the aforesaid meeting, the Independent Directors:

- 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
Mr. Shanker Annaswamy	2/2	-
Dr. T. T. Ram Mohan	2/2	-
Mrs. Akila Krishnakumar	2/2	-
Mr. Rajiv Agarwal	2/2	-
Mr. Sanjay Asher	2/2	-
Mr. Sanjeev Kumar Asthana	-	Ceased to be member of the Committee upon resignation from the Bank's Board on July 27, 2020.
Mrs. Bhavna Doshi	2/2	-

Terms of appointment of Independent Directors

Non-Executive Independent Directors fulfil the conditions of independence specified in Section 149 of the Companies Act, 2013 read with Schedule IV and Regulation 16(1)(b) of the Listing Regulations and are independent of the management.

A formal Letter of Appointment has been addressed to Independent Directors at the time of their appointment, as provided under the Companies Act, 2013 and the Listing Regulations.

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

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

Annual Evaluation of Performance of the Board, Committees of the Board and of Individual Directors

The Bank has in place a Board Evaluation framework setting out the process, criteria, frequency, etc. for conduct of performance evaluation of the Board as a whole, of Committees of the Board, of Directors (including Independent Directors), of Non-Independent Directors, of the Managing Director & CEO, and of the Chairman. The framework was recommended by the Nomination & Remuneration Committee of the Board, and was approved by the Board.

The process of performance evaluation adopted by the Bank is in line with the provisions of the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SEBI had, vide their Circular dated January 5, 2017, issued the 'Guidance Note on Board Evaluation'. The Nomination & Remuneration Committee of the Board reviewed the criteria and process for Performance Evaluation of the Board and its Committees, with a view to align it with SEBI's Guidance Note and accordingly enhanced the set standards for Performance Evaluation, method of Assessment, etc.

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

Annual Performance Evaluation exercise for FY 2020-21 had been carried out by engagement of an external professional agency, which is specialised in Board evaluation processes and provided the convenience of mutual evaluation, along with anonymity.

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

- The Nomination & Remuneration Committee evaluated the performance of the Directors, of the Board as a whole, of Committees of the Board, and of the Chairman of the Board.
- Performance of Independent Directors including fulfilment of Independence criteria as specified under Listing Regulations and their independence from the management and of the Chairman was evaluated by the entire Board, excluding the Director being evaluated.
- Performance of the entire Board was evaluated based on inputs from individual Directors on the basis of criteria such as Board composition and structure, effectiveness of Board processes, information and functioning, and other attributes such as discharging of roles and functions, professional conduct, governance, etc.
- Performance of the Committees of the Board was evaluated after seeking inputs from the Directors, and evaluation was done on the basis of criteria such as composition of the Committee, roles and responsibilities, effectiveness of Committee meetings, etc.
- Performance of Chairman of the Board, was reviewed taking into account the views of the Executive Director and Non-Executive Directors and that of the Non-Independent Directors was reviewed by the Independent Directors in a separate meeting of Independent Directors, who had also reviewed the performance of the Board as a whole.

The Chairman of the Board provided feedback to the Directors on individual basis, taking into account the report of the external agency, and the significant highlights, learnings and action points with respect to the evaluation exercise were discussed among the Board members.

In accordance with Section 178 of the Companies Act, 2013, the Board has framed a Policy on Performance Evaluation of the Board and a Policy on Appointment & Selection of Directors which is also hosted on the Bank's website at:

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

Familiarization Programme for Independent Directors

An appropriate Induction Programme for new Directors and ongoing familiarization with respect to the business / working of the Bank for all Directors is a major contributor for meaningful Board-level deliberations and sound business decisions.

In compliance with the requirement of the SEBI Listing Regulations, the Bank has formulated a Familiarization Programme for Independent Directors. The said Programme aims to provide to the Independent Directors an insight into the Bank's functioning, to help them understand its business in depth, roles and responsibilities of Independent Directors, and industry overview, so as to help them contribute significantly during the deliberations in the Board / Committee meetings and facilitate active participation in managing of the Bank.

As part of the agenda of Board / Committee Meetings, presentations are made to Independent Directors on an ongoing basis on various matters covering the Bank's business and operations, industry and regulatory updates, strategy, finance, the risk management framework, etc.

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

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

Policy on Board Diversity

The Bank has had eminent persons from diverse fields as Directors in its Board.

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

The Bank believes that a professional Board that possesses diverse skills, varied experience and expertise enhances the quality and speed of decision-making processes, and benefits all stakeholders.

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

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

Policy on Board Diversity is available on the Bank's website, at the link mentioned below:

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

Policy for Determining Material Subsidiaries

The Bank has no material subsidiary, however, has formulated the Policy and approved by the Board at its meeting. The web-link of the Policy for determining material subsidiaries is available at the Bank's website under:

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

Policy on Related Party Transactions

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

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

The Policy is hosted on the website of the Bank at the link mentioned below:

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

Strictures and Penalties

No penalty or stricture was imposed on the Bank by SEBI, Stock Exchanges or any other authority in the matters relating to Capital Market during last three years.

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

During the financial year 2020-21, RBI had levied monetary penalty of ₹ 45 million on the Bank, in respect of findings of annual statutory inspection of the Bank pertaining to the position as on March 31, 2019 (FY 2018-19) and the Risk Assessment Report (RAR) pertaining thereto.

During FY 2019-20, no penalty or strictures were imposed on the Bank by RBI.

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

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

Vigil Mechanism / Whistle Blower Policy

The Bank is committed to high standards of ethics and integrity. The Bank has in place a Whistle Blower Policy to provide a formal mechanism to various stakeholders, viz., employees, customers, suppliers, shareholders, etc., to report their concerns about unethical behaviour, actual or suspected fraud, violation of the Bank's Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism, and provides for direct access to the Chairman of the Audit Committee. None of the Bank's personnel have been denied access to the Audit Committee.

The Whistle Blower Policy has been hosted on the Bank's website at the link mentioned below:

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

Dividend Distribution Policy

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

The Dividend Distribution Policy is hosted on the Bank's website at:
<https://www.indusind.com/in/en/investors/investor-landing/investor-resources.html>

RBI issued a notification DOR.ACC.REC.7/21.02.067/2021-22 dated April 22, 2021 under which banks can pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty percent of the maximum amount determined as per the RBI guidelines on the Dividend Pay-out. The proposal of the Bank to declare a dividend of ₹ 5.00 per fully paid up share is in compliance of this direction.

Details of the three previous Annual General Meetings:

AGM	Day and Date	Time	Venue	Whether Special Resolution Passed
26 th	Friday, September 25, 2020	11.00 a.m.	Through videoconference	Yes
25 th	Friday, August 16, 2019	2.00 p.m.	Hotel Sheraton Grand, Raja Bahadur Mill Road, Pune – 411001.	Yes
24 th	Thursday, July 26, 2018	2.00 p.m.	Hotel Sheraton Grand, Raja Bahadur Mill Road, Pune – 411001.	Yes

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
26 th Annual General Meeting	September 25, 2020	Resolution No. 8: Re-appointment of Mr. Shanker Annaswamy as a Non-Executive Independent Director.
		Resolution No. 9: Re-appointment of Dr. T. T. Ram Mohan as a Non-Executive Independent Director.
		Resolution No. 10: Issue of Long-Term Bonds / Non-Convertible Debentures on Private Placement Basis.
		Resolution No. 11: Modification in Employee Stock Option Scheme 2007 (ESOS 2007)
25 th Annual General Meeting	August 16, 2019	Resolution No. 9: Issue of Long-Term Bonds / Non-Convertible Debentures on Private Placement Basis.
24 th Annual General Meeting	July 26, 2018	Resolution No. 7: Borrowing of monies pursuant to Section 180(1)(c) of the Companies Act, 2013, and other applicable provisions.
		Resolution No. 8: Issue of Long-Term Bonds / Non-Convertible Debentures on Private Placement Basis.
		Resolution No. 9: Increase in the shareholding limit for Registered Foreign Institutional Investors ("FIIs") / Foreign Portfolio Investors ("FPIs") upto an aggregate limit of 74% of the Paid-up Equity Share Capital of the Bank.

Postal Ballot

During the financial year 2020-21, no matter was transacted through Postal Ballot.

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

Material Disclosures

Related Party Transactions: During the year, there were no materially significant transactions with related parties that could have had any potential for conflict with the interests of the Bank at large.

Accounting Standards: In the preparation of Financial Statements for the year 2020-21, the treatment prescribed in the Accounting Standards issued by the Institute of Chartered Accountants of India from time to time has been followed by the Bank.

Disqualification of Directors: As on March 31, 2021, none of the Directors of the Bank were disqualified under Section 164(2) of the Companies Act, 2013.

Certificate dated July 16, 2021 by Mr. S. N. Bhandari Partner, M/s. Bhandari & Associates, Company Secretaries in Practice has been received confirming that none of the Directors in the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of the Bank by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such authority.

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

Confirmation by Board of Independence of Directors

The Bank's Board of Directors in their meeting held on July 24, 2021 reviewed the Declarations submitted by Dr. T. T. Ram Mohan, Mr. Shanker Annaswamy, Mrs. Akila Krishnakumar, Mr. Rajiv Agarwal, Mr. Sanjay Asher and Mrs. Bhavna Doshi, and concluded from the Declarations that the said Directors met the criteria of independence specified under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

The Bank has complied with the provisions relating to the constitution of Internal Complaints Committees under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013], to enquire into the complaints of sexual harassment and recommend appropriate action.

The Bank has received 4 complaints alleging sexual harassment at workplace during the financial year 2020-21. 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
4	4	NIL

Fees paid to Statutory Auditors:

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

Particulars	FY 2020-2021 (₹ In crores)
Audit Fees	2.32
Non-Audit Fees / Reimbursement of Expenses	0.04
Total	2.36

Compliance with mandatory requirements under SEBI Listing Regulations

The Bank has adhered to all the mandatory requirements of Corporate Governance norms as prescribed under Regulations 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations to the extent applicable to the Bank.

During the year under review, the Bank has not identified any non-compliance with requirements of Corporate Governance Report given in sub-paras (2) to (10) of Schedule V of the SEBI Listing Regulations.

Compliance with discretionary / non-mandatory requirements under SEBI Listing Regulations

The status of compliance with the discretionary / non-mandatory requirements under the SEBI Listing Regulations is as under:

- The Chairman has been provided with an office at the Corporate Office of the Bank. Expenses incurred by the Chairman for attending the meetings of the Board and Committees have been reimbursed from time to time. As the Chairman is a Non-Executive Director, he is entitled to receive Sitting Fees for attending the meetings of the Board and of the Committees of the Board and is also entitled for remuneration in the form of Profit-related Commission as per the applicable laws.
- The Bank endeavors to remain in a regime of unqualified Financial Statements.
- The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CEO.
- The Internal Auditor of the Bank reports directly to the Audit Committee.
- The Bank hosted its Quarterly / Annual Financial Results on its website (www.indusind.com) which is accessible to the public at large. Besides this, the Financial Results are published in newspapers, apart from being reported on the websites of the Stock Exchanges. Therefore, the Bank does not find it expedient to send individual communications to the shareholders regarding significant events and financial performance every half-year.
- The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) has been complied with by the Bank.
- Besides the above, e-mail messages and SMS messages were sent during the year to shareholders whose e-mail IDs and cell phone numbers were available with the Bank, informing them about declaration of the Bank's Quarterly and Annual Financial Results.
- The Bank has continued the exercise of collecting the e-mail IDs of shareholders, so as to communicate more regularly with them via e-mail about various developments in the Bank.

Prevention of Insider Trading

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Bank has updated the under mentioned Codes to align with the standards prescribed under the Regulations:

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

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

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

In order to promote e-governance within the Bank, the Bank has implemented an Employee Self-Service Module (ESS Module), a fully automated web-based portal for enabling compliances prescribed under the Insider Trading Code of the Bank, read with the Regulations.

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

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

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

Means of Communication

Besides communicating to the Stock Exchanges where the Bank's shares are listed, the Financial Results of the Bank are also published on a quarterly basis in leading financial publications and a regional newspaper, viz., 'Economic Times' (Mumbai, Delhi, Pune, Bangalore, Chennai, Hyderabad editions), 'Financial Express' (Mumbai, Chennai, Delhi, Kolkata, Bengaluru, Ahmedabad, Hyderabad, Pune, Chandigarh, Kochi & Lucknow editions), 'Business Standard' (Mumbai, Delhi, Kolkata, Bengaluru, Chennai, Hyderabad, Ahmedabad, Lucknow, Chandigarh, Kochi, Pune & Bhubaneswar editions), 'Mint' (Mumbai, Delhi, Kolkata, Bengaluru, Chennai, Hyderabad & Ahmedabad editions), in English and in 'Maharashtra Times' (Pune edition) and Loksatta (Mumbai & Pune edition) in Marathi, at the location of the Bank's Registered Office, Hindu Business Line (HBL) for Q2, Q3 and Q4 FY21 (Mumbai, Delhi, Kolkata, Bangalore, Chennai Hyderabad, Coimbatore, Madurai, Vishakhapatnam, Thiruvananthapuram, Kochi, Kozhikode editions).

Quarterly Press Meets / Calls are organized, during which the Results are announced to the media and Press Releases are issued. Regular interviews with electronic channels on the awareness of Results and other available opportunities are arranged for the Managing Director and members of the Core Management Team.

Analysts' Meets and conference calls with the Analyst fraternity are also held periodically. A transcript of the calls and copies of the presentations made to Institutional Investors and Analysts are hosted on the Bank's website.

Information relating to the Financial Results is also hosted under the icons "Media Room" and "Investors" on Bank's website (www.indusind.com). The said sections are updated regularly.

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.

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 has 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 2020-21 forms part of this Annual Report.

Subsidiary Company and Associate Company

Bharat Financial Inclusion Limited (BFIL) is a wholly-owned subsidiary of the Bank, is a Business Correspondent for financial inclusion activities, and is engaged in loan origination, post-loan origination services, deposit mobilisation and remittance services.

IndusInd Marketing and Financial Services Private Limited (IMFS) is an Associate Company of the Bank and is engaged in the business of providing manpower services.

Business Responsibility Report

Regulation 34(2) (f) of Listing Regulations, stipulates that the Annual Report of Top 1,000 Listed Entities shall contain a Business Responsibility Report (BRR) describing the initiatives taken by the listed entity from an environmental, social, and governance perspective, in the format as specified by the Board. Detailed Business Responsibility Report is available at: <https://www.indusind.com/in/en/sustainability.html>

Corporate Social Responsibility

The Bank has constituted a 'Corporate Social Responsibility' (CSR) Committee of the Board in compliance with the Companies Act, 2013. In the seventh year of CSR reporting, under the statute of the Companies Act, 2013, the Bank has intensified its efforts on community engagement into avenues of Environmental Sustainability, Healthcare, Education, Sports & Skill / Livelihood Development and other areas.

The Board at its meeting held on April 7, 2020, approved the integration of sustainability function with the CSR function in CSR Committee and the Committee was renamed as 'Corporate Social Responsibility & Sustainability Committee'.

Sustainability-driven Growth

The Bank's mantra of 'Good Ecology is Good Economics' has aided in delivering superior financial, environmental and social performance leading the race to a low emissions economy and social inclusivity.

General Information for Shareholders

Registration No.	: 076333
CIN	: L65191PN1994PLC076333
Financial Year	: 2020-2021
Board meeting for adoption of Audited Financial Accounts	: April 30, 2021
Posting of Annual Report 2020-21- electronically- in accordance with Ministry of Corporate Affairs (MCA) circular no. 20/2020 dated May 5, 2020 and Circular no. 02/2021 dated January 13, 2021	: Wednesday, August 4, 2021
Weblink for accessing Annual Report 2020-21	: https://www.indusind.com/
Day, Date and Time of 27th Annual General Meeting	: Thursday, August 26, 2021 at 11.30 a.m.
Venue	: AGM will be conducted through Video conference / OAVM in accordance with Ministry of Corporate Affairs (MCA) Circular No. 02/2021 dated January 13, 2021 and Circular no. 20/2020 dated May 5, 2020.
Financial Calendar	: April 1 to March 31
Book Closure	: Friday, August 20, 2021 to Thursday, August 26, 2021 (Both days inclusive)
Date of Dividend Payment	: On or before Friday, September 24, 2021
Bank's Website	: www.indusind.com
Bank's Branches	: https://www.indusind.com/locate-us.html?q1=&q2=branches
Address for Correspondence	: Mr. Haresh Gajwani Company Secretary IndusInd Bank Limited Building, No. 7, Ground floor, Solitaire Corporate Park 167 Guru Hargovindji Marg Andheri (East), Mumbai – 400093 Tel: 022 - 6641 2485 / 87 E-mail: companysecretary@indusind.com investor@indusind.com

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

The full text of these Reports is also available in an easily navigable format on the Bank's website: www.indusind.com

Distribution of Shareholding as on March 31, 2021

Range – Shares	No. of Folios	Percentage of Folios	No. of Shares	Percentage of Shares
Upto 1,000	4,24,056	98.14	3,00,79,354	3.89
1,001 - 5,000	6,429	1.49	1,29,18,586	1.67
5,001 - 10,000	645	0.15	45,92,405	0.59
10,001 – 50,000	526	0.12	1,15,47,262	1.49
50,001 & above	428	0.10	71,42,34,692	92.36
TOTAL	4,32,084	100.00	77,33,72,299	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 Luxembourg Stock Exchange. As at March 31, 2021, the Bank has 6,34,81,464 GDRs (equivalent to 6,34,81,464 Equity Shares) outstanding, which constituted 8.21% of the Bank's total equity capital. In terms of the offering, the GDRs can be converted at the option of the GDR-holders. Such conversion is not likely to have any impact on the Equity Share Capital of the Bank.

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

The Promoters had paid an amount aggregating ₹ 673.82 crores on July 3, 2019 towards subscription of the Warrants, being 25% of the aggregate Warrant Price for all the Warrants. The balance 75% of the Warrant Price had to be paid by the Promoters upon exercise of the option attached to the Warrants to convert them into Equity Shares within 18 months from allotment of Warrants. Due to disruption caused by the COVID-19 pandemic, the Bank had, at the request of the Promoters, approached the Securities and Exchange Board of India ("SEBI") for extension in time for payment of balance amount. In view of the same, the SEBI granted extension for payment of balance amount until February 18, 2021. The Bank received ₹ 2021.45 crores towards subscription of warrants, being balance 75% of the aggregate Warrant Price for all the Warrants and the Bank allotted 1,57,70,985 equity shares to the Promoters of the Bank on February 18, 2021 upon conversion of Warrants.

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

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

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

The Bank hedges the currency risk in its Balance Sheet through derivatives, including Forex Forwards and Swaps. The Bank manages the currency risk on exposures due to client servicing and proprietary trading in compliance with overall risk control framework and limits prescribed under Global Management Group - Front Office Policy and Market Risk Management Policy, approved by the Board.

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

During the year, the Bank had raised ₹ 3,287.96 crores through Preferential Allotment to QIB and Non-QIB investors in September 2020 and ₹ 2,021.45 crores on conversion of warrants issued to Promoters in February 2021.

The said funds were raised to enhance the capital adequacy, in accordance with regulatory requirements, to finance the growth strategy and for general corporate purposes, in accordance with applicable law.

As required under the Listing Regulations, relating to Corporate Governance, the Audit Committee of Board of the Bank at its meeting held on October 30, 2020 and May 6, 2021, had reviewed and confirmed that the Bank had utilized the said funds for the above-mentioned purposes and there was no deviation in utilization of the said funds.

Shareholding as on March 31, 2021

i. Distribution of shareholding

	Category	No. of shares held	% of shareholding
A.	Promoters' holding	11,75,16,010	15.20*
B.	Non-Promoters' holding	65,58,56,289	84.80
	(i) Institutional Investors		
	a. Mutual Funds and UTI	7,38,00,496	9.54
	b. Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-government Institutions)	5,44,22,271	7.04
	c. Alternate Investment Funds	2,92,083	0.04
	d. FIIs / Foreign Portfolio Investor	36,14,39,362	46.73
	Sub Total (B) (i)	48,99,54,212	63.35
	(ii) Global Depository Receipts (B) (ii)	6,34,81,464	8.21
	(iii) Others		
	a. Central Government / State Government	273	0.00
	b. Private Corporate Bodies	2,12,62,980	2.75
	c. Indian Public **	5,94,29,072	7.69
	d. NRIs / OCBs / Foreign Nationals / Foreign Company / Foreign Bank	1,12,48,255	1.45
	e. Clearing Members	18,22,136	0.24
	f. Trusts	74,467	0.01
	g. Hindu Undivided Family	9,54,547	0.12
	h. Investor Education Protection Fund***	14,28,253	0.18
	i. NBFC registered with RBI	62,00,630	0.80
	Sub Total (B) (iii)	10,24,20,613	13.24
	Grand Total {A + B (i+ii+iii)}	77,33,72,299	100.00

* Promoters' shareholding in the Bank as of March 31, 2021 after conversion of Share Warrants works out to 15.20% on Paid-up capital, while 14.92% on fully-diluted basis (including outstanding Stock Options).

** 'Indian Public' includes 6,04,218 shares held by Resident Directors.

*** Shares transferred to Investor Education and Protection Fund Authority.

ii. Major Shareholders (with more than 1 percent shareholding)

Sr. No.	Name of Shareholders	No. of shares held	% of shareholding
1	IndusInd International Holdings Ltd.	8,95,37,464	11.58
2	The Bank of New York Mellon (GDR-Depository)	6,34,81,464	8.21
3	Life Insurance Corporation of India	3,28,00,849	4.24
4	Route One Offshore Master Fund L.P.	3,11,14,303	4.02
5	IndusInd Limited	2,79,78,546	3.62
6	Sfspvi Ltd	2,53,43,766	3.28
7	Dragsa India Equities III LP	2,32,21,555	3.00
8	Bofa Securities Europe SA – ODI	2,27,01,337	2.94
9	Route One Fund I, L.P.	2,08,44,081	2.70

Sr. No.	Name of Shareholders	No. of shares held	% of shareholding
10	Bridge India Fund	1,91,12,000	2.47
11	Morgan Stanley Investment Funds Asia Opportunity Fund	1,90,03,287	2.46
12	ICICI Prudential Life Insurance Company Limited	1,62,65,671	2.10
13	SBI-ETF Nifty 50	1,47,47,750	1.91
14	Government Pension Fund Global	1,27,67,338	1.65
15	DF International Partners	1,23,96,730	1.60
16	Ishana Capital Master Fund	1,15,19,162	1.49
17	BNP Paribas Arbitrage-ODI	1,14,67,115	1.48
18	NPS Trust - A/C UTI Retirement Solutions Pension Fund Scheme – State Govt.	94,26,575	1.22
19	Afrin Dia	90,96,463	1.18
20	UBS Principal Capital Asia Ltd	87,79,475	1.14
21	Nippon Life India Trustee Ltd – A/C Nippon India ETF Bank Bees	81,91,392	1.06
22	Dragsa India Long LP	80,56,458	1.04
23	AIA Company Limited	78,30,152	1.01

iii. Total Foreign Shareholding

Particulars	No. of shares held	% of shareholding
Total foreign shareholding	55,21,76,035	71.40
of which GDRs	6,34,81,464	8.21

Details of complaints received and resolved from April 1, 2020 to March 31, 2021:

Complaints	Received	Attended to	Pending
Non-Receipt of Share Certificate	4	4	0
Non-Receipt of Dividend Warrants	5	5	0
Non-Receipt of Annual Report	0	0	0
Non-Receipt of Rejected DRF	3	3	0
Non-Receipt of Exchanged Certificates	0	0	0
Others	3	3	0
Stock Exchanges	0	0	0
SEBI	2	2	0
Total	17	17	0

During the year, 17 complaints were received from investors / shareholders and the same have been resolved within time stipulated by law.

Listing details of the Bank's Equity Shares / Bonds / GDRs on Stock Exchanges

Name of the Stock Exchange	Address of the Stock Exchange	Stock Code No.
BSE Ltd.	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001.	532187
National Stock Exchange of India Ltd.	5 th Floor, Exchange Plaza, Bandra-Kurla Complex, Plot No. C/1, G Block, Bandra (E), Mumbai - 400 051.	INDUSINDBK
Luxembourg Stock Exchange (Global Depository Receipts)	Société de la Bourse de Luxembourg Societe Anonyme, RC Luxembourg B 6222	111202
India International Exchange	1 st Floor, Unit No. 101, The Signature Building No.13B, Road 1C, Zone 1, GIFT SEZ, GIFT CITY, Gandhinagar - GJ 382355	1100027
Singapore Stock Exchange	11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589	-

The Bank has paid Annual Listing Fees on its Securities for FY 2020-21.

Notes:

1. Equity shares of the Bank are listed on the National Stock Exchange of India Ltd. and BSE Ltd.
2. Global Depository Receipts are listed on Luxembourg Stock Exchange.
3. Bonds are listed on the National Stock Exchange of India.
4. Medium Term Notes are listed on the India International Exchange and Singapore Stock Exchange.

List of all Credit Ratings obtained by the Bank:

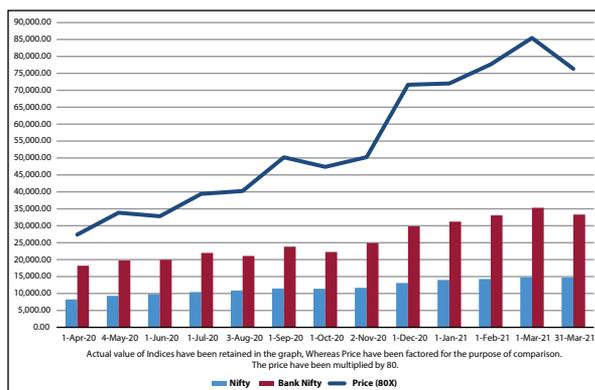
The details of credit ratings obtained by the Bank during the financial year is included in the Directors' Report, which forms an integral part of this Annual Report.

Market Price Data of the Bank's shares

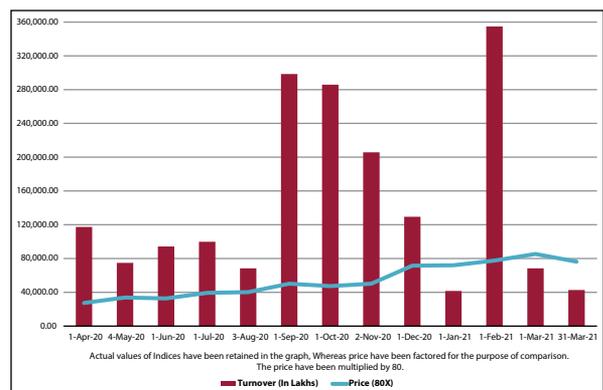
i. National Stock Exchange of India Ltd.

Date	Price of Shares				Turnover in ₹ Lakhs	Nifty	Bank Nifty
	Open (₹)	High (₹)	Low (₹)	Close (₹)			
1-Apr-20	386.40	390.00	320.00	342.25	117376.93	8253.80	18208.35
4-May-20	444.00	444.05	416.00	423.05	74847.96	9293.50	19743.75
1-Jun-20	402.30	416.80	401.05	410.10	94295.97	9826.15	19959.90
1-Jul-20	480.50	494.60	475.15	492.45	99907.89	10430.05	21977.60
3-Aug-20	521.95	521.95	501.00	503.05	68407.40	10891.60	21072.10
1-Sep-20	638.10	662.50	588.70	627.45	298437.48	11470.25	23812.00
1-Oct-20	540.00	597.05	537.00	592.20	285812.84	11416.95	22246.00
2-Nov-20	590.00	635.00	590.00	628.35	205774.77	11669.15	24892.50
1-Dec-20	863.00	900.00	858.10	895.50	129493.91	13109.05	29817.85
1-Jan-21	895.00	904.00	893.05	900.15	41687.31	14018.50	31225.85
1-Feb-21	859.00	981.40	856.00	970.60	354771.25	14281.20	33089.05
1-Mar-21	1075.00	1096.60	1063.15	1067.95	68407.32	14761.55	35296.00
31-Mar-21	961.05	969.00	950.00	954.45	42733.93	14690.70	33303.90

Share Price comparison with Nifty and Bank Nifty



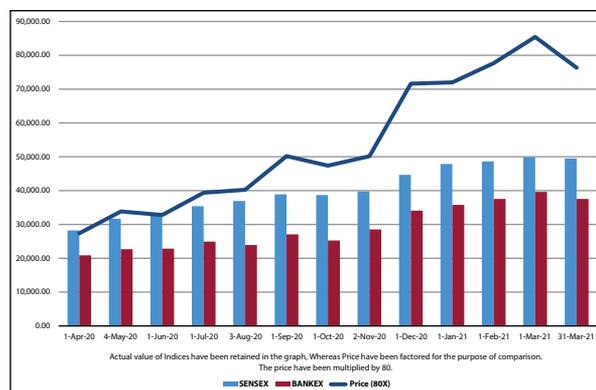
Share Price comparison with Turn Over (in Lakhs)



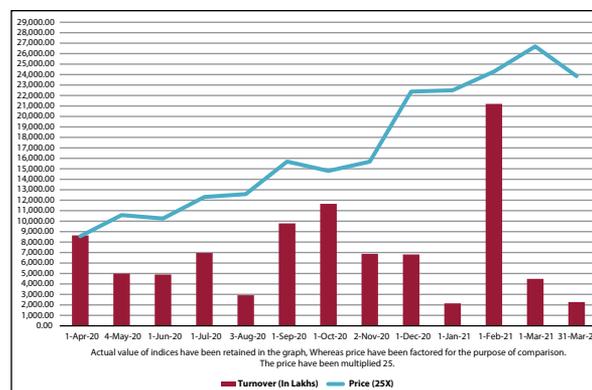
ii. BSE Ltd.

Date	Price of Shares				Turnover in ₹ Lakhs	SENSEX	BANSEX
	Open (₹)	High (₹)	Low (₹)	Close (₹)			
1-Apr-20	386.25	390.00	320.00	342.30	8632.22	28265.31	20879.55
4-May-20	437.20	443.90	415.50	423.15	4994.34	31715.35	22684.37
1-Jun-20	402.95	416.75	401.85	410.05	4901.10	33303.52	22856.80
1-Jul-20	481.50	494.40	474.85	492.35	6960.24	35414.45	24938.53
3-Aug-20	523.50	523.50	501.00	503.20	2926.05	36939.60	23926.98
1-Sep-20	639.00	662.50	589.05	627.70	9781.50	38900.80	27080.87
1-Oct-20	533.00	597.65	533.00	592.10	11652.51	38697.05	25264.10
2-Nov-20	596.00	635.00	590.90	627.15	6878.04	39757.58	28531.21
1-Dec-20	862.20	900.00	857.70	895.10	6816.45	44655.44	34097.70
1-Jan-21	892.70	903.80	892.70	900.00	2147.11	47868.98	35798.50
1-Feb-21	857.35	981.00	857.35	971.10	21201.40	48600.61	37549.19
1-Mar-21	1072.00	1096.00	1063.30	1067.75	4487.10	49849.84	39616.41
31-Mar-21	960.00	968.55	950.50	954.00	2270.37	49509.15	37547.91

Share Price comparison with SENSEX and BANSEX



Share Price comparison with Turn Over (in Lakhs)



Dematerialisation of shares and liquidity

The Bank's shares are tradable (in electronic form only) at the BSE Ltd. and the National Stock Exchange of India Ltd. 97.39% of the Bank's shares are in dematerialised form and the rest are in physical form.

Particulars	No. of Shares	Percentage (%)
In Dematerialised form	75,31,67,849	97.39
In Physical form	2,02,04,450*	2.61
Total	77,33,72,299	100

*The Bank had allotted 1,57,70,985 and 2,17,112 shares on February 18, 2021 and March 15, 2021 respectively, which are credited to beneficiaries demat account after March 31, 2021, hence, it is considered under physical mode.

In view of the numerous advantages offered by the Depository System, members holding shares of the Bank in physical form are requested to get the same dematerialised and converted to the electronic form.

Share Transfer System

Standardization and simplification of procedure for Transmission of Securities

The Share Transfer Committee, comprising Bank's Top Executives, has been constituted to deal with transfer of shares, issue of duplicate Share Certificates in lieu of mutilated Share Certificates or those which are misplaced / lost, and other related matters. Approvals granted by the Share Transfer Committee are confirmed at subsequent Board meetings. With a view to expediting the process of physical share transfers, the Share Transfer Committee meets every Friday on need basis. Acceptance of fresh application for transfer of shares in physical mode has been discontinued w.e.f. April 1, 2019, and resubmitted cases were not permitted to be accepted after March 31, 2021 as per SEBI Circular.

The amendment to Regulation 40 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide Gazette Notification dated June 8, 2018 has mandated that transfer of securities would be carried out in dematerialized form only and vide their notification dated November 30, 2018, extended this date up to March 31, 2019. Restriction for effecting transfer of securities shall not be applicable in case of transmission or transposition of securities or deletion of name of deceased shareholder. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

With reference to the guidelines issued by SEBI regarding standardization and simplification of procedures for transmission of securities, the Bank's Board has empowered the Share Transfer Committee for approving transmission of securities held in physical mode, for market value of securities of upto ₹ 10,00,000 (Rupees Ten lakhs only), subject to completion of simplified documentation procedure prescribed by SEBI.

Share Capital Audit

Pursuant to Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Practising Company Secretary has examined the records relating to Share Transfer Deeds, Registers and other related documents on a half-yearly basis and has certified compliance with the provisions of the above Regulation. The Certificates are submitted 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 Secretaries (Independent External Auditor) on a quarterly basis, for the purpose of reconciliation of the total admitted Equity Share Capital with the Depositories, viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and in the physical form with the total Issued / Paid-up Equity Capital of the Bank. The Auditor's Certificate in this regard has been submitted to BSE Ltd. and the National Stock Exchange of India Ltd. on quarterly basis.

Consolidation of Folios

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

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.

C-101, 247 Park

L.B.S. Marg, Vikhroli (West)

Mumbai – 400083

Contact Person: Mr. Mahesh Masurkar

Tel.: 022 4918 6280 / 022 4918 6000 Fax: 022 4918 6060

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.

Building No.7, Ground floor,

Solitaire Corporate Park

167, Guru Hargovindji Marg

Andheri (East), Mumbai - 400093

Tel: 022 6641 2487 / 2361

E-mail: investor@indusind.com

For IEPF related matters:

Mr. Haresh K. Gajwani, Nodal Officer

Mr. V. Ravi Kumar Reddy, Deputy Nodal Officer

Ms Hiral Thakkar, Deputy Nodal Officer

IndusInd Bank Ltd.

Tel: 022 66412487 / 66412361 / 66412359

E-mail: investor@indusind.com

Dividends

The RBI, vide notification dated April 17, 2020 and December 4, 2020 directed that in view of the ongoing stress and heightened uncertainty on account of COVID-19, banks should continue to conserve capital to support the economy and absorb losses. The notification also stated that in order to further strengthen the banks' Balance Sheets, while at the same time support lending to the real economy, banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2020. In accordance with RBI notification dated April 17, 2020, the Board of Directors of the Bank had not recommended Dividend on Equity Shares from the profits for the financial year ended March 31, 2020.

RBI have, vide Circular dated April 22, 2021, permitted banks to pay Dividend on Equity Shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty per cent of the amount determined as per the dividend payout ratio prescribed in paragraph 4 of the RBI Circular dated May 4, 2005.

In accordance with the RBI Circular, the Board of Directors of the Bank had, in the meeting held on April 30, 2021, recommended Dividend of ₹ 5/- per equity share of ₹ 10/- each (at 50%), for the financial year ended March 31, 2021.

Modes of making payment of Dividend through electronic mode:

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have directed that listed companies shall mandatorily make all payments to investors including dividend to shareholders, by using any RBI approved electronic mode of payment, viz., National Automated Clearing House (NACH), Direct Credit (in case Bank Account is with IndusInd Bank), RTGS, NEFT, etc.

In order to receive the dividend without loss of time, all the eligible shareholders holding shares in demat mode are requested to update with their respective Depository Participants, their correct Bank Account Number, including 9 Digit MICR Code and 11 digit IFSC Code, E- Mail ID and Mobile No(s). This will facilitate the remittance of the dividend amount directly in the Bank Account of the Shareholder electronically.

In case any of the dividend payments not executed via electronic mode for any reason, the Bank shall issue Dividend Warrants.

Updating of e-mail IDs and mobile numbers enables the Bank to send communications relating to credit of dividend, unencashed dividend, etc. in a prompt and efficient manner.

Shareholders holding shares in physical form may communicate details relating to their Bank Account, 9 Digit MICR Code, 11 digit IFSC Code, E- Mail ID and Mobile Numbers to the Registrar and Share Transfer Agents, viz., Link Intime India Pvt. Ltd., having address at C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai – 400 083, by quoting the reference folio number and attaching a photocopy of the Cheque leaf of their Active Bank Account and a self-attested copy of their PAN card.

Unclaimed Dividend

As per the applicable provisions of the Companies Act, 2013, the Bank is statutorily required to transfer to the Investor Education & Protection Fund (IEPF) all dividends remaining unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account. Once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank. However, shareholders are requested to refer to website of the IEPF Authority for the procedure required to be followed to claim the refund at <http://iepf.gov.in/IEPF/corporates.html> or to contact the Secretarial and Investor Services Cell for assistance. Unclaimed Dividends upto the Financial Year 2012-13 have already been transferred to the IEPF, after giving due notice to the shareholders whose names were appearing in the list of unclaimed recipients.

Details of unclaimed dividends for the Financial Year 2013-14 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	Last date for availing unclaimed Dividend
2013-14	Final	June 27, 2014	August 1, 2021
2014-15	Final	August 17, 2015	September 21, 2022
2015-16	Final	July 1, 2016	August 5, 2023
2016-17	Final	July 26, 2017	August 30, 2024
2017-18	Final	July 26, 2018	August 30, 2025
2018-19	Final	August 16, 2019	September 19, 2026
2019-20	Final	No Dividend was paid as per RBI directives.	

Transfer of Equity shares, to the Investor Education and Protection Fund (IEPF)

In terms of Section 124(6) of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, made effective by the Ministry of Corporate Affairs on September 7, 2016, members are requested to note that the shares in respect of which Dividend remaining Unpaid or Unclaimed for seven consecutive years or more are required to be transferred to the IEPF Authority.

In this connection, the Bank has sent Intimation Letters to members on April 30, 2021 in respect of the shares on which Dividend had remained Unpaid or Unclaimed for seven consecutive years or more since 2013-14, requesting them to claim such dividend so as to avoid the corresponding shares being transferred to the IEPF Authority. An advertisement to this effect was published in Financial Express (all editions) in English language and in Loksatta newspaper, Pune edition in Marathi language on May 4, 2021, failing which the shareholders whose name appears in the list as on July 31, 2021 their shares shall be transferred to the IEPF Authority within 30 days from 'Due Date', viz. July 31, 2021.

The Bank has transferred the Unclaimed Dividends / Equity Shares for the period 2009-10, 2010-11, 2011-12 and 2012-13 to the IEPF Authority.

Members are also requested to note that the dividend declared for the financial years 2017-18 and 2018-2019, against the shares already transferred to the IEPF Authority, has been credited to IEPF authority.

Persons whose Dividend / Shares have been transferred to the IEPF Authority, may claim the refund from the IEPF-Authority by filing e-form IEPF-5 online, and following the procedure detailed on the website at: <http://iepf.gov.in/IEPF/corporates.html>

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

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

Details of Shares lying in Unclaimed Suspense Account as on March 31, 2021:

Particulars	Number of Shareholders / Folios	Shares
Opening Balance as on April 1, 2020	137	53,982
Add: Transfer during the year 2020-21	0	0
Less: Claim received and shares transferred*	2	550
Less: Shares transferred to Investor Education Protection Fund	0	0
Closing Balance as on March 31, 2021**	135	53,432

*Number of shareholders who approached the Bank for the transfer of shares from the suspense account.

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

Other disclosures:

During the year under review, there were no instances of recommendations made that were mandatorily within the terms of reference of the Committees of the Board, and which were not adopted by the Board.

For IndusInd Bank Limited

Place: Mumbai
Date: July 24, 2021

Sd/-
Sumant Kathpalia
Managing Director & CEO
(DIN: 01054434)

ANNEXURE I TO THE DIRECTORS' REPORT

CERTIFICATE ON DECLARATION OF INDEPENDENCE OF DIRECTORS

[Pursuant to Regulation 25(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
**The Members of
 IndusInd Bank Limited**
 2401, Gen. Thimmayya Road,
 Cantonment,
 Pune - 411001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of IndusInd Bank Limited having CIN L65191PN1994PLC076333 and having registered office at 2401, Gen. Thimmayya Road, Cantonment, Pune - 411001 (hereinafter referred to as 'the Bank'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 25(9) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and verifications as considered necessary and explanations furnished to us by the Bank & its officers and according to the declarations received from the Independent Directors under Section 149 (6) and (7) of the Companies Act, 2013 and Regulation 16(1)(b) and Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we hereby certify that the Independent Directors on the Board of the Bank as stated below for the Financial Year ended March 31, 2021 fulfill the criteria of Independence as specified in Section 149 of the Companies Act, 2013 and Regulation 16 and 25 of the Listing Regulations.

Sr. No.	Name of Director	DIN	Date of appointment in the Bank
1.	Mr. Shanker Annaswamy	00449634	12/01/2016
2.	Dr. T. T. Ram Mohan	00008651	12/05/2016
3.	Mrs. Akila Krishnakumar	06629992	10/08/2018
4.	Mr. Rajiv Agarwal	00336487	15/03/2019
5.	Mr. Sanjay Asher	00008221	10/10/2019
6.	Mrs. Bhavna Doshi	00400508	14/01/2020

Ensuring the eligibility of for the appointment / continuity of every Independent Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank. This Certificate is issued at the request of the Bank, for the internal use.

For Bhandari & Associates
Company Secretaries
 Firm Registration No.:P1981MH043700

Sd/-
S. N. Bhandari
Partner
 FCS No: 761; C P No.: 366

Mumbai | July 16, 2021

ANNEXURE II TO THE DIRECTORS' REPORT**FORM No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021**

[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 authorised 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, 2021** 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, 2021 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings. The Bank does not have any Overseas Direct Investment during the financial year.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#; and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018# ;

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

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

vi. The Banking Regulation Act, 1949.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

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

We further report that -

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

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

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

We further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

1. The Bank has issued and allotted 4,76,29,768 equity shares of ₹ 10 each at a price of ₹ 524 per equity share (including share premium of ₹ 514) on Preferential basis to Qualified Institutional Buyers pursuant to special resolution passed by the shareholders of the Bank at the Extraordinary General Meeting held on August 25, 2020.
2. The Bank has issued and allotted 1,51,17,477 equity shares of ₹ 10 each at a price of ₹ 524 per equity share (including share premium of ₹ 514) on Preferential basis to Non-Qualified Institutional Buyers pursuant to special resolution passed by the shareholders of the Bank at the Extraordinary General Meeting held on August 25, 2020.
3. The Bank has issued and allotted 1,57,70,985 Equity Shares of ₹ 10 each for a premium of ₹ 1699/- upon conversion of equivalent number of Share Warrants, pursuant to the Composite Scheme of Arrangement amongst IndusInd Bank Ltd., Bharat Financial Inclusion Ltd., IndusInd Financial Inclusion Ltd., and their respective shareholders and creditors, to the Promoters Entities, viz., IndusInd International Holdings Ltd. and IndusInd Ltd.
4. The Reserve Bank of India (RBI) has issued a show cause notice on June 22, 2020 for non-compliance with certain directions issued by RBI. Thereafter RBI has imposed vide its order dated October 16, 2020 a monetary penalty of ₹ 4.5 crore on the Bank for non-compliance with certain provisions of directions issued by RBI on 'Exposure Norms', 'Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances', 'SPARC – Monitoring of Information Submission by bank', 'Creation of a Central Repository of Large Common Exposures - Across Banks' read with directions on 'Central Repository of Information on Large Credits (CRILC) – Revision in Reporting', and 'Disclosure in Financial Statements - Notes to Accounts'.
5. Member's approval has been obtained at the 26th Annual General meeting held on September 25, 2020 for:
 - a. Approval to borrow/raise funds by issue of debt securities, including, but not limited to, Long term Bonds, Green Bonds, Masala Bonds, Optionally Convertible Debentures, Non-convertible Debentures, Medium Term Notes, Infrastructure Bonds, Tier 2 Capital Bonds, Perpetual Debt Instruments, AT 1 Bonds or such other debt securities as may be permitted under the RBI Guidelines for an aggregate amount not exceeding ₹ 20,000 crores on a Private Placement basis.

- b. Approval to the modifications in the Bank's existing Employee Stock Options Scheme ('ESOS 2007') and styled as IndusInd Bank Employee Stock Option Scheme 2020 ('ESOS 2020') and to offer and grant from time to time such number of Options to the Eligible Employees, including Directors other than the Promoters, Non-Executive, Independent Directors and Directors holding more than 10% of the outstanding Equity shares of the Bank, having Face value of ₹ 10 per share under ESOS 2020 by way of issuance of Employee Stock Options.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No.:P1981MH043700

Sd/-
S. N. Bhandari
Partner
FCS No: 761; C P No.: 366

Mumbai| July 2, 2021

ICSI UDIN: F000761C000570385

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

'Annexure A'

To,
The Members,
INDUSIND BANK LIMITED
CIN: L65191PN1994PLC076333

Our Secretarial Audit Report for the Financial Year ended on March 31, 2021 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No.:P1981MH043700

Sd/-
S. N. Bhandari
Partner
FCS No: 761; C P No.: 366

Mumbai| July 2, 2021

ICSI UDIN: F000761C000570385

ANNEXURE III TO THE DIRECTORS' REPORT

Statutory Disclosures Regarding ESOPs (Forming part of the Directors' Report for the year ended March 31, 2021)

Sr. No.	Particulars	Total	ESOP 2020 Scheme					
			ESOP 2020 granted on (Upto March 31, 2021)	ESOP 2020 granted on April 24, 2020	ESOP 2020 granted on May 19, 2020	ESOP 2020 granted on August 7, 2020	ESOP 2020 granted on August 14, 2020	ESOP 2020 granted on December 30, 2020
1	No. of options granted	5,10,15,642	44,000	5,18,000	6,80,000	10,07,000	1,02,500	0
2	No. of options surrendered (cancelled)	36,74,944	20,000	65,000	20,000	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	93,06,522	0	0	0	0	0	0
5	No. of options Exercised	3,32,39,148	0	0	0	0	0	0
6	No. of shares arising as a result of exercise of options	3,32,39,148	0	0	0	0	0	0
7	Options Lapsed	17,415	0	0	0	0	0	0
8	Variation in terms of ESOP	NA	NA	NA	NA	NA	NA	NA
9	Money realised by exercise of options (₹ In Lakhs)	58,299	0.00	0.00	0.00	0.00	0.00	0.00
10	Total No. of Options in force	1,40,84,135	24,000	4,53,000	6,60,000	10,07,000	1,02,500	0
11	Employee-wise details of options granted to:							
	(a) Key Managerial Personnel, i.e., Managing Director & CEO, Chief Financial Officer and Company Secretary	57,98,000	No options granted to KMP during the year.					
	(b) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year. (Refer Table A)	47,02,000	No options granted more than 5% during the year.					
	(c) Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant.	Nil	-	-	-	-	-	-
12	Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of option, calculated as per Accounting Standard (AS) 20- "Earning Per Share"	The Diluted EPS of the Bank calculated after considering the effect of potential equity shares arising on account of exercise of Options is ₹ 38.68						
13	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	The Bank has charged ₹ 0.09 crores to the Profit and Loss account being the intrinsic value of stock options granted for the year ended March 31, 2021. Had the Bank adopted the Black Scholes model based fair valuation, compensation cost for the year ended March 31, 2021, would have increased by ₹ 32.20 crores and the proforma profit after tax would have been lower by ₹ 24.10 crores. On a proforma basis, the basic and diluted earnings per share would have been ₹ 38.42 and ₹ 38.35 respectively.						

Sr. No.	Particulars	Total ESOP 2020 & 2018 (Upto March 31, 2021)	ESOP 2020 Scheme							
			ESOP 2020 granted on April 24, 2020	ESOP 2020 granted on May 19, 2020	ESOP 2020 granted on August 7, 2020	ESOP 2020 granted on August 14, 2020	ESOP 2020 granted on December 30, 2020			
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 ESOP 2020 scheme options exercised during the year is ₹ 856.75 and ESOP 2018 Scheme it is ₹ 925.85									
	Grants whose Exercise Price equals market price:									
	The weighted average exercise price of ESOP 2020 scheme options granted during the year is ₹ 495.72									
	The weighted average fair value of ESOP 2020 scheme options granted during the year is ₹199.13									
	Grants whose Exercise price is less than market price: N.A.									
15	A description of the method and significant assumptions used during the year to estimate the fair value of Options, including the following weighted-average information:									
	Risk Free Interest Rate		5.51%	5.46%	5.22%	5.28%	5.04%			
	Expected Life		4.51	4.51	4.50	4.50	4.50	4.50		
	Expected Volatility		44.01%	45.32%	46.85%	46.84%	49.17%			
	Dividend Yield		1.83%	1.99%	1.47%	1.48%	0.83%			
	Price of the underlying share in the market at the time of option grant.		409.95	376.75	494.90	518.75	912.90			
	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									
1	Sumant Kathpalia						300,000			
	Note to "Table A"									
	33% of these Options will vest on						14/8/2021			
	33% of these Options will vest on						14/8/2022			
	33% of these Options will vest on						14/8/2023			
2	Arun Khurana						125,000			
	Note to "Table A"									
	33% of these Options will vest on						14/8/2021			
	33% of these Options will vest on						14/8/2022			
	33% of these Options will vest on						14/8/2023			

As per Table A Below

Number of Options granted:

ANNEXURE IV TO THE DIRECTORS' REPORT

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

- The ratio of the remuneration of each Director to the median remuneration of the employees of the Bank for the financial year 2020-21, is given below:

Name	Ratio
Mr. Sumant Kathpalia, Managing Director & CEO	170x
Mr. Arun Tiwari, Non-Executive, Non-Independent, Part-time Chairman	6.81x

Notes:

- The ratio pertains to the fixed remuneration of the KMP & Directors to the median fixed remuneration of the Bank's employees for FY21.
- The ratio of remuneration paid to Mr. Arun Tiwari, is based on payment of Profit-related Commission, and does not include the Sitting Fees paid.

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

In addition to the Sitting Fees paid for attending the meetings of the Board and of various Committees of the Board, all Non-Executive Directors (other than the Chairman) received remuneration in the form of Profit-related Commission of ₹ 10,00,000 per annum, in line with RBI Guidelines and on the basis of Members' approval.

The ratio of remuneration (excluding Sitting Fees) paid to Non-Executive Directors to the median remuneration of the employees of the Bank for the financial year 2020-21 is mentioned below:

Name of the Non-Executive Director	Ratio
Mr. Shanker Annaswamy	2.27x
Dr. T. T. Ram Mohan	2.27x
Mrs. Akila Krishnakumar	2.27x
Mr. Rajiv Agarwal	2.27x
Mr. Sanjay Asher	2.27x
Mrs. Bhavna Doshi	2.27x
Mr. Sanjeev Asthana	0.73x*

*Mr. Sanjeev Kumar Asthana resigned from the Bank's Board effective from the close of business hours on July 27, 2020.

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

Name	Percentage
Mr. Sumant Kathpalia, Managing Director & CEO	_*
Mr. S. V. Zaregaonkar, Chief Financial Officer	4%
Mr. Haresh Gajwani, Company Secretary	-12%

*Mr. Sumant Kathpalia was appointed as MD & CEO of the Bank with effect from March 24, 2020.

- Change in remuneration of Non-executive Directors:

There has been no change in the amount of commission paid to the Non-Executive Directors from the previous F.Y. 2019-2020. Mr. Arun Tiwari was appointed Non-Executive, Non-Independent Chairman of the Board w.e.f. January 31, 2020. Mr. Tiwari received remuneration in the form of commission ₹ 10 Lakhs per annum as Director from April 1, 2019 to January 30, 2020 and ₹ 30 Lakhs per annum as Chairman from January 31, 2020 to March 31, 2021.

- **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 3.4%.

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

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

There were 29,661 employees on the rolls of the Bank as on March 31, 2021.

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

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

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

Note: Remuneration of KMPs is as per Form 16 (on an annualised basis), excluding Stock Options exercised in the financial year.

ANNEXURE V TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on CSR Policy of the Bank:

CSR Policy of the Bank is guided by the mission of 'Good Ecology is Good Economics'. It aims at creating value for all stakeholders and emerge as a 'Best-in-Class' Bank that is committed to sustainable economic growth. The Bank believes that 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. IndusInd Bank designs and supports sustainable CSR programs that primarily empower and benefit marginalized and weaker sections of society, high risk and high-stressed communities.

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 pursue a process of continuous improvement of our CSR policy and practice and are guided by the CSR Act/Rules as notified by the Ministry of Corporate Affairs. Our vision is to be trusted, valued and respected for our financial, environmental and social performance. We are guided by the principles outlined in the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGSEE) and the UN Global Compact.

The Bank's CSR strategy identifies key focus areas and provides a clear methodology for project selection, implementation, and evaluation while taking into consideration the opinions of stakeholders on the same. It also ensures that each project has significant socio-environmental impact and that the projects are considered vital by internal and external Stakeholders.

In line with our CSR Policy, the Bank has implemented several large scale projects in Environment, Rural Development, Healthcare, Education and Sports.

Environment Sustainability	Healthcare	Skills & Livelihood	Sports	Education	Other Areas
<ul style="list-style-type: none"> Water Resource Development & Management Access to Safe Drinking Water Waste Management Restoration of Water bodies Urban Afforestation Renewable Energy 	<ul style="list-style-type: none"> Primary healthcare Support for Special care like Cancer, Congenital Heart Disease, HIV Maternal & Child Care Menstrual Hygiene 	<ul style="list-style-type: none"> Skilling and Entrepreneurship Livestock development 	<ul style="list-style-type: none"> Sports Excellence & Inclusion of Women, differently-abled and rural grassroot sports talent 	<ul style="list-style-type: none"> Programs for School academic enhancement Education excellence through Scholarships 	<ul style="list-style-type: none"> Disaster Relief Welfare of members of the Armed Forces and their families Art, Culture and Heritage Any new area included by MCA

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mrs. Akila Krishnakumar	Chairperson of the CSR Committee	2	2
2	Mr. Rajiv Agarwal	Member		2
3	Mr. Sanjay Asher	Member		2
4	Mr. Sumant Kathpalia, (Managing Director & CEO)	Managing Director & CEO		1

3. Provide web-link where composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Bank:

Composition of CSR Committee:

<https://www.indusind.com/in/en/csr-home/our-approach/meet-the-bank.html>

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

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

4. Provide the details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014, if applicable (attach the report):

Following are some cumulative project outputs:

- 66832 million litres of water storage capacity created
- 219780 trees planted
- 92770 students benefitted from education programs
- 664832 people provided with accessible and affordable healthcare services
- Around 639 sportspersons groomed to compete at national on international platforms across several disciplines
- 1209 youth and entrepreneurs trained for employable & entrepreneurial skill to generate income
- 1600 MtTCO2 emissions saved/sequestration potential created

Most of the programs are planned for long term (3-5 years) with yearly review conducted prior to renewal. It takes multiple years and a holistic program approach for generation of impact and is typically assessed at the end of the project. Impact assessments of such projects will be carried out once projects attain maturity. Impact assessments of such projects will be carried out from FY 2021-22. The Bank also carried out third party financial audit of 19 projects above annual budget of ₹ 1 crore in FY 2020-21.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)

This section is Not Applicable. No amount available for set-off.

6. Average net profit of the company as per section 135(5): ₹ 601130 Lakhs

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 12023 Lakhs
- (b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: Nil
- (c) Amount required to be set off for the financial year, if any: Nil
- (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 12023 Lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total amount spent for the financial year (₹ in lakhs)	Amount unspent (in ₹)				
	Total amount transferred to unspent CSR account as per section 135(6)		Amount transferred to any fund specified under schedule VII as per second provision 135(5)		
	Amount (₹ in lakhs)	Date of transfer	Name of the Fund	Amount	Date of transfer
9,472.42	2,600.00	April 30, 2021	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (₹ in lakhs)	Amount spent in the current financial year (₹ in lakhs)	Amount transferred to Unspent CSR account for the project as per Section 135(6) (₹ in lakhs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1	Environmental Sustainability (Water Resource Development & Management, Access to Safe Drinking Water, Waste Management, Restoration of Water bodies, Urban Afforestation, Renewable Energy)	Ensuring environmental sustainability	Yes	Maharashtra, Karnataka, Tamil Nadu, Delhi, Haryana, West Bengal, Uttarakhand, MP, Jharkhand, Odisha, Andhra Pradesh, Gujarat, Telangana, Pondicherry, Rajasthan	46 districts	2-4 years	2,946.54	2,334.23	612.31	No	Centre for Environmental Research & Education, Environmentalist Foundation of India	CSR00002529, CSR00002310
2	Healthcare (Primary healthcare, support for Special care like Cancer, Congenital Heart Disease, HIV, Maternal & Child Care, Menstrual Hygiene)	Promoting Health care	Yes	Goa, Maharashtra, Assam, Telangana, UP, Rajasthan, Bihar, Chattisgarh, Jharkhand, MP, Karnataka	43 districts	2-4 years	1,665.06	1,431.29	233.77	No	Bhagwan Mahaveer Cancer Hospital and Research Centre, Cankids Kidscan, Child In Need Institute, Lotus Medical Foundation, Ramakrishna Mission Home of Service, Sri Sathya Sai Health & Education Trust, Synergy India Foundation, Assam Cancer Care Foundation, Cashpor Micro Credit	CSR00005954, CSR00000341, CSR00000494, CSR00003421, CSR00006101, CSR00001048, CSR00000119, in process, NA

(1) Sl. No.	(2) Name of the project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local Area (Yes/No)	(5) Location of the project		(6) Project duration	(7) Amount allocated for the project (₹ in lakhs)	(8) Amount spent in the current financial year (₹ in lakhs)	(9) Amount transferred to Unspent CSR account for the project as per Section 135(6) (₹ in lakhs)	(10) Mode of implementation - Direct (Yes/No)	(11) Mode of implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
3	Skills & Livelihood (Skilling and Entrepreneurship, Livestock development)	Enhancing Vocational skills Livelihood enhancement projects	Yes	Maharashtra, Assam, Karnataka, Telangana, Andhra Pradesh, Rajasthan, Bihar, Chhattisgarh, Daman & Diu, Delhi, Gujarat, Jammu & Kashmir, Jharkhand, Kerala, Madhya Pradesh, Manipur, Meghalaya, Nagaland, Odisha, Punjab, Tamil Nadu, Uttar Pradesh, Uttarakhand, West Bengal	256 districts	2-4 years	1,631.30	1,064.30	567.00	No	World Wide Fund For Nature India, Dhan Foundation, Piramal Swasthya Management And Research Institute, Self Reliant Initiative Through Joint Action, Watershed Organization Trust, Ambuja Cement Foundation, Anirban Rural Welfare Society, SUPPORT, The Association of People with Disability, Tamana, Social Action Foundation, EveryULB & Dept. Of Panchayati Raj, MYRADA, CSC e-Governance Services India Limited, Livolink Foundation	CSR00000257, CSR00000273, CSR00000217, CSR00001911, CSR00000518, CSR00006913, CSR00000708, CSR00002042, CSR00001544, CSR00001236, CSR00005881, NA, in process
4	Sports (Sports Excellence & Inclusion of Women, differently-abled and rural grassroot sports talent)	Promote rural sports, nationally recognised sports, paralympic sports and olympic sports	Yes	Maharashtra, Odisha, Karnataka & Pan India	5 districts	2-4 years	645.94	631.94	14.00	No	Samarthanam Trust for the Disabled, Go Sports Foundation, Mann Deshi Foundation, JSW Foundation, Tata Education & Development Trust	CSR00000063, CSR00002235, CSR00001923, NA, in process
5	Education (School academic enhancement, Education excellence through Scholarships)	Promoting Education	Yes	Odisha, New Delhi, Tamil Nadu, Haryana, Uttarakhand, Uttar Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Karnataka	74 districts	2-4 years	2,262.59	1,234.96	1,027.63	No	Learning Links Foundation, International Foundation for Research and Education (Ashoka University), Swami Vivekananda Rural Development Society, Language & Learning Foundation, Purkal Youth Development Society, Foundation for excellence	CSR00000640, CSR00000712, CSR00001905, CSR00001229, CSR00001936, CSR00002053

(1) Sl. No.	(2) Name of the project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local Area (Yes/No)	(5) Location of the project		(6) Project duration	(7) Amount allocated for the project (₹ in lakhs)	(8) Amount spent in the current financial year (₹ in lakhs)	(9) Amount transferred to Unspent CSR account for the project as per Section 135(6) (₹ in lakhs)	(10) Mode of implementation - Direct (Yes/No)	(11) Mode of implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
6	Covid 19 relief work	Disaster & Relief	Yes	Delhi, Haryana, Punjab, Himachal Pradesh, Uttar Pradesh, Kerala, Tamil Nadu, Karnataka, Telangana, Chattisgarh, Bihar, Jharkhand, Madhya Pradesh, Maharashtra, Gujarat & other	Most support was provided at state and central level, hence district level information not available for the interventions	2 years	2,441.14	2,295.85	145.29	Direct and through implementing partner	WOTR, Cashpor Micro Credit, Mukul Madhav, Foundation, MAVIM, The Akshaya Patra Foundation, State and Central Government and direct implementation	CSR00000518, In process/NA
7	Donation	Donations	Yes	Pan India	1 district (New Delhi)	3 years	250.00	250.00	-	No	Indian Naval Benevolent Association	In process
Total							11,842.57	9,242.57	2,600.00			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number

Note: This section is Not Applicable. All projects are multi-year.

- (d) Amount spent in Administrative Overheads: ₹ 229.86 lakhs
- (e) Amount spent on Impact Assessment, if applicable: Nil
- (f) Total amount spent for the financial year (8b+8c+8d+8e): ₹ 9472.82 lakhs
- (g) Excess amount for set-off, if any.

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programs or activities or activities of the previous financial years, if any	
(v)	Amount available for set-off in succeeding financial years [(iii)-(iv)]	

Note: This section is Not Applicable. No excess amount spent.

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding financial year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in lakhs)	Amount spent in the reporting Financial Year (₹ in lakhs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (₹ in lakhs)
				Name of the Fund	Amount (₹ in lakhs)	Date of transfer	
1	FY 2019-20	-	-	-	-	-	-
2	FY 2018-19	-	-	-	-	-	-
3	FY 2017-18	-	-	-	-	-	-
	TOTAL	-	-	-	-	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting financial year (in ₹)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the project - Completed / Ongoing

Note: This section is Not Applicable. No unspent amounts of previous years were spent in the reporting FY.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

- Date of creation or acquisition of the capital asset (s)
- Amount of CSR spent for creation or acquisition of capital asset
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

Note: This section is Not Applicable. No creation of assets.

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5):

The unspent amount are of the ongoing interventions on-boarded as multi-year projects. Due to lockdown and other challenges during of Covid 19 pandemic there was a delay in the implementation and expenditure on few of the projects. Such ear-marked amounts are transferred in the Unspent CSR Account, which will be spent within 3 years subsequent to the reporting FY as per the provisions and guidelines in CSR Act.

Sd/-
Sumant Kathpalia
 Managing Director & CEO
 (DIN: 01054434)

Sd/-
Akila Krishnakumar
 Chairperson - CSR Committee
 (DIN: 06629992)

ANNEXURE VI TO THE CORPORATE GOVERNANCE REPORT

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

**The Members of
IndusInd Bank Limited**

We have examined the compliance of conditions of Corporate Governance by IndusInd Bank Limited (“the Bank”) for the year ended on **March 31, 2021**, as stipulated in chapter IV of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“Listing Regulations”].

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

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

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

**For Bhandari & Associates
Company Secretaries**
Firm Registration No.:P1981MH043700

**Sd/-
S. N. Bhandari
Partner**
FCS No: 761; C P No.: 366

Mumbai | July 16, 2021
ICSI UDIN: F000761C000647099

ANNEXURE VII 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, 2021.

For IndusInd Bank Limited

Place: Mumbai
Date: July 24, 2021

Sd/-
Sumant Kathpalia
Managing Director & CEO
(DIN: 01054434)

ANNEXURE VIII TO THE CORPORATE GOVERNANCE REPORT

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
**The Members of
 IndusInd Bank Limited**
 2401, Gen. Thimmayya Road,
 Cantonment,
 Pune - 411001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **IndusInd Bank Limited** having CIN L65191PN1994PLC076333 and having Registered Office at 2401, Gen. Thimmayya Road, Cantonment, Pune - 411001 (hereinafter referred to as 'the Bank'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal: www.mca.gov.in) as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below for the Financial Year ended on **March 31, 2021** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in the Bank
1.	Mr. Arun Tiwari	05345547	10/08/2018
2.	Mr. Shanker Annaswamy	00449634	12/01/2016
3.	Dr. T. T. Ram Mohan	00008651	12/05/2016
4.	Mrs. Akila Krishnakumar	06629992	10/08/2018
5.	Mr. Rajiv Agarwal	00336487	15/03/2019
6.	Mr. Sanjay Asher	00008221	10/10/2019
7.	Mrs. Bhavna Doshi	00400508	14/01/2020
8.	Mr. Sumant Kathpalia	01054434	24/03/2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For Bhandari & Associates
Company Secretaries
 Firm Registration No.:P1981MH043700

Sd/-
S. N. Bhandari
 Partner
 FCS No: 761; C P No. : 366

Mumbai | July 16, 2021
 ICSI UDIN: F000761C000647088

Independent Auditors' Report

To the Members of IndusInd Bank Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **IndusInd Bank Limited** ("the Bank"), which comprise the Balance Sheet as at March 31, 2021, the Profit and Loss Account and the Cash Flow Statement for the year then ended and notes to the standalone financial statements including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "standalone financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2021, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to Note 4.15 of Schedule 18 to the standalone financial statements which explains that the extent to which COVID-19 pandemic will impact the Bank's operations and standalone financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the key audit matter
Information Technology (IT) Controls Framework	
The Bank has a complex IT architecture to support its day-to-day business operations. The volume of transactions processed and recorded is huge. Moreover, a transaction may be required to be recorded across multiple applications depending upon the process and each application has different rules and a different set of user access and authority matrix. These applications are interlinked using different technologies so that data transfer happens in real time or at a particular time of the day; in batches or at a transaction level and in an automated manner or manually. The Core Banking Solution (CBS) itself has many interfaces. All these data streams directly affect the financial accounting and reporting process of the Bank.	IT audit specialists are an integral part of our engagement team. Our approach of testing IT General Controls (ITGC) and IT Application Controls (ITAC) is risk based and business centric. As part of our IT controls testing, we have tested ITGC as well as ITAC. The focus of testing of ITGCs was based on the various parameters such as Completeness, Validity, Identification/Authentication Authorization, Integrity and Accountability. On the other hand, focus of testing automated controls from applications was whether the controls prevent or detect unauthorized transactions and support financial objectives including completeness, accuracy, authorization and validity of transactions.

Key Audit Matters	How our audit addressed the key audit matter
<p>The Bank has a process for identifying the applications where the controls are embedded. It also has a process to ensure that systems, processes and controls remain relevant. The Bank's IT control framework includes automated, semi-automated and manual controls designed to address identified risks. IT controls are stated in Entity Level Controls (ELC), IT General Controls (ITGC) and IT Application Controls (ITAC).</p> <p>We have identified IT Controls Framework as a Key Audit Matter as the Bank's business is highly dependent on technology, the IT environment is complex and the design and operating effectiveness of IT controls have a direct impact on its financial reporting process. Review of these controls allows us to provide assurance on the integrity and completeness of data processed through various IT applications which are used for the preparation of financial reports.</p>	<p>We gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.</p> <p>In ITGC testing, on sample basis, we reviewed control areas such as User Management, Change Management, Systems Security, Incident Management, Physical & Environmental Security, Backup and Restoration, Business Continuity and Disaster Recovery, Service Level Agreement.</p> <p>For ITAC, we carried out on sample basis, compliance tests of system functionality in order to assess the accuracy of system calculations. We also carried out procedures such as validations and limit checks on data entered into applications, approvals, process dependencies and restriction on time period in which transactions may be recorded.</p> <p>We tested the control environment using various techniques such as inquiry, review of documentation/record/reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our tests.</p> <p>Wherever deviations were noted either the same were explained to our satisfaction or we tested compensating controls and performed alternate procedures, where necessary, to draw comfort.</p>
<p><u>Classification and Provisioning of Advances (Refer schedule 5, schedule 9, note 5 of Schedule 17 and note 4.1, 4.9, 4.13, 4.14, 4.15 and 4.16 of schedule 18 to the standalone financial statements)</u></p>	
<p>The Bank's portfolio of advances to customers amounts to ₹ 2,12,595.41 crore (Net of Provisions) as at March 31, 2021.</p> <p>As required under Income Recognition, Asset Classification and Provisioning Norms (IRAC norms), guidelines on COVID-19 related Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 issued by the Reserve Bank of India (the "RBI") ('Regulatory Package'), Circulars on Resolution Framework for COVID-19 related stress and restructuring of advances dated August 06, 2020 ('Resolution Framework') and other circulars, notifications and directives issued by the RBI, the Bank classifies advances to performing and non-performing which consists of Standard, Sub-standard, Doubtful and Loss and recognizes appropriate provisions.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> We gained understanding of the processes by carrying out walkthroughs and tested the key controls identified by us over borrower risk grading for advances (including larger customer exposures that are monitored individually) on classification of such advances as performing or non-performing:

Key Audit Matters	How our audit addressed the key audit matter
<p>The Bank, as per its governing framework, made the performing and non-performing advances provisions based on Management's assessment of the degree of impairment of the advances subject to and guided by minimum provisioning levels prescribed under RBI guidelines.</p> <p>The Classification, Provisioning and Write off of advances is a Key Audit Matter as the Bank has significant exposure to a large number of borrowers across various sectors, products, industries and geographies and there is a high degree of complexity, uncertainty and judgment involved in recoverability of advances, nature of transactions and estimation of provisions thereon.</p> <p>The same resulted in significant audit efforts to address the risks around loan recoverability, classification and the determination of related provisions.</p>	<ul style="list-style-type: none"> • Tested on sample basis, the approval of new lending facilities, the annual review/renewal assessments for existing facilities carried out by the management and controls over the monitoring of credit quality; • Evaluated the design of internal controls relating to borrower wise classification of loan in the respective asset classes viz., standard, sub-standard, doubtful and loss with reference to their days-past-due (DPD) status (including consideration of non-financial parameters of NPA, restructuring guidelines, the Regulatory Package and Resolution framework) and provisioning of advances. Tested the operating effectiveness of these internal controls; • Tested loans on sample basis loans to form our own assessment as to whether impact of impairment events have been recognised in a timely manner by the Bank; • Made inquiries with Management regarding any effects considered on the NPA identification and / or provisioning, resulting from observations raised by the RBI during their annual inspection of the Bank's operations; • For the selected non-performing advances, assessed Management's forecast and inputs on recoverability of cash flows, impact of auditor's comments on the financial statements, valuation of underlying security and collaterals, estimation on recoverability of amounts on default and other sources of repayment; • Held specific discussions with the Credit and Risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which need to be considered as NPA; • Performed credit assessments of a sample of corporate and retail loans including larger exposures assessed by the Bank showing signs of deterioration, or in areas of emerging risk (assessed against external market conditions). We have reviewed the Bank's risk grading of the loan, their account statement review and assessment of loan recoverability and the impact on the credit provision. To do this, we used the information on the Borrowers loan file, discussed the case with the concerned officials and senior management, and performed our own assessment of recoverability; and • Reviewed Bank's policy including Standard Operating Procedures with respect to implementation of Regulatory package and Resolution framework ('guidelines') and tested sample to ascertain the implementation of those guidelines by the Bank.

Key Audit Matters	How our audit addressed the key audit matter
	<p>Provisions for advances:</p> <ul style="list-style-type: none"> • Tested the Bank’s processes for making provision on advances for compliance with RBI regulations and internally laid down policies for provisioning; • Tested the completeness and accuracy of data transferred from underlying source systems used for computing collective provision; • Considered board approved policy and internal laid down policy for higher provision for NPAs, advances covered under Resolution Framework, stressed sectors, adopted by the Bank; • Re-performed, on sample basis of retail and corporate portfolios, the calculation of provisions, to determine the accuracy of the same; • With respect to holding provisions as at March 31, 2021 against the potential impact of COVID-19 including provisions held under Resolution Framework, we broadly reviewed the underlying assumptions and estimates used by the management for the same but as the extent of impact is dependent on future developments which are highly uncertain, we primarily relied on those assumptions and estimates. These assumptions and estimates are a subject matter of periodic review by the Bank.

Other Information

The Bank’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements, consolidated financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of this report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Bank’s Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder, provision of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India (“RBI”) from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and

design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this standalone financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- (1) The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act read with the relevant rules issued thereunder.
- (2) As required under Section 143(3) of the Act and Section 30(3) of the Banking Regulation Act, 1949, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;
 - b. In our opinion, the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
 - c. 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;
 - d. The financial accounting systems of the Bank are centralized and therefore, accounting returns for the purpose of preparing standalone financial statements are not required to be submitted by the branches; we have visited 65 branches for the purpose of our audit;
 - 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 prescribed under Section 133 of the Act read with relevant rules issued thereunder to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - g. On the basis of the written representations received from the directors as on March 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act;
 - h. With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate report in "Annexure";
 - i. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act; and
In our opinion and to the best of our information and according to the explanations given to us, requirements prescribed under Section 197 of the Act is not applicable by virtue of Section 35B (2A) of the Banking Regulation Act, 1949.
 - j. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Schedule 12 and Schedule 18 - Note 9.4 on Contingent Liabilities to the standalone financial statements;
 - (ii) The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Schedule 18 - Note 3 and 9.5 to the standalone financial statements; and
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Purushottam Nyati

Partner

Membership No. 118970

UDIN:- 21118970AAAADX1577

Place: Mumbai

Date: April 30, 2021

Annexure to Independent Auditors' Report

[Referred to in paragraph 2 (h) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of IndusInd Bank Limited on the standalone financial statements for the year ended March 31, 2021]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of IndusInd Bank Limited ("the Bank") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to the financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Purushottam Nyati

Partner

Membership No. 118970

UDIN:- 21118970AAAADX1577

Place: Mumbai

Date: April 30, 2021

Balance Sheet as at March 31, 2021

	Schedule	As at 31.03.2021	Rupees in '000s As at 31.03.2020
CAPITAL AND LIABILITIES			
Capital	1	773,37,23	693,53,57
Employee Stock Options Outstanding	18(Note 10.2)	5,40,57	9,47,82
Share Warrants Subscription Money	18(Note 1.1)	-	673,81,53
Reserves and Surplus	2	42586,62,92	33329,66,29
Deposits	3	256204,95,68	202039,81,29
Borrowings	4	51322,81,18	60753,54,94
Other Liabilities and Provisions	5	12079,57,17	9557,69,82
TOTAL		362972,74,75	307057,55,26
ASSETS			
Cash and Balances with Reserve Bank of India	6	17870,67,91	13675,25,37
Balances with Banks and Money at Call and Short Notice	7	38456,51,18	2328,39,72
Investments	8	69694,70,57	59979,94,35
Advances	9	212595,40,85	206783,16,69
Fixed Assets	10	1809,37,33	1820,11,32
Other Assets	11	22546,06,91	22470,67,81
TOTAL		362972,74,75	307057,55,26
Contingent Liabilities	12	850068,41,10	967595,58,41
Bills for Collection		23601,73,23	22573,29,23
Significant Accounting Policies	17		
Notes to the Financial Statements	18		

The schedules referred to above form an integral part of the Balance Sheet.

The Balance Sheet has been prepared in conformity with Form A of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date.

For INDUSIND BANK LIMITED

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No: 103523W/W100048

per Purushottam Nyati

Partner

Membership No: 118970

Place : Mumbai

Date : April 30, 2021

Arun Tiwari

Chairman

DIN: 05345547

Sanjay Asher

Director

DIN: 00008221

S. V. Zaregaonkar

Chief Financial Officer

Sumant Kathpalia

Managing Director

DIN: 01054434

Bhavna Doshi

Director

DIN: 00400508

Haresh Gajwani

Company Secretary

M. No. ACS - 18225

Profit and Loss Account for the year ended March 31, 2021

	Schedule	For the year ended on 31.03.2021	Rupees in '000s For the year ended on 31.03.2020
I. INCOME			
Interest Earned	13	28999,79,67	28782,82,99
Other Income	14	6558,61,20	6951,30,95
TOTAL		35558,40,87	35734,13,94
II. EXPENDITURE			
Interest Expended	15	15471,90,34	16724,08,56
Operating Expenses	16	8359,83,18	8237,34,50
Provisions and Contingencies	18(Note 12.1)	8890,28,15	6354,79,60
TOTAL		32722,01,67	31316,22,66
III. PROFIT			
Net Profit for the year		2836,39,20	4417,91,28
Profit brought forward		13483,66,29	11106,94,39
Additions on Amalgamation		-	443,32,77
TOTAL		16320,05,49	15968,18,44
IV. APPROPRIATIONS			
a) Transfer to Statutory Reserve		709,09,80	1104,47,82
b) Transfer to Capital Reserve		130,01,23	164,12,88
c) Transfer from Investment Reserve Account		-	(40,52,98)
d) Transfer to Investment Fluctuation Reserve Account		32,78,00	203,78,18
e) Dividend paid including tax on dividend [Refer Schedule 18(Note 12.4)]		-	626,51,82
f) Deductions (Net) during the year		(480,44,43)	426,14,43
		391,44,60	2484,52,15
Balance carried over to the Balance Sheet		15928,60,89	13483,66,29
TOTAL		16320,05,49	15968,18,44
V. EARNINGS PER EQUITY SHARE			
(Face value of ₹10/- per share)			
Basic (₹)	18(Note 11.5)	38.75	63.75
Diluted (₹)	18(Note 11.5)	38.68	63.52
Significant Accounting Policies	17		
Notes to the Financial Statements	18		

The schedules referred to above form an integral part of the Profit and Loss Account.

The Profit and Loss Account has been prepared in conformity with Form B of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date.

For INDUSIND BANK LIMITED

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No: 103523W/W100048

per Purushottam Nyati

Partner

Membership No: 118970

Place : Mumbai

Date : April 30, 2021

Arun Tiwari

Chairman

DIN: 05345547

Sanjay Asher

Director

DIN: 00008221

S. V. Zaregaonkar

Chief Financial Officer

Sumant Kathpalia

Managing Director

DIN: 01054434

Bhavna Doshi

Director

DIN: 00400508

Haresh Gajwani

Company Secretary

M. No. ACS - 18225

Cash Flow Statement for the year ended March 31, 2021

	For the year ended 31.03.2021	Rupees in '000s For the year ended on 31.03.2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	3784,14,57	6120,60,79
Adjustments for :		
Depreciation on Fixed assets	305,40,57	277,96,99
Depreciation on Investments	608,81,07	474,93,09
Employees Stock Option expenses	14,15	36,53
Loan Loss and Other Provisions	7333,71,71	4177,17,16
Amortisation of premium on HTM investments	239,40,42	457,76,37
Dividend from subsidiary	(60,00,00)	-
(Profit) / Loss on sale of fixed assets	(1,41,99)	8,60,28
Operating Profit before Working Capital changes	12210,20,50	11517,41,21
Adjustments for :		
(Increase) in Advances	(13145,95,87)	(20943,63,44)
(Increase) in Investments	(10562,97,71)	(1602,57,66)
(Increase) in Other Assets	(293,06,35)	(6153,82,10)
Decrease in Deposits	54165,14,39	7325,02,22
Increase / (Decrease) in Other Liabilities	3002,31,78	(119,70,02)
Cash generated from / (used in) Operations	45375,66,74	(9977,29,79)
Direct Taxes paid (net of refunds)	(730,08,12)	(2061,36,36)
Net Cash generated from / (used in) Operating Activities	44645,58,62	(12038,66,15)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including WIP)	(302,73,48)	(403,68,64)
Proceeds from sale of Fixed Assets	9,48,89	4,09,34
Dividend from subsidiary	60,00,00	-
Net Cash used in Investing Activities	(233,24,59)	(399,59,30)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (net of issue expenses)	5334,95,12	60,60,09
Dividends paid	-	(626,51,82)
Proceeds from issue of share warrants	-	673,81,53
Increase / (Decrease) in Borrowings	(9430,73,76)	12624,79,71
Net Cash generated from / (used in) Financing Activities	(4095,78,64)	12732,69,51
Effect of foreign currency translation reserve	698,61	20,98,16
Net Increase / (Decrease) in Cash and Cash Equivalents	40323,54,00	315,42,22
Cash and Cash Equivalents at the beginning of the year	16003,65,09	14783,40,07
Cash and Cash Equivalents acquired on Merger (Net of transfer to wholly owned subsidiary)	-	904,82,80
Cash and Cash Equivalents at the end of the year	56327,19,09	16003,65,09

Notes:

- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements.
- Figures in bracket indicate cash outflow.
- Cash and cash equivalents comprises of Cash in Hand and Balances with RBI (Schedule 6) and Balances with Banks and Money at Call and Short Notice (Schedule 7).

As per our report of even date.

For INDUSIND BANK LIMITED

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No: 103523W/W100048

Arun Tiwari
Chairman
DIN: 05345547

Sumant Kathpalia
Managing Director
DIN: 01054434

per Purushottam Nyati
Partner
Membership No: 118970

Sanjay Asher
Director
DIN: 00008221

Bhavna Doshi
Director
DIN: 00400508

Place : Mumbai
Date : April 30, 2021

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary
M. No. ACS - 18225

Schedules

	Rupees in '000s	
	As at 31.03.2021	As at 31.03.2020
SCHEDULE - 1 CAPITAL		
Authorised Capital		
85,70,00,000 (Previous year 85,70,00,000) equity shares of ₹ 10 each	857,00,00	857,00,00
Issued, Subscribed and Called Up Capital		
77,33,72,299 (Previous year 69,35,35,738) equity shares of ₹ 10 each	773,37,23	693,53,57
Paid up Capital		
77,33,72,299 (Previous year 69,35,35,738) equity shares of ₹ 10 each [Refer Schedule 18(Note 1.1)]	773,37,23	693,53,57
TOTAL	773,37,23	693,53,57
SCHEDULE - 2 RESERVES AND SURPLUS		
I Statutory Reserve		
Opening balance	6278,22,15	4649,54,14
Additions on Amalgamation	-	524,20,19
Additions during the year	709,09,80	1104,47,82
	6987,31,95	6278,22,15
II Share Premium Account		
Opening balance	12426,09,31	9572,91,89
Additions on Amalgamation	-	2791,72,88
Additions during the year	5961,96,00	61,44,54
Less: Share issue expenses	(28,81,61)	-
	18359,23,70	12426,09,31
III General Reserve		
Opening balance	8,32,84	1,35,57
Additions during the year	5,97,27	6,97,27
	14,30,11	8,32,84
IV Capital Reserve		
Opening balance	427,02,92	262,90,04
Additions during the year	130,01,23	164,12,88
	557,04,15	427,02,92
V Investment Allowance Reserve		
Opening balance	-	1,00,00
Deductions during the year	-	(1,00,00)
	-	-
VI Investment Reserve Account		
Opening balance	-	40,52,98
Deductions during the year	-	(40,52,98)
	-	-
VII Investment Fluctuation Reserve		
Opening balance	318,90,08	115,11,90
Additions during the year	32,78,00	203,78,18
	351,68,08	318,90,08

Schedules (Contd.)

		As at 31.03.2021	Rupees in '000s As at 31.03.2020
VIII	Revaluation Reserve		
	Opening balance	319,57,89	325,55,16
	Reduction during the year	-	-
	Deductions during the year	(5,97,27)	(5,97,27)
		313,60,62	319,57,89
IX	Foreign Currency Translation Reserve		
	Opening balance	1721,90	(3,76,26)
	Credits during the year	698,61	20,98,16
		24,20,51	1721,90
X	Amalgamation Reserve		
	Opening balance	50,62,91	-
	Additions on Amalgamation	-	50,62,91
		50,62,91	50,62,91
XI	Balance in the Profit and Loss Account	15928,60,89	13483,66,29
	TOTAL	42586,62,92	33329,66,29
SCHEDULE - 3 DEPOSITS			
A	I Demand Deposits		
	i) From Banks	731,73,60	351,26,32
	ii) From Others	35328,40,31	28088,75,08
	II Savings Bank Deposits	71065,44,78	53129,82,68
	III Term Deposits		
	i) From Banks	20800,06,20	12814,76,45
	ii) From Others	128279,30,79	107655,20,76
	TOTAL	256204,95,68	202039,81,29
B	Deposits of Branches		
	I In India	256204,95,68	202039,81,29
	II Outside India	-	-
	TOTAL	256204,95,68	202039,81,29
SCHEDULE - 4 BORROWINGS			
I	Borrowings in India		
	i) Reserve Bank of India	-	515,00,00
	ii) Other Banks	24,13,40	6140,35,86
	iii) Other Institutions and Agencies	34576,95,00	27214,87,19
	iv) Long Term Infrastructure Bonds	2000,00,00	2000,00,00
	v) Unsecured Non-Convertible Perpetual Non-Cumulative Bonds (Subordinated Additional Tier 1 Capital)	3489,90,00	3489,90,00
II	Borrowings outside India	11231,82,78	21393,41,89
	TOTAL	51322,81,18	60753,54,94
Secured borrowings, other than Market repo borrowings, including tri-party repo, and borrowings from RBI under Liquidity Adjustment Facility/ Marginal Standing Facility		-	-

Schedules (Contd.)

	As at 31.03.2021	Rupees in '000s As at 31.03.2020
SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS		
I Inter-office Adjustments (Net)	204,09,80	94,06,52
II Bills Payable	661,78,55	476,89,93
III Interest Accrued	1450,81,18	1276,60,46
IV Others [Refer Schedule 18(Note 4.13) for Standard Assets Provisions]	9762,87,64	7710,12,91
TOTAL	12079,57,17	9557,69,82
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I Cash in hand (including foreign currency notes)	1348,29,23	1401,03,16
II Balances with Reserve Bank of India		
i) In Current Account	16522,38,68	12274,22,21
ii) In Other Accounts	-	-
TOTAL	17870,67,91	13675,25,37
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I In India		
i) Balances with Banks		
a) In Current Accounts	356,85,53	97,23,83
b) In Other Deposit Accounts	20104,47,02	1000,49,62
ii) Money at Call and Short Notice - Banks / Other Institutions		
a) With Banks	1900,00,00	-
b) With Other Institutions	9395,63,67	-
TOTAL	31756,96,22	1097,73,45
II Outside India		
i) In Current Accounts	3226,82,46	1064,19,97
ii) In Other Deposit Accounts	-	-
iii) Money at Call and Short Notice	3472,72,50	166,46,30
TOTAL	6699,54,96	1230,66,27
GRAND TOTAL	38456,51,18	2328,39,72

Schedules (Contd.)

	Rupees in '000s	
	As at 31.03.2021	As at 31.03.2020
SCHEDULE - 8 INVESTMENTS		
I In India		
Gross Value	70097,41,12	61189,72,32
Less : Aggregate of provision / depreciation	768,23,91	1361,10,97
Net value of Investments in India	69329,17,21	59828,61,35
Comprising :		
i) Government securities	64896,33,63	52596,92,97
ii) Other approved securities	-	-
iii) Shares	831,22,75	617,67,42
iv) Debentures and bonds	419,07,66	2685,86,89
v) Subsidiaries and / or Joint Ventures	43,70,35	43,70,35
vi) Others - Certificate of Deposits, Commercial Papers, Security Receipts, Pass Through Certificates, Units of schemes of Mutual Funds, Venture Capital Funds and Others	3138,82,82	3884,43,72
II Outside India		
Gross Value	365,53,36	151,33,00
Less : Aggregate of provision / depreciation	-	-
Net value of Investments outside India	365,53,36	151,33,00
Comprising :		
i) Government securities	365,53,36	151,33,00
TOTAL	69694,70,57	59979,94,35
* Includes securities of ₹ 2,076.90 crores (previous year ₹ 1,091.20 crores) pledged for clearing facility and margin requirements		
SCHEDULE - 9 ADVANCES		
A		
i) Bills Purchased and Discounted	3474,04,95	1230,30,17
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	49560,38,81	53125,34,19
iii) Term Loans	159560,97,08	152427,52,33
TOTAL	212595,40,85	206783,16,69
B		
i) Secured by Tangible Assets (including advances against book debts)	157006,09,32	154018,90,39
ii) Covered by Bank/ Government Guarantees (including advances against L/Cs issued by Banks)	5889,20,64	2880,88,06
iii) Unsecured	49700,10,89	49883,38,24
TOTAL	212595,40,85	206783,16,69
C		
I Advances in India		
i) Priority Sector	80358,25,90	66350,94,50
ii) Public Sector	4089,44,74	3537,15,08
iii) Banks	-	-
iv) Others	121567,35,62	130602,44,90
TOTAL	206015,06,26	200490,54,48
II Advances Outside India	6580,34,59	6292,62,21
TOTAL	212595,40,85	206783,16,69

Schedules (Contd.)

	As at 31.03.2021	Rupees in '000s As at 31.03.2020
SCHEDULE - 10 FIXED ASSETS		
I Premises		
i) At cost, as at the beginning of the year	874,15,74	874,15,75
ii) Revaluation during the year	-	-
iii) Additions on amalgamation	-	-
iv) Additions during the year	-	-
	874,15,74	874,15,75
v) Less : Deductions on transfer to wholly owned subsidiary	-	-
vi) Less : Deductions during the year	4,17,49	-
vii) Less : Depreciation to date [Refer Schedule 18(Note 9.13)]	117,92,57	104,57,62
TOTAL	752,05,68	769,58,12
II Other Fixed Assets (including furniture and fixtures)		
i) At cost, as at the beginning of the year	2464,24,94	2222,34,53
ii) Additions on amalgamation	-	44,67,41
iii) Additions during the year	305,49,85	347,12,22
	2769,74,79	2614,14,16
iv) Less : Deductions on transfer to wholly owned subsidiary	-	47,08,86
v) Less : Deductions during the year	35,58,67	102,80,36
iv) Less : Depreciation to date [Refer Schedule 18(Note 9.13)]	1752,07,46	1491,72,49
TOTAL	982,08,66	972,52,45
III Capital Work in Progress	75,22,99	78,00,75
GRAND TOTAL	1809,37,33	1820,11,32
SCHEDULE - 11 OTHER ASSETS		
I Interest Accrued	2013,61,25	2641,65,30
II Tax paid in advance / Tax deducted at source (net of provisions)	756,37,16	1510,71,84
III Stationery and Stamps	49,90	81,20
IV Non-banking assets acquired in satisfaction of claims [Refer Schedule 18(Note 12.5)]	414,10,07	365,34,57
V Others [including Deferred Tax Assets [Refer Schedule 18(Note 11.6)]]	19361,48,53	17952,14,90
TOTAL	22546,06,91	22470,67,81
SCHEDULE - 12 CONTINGENT LIABILITIES		
I Claims against the Bank not acknowledged as debts	482,35,63	486,83,21
II Liability on account of outstanding Forward Exchange Contracts	381550,05,58	423526,41,59
III Liability on account of outstanding Derivative Contracts	382279,24,19	457580,52,38
IV Guarantees given on behalf of constituents		
- In India	60033,47,72	58064,59,89
- Outside India	843,94,00	611,00,00
V Acceptances, Endorsements and Other Obligations	24813,08,82	26029,47,25
VI Other Items for which the Bank is contingently liable	66,25,16	1296,74,09
TOTAL	850068,41,10	967595,58,41

Schedules (Contd.)

	Year ended on 31.03.2021	Rupees in '000s Year ended on 31.03.2020
SCHEDULE - 13 INTEREST EARNED		
I Interest/ Discount on Advances/ Bills	24085,34,77	24008,24,57
II Income on Investments	3846,10,76	4282,19,28
III Interest on Balances with Reserve Bank of India and other inter-bank funds	677,36,84	192,02,49
IV Others	390,97,30	300,36,65
TOTAL	28999,79,67	28782,82,99
SCHEDULE - 14 OTHER INCOME		
I Commission, Exchange and Brokerage	3478,14,50	4614,99,93
II Profit / (Loss) on Sale of Investments (Net)	1486,19,35	552,56,14
III Profit / (Loss) on Sale of Land, Buildings and Other Assets (Net)	141,99	(8,60,28)
IV Profit on exchange transactions / Derivatives (Net)	1321,20,39	1598,73,18
V Income Earned by Way of Dividends from Subsidiaries in India	60,00,00	30,02
VI Miscellaneous Income	211,64,97	193,31,96
TOTAL	6558,61,20	6951,30,95
SCHEDULE - 15 INTEREST EXPENDED		
I Interest on Deposits	11459,07,59	12907,94,14
II Interest on Reserve Bank of India / Inter-Bank Borrowings	523,23,33	802,44,52
III Other Interest	3489,59,42	3013,69,90
TOTAL	15471,90,34	16724,08,56
SCHEDULE - 16 OPERATING EXPENSES		
I Payments to and Provisions for Employees	2213,51,06	2208,47,88
II Rent, Taxes and Lighting (includes operating lease rentals)	421,03,22	468,66,90
III Printing and Stationery	59,56,95	85,23,87
IV Advertisement and Publicity	50,20,59	58,04,92
V Depreciation on Bank's Property	305,40,57	277,96,99
VI Directors' Fees, Allowances and Expenses	368,18	3,77,63
VII Auditors' Fees and Expenses	215,26	241,44
VIII Law Charges	59,50,31	68,55,79
IX Postage, Telegrams, Telephones, etc.	130,04,87	149,91,34
X Repairs and Maintenance	329,26,32	360,28,32
XI Insurance	285,53,46	255,56,31
XII Service Provider Fees	1853,76,69	1486,34,10
XIII Other Expenditure	2646,15,70	2812,09,01
TOTAL	8359,83,18	8237,34,50

Schedule 17 Significant accounting policies

1. General

- 1.1 IndusInd Bank Limited ('the Bank') was incorporated in 1994 under the Companies Act, 1956 and is licensed by the Reserve Bank of India (RBI) to operate as a commercial bank under the Banking Regulation Act, 1949. The Bank is publicly held and provides a wide range of banking products and financial services to corporate and retail clients besides undertaking treasury operations. The Bank operates in India including at the International Financial Service Centres in India, and does not have a branch in any foreign country.
- 1.2 The accompanying financial statements have been prepared under the historical cost convention and accrual basis of accounting except where otherwise stated, and in accordance with statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013 (the Act) and the relevant provisions of the Act read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act and Companies (Accounting Standard) Amendment Rules 2016 in so far as they apply to the Bank and practices prevailing within the banking industry in India.
- 1.3 The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Any revision to accounting estimates is recognised prospectively in current and future periods.

2. Transactions involving Foreign Exchange

- 2.1 Monetary assets and liabilities of domestic and integral foreign operations denominated in foreign currency are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are recognised in the Profit and Loss account.
- 2.2 Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- 2.3 Both monetary and non-monetary assets and liabilities of non-integral foreign operations are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are accumulated in the foreign currency translation reserve until disposal of the net investment in the non-integral foreign operation.
- 2.4 All foreign exchange contracts outstanding at the Balance Sheet date are re-valued on present value basis and the resulting gains or losses are recognised in the Profit and Loss account.
- 2.5 Swap Cost arising on account of foreign currency swap contracts to convert foreign currency funded liabilities and assets into rupee liabilities and assets is amortised to the Profit and Loss account under the head 'Interest – Others' over the underlying swap period.
- 2.6 Income and expenditure of domestic and integral foreign operations denominated in a foreign currency is translated at the rates of exchange prevailing on the date of the transaction. Income and expenditure of non-integral foreign operations is translated at quarterly average closing rates.
- 2.7 Contingent liabilities at the Balance Sheet date on account of outstanding forward foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in a foreign currency are stated at the closing rates of exchange notified by the FEDAI.

3. Investments

Significant accounting policies in accordance with RBI guidelines are as follows:

3.1 Categorisation of Investments

The Bank classifies its investment at the time of purchase into one of the following three categories:

- (i) **Held to Maturity (HTM)** – Securities acquired with the intention to hold till maturity.
- (ii) **Held for Trading (HFT)** – Securities acquired with the intention to trade.
- (iii) **Available for Sale (AFS)** – Securities which do not fall within the above two categories.

Subsequent shifting amongst the categories is done in accordance with RBI guidelines.

3.2 Classification of Investments

For the purpose of disclosure in the Balance Sheet, investments are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures, and (vi) Other Investments.

3.3 Acquisition cost

- (i) Broken period interest on debt instruments is treated as a revenue item.
- (ii) Brokerage, commission, etc. pertaining to investments, paid at the time of acquisition is charged to the Profit and Loss account.
- (iii) Cost of investments is computed based on the weighted average cost method.

3.4 Valuation of Investments

- (i) **Held to Maturity** – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortised over the balance period to maturity. The amortized amount is classified under Interest earned – Income on investments (Item II of Schedule 13). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each investment individually.
- (ii) **Held for Trading** – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.
- (iii) **Available for Sale** – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.
- (iv) Market value of government securities (excluding treasury bills) is determined on the basis of the prices / YTM published by Financial Benchmark India Private Limited (FBIL).
- (v) Treasury bills, commercial paper and certificate of deposits are valued at carrying cost, which includes discount amortised over the period to maturity.
- (vi) Fair value of other debt securities is determined based on the yield curve published by FBIL and credit spreads provided by Fixed Income Money Market and Derivatives Association (FIMMDA).
- (vii) Quoted equity shares held under AFS and HFT categories are valued at the closing price on a recognised stock exchange, in accordance with the RBI guidelines. Unquoted equity shares are valued at their break-up value or at ₹ 1 per company where the latest Balance Sheet is not available.
- (viii) Units of the schemes of mutual funds are valued at Net Asset Value (NAV) provided by the respective schemes of mutual funds.
- (ix) Investments in equity shares held as long-term investments by erstwhile IndusInd Enterprises & Finance Limited and Ashok Leyland Finance Limited (since merged with the Bank) are valued at cost and classified as part of HTM category. Provision towards diminution in the value of such long-term investments is made only if the diminution in value is not temporary in the opinion of management.

- (x) Investment in subsidiaries and associate companies are classified as part of HTM category and valued at cost. Such investments are assessed for impairment and any permanent diminution in value is provided for.
- (xi) Security Receipts (SR) are valued at the lower of redemption value and NAV obtained from the Securitisation Company (SC) / Reconstruction Company (RC). In respect of significant investment in SRs backed by stressed assets sold by the Bank, the value is subject to a prudential floor considering the asset classification of the stressed assets, had they remained on the books of the Bank.
- (xii) 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.
- (xiii) Provision for non-performing investments is made in conformity with RBI guidelines.
- (xiv) 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.
- (xv) In respect of the short sale transactions in Central Government dated securities, the short position is covered by outright purchase of an equivalent amount of the same security within a maximum period of three months including the day of trade. The short position is reflected as the amount received on sale in a separate account and is classified under 'Other Liabilities'. The short position is marked to market and loss, if any, is charged to the Profit and Loss account, while gain, if any, is not recognized. Profit or loss on settlement of the short position is recognized in the Profit and Loss account.
- (xvi) 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.
- (xvii) 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.
- (xviii) Out of net profits earned during the year, transfer is made to Investment Fluctuation Reserve, for an amount not less than the lower of the (a) net profit on sale of investments during the year (b) net profit for the year less mandatory appropriations, till the balance in such Investment Fluctuation Reserve reaches a level of at least 2% of the aggregate HFT and AFS portfolio. Draw down, if any, from the Investment Fluctuation Reserve shall be in accordance with the applicable RBI guidelines.

- 3.5** Investments in unquoted units of Venture Capital Funds (VCF) and Alternative Investment Funds (AIF) are categorised under HTM category for initial period of three years and valued at cost as per RBI guidelines. Units of VCF and AIF held under AFS category, where current quotations are not available, are marked to market based on the Net Asset Value (NAV) shown by VCF or AIF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF or AIF, as the case may be.

4. Derivatives

Derivative contracts are designated as hedging or trading and accounted for as follows:

- 4.1 The hedging contracts comprise of Forward Rate Agreements, Interest Rate Swaps, and Currency Swaps undertaken to hedge interest rate and currency risk on certain assets and liabilities. The net interest receivable or payable is accounted on an accrual basis over the life of the swaps. However, where the hedge is designated with

an asset or liability that is carried at market value or lower of cost and market value, then the hedging instrument is also marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated assets or liabilities.

- 4.2 The trading contracts comprise of trading in Forward Contracts, Interest Rate Swaps, Currency Swaps, Cross Currency Interest Rate Swaps, Forward Rate Agreements, Interest Rate Futures, FX Futures, Currency Futures, etc. The gain or loss arising on unwinding or termination of the contracts, is accounted for in the Profit and Loss account. Trading contracts outstanding as at the Balance Sheet date are re-valued at their fair value and resulting gains or losses are recognised in the Profit and Loss account.
- 4.3 Gains or losses on the termination of hedge swaps is deferred and recognised over the shorter of the remaining life of the hedge swap or the remaining life of the underlying asset or liability.
- 4.4 Premium paid and received on currency options is accounted when due in the Profit and Loss Account.
- 4.5 Fair value of derivative is determined with reference to market quotes or by using valuation models. Where the fair value is calculated using valuation models, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to the present value. The valuation takes into consideration all relevant market factors (e.g. prices, interest rate, currency exchange rates, volatility, liquidity, etc.). Most market parameters are either directly observable or are implied from instrument prices. The model may perform numerical procedures in the pricing such as interpolation when input values do not directly correspond to the most actively traded market trade parameters.
- 4.6 Provisioning of overdue customer receivable on derivative contracts is made as per RBI guidelines.

5. **Advances**

- 5.1 Advances are classified as per RBI guidelines into standard, sub-standard, doubtful and loss assets after considering subsequent recoveries to date.
- 5.2 A general provision on standard assets is made in accordance with RBI guidelines. Such provision towards standard assets include a provision made on the standard advances of customers having Unhedged Foreign Currency Exposure (UFCE), which requires an assessment of the UFCE of a customer and estimation of the extent of loss likely to be suffered by the customer on account of the same. In respect of stressed advances which are not yet classified non-performing, contingent provisions are made prudentially. Provision made against standard assets is included in 'Other Liabilities and Provisions'.
- 5.3 Specific provisions for non-performing advances and floating provisions are made in conformity with RBI guidelines. In addition, the Bank considers accelerated provisioning based on past experience, evaluation of securities and other related factors.
- 5.4 For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. The restructured accounts are classified in accordance with RBI guidelines, including special dispensation wherever allowed.
- 5.5 Advances are disclosed in the Balance Sheet, net of specific provisions and interest suspended for non-performing advances, and floating provisions.
- 5.6 Advances exclude derecognised securitised advances, inter-bank participation certificates issued and bills rediscounted.
- 5.7 Amounts recovered during the year against bad debts written off in earlier years are recognised in the Profit and Loss account. Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are written back to the Profit and Loss account to the extent such provisions were charged to the Profit and Loss account.
- 5.8 Further to the provisions held according to the asset classification status, provision is held in accordance with RBI guidelines for individual country exposures (other than for home country exposure), where the net funded exposure of a country is one percent or more of the total assets. Provision held for country risk is included under 'Other Liabilities and Provisions'.

6. Securitisation transactions, direct assignments and other transfers

- 6.1 The Bank transfers its loan receivables both through Direct Assignment route as well as transfer to Special Purpose Vehicles ("SPV").
- 6.2 The securitization transactions are without recourse to the Bank. The transferred loans and such securitized receivables are de-recognized as and when these are sold (true sale criteria being fully met) and the consideration has been received by the Bank. Gains or losses are recognized only if the Bank surrenders the rights to the benefits specified in the loan contracts.
- 6.3 In terms of RBI guidelines, profit or premium arising on account of sale of standard assets, being the difference between the sale consideration and book value, is amortized over the life of the securities issued by the Special Purpose Vehicles (SPV). Any loss arising on account of the sale is recognized in the Profit and Loss account in the period in which the sale occurs.
- 6.4 In case of sale of non-performing assets through securitization route to Securitisation Company or Asset Reconstruction Company by way of assignment of debt against issuance of Security Receipts (SR), the recognition of sale and accounting of profit and loss thereon is done in accordance with applicable RBI guidelines. Generally, the sale is recognized at the lower of redemption value of SR and the Net Book Value (NBV) of the financial asset sold, and the surplus is recognized in the Profit and Loss Account; shortfall if any, is charged to the Profit and Loss account subject to regulatory forbearance, if any, allowed from time to time. Profit or loss realized on ultimate redemption of the SR is recognized in the Profit and Loss Account.
- 6.5 The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

7. Property, Plant and Equipment

- 7.1 Fixed assets are stated at cost (except in the case of premises which were re-valued based on values determined by approved valuers) less accumulated depreciation and impairment, if any. Cost includes incidental expenditure incurred on the assets before they are ready for intended use.
- 7.2 The appreciation on account of revaluation is credited to Revaluation Reserve. In case of revalued/impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised asset values. In case of premises, which are carried at revalued amounts, the depreciation on the excess of revalued amount over historical cost is transferred from Revaluation Reserve to General Reserve annually.
- 7.3 Depreciation, including amortisation of intangible assets, is provided over the useful life of the assets, pro rata for the period of use, on a straight-line method. The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable. Pursuant to this policy, the useful life estimates in respect of the following assets are as follows:
 - a) Computers at 3 years
 - (b) Application software and perpetual software licences at 5 years
 - (c) Printers, Scanners, Routers, Switch at 5 years
 - (d) ATMs at 7 years
 - (e) Network cabling, Electrical Installations, Furniture and Fixtures, Other Office Machinery at 10 years.
 - (f) Vehicles at 5 years
 - (g) Buildings at 60 years.

Fixed assets costing less than ₹ 5,000 individually are fully depreciated in the year of purchase.

The useful life of an asset class is periodically assessed taking into account various criteria such as changes in technology, changes in business environment, utility and efficacy of an asset class to meet with intended user needs, etc. Whenever there is a revision in the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

Non-banking assets:

Non-Banking Assets (NBAs) acquired in satisfaction of claims are carried at lower of net book value and net realisable value. Further, the Bank creates provision on non-banking assets as per specific RBI directions.

- 7.4 The carrying amount of fixed assets is reviewed at the Balance Sheet date to determine if there are any indications of impairment based on internal / external factors. In case of impaired assets, the impairment loss i.e. the amount by which the carrying amount of the asset exceeds its recoverable value is charged to the Profit and Loss account to the extent the carrying amount of assets exceeds its estimated recoverable amount.

8. Revenue Recognition

- 8.1 Interest and discount income on performing assets is recognised on accrual basis. Interest and discount income on non-performing assets is recognised on realisation.
- 8.2 Interest on Government securities, debentures and other fixed income securities is recognised on a period proportion basis. Income on discounted instruments is recognised over the tenor of the instrument on a Constant Yield to Maturity method.
- 8.3 Dividend income is accounted on accrual basis when the right to receive dividend is established.
- 8.4 Commission (except for commission on Deferred Payment Guarantees which is recognised over the term on a straight line basis), Exchange and Brokerage are recognised on a transaction date and net of directly attributable expenses.
- 8.5 Fees are recognised on an accrual basis when binding obligation to recognise the fees has arisen as per agreement, except in cases where the Bank is uncertain of realisation.
- 8.6 Income from distribution of third party products is recognised on the basis of business booked.
- 8.7 The Bank in accordance with RBI circular FIDD.CO.Plan. BC.23/ 04.09.01/2015-16 dated April 7, 2016, trades in priority sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

9. Operating Leases

- 9.1 Lease rental obligations in respect of assets taken on operating lease are charged to the Profit and Loss account on a straight-line basis over the lease term.
- 9.2 Assets given under leases in respect of which all the risks and benefits of ownership are effectively retained by the Bank are classified as operating leases. Lease rentals received under operating leases are recognized in the Profit and Loss account as per the terms of the contracts.

10. Employee Benefits

- 10.1 The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the year is recognized on the basis of actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Payment obligations under the Group Gratuity scheme are managed through purchase of appropriate policies from insurers.

10.2 Provident Fund contribution, under defined benefit plan is made to trusts separately established for the purpose, when an employee covered under the scheme renders the related service. The rate at which the annual interest is payable to the beneficiaries by the trusts is being administered by the government. The Bank has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the notified interest rates. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note on Valuation of Interest Rate Guarantees on Exempt Provident Funds under AS 15 (Revised) issued by the Institute of Actuaries of India, and such shortfall, if any, is provided for.

Provident Fund contribution, under defined contribution plan, is made to the scheme administered by Regional Provident Fund Commissioner (RPFC) and is debited to the Profit and Loss Account, when an employee renders the related service. The Bank has no further obligations.

In respect of employees who opted for contribution to the National Pension System (NPS) regulated by the Pension Fund Regulatory and Development Authority (PFRDA), the Bank contributes certain percentage of the basic salary, under a defined contribution plan, to identified pension fund management companies. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year in which it is incurred.

10.3 Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method.

10.4 Intrinsic value method is applied to account for the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which the quoted market price of the underlying shares on the grant date exceeds the exercise price of the options. Accordingly, such compensation cost is amortized over the vesting period.

11. Segment Reporting

11.1 In accordance with the guidelines issued by RBI, the Bank has adopted Segment Reporting as under:

- (a) **Treasury** includes all investment portfolios, Profit / Loss on sale of Investments, Profit / Loss on foreign exchange transactions, equities, income from derivatives and money market operations. The expenses of this segment consist of interest expenses on funds borrowed from external sources as well as internal sources and depreciation / amortisation of premium on Held to Maturity category investments.
- (b) **Corporate / Wholesale Banking** includes lending to and deposits from corporate customers and identified earnings and expenses of the segment.
- (c) **Retail Banking** includes lending to and deposits from retail customers and identified earnings and expenses of the segment.
- (d) **Other Banking Operations** includes all other operations not covered under Treasury, Corporate / Wholesale Banking and Retail Banking.
- (e) **Unallocated** includes Capital and Reserves, Employee Stock Options (Grants) Outstanding and other unallocable assets, liabilities, income and expenses.

12. Debit and Credit Card reward points liability

12.1 The liability towards Credit Card reward points is computed based on an actuarial valuation and the liability towards Debit Card reward points is computed on the basis of management estimates considering past trends.

13. Bullion

13.1 The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are on a back-to-back basis and are priced to the customer based on the prevailing price quoted by the supplier and the local levies related to the consignment like customs duty, etc. The profit earned is included in commission income.

- 13.2 The Bank sells gold coins to its customers. The difference between the sale price to customers and purchase price is reflected under commission income.

14. Income-tax

- 14.1 Tax expenses comprise of current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized, in general, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized; where there is unabsorbed depreciation and/or carry forward of losses under tax laws, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realized against future taxable income. Unrecognized deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

15. Earnings per share

- 15.1 Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as at end of the year.

16. Provisions, contingent liabilities and contingent assets

- 16.1 A provision is recognized when there is an obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- 16.2 A disclosure of contingent liability is made when there is:
- (a) A possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the bank; or
 - (b) A present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- 16.3 When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.
- 16.4 Contingent assets are not recognized or disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the assets and related income are recognized in the period in which the change occurs.

17. Cash and Cash equivalents

- 17.1 Cash and cash equivalents comprises of Cash in Hand and Balances with RBI and Balances with Banks and Money at Call and Short Notice.

18. Corporate Social Responsibility

- 18.1 Expenditure incurred towards corporate social responsibility obligations in accordance with Companies Act, 2013, is recognised in the Profit and Loss Account.

Schedule 18 Notes forming part of the Financial Statements

1. Capital

1.1 Capital Issue

Under a Preferential Allotment, 4,76,29,768 equity shares of ₹ 10 each fully paid were allotted on September 2, 2020 to certain Qualified Institutional Buyers and 1,51,17,477 equity shares of ₹ 10 each fully paid were allotted on September 4, 2020 to other entities including one of the promoters, at a price of ₹ 524 per equity share, pursuant to the approval of the Finance Committee on the respective dates, in compliance with the resolution carried in the Extraordinary General Meeting held on August 25, 2020 and the applicable laws and regulations. Consequently, the equity share capital of the Bank increased by ₹ 62.75 crores and share premium account by ₹ 3,196.39 crores, net of share issue expenses.

In accordance with the Composite Scheme of Arrangement sanctioned by the National Company Law Tribunal vide an order dated June 10, 2019, the Bank had allotted 1,57,70,985 Share Warrants to the Promoters of the Bank on July 6, 2019 at a price of ₹ 1,709 per Warrant, on receipt of the subscription amount at 25% of the Share Warrant price, amounting to ₹ 673.82 crores. Each Share Warrant was convertible to one equity share of the Bank fully paid, upon exercise of the option by paying the remaining 75%.

On February 18, 2021, pursuant to approval of the Finance Committee, the Bank allotted 1,57,70,985 equity shares of ₹ 10 each fully paid by converting these share warrants at a price of ₹ 1,709 per equity share, upon the promoters exercising the conversion option by remitting the remaining 75% of the Share Warrant Price amounting to ₹ 2,021.45 crores. Consequently, the share capital of the Bank increased by ₹ 15.77 crores and share premium by ₹ 2,679.49 crores.

During the year, 13,18,331 equity shares of ₹ 10 each fully paid (Previous year 12,31,089 equity shares of ₹ 10 each fully paid) were allotted on various dates to the employees who exercised their stock options, and consequently, the share capital of the Bank increased by ₹ 1.32 crores (Previous year ₹ 1.23 crores) and share premium by ₹ 53.05 crores (Previous year ₹ 59.37 crores).

1.2 Capital Adequacy Ratio

The Bank computes Capital Adequacy Ratio as per Basel III Capital Regulations issued by RBI.

Under Basel III Capital Regulations, on an on-going basis, the Bank has to maintain a Minimum Total Capital of 10.875% (Previous year 10.875%) including Capital Conversion Buffer at 1.875% (Previous year 1.875%), of the total risk weighted assets. Out of the Minimum Total Capital, at least 7.375% (Previous year 7.375%) of risk weighted assets, which includes 1.875% (Previous year 1.875%) towards Capital Conservation Buffer, shall be from Common Equity Tier 1 capital and at least 7.00% (Previous year 7.00%) from Tier 1 capital. The capital adequacy ratio of the Bank is set out below:

(₹ in crores)

	March 31, 2021	March 31, 2020
1. Common Equity Tier 1 capital ratio	15.55%	13.22%
2. Tier 1 capital ratio	16.83%	14.57%
3. Tier 2 capital ratio	0.55%	0.47%
4. Total Capital ratio (CRAR)	17.38%	15.04%
5. Percentage of shareholding of the Government of India in public sector banks	0.00%	0.00%
6. Amount of equity capital raised	6,008.76	2,941.95

	March 31, 2021	March 31, 2020
7. Amount of Additional Tier 1 capital raised, of which:	-	-
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI)	-	-
8. Amount of Tier 2 capital raised, of which:	-	-
Debt capital instruments	-	-
Preference share capital instruments [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-	-

Amount of equity capital raised during the year ended March 31, 2021, includes an amount ₹ 673.82 crores received as Share Warrants Subscription Money earlier in July 2019 in accordance with a composite scheme of arrangement with the erstwhile Bharat Financial Inclusion Limited, as described in note 1.1.

The Capital Adequacy Ratio as of March 31, 2021 has been computed considering the RBI Circular dated March 30, 2021 on Bilateral Netting of Qualified Financial Contracts - Amendments to Prudential Guidelines, pursuant to the coming into effect of the Bilateral Netting of Qualified Financial Contracts Act, 2020.

2. Investments

2.1 Details of Investments

(₹ in crores)

	March 31, 2021	March 31, 2020
(1) Value of Investments		
(i) Gross value of Investments	70,462.94	61,341.05
(a) In India	70,097.41	61,189.72
(b) Outside India	365.53	151.33
(ii) Provisions for Depreciation	768.24	1,361.11
(a) In India	768.24	1,361.11
(b) Outside India	-	-
(iii) Net value of Investments	69,694.70	59,979.94
(a) In India	69,329.17	59,828.61
(b) Outside India	365.53	151.33
(2) Movement of provisions held towards depreciation on Investments		
(i) Opening balance	1,361.11	382.06
(ii) Add: Provision made during the year	227.09	979.05
(iii) Less: Write-off / write-back of excess provisions during the year	819.96	-
(iv) Closing balance	768.24	1,361.11

2.2 Category-wise details of Investments (Net of provision for depreciation)

(₹ in crores)

	As at March 31, 2021				As at March 31, 2020			
	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
i) Government securities	52,671.03	12,590.84	-	65,261.87	45,125.06	7,623.20	-	52,748.26
ii) Other approved securities	-	-	-	-	-	-	-	-
iii) Shares	0.94	830.29	-	831.23	3.75	613.92	-	617.67
iv) Debentures and bonds	-	419.07	-	419.07	-	2,685.87	-	2,685.87
v) Subsidiaries and/ or Joint Ventures	43.70	-	-	43.70	43.70	-	-	43.70
vi) Others - Security Receipts, Pass Through Certificates, investment in units of Mutual Funds, Commercial Paper, Venture Capital, etc.	163.19	2,975.64	-	3,138.83	223.45	3,660.99	-	3,884.44
Total	52,878.86	16,815.84	-	69,694.70	45,395.96	14,583.98	-	59,979.94

2.3 Details of Repo / Reverse Repo including Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) (in face value terms)

(₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Balance as at the year end
Year ended March 31, 2021				
Securities sold under repo				
i) Government Securities	10.00	10,050.32	910.88	-
ii) Corporate Debt Securities	3,670.00	3,670.00	794.33	-
iii) Any Other Securities	-	-	-	-
Securities purchased under reverse repo				
i) Government Securities	364.32	39,557.57	18,294.82	28,722.61
ii) Corporate Debt Securities	-	-	-	-
iii) Any Other Securities	-	-	-	-
Year ended March 31, 2020				
Securities sold under repo				
i) Government Securities	11.00	8,288.11	687.66	4,762.97
ii) Corporate Debt Securities	3,670.00	3,670.00	50.14	3,670.00
iii) Any Other Securities	-	-	-	-
Securities purchased under reverse repo				
i) Government Securities	25.00	13,517.05	1,990.53	898.82
ii) Corporate Debt Securities	-	-	-	-
iii) Any Other Securities	-	-	-	-

In respect of triparty repo and triparty reverse repo transactions, amount of funds borrowed or lent have been disclosed in the table above. The days on which there were Nil outstanding have been ignored while arriving at the amount of minimum outstanding during the year.

2.4 Issuer composition of Non-SLR investments as at March 31, 2021

(₹ in crores)

No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Sector Undertakings	100.56	100.56	-	-	-
2	Financial Institutions	755.54	755.54	-	-	-
3	Banks	1,151.17	1,151.17	-	-	-
4	Private corporates	1,332.03	1,331.32	65.17	-	-
5	Subsidiaries /Joint Ventures	43.70	43.70	-	-	-
6	Others	1,818.08	1,818.08	-	64.64	-
7	Provision held towards depreciation	(768.24)	-	-	-	-
Total		4,432.84	5,200.37	65.17	64.64	-

Issuer composition of Non-SLR investments as at March 31, 2020

(₹ in crores)

No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Sector Undertakings	269.99	269.99	-	-	-
2	Financial Institutions	1,034.12	1,034.12	-	-	-
3	Banks	1,836.09	1,836.09	-	-	-
4	Private corporates	3,839.33	3,084.69	693.85	-	-
5	Subsidiaries / Joint Ventures	43.70	43.70	-	-	-
6	Others	1,569.56	1,569.56	-	34.64	-
7	Provision held towards depreciation	(1,361.11)	-	-	-	-
Total		7,231.68	7,838.15	693.85	34.64	-

Notes:

- (1) Amounts reported in column 3 do not include amount of securities pledged with Central Counter Parties, viz., Clearing Corporation of India Limited, National Securities Clearing Corporation of India Limited and Multi Commodity Exchange of India Limited.
- (2) Amounts reported under columns 4, 5, 6 and 7 are not mutually exclusive.
- (3) The amounts reported in the above tables do not include investment outside India.
- (4) Column 7 excludes investment in equity shares (including investment in subsidiary and associate entity), investment in venture capital funds, and securities acquired by way of conversion of debt.

2.5 Non-performing Non-SLR investments

(₹ in crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	711.01	73.01
Additions during the year	70.34	638.00
Reductions / Redemption during the year	638.49	-
Closing balance	142.86	711.01
Total provisions held	127.79	711.00

2.6 Sale / transfer from HTM category

During the year ended March 31, 2021 and the year ended March 31, 2020, the value of sale 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. Hence, in line with RBI guidelines, specific disclosures on book value, market value, and provisions if any, relating to such sale and transfers are not made.

3. Derivatives
3.1 Interest Rate Swaps, Forward Rate Agreements and Cross Currency Swaps:

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Notional principal of swap agreements	362,184.45	445,699.40
(ii) Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	3,789.04	5,383.92
(iii) Collateral required by the Bank upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps – With banks	80.82%	78.93%
(v) Net Fair value of the swap book	922.73	1,298.94

The credit exposure with clients, as compared to inter-bank counterparties, are generally secured by permitted collaterals. The credit exposure includes exposure arising out of swap contracts. However, generally, the collaterals provided by the clients are not specifically earmarked towards derivatives or swaps, and hence the amount of collateral required by the Bank upon entering into swaps is reported Nil. The derivative exposures including swaps, among inter-bank counterparties, are generally without any collateral or security.

The nature and terms of Interest Rate Swaps (IRS) outstanding as on March 31, 2021 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	2	43.27	EURIBOR	Fixed Payable vs Floating Receivable
Trading	32	66.47	EURIBOR	Fixed Receivable vs Floating Payable
Trading	264	51,055.48	LIBOR	Fixed Payable vs Floating Receivable
Trading	256	41,515.09	LIBOR	Fixed Receivable vs Floating Payable
Trading	43	10,286.58	LIBOR	Floating Payable vs Floating Receivable

Nature	No.	Notional Principal	Benchmark	Terms
Trading	1,193	56,384.42	MIBOR	Fixed Payable vs Floating Receivable
Trading	1,347	51,634.53	MIBOR	Fixed Receivable vs Floating Payable
Trading	648	47,984.21	MIFOR	Fixed Payable vs Floating Receivable
Trading	890	62,335.29	MIFOR	Fixed Receivable vs Floating Payable
Hedging	1	932.15	LIBOR	Fixed Payable vs Floating Receivable (Collar)
Hedging	5	2,673.09	LIBOR	Fixed Payable vs Floating Receivable

The nature and terms of IRSs outstanding as on March 31, 2020 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	4	358.46	EURIBOR	Fixed Payable vs Floating Receivable
Trading	35	85.18	EURIBOR	Fixed Receivable vs Floating Payable
Trading	10	9.34	EURIBOR	Floating Payable vs Fixed Receivable
Trading	279	53,203.16	LIBOR	Fixed Payable vs Floating Receivable
Trading	320	46,270.54	LIBOR	Fixed Receivable vs Floating Payable
Trading	43	9,760.79	LIBOR	Floating Payable vs Floating Receivable
Trading	1,487	91,328.40	MIBOR	Fixed Payable vs Floating Receivable
Trading	1,797	86,529.34	MIBOR	Fixed Receivable vs Floating Payable
Trading	752	57,270.00	MIFOR	Fixed Payable vs Floating Receivable
Trading	904	62,890.00	MIFOR	Fixed Receivable vs Floating Payable
Hedging	1	1,134.98	LIBOR	Fixed Payable vs Floating Receivable (Collar)
Trading	1	41.39	EURIBOR	Fixed Payable vs Floating Receivable (Cap)

The nature and terms of Cross Currency Swaps (CCS) outstanding as on March 31, 2021 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	7	10.58	EURIBOR	Fixed Payable vs Floating Receivable (Cross Currency Swap)
Trading	2	86.08	EURIBOR	Floating Payable vs Fixed Receivable (Cross Currency Swap)
Trading	1	30.39	EURIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Hedging	2	193.78	EURIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	53	9,300.48	LIBOR	Fixed Payable vs Floating Receivable (Cross Currency Swap)
Trading	6	1,910.08	LIBOR	Floating Payable vs Fixed Receivable (Coupon Only Swap)
Trading	184	8,775.09	LIBOR	Floating Payable vs Fixed Receivable (Cross Currency Swap)

Nature	No.	Notional Principal	Benchmark	Terms
Hedging	1	61.26	LIBOR	Floating Payable vs Floating Receivable (Coupon Only Swap)
Trading	16	1,590.88	LIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	6	121.47	MIBOR	Floating Payable vs Fixed Receivable (Cross Currency Swap)
Trading	25	6,660.22	MIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	1	438.66	MIFOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	1	16.89	NA	Fixed Payable vs Fixed Receivable (Coupon Only Swap)
Trading	88	3,814.42	NA	Fixed Payable vs Fixed Receivable (Cross Currency Swap)
Trading	22	3,069.13	NA	Fixed Payable vs Fixed Receivable (Principal Only Swap)
Hedging	2	643.13	NA	Fixed Payable vs Fixed Receivable (Principal Only Swap)
Merchant & Cover	2	551.33	NA	Fixed Payable vs Fixed Receivable (Cross Currency Swap)

The nature and terms of CCS outstanding as on March 31, 2020 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	8	19.26	EURIBOR	Fixed Payable vs Floating Receivable (Cross Currency Swap)
Trading	1	30.49	EURIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	48	8,981.89	LIBOR	Fixed Payable vs Floating Receivable (Cross Currency Swap)
Trading	6	2,137.41	LIBOR	Floating Payable vs Fixed Receivable (Coupon Only Swap)
Trading	213	9,820.81	LIBOR	Floating Payable vs Fixed Receivable (Cross Currency Swap)
Trading	13	1,342.90	LIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Trading	7	148.21	MIBOR	Floating Payable vs Fixed Receivable (Cross Currency Swap)
Trading	20	5,844.46	MIBOR	Floating Payable vs Fixed Receivable (Cross Currency Swap)
Trading	1	453.99	MIFOR	Floating Payable vs Floating Receivable (Cross Currency Swap)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	2	129.72	NA	Fixed Payable vs Fixed Receivable (Coupon Only Swap)
Trading	90	3,780.00	NA	Fixed Payable vs Fixed Receivable (Cross Currency Swap)
Trading	16	1,665.60	NA	Fixed Payable vs Fixed Receivable (Principal Only Swap)
Hedging	2	278.50	EURIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Hedging	1	77.72	LIBOR	Floating Payable vs Floating Receivable (Cross Currency Swap)
Hedging	2	627.55	NA	Fixed Payable vs Fixed Receivable (Principal Only Swap)
Merchant & Cover	4	722.68	NA	Fixed Payable vs Fixed Receivable (Cross Currency Swap)

Forward Rate Agreement (FRA) outstanding as on March 31, 2021 was Nil.

The nature and terms of Forward Rate Agreement (FRA) outstanding as on March 31, 2020 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	2	756.65	LIBOR	Fixed Payable vs Floating Receivable

3.2 Exchange Traded Interest Rate Derivatives

The Exchange Traded Interest Rate Derivatives undertaken during the year ended March 31, 2021 was Nil.

The details of Exchange Traded Interest Rate Derivatives undertaken during the year ended March 31, 2020 are as below:

(₹ in crores)

Sr. No.	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	
a)	FutureBond/717GS2028/25/04/2019	100.00
b)	FutureBond/645GS2029/26/03/2020	0.04
c)	FutureBond/645GS2029/27/02/2020	52.96
d)	FutureBond/645GS2029/26/12/2019	500.00
e)	FutureBond/726GS2029/25/07/2019	0.04
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2020 (instrument-wise)	-
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-
(iv)	Marked-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-

3.3 Risk Exposure in Derivatives

Derivatives Policy approved by the Board of Directors defines the framework for carrying out derivatives business and lays down policies and processes to measure, monitor and report risk arising from derivative transactions. The policy provides for appropriate risk limits for different derivative products and action to be initiated in case of breaches. 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.

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, in accordance with extant regulatory guidelines. The Bank has a policy on assessing the collateral required for undertaking derivative transactions with clients as well as counterparty banks. The credit appraisal process determines the collateral requirements. The Bank retains the right to terminate transactions as a risk mitigation measure in certain circumstances.

Risk Management Department of the Bank is responsible for measuring, reporting and monitoring risk arising from derivatives transactions. It functions independent of Treasury business and undertakes the following activities:

- Monitoring risk limits on derivatives portfolio 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; and
- Review of collaterals that are generally kept as cash or cash equivalent for securing derivative transactions.

The Risk Management function applies many quantitative tools and methods such as Value at Risk, PV01, stop-loss limits, counterparty limits, deal size limits and overnight position limits.

Refer Note 17.4 for the accounting policy on derivatives.

The following table presents quantitative disclosures relating to Derivatives:

		(₹ in crores)			
Sr. No	Particulars	March 31, 2021		March 31, 2020	
		Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
1	Derivatives (Notional Principal Amount) (Note 1 and 7)	438,918.71	324,910.59	471,468.72	409,638.22
	a) For hedging	898.17	3,605.24	983.77	1,134.98
	b) For trading	438,020.54	321,305.35	470,484.95	408,503.24
2	Marked to Market Positions (Note 2)				
	a) Asset (+)	5,572.82	3,740.99	7,950.78	4,923.50
	b) Liability (-)	(3,418.43)	(3,487.34)	(6,012.93)	(4,654.49)
3	Credit Exposure (Note 3)	15,565.60	6,183.33	19,457.69	7,810.90
4	Likely impact of one percentage change in interest rate (100*PV01) (Note 4, 6 and 8)				
	a) on hedging derivatives	2.73	33.87	0.10	0.00
	b) on trading derivatives	93.26	74.86	25.19	19.40
5	Maximum and Minimum of (100*PV01) observed during the year (Note 5, 6 and 8)				
	a) on hedging				
	Maximum	3.81	42.41	1.60	0.00
	Minimum	0.10	0.00	0.00	0.00
	b) on trading				
	Maximum	93.26	161.60	87.56	107.72
	Minimum	20.66	2.65	2.13	1.95

Note 1: Outstanding Notional principal amount of exchange traded currency future trades was ₹ 420.81 crores as at March 31, 2021 (Previous year ₹ 302.91 crores).

Note 2: Marked to Market positions include interest accrued on the swaps.

Note 3: Credit exposure is computed based on the current exposure method.

Note 4: Based on the absolute value of PV01 for Currency Derivatives and Interest Rate Derivatives outstanding as at the year end.

Note 5: Based on the absolute value of PV01 for Currency Derivatives and Interest Rate Derivatives outstanding during the year.

Note 6: PV01 for Currency Derivatives and Interest Rate Derivatives are presented in absolute terms. However, aggregate of net PV01 shall remain smaller as there are opposite positions among Currency Derivatives and Interest Rate Derivatives that will get netted off.

Note 7: Currency derivatives include forward exchange contracts, currency swaps, currency options and cross currency swaps; interest rate derivatives include interest rate swaps, forward rate agreements and interest rate caps and floors.

Note 8: PV01 is computed for cross currency swaps, interest rate swaps, and interest rate caps and floor.

4. Asset Quality

4.1 Non-Performing Assets

The details of movement of gross non-performing assets (NPAs), net NPAs and provisions during the year ended March 31, 2021 and the year ended March 31, 2020 are given below:

(₹ in crores)

	March 31, 2021	March 31, 2020
(i) Net NPAs to Net Advances (%)	0.69%	0.91%
(ii) Movement of Gross NPAs		
a) Opening balance	5,146.74	3,947.41
b) Additions on amalgamation	-	50.26
c) Additions during the year	7,664.07	5,779.61
d) Reductions during the year		
(i) Upgradations	1,402.89	862.26
(ii) Recoveries (excluding recoveries made from upgraded accounts)	1,557.64	1,229.47
(iii) Technical/Prudential write-offs	-	45.01
(iv) Write-offs other than those under (iii) above	4,055.29	2,493.80
(v) Sub-total	7,015.82	4,630.54
e) Closing balance	5,794.99	5,146.74
(iii) Movement of Net NPAs		
a) Opening balance	1,886.58	2,248.28
b) Additions on amalgamation	-	9.98
c) Additions during the year	1,977.62	1,377.55
d) Reductions during the year	2,387.63	1,749.23
e) Closing balance	1,476.57	1,886.58

	March 31, 2021	March 31, 2020
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	3,260.16	1,699.13
b) Additions on amalgamation	-	40.28
c) Provisions made during the year	5,686.45	4,402.05
d) Write-off / write back of excess provisions	4,628.19	2,881.30
e) Closing balance	4,318.42	3,260.16

Notes:

- Recoveries include sale to SC / RC.
- Amounts include impact of NPAs and provisions as assessed by RBI in their Supervisory Programme for Assessment of Risk and Capital.
- Accounts which otherwise would have been classified NPA between September 1, 2020 and March 23, 2021 but could not be classified due to an interim order of the Honorable Supreme Court dated September 3, 2021, and fully cured by the time the final judgment was delivered on March 23, 2021, are not included in the movement of Gross NPAs, movement of Net NPAs or the movement of provisions for NPAs during the year.

4.2 Provision coverage ratio

Provision coverage ratio as at March 31, 2021 is 74.52% (Previous year 63.34%).

4.3 Details of technical / prudential write-offs and recoveries made thereon

(₹ in crores)

Items	March 31, 2021	March 31, 2020
Opening balance of technical / prudential written off accounts	44.61	-
Add: Technical / prudential write-offs during the year	-	45.01
Less : Recoveries made from previously technical / prudential written-off accounts during the year	0.54	0.40
Closing balance of technical / prudential written-off accounts	44.07	44.61

4.4 Divergence in Asset Classification and Provisioning for NPA

RBI vide circular no. DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and DBR.BP.BC.No.32/21.04.018/2018-19 dated April 01, 2019, has directed that banks shall make suitable disclosures, wherever (a) the additional provisioning requirement assessed by RBI exceeds 10 percent of the reported profit before provisions and contingencies for the reference period, or (b) the additional Gross NPA identified by RBI exceeds 15 percent of the published incremental Gross NPA for the reference period, or both. Based on the criteria mentioned in the RBI circulars, no disclosure on divergence in asset classification and provisioning for NPA is required with respect to RBI Supervisory Programme for Assessment of Risk and Capital completed during the year pertaining to the year ended March 31, 2020, and during the previous year pertaining to the year ended March 31, 2019.

4.5 Sector-wise advances

(₹ in crores)

Sr. No.	Sector	March 31, 2021			March 31, 2020		
		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	26,353.63	514.58	1.95%	19,732.41	461.81	2.34%
2	Advances to industries sector eligible as priority sector lending Of which: (refer note below):	9,394.42	191.87	2.04%	6,042.37	141.12	2.34%
a)	Gems and Jewellery	-	-	-	1,251.38	-	-
b)	Infrastructure	57.10	0.02	0.04%	12.10	0.29	2.40%
c)	Basic Metal and Metal Products	1,090.24	17.87	1.64%	681.66	3.97	0.58%
3	Services	44,503.18	1,003.61	2.26%	40,281.31	725.63	1.80%
a)	Transport Operator's	25,359.28	647.82	2.55%	23,920.48	475.74	1.99%
b)	Commercial Real Estate	7.01	-	-	6.99	-	-
4	Personal loans	1,159.92	42.73	3.68%	807.12	12.95	1.60%
	Sub-total (A)	81,411.15	1,752.79	2.15%	66,863.21	1,341.51	2.01%
B	Non Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry Of which: (refer note below):	32,660.53	572.60	1.75%	40,166.56	1,070.76	2.67%
a)	Gems and Jewellery	-	-	-	5,790.04	5.00	0.09%
b)	Infrastructure	6,974.59	241.39	3.46%	9,526.51	641.19	6.73%
c)	Basic Metal and Metal Products	5,595.90	0.20	-	6,654.63	0.18	-
3	Services	85,747.77	2,508.27	2.93%	88,505.50	2,362.60	2.67%
a)	Transport Operator's	23,402.27	254.27	1.09%	22,467.47	207.22	0.92%
b)	Commercial Real Estate	14,930.75	217.52	1.46%	18,777.97	109.62	0.58%
4	Personal loans	17,094.38	961.33	5.62%	14,508.06	371.87	2.56%
a)	Vehicle Loans	5,912.60	543.34	9.19%	4,727.42	139.82	2.96%
b)	Credit Card	4,474.78	72.88	1.63%	4,761.65	92.33	1.94%
c)	Unsecured Personal Loans	3,505.45	181.79	5.19%	3,443.10	46.15	1.34%
d)	Advance against Fixed Deposit	2,178.27	1.16	0.05%	-	-	-
	Sub-total (B)	1,35,502.68	4,042.20	2.98%	1,43,180.12	3,805.23	2.66%
	Total (A+B)	2,16,913.83	5,794.99	2.67%	2,10,043.33	5,146.74	2.45%

Note:

Segments contributing in excess of 10% of the Sector as at March 31 of the respective years are individually listed; Gems and Jewellery constituted less than 10% as on March 31, 2021. Advances against Fixed Deposit constituted less than 10% on March 31, 2020.

4.6 Details of Loan Assets subjected to Restructuring as on March 31, 2021

(₹ in crores)

Sr. No	Type of Restructuring → Asset Classification → Details ↓	Under CDR Mechanism						Under SME Debt Restructuring Mechanism						Others						Total								
		Sub-Stand Dard		Doubtful		Loss		Sub-Stand Dard		Doubtful		Loss		Sub-Stand Dard		Doubtful		Loss		Sub-Stand Dard		Doubtful		Loss		Total		
		Stan	Dard	Stan	Dard	Stan	Dard	Stan	Dard	Stan	Dard	Stan	Dard	Stan	Dard	Stan	Dard	Stan	Dard	Stan	Dard	Stan	Dard	Stan	Dard	Stan	Dard	Total
1	Restructured Accounts as on 01/04/2020	1	-	-	-	-	-	1,603	-	-	-	-	1,603	132	-	-	-	1	-	-	-	133	1,736	-	1	-	-	1,737
	Amount outstanding – Restructured facility	25.20	-	-	-	-	-	59.52	-	-	-	-	59.52	13.62	-	-	-	111.85	-	-	-	125.47	98.34	-	111.85	-	-	210.19
	Amount outstanding – Other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	1.10	-	-	-	-	-	2.79	-	-	-	-	2.79	1.69	-	-	-	95.07	-	-	-	96.76	5.58	-	95.07	-	-	100.65
2	Fresh restructuring during the year	-	-	-	-	-	-	36,434	-	-	-	-	36,434	2,221	218	-	-	-	-	-	-	22,439	58,655	218	-	-	58,873	
	Amount outstanding – Restructured facility	-	-	-	-	-	-	2,810.80	-	-	-	-	2,810.80	1,205.67	140.61	-	-	-	-	-	-	1,346.28	4,016.47	140.61	-	-	4,157.08	
	Amount outstanding – Other facility	-	-	-	-	-	-	294.99	-	-	-	-	294.99	63.58	11.62	-	-	-	-	-	-	75.20	358.57	11.62	-	-	370.19	
	Provision thereon	-	-	-	-	-	-	301.81	-	-	-	-	301.81	187.78	24.70	-	-	-	-	-	-	212.48	489.59	24.70	-	-	514.29	
3	Increase/ (decrease) in borrower level outstanding of existing restructured cases during FY	3.08	-	-	-	-	-	3.08	-2.51	-	-	-2.51	1.59	-	-	-	-	2.75	-	-	4.34	2.16	-	2.75	-	-	4.91	
	Amount outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding – Other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Provision thereon	-	-	-	-	-	-	0.09	-	-	-	0.09	0.28	-	-	-	-	19.53	-	-	19.81	0.37	-	19.53	-	-	19.90	
4	Upgradation to restructured standard category during the FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding – Other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk-weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding – Other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Downgradations of restructured accounts during the FY	-1	1	-	-	-	-	-1,006	928	78	-	-	-1,369	1,365	4	-	-	-	-	-	-	-2,376	2,294	82	-	-	-	
	Amount outstanding – Restructured facility	-28.28	28.28	-	-	-	-	-81.82	78.42	3.40	-	-	-22.78	22.71	0.07	-	-	-	-	-	-	-132.88	129.41	3.47	-	-	-	
	Amount outstanding – Other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Provision thereon	-1.10	1.10	-	-	-	-	-19.70	17.35	2.35	-	-	-21.96	21.89	0.07	-	-	-	-	-	-	-33.67	33.38	0.29	-	-	-	

Sr. Type of Restructuring → No. Asset Classification → Details ↓	Under CDR Mechanism						Under SME Debt Restructuring Mechanism						Others						Total				
	Stan Dard	Sub- Stan Dard	Doubtful	Loss	Total		Stan Dard	Sub- Stan Dard	Doubtful	Loss	Total		Stan Dard	Sub- Stan Dard	Doubtful	Loss	Total	Stan Dard	Sub- Stan Dard	Doubtful	Loss	Total	
7 Write-offs of restructured accounts Amount outstanding- Restructured during the FY 2020-21 facility	-1	-	-	-	-1	-	-1,108	-928	-78	-2,114	-	-8	-1,365	-4	-1,377	-1,116	-2,294	-82	-	-3,492			
Amount outstanding - Other facility																							
Provision thereon	-1,10	-	-	-	-1,10	-	-1,14	-17,35	-2,35	-20,84	-	-0,06	-21,89	-0,07	-22,02	-1,20	-40,34	-2,42	-	-43,96			
8 Restructured Accounts as on 31/03/2021 (closing figure)	-	-	-	-	-	-	35,923	-	-	35,923	20,976	218	1	21,195	56,899	218	1	57,118					
Amount outstanding - Other facility																							
Provision thereon	-	-	-	-	-	-	2,757,33	-	-	2,757,33	1,197,60	140,61	114,60	1,452,81	3,954,93	140,61	114,60	-	-	4,210,14			
	-	-	-	-	-	-	276,79	-	-	276,79	48,11	11,62	-	59,73	324,90	11,62	-	-	336,52				
	-	-	-	-	-	-	283,85	-	-	283,85	167,73	24,70	114,60	307,03	451,58	24,70	114,60	-	-	590,88			

1. Provision includes diminution / FITL / NPA provision wherever applicable, but does not include standard asset provision on restructured advances.
2. Sr. No. 3 includes net of addition and reductions in existing restructured accounts.
3. Sr. No. 7 includes reductions in restructured accounts of ₹ 195.71 crores (Provision ₹ 43.96 crores) due to repayment and restructuring failures.
4. In case of NPAs, outstanding net of unrealised interest is disclosed.
5. Accounts restructured under the Resolution Framework for COVID-19 related Stress vide RBI Circular dated August 6, 2020 are included under the column "Others". Also refer Note 4.9.
6. Accounts of Micro Small and Medium Enterprises (MSME) restructured in accordance with RBI Circulars dated January 1, 2019, February 11, 2020 and August 6, 2020 are included under the column "Under SME Debt Restructuring Scheme". Also refer Note 4.8.
7. In respect of accounts restructured and classified as Standard as at March 31, 2021, the Bank carries further provision of ₹ 161.20 crores made under extant regulatory guidelines and an additional provision of ₹ 292.04 crores taking the total provision towards restructured advances and classified as Standard to ₹ 904.82 crores.

4.6 Details of Loan Assets subjected to Restructuring as on March 31, 2020

(₹ in crores)

Sr. No.	Type of Restructuring → Asset Classification → Details →	Under CDR Mechanism						Under SME Debt Restructuring Mechanism						Others						Total							
		Stan Dard		Sub-Doubtful		Loss		Stan Dard		Sub-Doubtful		Loss		Stan Dard		Sub-Doubtful		Loss		Stan Dard		Sub-Doubtful		Loss		Total	
		2	-	-	-	-	-	2	3,788	-	-	-	-	3,788	5	1	1	-	-	-	7	3,795	1	1	-	-	3,797
1	Restructured Accounts as on 01/04/2019	No. of borrowers	-	-	-	-	2	3,788	-	-	-	-	3,788	5	1	1	-	-	-	7	3,795	1	1	-	-	3,797	
		Amount outstanding- Restructured facility	-	-	-	-	32.88	131.36	-	-	-	-	131.36	1.59	0.23	108.99	-	-	-	110.81	165.83	0.23	108.99	-	-	275.05	
		Amount outstanding- Other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	2.10	0.18	-	-	-	0.18	-	0.08	81.74	-	-	-	81.82	2.28	0.08	81.74	-	-	84.10		
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	2	-	-	-	2	133	-	-	-	-	-	133	135	-	-	-	-	135		
		Amount outstanding- Restructured facility	-	-	-	-	-	14.64	-	-	-	14.64	99.24	-	-	-	-	-	99.24	113.88	-	-	-	-	113.88		
		Amount outstanding- Other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Provision thereon	-	-	-	-	-	1.17	-	-	-	1.17	10.11	-	-	-	-	-	10.11	11.28	-	-	-	-	11.28		
3	Increase / (decrease) in borrower level outstanding of existing restructured cases during FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Amount outstanding- Restructured facility	-	-	-	-	0.28	-24.25	-	-	-	-24.25	0.06	-0.03	2.86	-	-	-	2.89	-23.91	-0.03	2.86	-	-	-21.08		
		Amount outstanding- Other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Provision thereon	-	-	-	-	-	3.37	-	-	-	3.37	-	0.12	13.33	-	-	-	13.45	3.37	0.12	13.33	-	-	16.82		
4	Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Amount outstanding- Restructured facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Amount outstanding- Other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
5	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		
		Amount outstanding- Restructured facility	-	-	-	-	-7.96	-	-	-	-	-	-	-	-	-	-	-	-	-7.96	-	-	-	-	-7.96		
		Amount outstanding- Other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Provision thereon	-	-	-	-	-1.00	-	-	-	-	-	-	-	-	-	-	-	-	-1.00	-	-	-	-	-1.00		
6	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-1,224	-	-	-	-	-4	-	-	-	-	-	-	-1,228	1,228	-	-	-	-		
		Amount outstanding- Restructured facility	-	-	-	-	-28.78	-28.78	-	-	-	-87.09	87.09	-	-	-	-	-	-115.87	115.87	-	-	-	-	-		
		Amount outstanding- Other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Provision thereon	-	-	-	-	-	-	-	-	-	-8.39	8.39	-	-	-	-	-	-8.39	8.39	-	-	-	-	-		
7	Write-offs of restructured accounts during the FY 2019-20	No. of borrowers	-	-	-	-	-	-963	-1,224	-	-	-2,187	-2	-5	-	-	-	-	-7	-965	-1,229	-	-	-	-2,194		
		Amount outstanding- Restructured facility	-	-	-	-	-33.45	-28.78	-	-	-62.23	-0.18	-87.29	-	-	-	-	-	-87.47	-33.63	-116.07	-	-	-	-149.70		
		Amount outstanding- Other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Provision thereon	-	-	-	-	-	-1.93	-	-	-1.93	-0.03	-8.59	-	-	-	-	-	-8.62	-1.96	-8.59	-	-	-	-10.55		
8	Restructured Accounts as on 31/03/2020 (closing figure)	No. of borrowers	1	-	-	-	1	1,603	-	-	1,603	132	-	1	133	1,736	-	1	133	1,736	-	1	1	-	1,737		
		Amount outstanding- Restructured facility	25.20	-	-	-	25.20	59.52	-	-	59.52	13.62	-	111.85	125.47	98.34	-	-	125.47	98.34	-	-	-	-	210.19		
		Amount outstanding- Other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Provision thereon	1.10	-	-	-	1.10	2.79	-	-	2.79	1.69	-	95.07	96.76	5.58	-	96.76	5.58	-	95.07	-	-	-	100.65		

- Provision includes diminution / FITL / NPA provision, wherever applicable, but does not include standard asset provision on restructured advances.
- Sr. No. 3 includes net of addition and reductions in existing restructured accounts
- Sr. No. 7 includes reductions in restructured accounts of ₹ 149.70 crores (Provision ₹ 10.55 crores) due to repayment and restructuring failures.
- In case of NPAs, outstanding net of unrealised interest is disclosed.

4.7 In accordance with the Prudential Framework for Resolution of Stressed Assets issued by RBI vide a circular dated June 07, 2019, the extant instructions on resolution of stressed assets such as Framework for Revitalising Distressed Assets, Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long Term Project Loans, Strategic Debt Restructuring Scheme (SDR), Change in Ownership outside SDR, and Scheme for Sustainable Structuring of Stressed Assets (S4A) were withdrawn. The Joint Lenders' Forum as an institutional mechanism for resolution of stressed accounts was also discontinued. However, accounts where the schemes have been implemented by then were allowed to continue; the following details pertain to such accounts where the respective schemes have been implemented before the said circular became effective.

a) Details of cases where scheme for Sustainable Structuring of Stressed Assets (S4A) is implemented:

(₹ in crores)

No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
		In Part A	In Part B	
As at March 31, 2021				
Classified as Standard	-	-	-	-
Classified as NPA	-	-	-	-
As at March 31, 2020				
Classified as Standard	22.45	14.60	7.85	7.07
Classified as NPA	-	-	-	-

b) Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period) as at March 31, 2021: Nil (Previous year Nil)

4.8 RBI vide a circular dated January 1, 2019 permitted a one-time restructuring of existing loans to Micro Small and Medium Enterprises (MSME) without a downgrade in the asset classification, and this facility was extended vide circular dated February 11, 2020 and circular dated August 6, 2020 subject to certain conditions. Details of such loans to MSME that are restructured under the extant guidelines and classified as standard are as below:

(₹ in crores)

Year ended	No. of accounts restructured	Amount Outstanding- Restructured facility	Amount Outstanding - Other facilities of the customer
March 31, 2021	35,126	2,738.05	276.79
March 31, 2020	2	14.64	-

- 4.9** Under the RBI Prudential Framework for Resolution of Stressed Assets Directions 2019, dated June 7, 2019 (“Prudential Framework”) a restructuring or granting of any concession on account of financial difficulty of the borrower entails an asset classification downgrade, except when certain conditions are met. In view of the economic fallout on account of “severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)”, generally known as COVID-19 pandemic, RBI, with an intent to facilitate revival of activities and to mitigate the impact on the borrowers, vide circular dated August 6, 2020 provided a window under the Prudential Framework for implementing a resolution plan while classifying such exposures as Standard, subject to certain conditions. Details of such implementation as of March 31, 2021 are given below:

(₹ in crores)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
(i) Personal Loans	20,858	425.90	-	-	44.41
(ii) Corporate persons	1	622.27	-	-	121.53
Of which MSMEs	-	-	-	-	-
(iii) Others	-	-	-	-	-
Total	20,859	1,048.17	-	-	165.94

Notes:

Exposure in Column B represents fund based exposure at the end of the month preceding the date of implementation of the plan. Provisions in Column E include the provisions held as at March 31, 2021 including the provisions held as per IRAC norms at the time of implementation.

- 4.10 a) Details of financial assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for asset reconstruction:**

(₹ in crores)

	March 31, 2021	March 31, 2020
1) No. of accounts	2,63,360	34,858
2) Aggregate value (net of provisions) of accounts sold to SC / RC	982.05	527.76
3) Aggregate consideration	951.00	496.91
4) Additional consideration realized in respect of accounts transferred in earlier years	1.43	5.72
5) Aggregate gain / (loss) over net book value	(29.62)	(25.13)

b) Details of book value of investment in security receipts (SRs):

(₹ in crores)

Particulars	March 31, 2021	March 31, 2020
Backed by NPAs sold by the Bank as underlying	1,727.63	1,104.12
Backed by NPAs sold by the other Banks / Financial Institutions / Non-Banking Financial Companies as underlying	3.12	4.12
Total	1,730.75	1,108.24

c) Details of Investment in Security Receipts (SRs):

(₹ in crores)

Particulars	As at March 31, 2021			As at March 31, 2020		
	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i) Book value of SRs backed by NPAs sold by the bank as underlying	1,655.12	72.51	-	1,013.33	90.79	-
Provision held against (i)	541.67	71.47	-	312.12	71.08	-
(ii) Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	3.12	-	-	4.12	-	-
Provision held against (ii)	-	-	-	-	-	-
Total (i) + (ii)	1,658.24	72.51	-	1,017.45	90.79	-

(a) This does not include SRs issued by Trusts that were closed and the outstanding SRs were cancelled and written off in the books of the Bank.

(b) During year, SRs with outstanding of ₹ 61.07 crores (Previous year Nil) issued by Trusts more than 8 years ago, have been written off in the books of the Bank and held in physical form. The amount of such SRs held in physical form, as at March 31, 2021 is ₹ 65.52 crores (Previous year ₹ 4.45 crores)

d) Details of Securitization transactions:

Amount of securitized transactions outstanding at the end of the year is Nil (Previous Year Nil).

4.11 During the year ended March 31, 2021, there has been no individual purchase / sale of non-performing financial assets from/ to other banks (Previous year Nil).

4.12 During the year ended March 31, 2021, there was no sale of assets through securitization except sale of assets to SC/RC (Previous year Nil).

4.13 Provision on Standard Assets

In accordance with RBI guidelines, general provision on standard assets is made at the following rates:

- (a) At 1% on standard advances to Commercial Real Estate Sector;
- (b) At 0.25% on standard direct advances to SME and Agriculture; and
- (c) At 0.40% of the balance outstanding in other standard assets.

Standard assets provision also includes additional provision made pursuant to RBI instructions including general provisions towards certain sectoral exposures and restructured standard assets.

The provision on standard assets is included in 'Other Liabilities and Provisions – Others' in Schedule 5, and is not netted off from Advances. The amount of provision held on standard assets is as below:

(₹ in crores)

Items	March 31, 2021	March 31, 2020
Provision held for Standard Assets	2,198.51	966.55
[Including ₹ 58.00 crores towards Unhedged Foreign Currency Exposure of clients (Previous year ₹ 59.00 crores)]		

4.14 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 foreign exchange positions that are not effectively hedged either by way of natural hedge or through forward contracts / derivatives expose a client to the risk of loss due to volatility in the foreign exchange 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, 2021, included an amount of ₹ 58.00 crores (Previous year ₹ 59.00 crores) towards UFCE. Further, capital held under Basel III Capital Regulations, as of March 31, 2021, includes an amount of ₹ 181.87 crores (Previous year ₹ 135.61 crores) on account of UFCE, computed at the applicable risk weights.

4.15 Floating provision

(₹ in crores)

Items	March 31, 2021	March 31, 2020
Opening balance	330.00	70.00
Provisions made during the year	500.00	260.00
Draw-down made during the year	-	-
Closing balance	830.00	330.00

The extent to which COVID-19 pandemic will continue to impact the Bank's operations and financial statements is dependent on future developments which are highly uncertain. Under the circumstances, during the year ended March 31 2021, a counter cyclical buffer/ floating provision of ₹ 500.00 crores (Previous Year ₹ 260 crores) has been made.

- 4.16** Following are the details of loan accounts to which a moratorium on installments and interest was extended during the year ended March 31, 2021 and March 31, 2020 in accordance with RBI Circulars dated March 27, 2020, April 17, 2020 and May 23, 2020:

(₹ in crores)

Items	March 31, 2021	March 31, 2020
Amount of Advances that are SMA or overdue where moratorium / deferment was extended (Refer Note a)	15,658.74	25,702.15
Amount of Advances where asset classification benefit was extended (Net of NPA)	2,934.95	450.16
Provision made	430.00	23.00
Provision adjusted during the respective accounting periods against slippages	-	-
Residual provisions	430.00	23.00

- (a) Amount of Advances that are SMA or overdue where moratorium/ deferment was extended represents outstanding balance in such accounts as on March 31, 2021 (Previous year as of February 29, 2020)

- 4.17** During the year, the Bank implemented a Resolution Plan in respect of two borrowers having exposure (Advances & Investment) of Rs 21.08 crores as on March 31, 2021 in accordance with the RBI Circular dated June 7, 2019 on Prudential Revised Framework for Resolution of Stressed Assets ("Framework").

During the year ended March 31, 2020, the Bank implemented a Resolution Plan in respect of one borrower having an outstanding of ₹ 19.32 crores, in accordance with the Framework.

- 4.18** In accordance with the RBI circular dated April 07, 2021, the Bank is required to refund/adjust interest on interest charged, in respect of all borrowers including those who had availed working capital facilities during the moratorium period i.e. March 1, 2020 and August 31, 2020, irrespective of whether moratorium had been fully or partially availed, or not availed. As suggested in the said circular, the Indian Banks' Association (IBA) advised the methodology for calculation of such interest on interest to be implemented uniformly by all lending institutions. Accordingly, the Bank has estimated an amount of ₹ 30 crores and recognized a charge in its Profit and Loss Account for the year ended March 31, 2021.

5. Business ratios

Ratio	March 31, 2021	March 31, 2020
i) Interest income as a percentage to working funds	9.16%	10.06%
ii) Non-interest income as a percentage to working funds	2.07%	2.43%
iii) Operating profit as a percentage to working funds	3.71%	3.77%
iv) Return on assets	0.90%	1.54%
v) Business (deposits plus gross advances) per employee (₹ in lakhs)	1,522.49	1,300.51
vi) Profit per employee (₹ in lakhs)	9.56	14.40

Notes:

- (1) Working funds are reckoned as the average of total assets as per the monthly returns in Form X filed with RBI during the year.
- (2) Return on Assets is computed with reference to average working funds.
- (3) Business per employee (deposits plus gross advances) is computed after excluding Inter-bank deposits.

6. Asset Liability Management

6.1 Maturity Pattern of certain items of Assets and Liabilities

Assets and liabilities are classified in the maturity buckets based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.

As at March 31, 2021:

(₹ in crores)

	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	1,178.77	9,542.04	11,488.71	7,275.21	12,765.06	10,659.89	28,228.43	40,500.67	52,600.88	22,389.04	59,576.26	2,56,204.96
Loans and Advances	1,740.69	4,209.78	3,547.25	4,014.75	8,978.14	10,473.85	17,682.12	31,568.67	79,160.80	23,900.78	27,318.58	2,12,595.41
Investments	24,204.94	2,082.37	1,432.95	3,316.50	1,979.73	1,890.87	5,051.24	8,404.68	7,988.50	2,877.98	10,464.95	69,694.71
Borrowings	0.51	80.95	3,081.63	2,528.51	2,253.96	2,296.21	4,621.97	7,808.11	20,301.23	6,776.61	1,573.12	51,322.81
Foreign currency assets	4,354.69	3,733.09	342.76	900.94	2,214.06	2,851.81	1,233.73	987.88	298.72	1,772.15	2,956.64	21,646.47
Foreign currency liabilities	294.06	98.24	65.42	237.38	460.82	203.68	7,229.98	9,645.13	10,125.58	4,186.49	407.07	32,953.85

As at March 31, 2020:

(₹ in crores)

	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	1,118.39	5,854.27	5,867.72	6,688.49	8,946.19	13,758.00	24,176.54	35,526.12	35,407.06	20,208.18	44,488.85	2,02,039.81
Loans and Advances	824.04	6,140.43	3,348.82	4,113.29	7,175.97	7,880.79	20,538.94	33,698.61	69,400.96	24,980.48	29,937.84	2,08,040.17
Investments	14,515.62	1,400.84	1,739.97	1,945.93	1,563.66	2,699.46	5,870.57	8,933.34	8,919.26	4,545.61	7,845.68	59,979.94
Borrowings	5.57	5,261.66	501.19	945.81	5,773.47	7,445.51	6,636.54	9,157.18	20,038.24	3,176.26	1,812.12	60,753.55
Foreign currency assets	1,342.12	469.55	1,120.69	1,134.89	1,870.19	1,849.81	986.41	1,196.13	1,493.70	2,018.22	2,672.83	16,154.54
Foreign currency liabilities	225.46	647.02	660.06	1,421.00	2,914.31	2,952.65	5,155.12	8,097.14	7,915.61	3,932.97	614.26	34,535.60

- Loans & Advances as at March 31, 2020 include an amount of ₹ 1,257 crores of bills rediscounted under Bill Re-Discounting Scheme.
- Pursuant to the RBI circular dated March 27, 2020 on the COVID 19 – Regulatory Package, the Bank offered a moratorium of loan installment's and interest payable to eligible borrowers. Accordingly, while drawing the maturity pattern, contractual inflows pertaining to Loans and Advances have been adjusted to the extent considered necessary.

(Compiled by management and relied upon by auditors.)

6.2 Liquidity Coverage Ratio (LCR)

The Bank has adopted the Basel III framework on liquidity standards, prescribed by the Reserve Bank of India (RBI) and has put in place requisite systems and processes to enable periodic automated computation and reporting of the Liquidity Coverage Ratio (LCR). The LCR is aimed at measuring and promoting the short-term resilience of the liquidity risk profile of banks by ensuring maintenance of sufficient High Quality Liquid Assets (HQLA) that can be easily and immediately converted into cash to meet the liquidity needs for a 30 calendar day liquidity stress scenario.

The LCR Ratio is calculated by dividing the Bank's stock of HQLA by its total net cash flows over a 30 calendar day stress period, measured on a daily basis for the following 30 days. The prime driver of LCR is determined by its HQLA and the proportion of retail and wholesale funding sources. The HQLA comprises of two parts:

- Level 1 HQLA constituents which are primarily cash, balance with RBI in excess of the Cash Reserve Ratio requirement, securities eligible to be considered for the computation of Statutory Liquidity Ratio (SLR) and held in excess of the minimum SLR requirement, and a portion of mandatory SLR as permitted by the RBI under the Marginal Standing Facility and the Facility to Avail Liquidity for Liquidity Coverage Ratio

- Level 2 HQLA constituents which are investments in highly rated non-financial corporate bonds and listed equity investments considered with the prescribed regulatory haircuts.

The average HQLA available with the Bank during the three months ended March 31, 2021 amounted to ₹ 93,422 crores, as compared to ₹ 51,432 crores available during the three months ended March 31, 2020. The Cash outflows are determined by multiplying the outstanding balances of the various types / categories of liabilities by the outflow run-off factor. Cash inflows are calculated by multiplying the outstanding balances of the various categories of the contractual receivables at which they are expected to flow in. Expected derivative cash outflows and inflows are calculated for outstanding contracts in accordance with laid down valuation methodologies and regulatory guidelines. Other contractual funding and borrowings which are expected to run down in a 30 day time frame are included in the cash outflows. There are no intragroup exposures for the Bank. All significant outflows and inflows, determined in accordance with the RBI guidelines, are considered in the computation of LCR.

During the year, the Bank maintained LCR above the minimum regulatory requirements (ranging from 80% - 100%). The average LCR maintained by the Bank for the quarter ended March 31, 2021 was at 145.11% as compared to 112.30% maintained for the quarter ended March 31, 2020.

The Asset Liability Committee (ALCO) of the Bank is the decision-making unit responsible for implementing the liquidity and interest rate risk management strategies of the Bank in line with its risk management objectives, and ensures adherence to the risk tolerance / limits set by the Board. Liquidity Risk Management of the Bank is centralised and is undertaken by the Asset Liability Management unit in the Global Markets Group in accordance with the Board approved policies.

The funding sources of the Bank are diversified across various sources and tenors. The Bank monitors the concentration of funding from various counterparties and segments. The Bank adheres to the regulatory and internal limits on inter-bank liabilities and call money borrowings. Besides LCR, the Risk Management Department measures and monitors the liquidity profile of the Bank with reference to the Board approved policy and regulatory limits and undertakes liquidity stress testing periodically.

Quantitative disclosure:

Following is the quantitative disclosures relating to LCR for the year ended March 31, 2021:

	June 2020			September 2020			December 2020			March 2021		
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	
High Quality Liquid Assets												
1		54,927.66		79,947.76		85,133.79					93,422.13	
Cash Outflows												
2												
(i)	8,567.28	428.36	8,768.86	438.44	10,785.90	539.29	13,176.22	658.81			7,457.47	
(ii)	54,119.22	5,411.92	61,339.98	6,134.00	68,127.80	6,812.78	74,576.71					
3												
(i)	75,888.40	42,421.96	90,313.26	52,521.04	91,785.79	51,343.82	1,05,274.45	59,813.50				
(ii)												
(iii)												
4												
5												
(i)	3,017.08	3,017.08	4,751.95	4,751.95	4,637.70	4,637.70	4,766.37	4,766.37				
(ii)												
(iii)												
6	6,262.67	6,262.67	3,381.10	3,381.10	3,166.07	3,166.07	4,263.62	4,263.62				
7	73,893.09	2,626.06	71,215.47	2,482.67	72,714.62	2,569.89	72,322.20	2,575.85				
8		60,168.05		69,709.20		69,069.55		79,535.62				
Cash Inflows												
9												
10	19,835.09	15,750.12	16,897.09	12,493.45	19,915.98	14,403.73	20,951.94	15,157.23				
11												
12		15,750.12		12,493.45		14,403.73		15,157.23				
13		54,927.66		79,947.76		85,133.79		93,422.13				
14		44,417.93		57,215.75		54,665.82		64,378.39				
15		123.66%		139.73%		155.73%		145.11%				

Following is the quantitative disclosures relating to LCR for the year ended March 31, 2020:

	June 2019						September 2019			December 2019			March 2020				
	Total		Total Weighted		Total		Total Weighted		Total		Total Weighted		Total		Total Weighted		
	Value (average)	Value (average)	Value (average)	(average)	Value (average)	Value (average)	(average)	Value (average)	Value (average)	Value (average)	Value (average)	(average)	Value (average)	Value (average)	Value (average)	(average)	
High Quality Liquid Assets																	
1			46,041.44		52,588.32												51,431.60
Cash Outflows																	
2	Retail deposits and deposits from small business customers, of which:																
(i)	6,086.38		304.33		6,369.18		318.46		6,710.43		335.52		7,928.25		396.41		
(ii)	46,288.84		4,628.88		49,799.02		4,979.90		54,228.60		5,422.86		54,659.14		5,465.91		
3	Unsecured wholesale funding, of which:																
(i)	Operational deposits (all counterparties)																
(ii)	Non-operational deposits (all counterparties)																
(iii)	Unsecured debt																
4	Secured wholesale funding																
5	Additional requirements, of which																
(i)	Outflows related to derivative exposures and other collateral requirements																
(ii)	Outflows related to loss of funding on debt products																
(iii)	Credit and liquidity facilities																
6	4,284.10		4,284.10		3,490.36		3,490.36		2,497.52		2,497.52		3,739.64		3,739.64		
7	65,201.67		2,308.86		71,692.27		2,612.71		70,073.34		2,489.04		71,466.58		2,517.23		
8			75,710.60		61,944.62		61,944.62		59,712.87		59,712.87		62,086.17		62,086.17		
Cash Inflows																	
9	Secured lending (e.g. reverse repos)																
10	37,898.48		34,052.44		22,310.82		15,892.84		18,354.85		13,284.17		21,758.03		16,257.12		
11	Other cash inflows																
12			34,052.44		15,892.84		15,892.84		13,292.19		13,292.19		16,287.34		16,287.34		
13	Total HQLA																
14	Total Net Cash Outflows																
15	Liquidity Coverage Ratio (%)																

Note:

- The amounts in the above tables are average of daily positions during the respective quarters.
- The above information is extracted from the Management Information System of the Bank and relied on by the auditors.

7. Exposures

7.1 Exposure to Real Estate Sector:

(₹ in crores)

Particulars	March 31, 2021	March 31, 2020
(a) Direct exposure		
(i) Residential Mortgages - of which housing loans eligible for inclusion in priority sector advance ₹ 1,341.44 crores (Previous year ₹ 1,035.07 crores)]	8,431.03	8,593.01
(ii) Commercial Real Estate	27,441.75	29,433.90
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures:		
Residential	-	-
Commercial Real Estate	-	-
(b) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	4,542.49	4,844.76
Total Exposure to Real Estate Sector	40,415.27	42,871.67

Direct exposure to Commercial Real Estate includes ₹ 100 crores (Previous Year ₹ 100 crores) invested in a Venture Capital Fund. In terms of RBI Guidelines, the said amount forms part of Exposure to Capital Market also.

7.2 Exposure to Capital Market:

(₹ in crores)

Particulars	March 31, 2021	March 31, 2020
(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	855.17	977.26
(ii) Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	329.44	338.75
(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	3,675.91	3,843.86
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	1,613.16	1,905.01

Particulars	March 31, 2021	March 31, 2020
vi) Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii) Bridge loans to companies against expected equity flows/issues	-	136.00
viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix) Financing to stockbrokers for margin trading	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered)	195.69	243.45
(xi) Irrevocable payment commitments issued by custodian banks in favour of stock exchanges	-	-
Total Exposure to Capital Market	6,669.37	7,444.33

During the year ended March 31, 2021 in one corporate account, a Resolution Plan was implemented and Bank has received equity shares of ₹ 4.76 crores by way of conversion of debt to equity which is exempt from Capital Market Exposure (CME) limit.

During the year ended March 31, 2020, no debt was converted to equity as a part of strategic debt restructuring which is exempt from CME limit.

7.3 Risk Category-wise exposure to country risk

(₹ in crores)

Risk category	March 31, 2021		March 31, 2020	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	4,185.53	-	4,174.44	-
Low	13,074.40	9.25	7,858.04	-
Moderate	589.97	-	669.83	-
High	1,244.97	-	1,141.43	-
Very High	694.20	-	443.13	-
Restricted	-	-	-	-
Off Credit	-	-	-	-
Total	19,789.07	9.25	14,286.87	-

7.4 Single Borrower limit and Group Borrower Limit

During the year ended March 31, 2021 and year ended March 31, 2020, the Bank's credit exposures to single borrowers and group borrowers were within the prudential limits prescribed by RBI.

7.5 Unsecured advances

The Bank has not extended any project advances where the collateral is an intangible asset such as a charge over rights, licenses, authorizations, etc. (Previous year Nil). The Unsecured Advances of ₹ 49,754.63 crores (Previous year ₹ 49,883.38 crores) as disclosed in Schedule 9B (iii) are without any collateral or security.

7.6 Details of factoring exposure

The factoring exposure of the Bank as at March 31, 2021 is ₹ 746.49 crores (Previous year ₹ 274.32 crores).

8. Concentration of Deposits, Advances, Exposures and NPAs
8.1 Concentration of Deposits

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Total Deposits of twenty largest depositors	55,683.38	46,135.17
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	21.73%	22.83%

8.2 Concentration of Advances

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Total Advances to twenty largest borrowers	44,587.87	45,557.23
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	10.54%	9.97%

Advances have been computed as per the definition of Credit Exposure including derivatives as prescribed in Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

8.3 Concentration of Exposures

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Total Exposure to twenty largest borrowers / customers	45,588.14	45,557.49
Percentage of Exposure of twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	10.62%	9.77%

Exposures have been computed as per the definition in Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015 and includes credit, derivatives and investment exposure.

8.4 Concentration of NPAs

(₹ in crores)

	As at March 31, 2021	As at March 31, 2020
Total Exposure to top four NPA accounts	982.74	1,694.75

Note: The Exposure herein is Funded Exposure, net of unrealised interest.

8.5 Details of Intra-Group Exposure: Nil (Previous year Nil)

8.6 Priority Sector Lending Certificates (PSLC)

(₹ in crores)

	Year ended March 31, 2021		Year ended March 31, 2020	
	PSLC Sold	PSLC Purchased	PSLC Sold	PSLC Purchased
1) PSLC Agriculture	-	6,949.00	-	-
2) PSLC Small Farmers / Marginal Farmers	350.00	2,779.25	4,665.00	-
3) PSLC Micro Enterprises	5,129.50	-	7,790.00	-
4) PSLC General	11,950.00	7,061.50	4,736.50	12,134.00

9. Miscellaneous**9.1 Amount of Provisions for taxation during the year**

(₹ in crores)

Particulars	March 31, 2021	March 31, 2020
Current tax	1,653.67	1,953.21
Incremental deferred tax asset net of deferred tax liability (Refer Note 11.6)	(705.92)	(250.51)
Total	947.75	1,702.70

9.2 Penalties imposed by RBI

During the year, the Reserve Bank of India (RBI) imposed a monetary penalty of ₹ 4.50 crore on the Bank in exercise of powers vested under the provisions of section 47A(1)(c) read with section 46(4)(i) of the Banking Regulation Act, 1949, for non-compliance with certain provisions of directions issued by RBI on Exposure Norms, Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances, Supervisory Programme on Assessment of Risk and Capital – Monitoring of Information Submission by Banks, Creation of a Central Repository of Large Common Exposures Across Banks, and Disclosure in Financial Statements- Notes to Accounts.

During the year ended March 31, 2020, no penalty was imposed by the RBI in exercise of powers vested under Section 47(A)(1)(c) read with section 46(4)(i) of the Banking Regulation Act, 1949.

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 ₹ 1.40 crores (Previous year ₹ 1.44 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, 2021	March 31, 2020
At cost at the beginning of the year	550.05	467.69
Addition during the year	98.72	82.36
Deduction during the year	0.06	-
Accumulated depreciation as at the end of the year	456.98	379.34
Closing balance as at the end of the year	191.73	170.71
Depreciation charge for the year	77.67	63.60

9.4 Contingent Liabilities

The Bank's pending litigations include claims against the Bank by clients and counterparties and proceedings pending with tax authorities. The Bank has reviewed its pending litigations and proceedings and has adequately provided for where provisions are required, and disclosed as contingent liabilities where applicable. Claims against the Bank not acknowledged as debts comprise of tax demands of ₹ 107.32 crores (Previous year ₹ 122.40 crores) in respect of which the Bank is in appeal, and legal cases sub judice of ₹ 375.04 crores (Previous year ₹ 364.43 crores). The Bank carries a provision of ₹ 4.86 crores (Previous year ₹ 4.52 crores) against legal cases sub judice. The amount of contingent liabilities is based on management's estimate, and it is not probable that any liability is expected to arise out of the same.

9.5 The Bank has a process to assess periodically all long term contracts (including derivative contracts), for material foreseeable losses. As at March 31, 2021 as well as March 31, 2020, the Bank has reviewed and made adequate provision as required under any law or an accounting standard for material foreseeable losses on such long term contracts (including derivative contracts).

9.6 Overseas Asset, NPAs and Revenue

During the year, the Bank earned a revenue of ₹ 255.60 crores through overseas assets (Previous year ₹ 347.54 crores). The overseas assets as at March 31, 2021 amounted to ₹ 6,580.34 crores (Previous year ₹ 6,292.62 crores) including NPAs of ₹ 237.80 crores (Previous year 381.52 crores). Assets for this purpose includes means client advances.

9.7 The Bank does not have any Off-Balance Sheet SPVs which is required to be consolidated as per accounting standards (Previous year Nil).

9.8 Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crores)

Particulars	Year ended	
	March 31, 2021	March 31, 2020
Opening balance of amounts transferred to DEAF	39.74	29.06
Add: Amounts transferred during the year	26.77	11.21
Less: Amounts reimbursed by DEAF towards claims	0.26	0.53
Closing balance of amounts transferred to DEAF	66.25	39.74

9.9 During the year as well as the year ended March 31, 2020, the Bank has transferred requisite amounts to the Investor Education and Protection Fund, without any delay.

9.10 Corporate Social Responsibility (CSR)

In accordance with the provisions of the Companies Act, 2013, during the year, the Bank was required to spend on CSR activities an amount of ₹ 120.23 crores (Previous year ₹ 108.11 crores).

The amount incurred towards CSR activities during the year and recognised as expense in the statement of profit and loss amounted to ₹ 120.72 crores (Previous year ₹ 108.15 crores), comprising the following:

(₹ in crores)

	Year ended March 31, 2021			Year ended March 31, 2020		
	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-	-	-	-
On purpose other than above	94.72	26.00	120.72	105.80	2.35	108.15
Total	94.72	26.00	120.72	105.80	2.35	108.15

9.11 Drawdown from Reserves

During the year ended March 31, 2021 and year ended March 31, 2020, the Bank did not draw down from the reserves.

9.12 Credit Default Swaps

The Bank has not undertaken any transactions in Credit Default Swaps during the year ended March 31, 2021 (Previous year Nil).

9.13 Movement in depreciation of Fixed Assets

(₹ in crores)		
Depreciation	2020-21	2019-20
Premises		
At the beginning of the year	104.58	91.23
Charge for the year	13.35	13.35
Deduction during the year	-	-
Depreciation to date	117.93	104.58
Other Fixed Assets		
At the beginning of the year	1,491.72	1,317.21
Charge for the year	292.04	264.62
Deduction during the year	31.69	90.11
Depreciation to date	1,752.07	1,491.72

9.14 Bancassurance business

Commission, Exchange and Brokerage in Schedule 14 include the following fees earned on Bancassurance business:

(₹ in crores)		
Particulars	Year ended March 2021	Year ended March 2020
For selling life insurance policies	152.95	129.61
For selling non-life insurance policies	81.21	97.62
For selling mutual fund products	31.16	36.90
Others	-	-
Total	265.32	264.13

10. Employee Stock Option Scheme

10.1 On September 25, 2020, the shareholders of the Bank approved the IndusInd Bank Employee Stock Option Scheme 2020 (ESOS 2020), which comprehensively replaced the erstwhile Employee Stock Option Scheme 2007 (ESOS 2007) that was approved by the shareholders earlier on September 18, 2007. ESOS 2020 enables the Board and the Compensation Committee to grant such number of stock options of the Bank not exceeding 7% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines issued by the SEBI. The options vest at one time or at various points of time as stipulated in the Award Confirmation issued by the Compensation Committee, and there shall be a minimum period of one year between the grant of option and vesting of the option. The unvested options shall expire by such period as stipulated in the Award Confirmation or five years from the grant of options whichever is earlier, or such further or other period as the Compensation Committee may determine. The exercise price for each grant is decided by the Compensation Committee, which is normally based on the latest available closing price and shall not be lower than the face value of the shares. Upon vesting, the options have to be exercised within a maximum period of five years or such period as may be determined by the Compensation Committee from time to time. The stock options are equity settled where the employees will receive one equity share per stock option.

Pursuant to a Composite Scheme of Arrangement with the erstwhile Bharat Financial Inclusion Limited, the shareholders of the Bank approved the IBL Special Incentive ESOS for BFIL Merger 2018 (ESOS 2018) on December 11, 2018. ESOS 2018 was approved with a pool of 57,50,000 options which are equity settled. 50% of the options vest over a period of three years from the grant date and the remaining options vest over a period of three years from the first anniversary of the grant date. Upon vesting, the options have to be exercised within a maximum period of five years.

ESOS 2020 and ESOS 2018 are, hereinafter, collectively referred to as ESOS.

As at March 31, 2021, the Compensation Committee of the Bank has granted a total of 5,10,15,642 options that includes 4,57,27,836 options granted under ESOS 2020 and 52,87,806 options granted under ESOS 2018, as set out below:

ESOS 2020:

Sr. No	Date of grant	2020-21		2019-20	
		No of options	Range of exercise price (₹)	No of options	Range of exercise price (₹)
1.	18-Jul-08	1,21,65,000	48.00 - 50.60	1,21,65,000	48.00 - 50.60
2.	17-Dec-08	34,56,000	38.95	34,56,000	38.95
3.	05-May-09	8,15,500	44.00	8,15,500	44.00
4.	31-Aug-09	3,18,500	100.05	3,18,500	100.05
5.	28-Jan-10	7,47,000	48.00 - 140.15	7,47,000	48.00 - 140.15
6.	28-Jun-10	13,57,450	196.50	13,57,450	196.50
7.	14-Sep-10	73,500	236.20	73,500	236.20
8.	26-Oct-10	1,43,500	274.80	1,43,500	274.80
9.	17-Jan-11	25,00,000	228.70	25,00,000	228.70
10.	07-Feb-11	20,49,000	95.45 - 220.45	20,49,000	95.45 - 220.45
11.	24-Jun-11	21,54,750	253.60	21,54,750	253.60
12.	16-Aug-11	89,500	254.90	89,500	254.90
13.	30-Sep-11	2,61,000	262.25	2,61,000	262.25
14.	21-Dec-11	9,20,000	231.95	9,20,000	231.95

Sr. No	Date of grant	2020-21		2019-20	
		No of options	Range of exercise price (₹)	No of options	Range of exercise price (₹)
15.	29-Feb-12	1,95,000	304.05	1,95,000	304.05
16.	19-Apr-12	1,40,500	345.60	1,40,500	345.60
17.	25-May-12	1,34,500	304.55	1,34,500	304.55
18.	10-Jul-12	2,67,000	343.25	2,67,000	343.25
19.	29-Aug-12	1,14,000	319.05	1,14,000	319.05
20.	10-Oct-12	23,500	365.75	23,500	365.75
21.	09-Jan-13	30,000	433.75	30,000	433.75
22.	18-Apr-13	12,500	419.60	12,500	419.60
23.	20-Jun-13	1,75,000	478.45	1,75,000	478.45
24.	18-Jul-13	18,35,000	453.90	18,35,000	453.90
25.	23-Sep-13	75,000	411.50	75,000	411.50
26.	29-Oct-13	22,000	412.25	22,000	412.25
27.	29-Jan-14	7,67,500	300.00 - 389.85	7,67,500	300.00 - 389.85
28.	25-Mar-14	1,76,500	490.30	1,76,500	490.30
29.	15-May-14	65,500	537.05	65,500	537.05
30.	02-Jun-14	32,69,500	533.95	32,69,500	533.95
31.	09-Jul-14	33,000	551.10	33,000	551.10
32.	13-Oct-14	74,500	623.25	74,500	623.25
33.	17-Jan-15	47,500	831.85	47,500	831.85
34.	23-Feb-15	48,000	876.80	48,000	876.80
35.	30-Mar-15	11,000	880.75	11,000	880.75
36.	22-May-15	52,600	848.20	52,600	848.20
37.	24-Jul-15	16,30,000	949.80	16,30,000	949.80
38.	21-Sep-15	1,93,000	918.65	1,93,000	918.65
39.	04-Nov-15	93,500	911.85	93,500	911.85
40.	12-Jan-16	10,33,500	886.75 - 936.75	10,33,500	886.75 - 936.75
41.	12-May-16	13,500	1,053.75	13,500	1,053.75
42.	11-Jul-16	25,000	1,126.70	25,000	1,126.70
43.	23-Aug-16	2,76,000	1,186.75	2,76,000	1,186.75
44.	10-Oct-16	18,51,000	1,220.85	18,51,000	1,220.85
45.	16-Nov-16	33,500	1,093.10	33,500	1,093.10
46.	27-Jan-17	21,500	1,265.40	21,500	1,265.40
47.	24-Mar-17	49,000	1,383.90	49,000	1,383.90
48.	19-Apr-17	16,000	1,431.75	16,000	1,431.75
49.	09-May-17	69,000	1,424.85	69,000	1,424.85
50.	19-Jun-17	38,500	1,498.90	38,500	1,498.90
51.	11-Jul-17	35,000	1,560.35	35,000	1,560.35

Sr. No	Date of grant	2020-21		2019-20	
		No of options	Range of exercise price (₹)	No of options	Range of exercise price (₹)
52.	12-Oct-17	69,000	1,717.25	69,000	1,717.25
53.	11-Jan-18	43,000	1,734.10	43,000	1,734.10
54.	27-Mar-18	15,23,000	1,759.75	15,23,000	1,759.75
55.	08-May-18	64,000	1,889.80	64,000	1,889.80
56.	28-Sep-18	1,09,000	1,682.00	1,09,000	1,682.00
57.	20-Mar-19	85,000	1,725.20	85,000	1,725.20
58.	22-May-19	10,44,500	1,447.75	10,44,500	1,447.75
59.	10-Oct-19	1,00,536	1,308.65	1,00,536	1,308.65
60.	14-Jan-20	3,40,000	1,539.65	3,40,000	1,539.65
61.	24-Apr-20	44,000	409.95	-	-
62.	19-May-20	5,18,000	376.75	-	-
63.	07-Aug-20	6,80,000	494.90	-	-
64.	14-Aug-20	10,07,000	518.75	-	-
65.	30-Dec-20	1,02,500	912.90	-	-

ESOS 2018:

Sr. No	Date of grant	2020-21		2019-20	
		No of options	Range of exercise price (₹)	No of options	Range of exercise price (₹)
1.	04-Jul-19	30,01,266	688.00 – 1,864.00	30,01,266	688.00 – 1,864.00
2.	12-Jul-19	22,86,540	1,541.25	22,86,540	1,541.25

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 at the grant date over the exercise price of an option is recognized as a deferred compensation cost and amortized on a straight-line basis over the vesting period of such options. The compensation so recognised in respect of which exercise of options is outstanding, is shown as Employee Stock Options Outstanding on the face of the Balance Sheet.

The fair market price is the latest closing price prior to the date of the meeting of the Compensation Committee in which stock options are granted, available on the stock exchange on which the shares of the Bank are listed. Since shares are listed on more than one stock exchange, the exchange where the Bank's shares have been traded highest on the said date is considered for this purpose.

10.3 Stock option activity

Stock option activity under ESOS 2020 is set out below

	2020-21		2019-20	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	90,45,348	1,122.47	89,84,273	992.08
Granted during the year	23,51,500	495.72	14,85,036	1,459.37
Forfeited / surrendered during the year	6,47,779	1,364.09	1,97,975	1,658.63
Exercised during the year	13,17,372	412.20	12,23,446	488.93
Expired during the year	9,585	545.05	2,540	279.62
Outstanding at the end of the year	94,22,112	1,049.33	90,45,348	1,122.47
Options exercisable at the end of the year	64,34,657	1,193.44	69,50,562	994.55

The weighted average market price of options exercised during the year is ₹ 856.75 (Previous year ₹ 1,437.49).

Stock option activity under ESOS 2018 is set out below

	2020-21		2019-20	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	50,63,849	1,518.98	-	-
Granted during the year	-	-	52,87,806	1,518.28
Forfeited / surrendered during the year	4,00,867	1,513.50	2,16,314	1,519.22
Exercised during the year	959	668.00	7,643	1,024.05
Expired during the year	-	-	-	-
Outstanding at the end of the year	46,62,023	1,519.63	50,63,849	1,518.98
Options exercisable at the end of the year	28,80,467	1,503.02	20,68,465	1,479.80

The weighted average market price of options exercised during the year is ₹ 925.85 (Previous year ₹ 1,376.97).

Following table summarizes the information about stock options outstanding as at March 31, 2021:

ESOS 2020:

Date of grant	2020-21			2019-20		
	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
21-Dec-11	-	-	-	231.95	1,73,600	0.25
19-Apr-12	-	-	-	345.60	14,500	0.05
25-May-12	-	-	-	304.55	1,360	0.15
10-Jul-12	-	-	-	343.25	74,800	0.28
20-Jun-13	-	-	-	478.45	6,100	1.22
18-Jul-13	453.90	41,725	0.30	453.90	79,367	0.92
29-Oct-13	-	-	-	412.25	880	1.58
29-Jan-14	389.85	1360	0.83	389.85	2,030	1.50
29-Jan-14 A	-	-	-	300.00	4,69,000	1.34
25-Mar-14	490.30	59,000	0.71	490.30	100,250	1.25
15-May-14	537.05	2,680	0.63	537.05	3,000	1.47
02-Jun-14	533.95	6,76,675	0.78	533.95	11,18,950	1.32
09-Jul-14	-	-	-	551.10	1,700	2.27
13-Oct-14	623.25	11,965	1.24	623.25	14,715	1.94
17-Jan-15	831.85	24,790	1.31	831.85	37,000	1.81
30-Mar-15	880.75	2,680	1.50	880.75	7,680	2.18
22-May-15	848.20	5,000	1.15	848.20	5,000	2.15
24-Jul-15	949.80	6,16,270	1.42	949.80	6,84,850	2.42
21-Sep-15	918.65	11,000	1.49	918.65	11,000	2.49
04-Nov-15	911.85	9,690	1.95	911.85	9,690	2.95
12-Jan-16	-	-	-	936.75	1,190	3.79
12-Jan-16	886.75	10,00,000	1.80	886.75	10,00,000	2.80
12-May-16	1,053.75	3,275	3.10	1,053.75	3,275	4.10
11-Jul-16	1,126.70	11,500	2.38	1,126.70	11,500	3.38
23-Aug-16	1,186.75	1,89,500	2.73	1,186.75	1,89,500	3.73
10-Oct-16	1,220.85	17,33,000	2.61	1,220.85	17,33,000	3.61
16-Nov-16	1,093.10	4,440	3.12	1,093.10	4,540	4.09
27-Jan-17	1,265.40	12,550	3.04	1,265.40	12,550	4.04
24-Mar-17	1,383.90	44,330	3.04	1,383.90	44,330	4.04
19-Apr-17	1,431.75	12,010	3.15	1,431.75	12,010	4.15
09-May-17	1,424.85	69,000	3.12	1,424.85	69,000	4.12

Date of grant	2020-21			2019-20		
	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
19-Jun-17	1,498.90	32,750	3.38	1,498.90	32,750	4.38
11-Jul-17	1,560.35	35,000	3.29	1,560.35	35,000	4.29
12-Oct-17	1,717.25	65,000	3.55	1,717.25	65,000	4.55
11-Jan-18	1,734.10	41,000	3.80	1,734.10	41,000	4.80
27-Mar-18	1,759.75	12,13,100	3.96	1,759.75	13,29,220	5.00
08-May-18	1,889.80	42,500	4.12	1,889.80	50,975	4.87
28-Sep-18	1,682.00	90,610	4.23	1,682.00	93,500	5.51
20-Mar-19	1,725.20	67,000	4.98	1,725.20	67,000	5.98
22-May-19	1,447.75	9,28,245	5.11	1,447.75	9,94,000	6.16
10-Oct-19	1,308.65	97,967	5.45	1,308.65	1,00,536	6.54
14-Jan-20	1,539.65	20,000	5.80	1,539.65	3,40,000	6.80
24-Apr-20	409.95	24,000	6.09	-	-	-
19-May-20	376.75	4,53,000	6.15	-	-	-
07-Aug-20	494.90	6,60,000	6.37	-	-	-
14-Aug-20	518.75	10,07,000	6.39	-	-	-
30-Dec-20	912.90	1,02,500	6.76	-	-	-

ESOS 2018:

Date of grant	2020-21			2019-20		
	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
04-Jul-19	668.00- 1,864.00	26,33,990	3.29	668.00- 1,864.00	28,75,689	4.39
12-Jul-19	1,541.25	20,28,033	5.78	1,541.25	21,88,160	6.29

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:

	2020-21	2019-20
Average dividend yield	0.83 - 1.99%	0.49 - 0.57%
Expected volatility	44.01 - 49.17%	24.78 - 28.08%
Risk free interest rates	5.04 - 5.51%	6.11 - 6.93%
Expected life of options (in years)	4.51	4.82

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, 2021 is ₹ 0.09 crores (Previous year ₹ 0.37 crores). Had the Bank adopted the Black - Scholes model based fair valuation, compensation cost for the year ended March 31, 2021, would have increased by ₹ 32.20 crores (Previous year ₹ 73.01 crores) and the pro forma profit after tax would have been lower by ₹ 24.10 crores (Previous year ₹ 54.64 crores). On a pro forma basis, the basic and diluted earnings per share would have been as follows:

Particulars	March 31, 2021	March 31, 2020
Pro forma basis		
Basic earnings per share ₹	38.42	62.97
Diluted earnings per share ₹	38.35	62.73

The weighted average fair value of options granted during the year 2020-21 is ₹ 199.13 (Previous year ₹ 508.22).

11. Disclosures – Accounting Standards

11.1 Employee Benefits (AS-15)

Gratuity:

Gratuity is a defined benefit plan. The Bank has obtained qualifying insurance policies from insurance companies approved by the IRDA. The following table presents a summary of the components of net expenses recognized in the Profit and Loss account, and the funded status and amounts recognized in the Balance Sheet, on the basis of actuarial valuation.

(₹ in crores)

	March 31, 2021	March 31, 2020
Changes in the present value of the obligation		
1. Opening balance of Present Value of Obligation	139.41	110.52
2. Interest Cost	9.54	7.87
3. Current Service Cost	18.57	22.51
4. Benefits Paid	(14.10)	(13.20)
5. Actuarial loss / (gain) on Obligation	6.12	11.71
6. Closing balance of Present Value of Obligation	159.54	139.41
Reconciliation of opening and closing balance of the fair value of the Plan Assets		
1. Opening balance of Fair value of Plan Assets	147.05	116.97
2. Adjustment to Opening Balance	(0.02)	0.79
3. Expected Return on Plan assets	11.12	9.32
4. Expenses	-	-
5. Contributions	15.40	36.03
6. Benefits Paid	(14.10)	(13.20)

	March 31, 2021	March 31, 2020
7. Actuarial gain / (loss) on Plan Assets	1.27	(2.86)
8. Closing balance of Fair Value of Plan Assets	160.72	147.05
Profit and Loss – Expenses		
1. Current Service Cost	18.57	22.51
2. Interest Cost	9.54	7.87
3. Expected Return on Plan assets	(11.12)	(9.32)
4. Expenses	-	-
5. Net Actuarial loss recognised in the year	4.85	14.57
6. Expenses recognised in the Profit and Loss account	21.84	35.63
Funded status	100% insurance managed funds	100% insurance managed funds
Actuarial Assumptions		
1. Discount Rate	6.75 - 6.77%	6.84 - 6.90%
2. Expected Rate of Return on Plan Assets	6.37 - 8.00%	6.48 - 8.00%
3. Expected Rate of Salary Increase	5.00%	5.00%
4. Employee Attrition Rate		
- Past Service 0 to 5 years	30.00%	30.00%
- Past Service above 5 years	0.50%	0.50%

Estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Experience Adjustment

Particulars	(₹ in crores)				
	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Defined Benefit Obligations	159.54	139.41	110.52	89.48	75.31
Plan Assets	160.72	147.05	116.97	93.52	81.53
Surplus / (Deficit)	1.18	7.64	6.45	4.04	6.21
Experience Adjustments on Plan Liabilities	(6.12)	(11.71)	(8.22)	0.92	(4.07)
Experience Adjustments on Plan Assets	1.27	(2.86)	(1.85)	(4.32)	1.22

Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date is ₹ 28 crores (Previous year ₹ 45 crores).

Compensated Absence

Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method. The details of the fund and plan assets position are as follows:

(₹ in crores)

	March 31, 2021	March 31, 2020
Total actuarial liability	83.99	73.49
Total expense included in Schedule 16(l)	13.39	11.67
Assumptions		
Discount Rate	6.77%	6.84%
Salary escalation rate	5.00%	5.00%

Provident Fund

Contributions towards Provident Fund are made to trusts separately established for the purpose and the scheme administered by Regional Provident Fund Commissioner (RPFC), as applicable. In accordance with the guidance note on Valuation of Interest Rate Guarantees on Exempt Provident Funds under AS 15 (Revised) issued by the Institute of Actuaries of India, interest shortfall is provided for based on actuarial valuation. The details of the fund and plan assets position are as follows:

(₹ in crores)

	March 31, 2021	March 31, 2020
Assets/ Liabilities		
Present value of Interest Rate guarantee on Provident Fund	6.41	7.77
Present value of Total Obligation	266.05	226.51
Fair value of Plan Assets	259.68	227.06
Net asset / (liability) recognized in the Balance Sheet	(6.37)	0.55
Assumptions		
Normal Retirement age	60 years	60 years
Expected guaranteed interest on PF in future	8.50%	8.65%
Discount rate	6.77%	6.84 - 7.00%
Expected average remaining working lives of employees (years)	7.35 - 9.64	10.22 - 21.89
Benefit on normal retirement	Accumulated account balance with interest rate equal to or more than EPFO Rate	Accumulated account balance with interest rate equal to or more than EPFO Rate
Benefit on early retirement/withdrawal/resignation	Same as normal retirement benefit	Same as normal retirement benefit
Benefit on death in service	Same as normal retirement benefit	Same as normal retirement benefit

National Pension Scheme (NPS)

During the year, the Bank contributed ₹ 2.65 crores (Previous year ₹ 2.56 crores) to the NPS for employees who have opted for the scheme.

11.2 Segment Reporting (AS 17)

The Bank operates in four business segments, viz. Treasury, Corporate / Wholesale Banking, Retail Banking and Other Banking Operations. There are no significant residual operations carried by the Bank.

Business Segments

(₹ in crores)

Business Segment	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operation		Total	
	31/03/21	31/03/20	31/03/21	31/03/20	31/03/21	31/03/20	31/03/21	31/03/20	31/03/21	31/03/20
Revenue	6,662.09	5,745.44	8,729.89	10,102.82	20,345.46	20,035.67	174.24	118.19	35,911.68	36,002.12
Inter Segment Revenue									(353.27)	(267.98)
Total Income									35,558.41	35,734.14
Result	1,958.90	806.70	2,990.79	3,359.53	7,021.65	6,844.08	60.74	40.37	12,032.08	11,050.68
Unallocated Expenses									(305.41)	(277.97)
Operating Profit									11,726.67	10,772.71
Provisions and Contingencies (other than tax)									(7,942.53)	(4,652.10)
Tax Expenses									(947.75)	(1,702.70)
Extraordinary profit/loss									-	-
Net Profit									2,836.39	4,417.91
Other Information:										
Segment Assets	98,700.83	72,022.75	1,06,024.25	90,656.85	1,44,168.60	1,29,072.20	-	-	3,48,893.68	2,91,751.80
Unallocated Assets									14,079.07	15,305.75
Total Assets									3,62,972.75	3,07,057.55
Segment Liabilities	52,074.78	61,424.48	100,017.70	80,730.65	1,57,751.98	1,22,485.80	-	-	3,09,844.46	2,64,640.93
Unallocated Liabilities									53,128.29	42,416.62
Total Liabilities									3,62,972.75	3,07,057.55

Note:

Fixed Assets, tax paid in advance and tax deducted at source (net of provisions), stationery and stamps, non-banking assets acquired in satisfaction of claims, and others which cannot be allocated to any segments, have been classified as unallocated assets; Depreciation on Fixed Assets has been classified as unallocated expenses. The unallocated liabilities include share capital, employee stock option outstanding, reserves and surplus, dividend and others.

The above information is extracted from the Management Information System of the Bank and relied on by the auditors.

Geographic Segments:

The business operations of the Bank are largely concentrated in India. Activities outside India are restricted to resource mobilization in the international markets and lending to a few overseas entities through the IFSC Banking Unit at the GIFT City Gujarat. Since the Bank does not have material earnings emanating from foreign operations, the Bank is considered to operate only in domestic segment.

11.3 Related party transactions (AS-18)

The following is the information on transactions with related parties during the year ended March 31, 2021:

Key Management Personnel (KMP)

Mr. Sumant Kathpalia, Managing Director

Relatives of KMP

Mrs. Ira Kathpalia, Mr. Karan Kathpalia

Associates

IndusInd Marketing and Financial Services Private Limited

Subsidiaries

Bharat Financial Inclusion Limited (formerly IndusInd Financial Inclusion Limited)

(₹ in crores)

Particulars	Parent (as per ownership control)*	Subsidiaries*	Associates/ Joint Venture*	Key Management Personnel*	Relatives of Key Management Personnel	Total
Borrowings	-	-	-	-	-	-
Deposits	-	-	-	-	10.61 (11.81)	10.61 (11.81)
Placement of deposits	-	-	-	-	-	-
Advances	-	-	-	-	-	-
Investment	-	-	-	-	-	-
Non-funded commitments	-	-	-	-	-	-
Leasing/HP arrangements availed	-	-	-	-	-	-
Leasing/HP arrangements provided	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Interest paid	-	-	-	-	0.73	0.73
Interest received	-	-	-	-	-	-
Rendering of services	-	-	-	-	-	-
Receiving of services	-	-	-	-	-	-
Management contracts	-	-	-	-	-	-

*In accordance with RBI guidelines dated March 29, 2003, details pertaining to the related party transactions have not been provided where there is only one related party in each of the above categories.

Figures in parenthesis represent maximum balance outstanding during the year

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2020:

Key Management Personnel (KMP)

Mr. Romesh Sobti, Managing Director (upto March 23, 2020)

Mr. Sumant Kathpalia, Managing Director (with effect from March 24, 2020)

Relatives of KMP

Mrs. Anita Sobti, Mr. Gaurav Sobti, Ms. Aanchal Sobti Mitra, Mrs. Ira Kathpalia, Mr. Karan Kathpalia

Associates

IndusInd Marketing and Financial Services Private Limited

Subsidiaries

Bharat Financial Inclusion Limited (formerly IndusInd Financial Inclusion Limited)

(₹ in crores)

Particulars	Parent (as per ownership control)*	Subsidiaries*	Associates/ Joint Venture*	Key Management Personnel*	Relatives of Key Management Personnel*	Total
Borrowings	-	-	-	-	-	-
Deposits	-	-	-	12.45 (34.68)	10.38 (10.43)	22.83 (45.11)
Placement of deposits	-	-	-	-	-	-
Advances	-	-	-	0.57 (0.57)	-	0.57 (0.57)
Investment	-	-	-	-	-	-
Non-funded commitments	-	-	-	-	-	-
Leasing/HP arrangements availed	-	-	-	-	-	-
Leasing/HP arrangements provided	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Interest paid	-	-	-	0.35	0.01	0.36
Interest received	-	-	-	0.00	-	0.00
Rendering of services	-	-	-	-	-	-
Receiving of services	-	-	-	-	-	-
Management contracts	-	-	-	-	-	-

*In accordance with RBI guidelines dated March 29, 2003, details pertaining to the related party transactions have not been provided where there is only one related party in each of the above categories.

Figures in parenthesis represent maximum balance outstanding during the year.

11.4 Operating Leases (AS 19)

The Bank has taken a number of premises on operating lease for branches, offices, ATMs and residential premises for staff. The Bank has not given any assets on operating lease. The details of maturity profile of future operating lease payments are given below:

	(₹ in crores)	
	March 31, 2021	March 31, 2020
Future lease rentals payable as at the end of the year:		
- Not later than one year	337.87	322.34
- Later than one year but not later than five years	1,057.02	983.10
- Later than five years	402.48	379.31
Total of minimum lease payments recognized in the Profit and Loss Account for the year	341.75	354.04
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-lease	-	-
Sub-lease payments recognized in the Profit and Loss account for the year	-	-

The Bank has not sub-let any of the properties taken on lease. There are no provisions relating to contingent rent.

The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

11.5 Earnings per share (AS 20)

The dilutive impact is mainly due to stock options granted to employees by Bank. Details pertaining to earnings per share as per AS 20 are as under:

	For the Year ended	
	March 31, 2021	March 31, 2020
Net Profit after tax (₹ in crores)	2,836.39	4,417.91
Basic weighted average number of equity shares	73,19,29,220	69,29,66,902
Diluted weighted average number of equity shares	73,32,30,801	69,55,42,990
Nominal value of Equity Shares (₹)	10	10
Basic Earnings per Share (₹)	38.75	63.75
Diluted Earnings per Share (₹)	38.68	63.52

The difference between basic and diluted weighted average number of equity shares outstanding in the above mentioned disclosure is on account of effect of potential equity shares for outstanding ESOPs.

11.6 Deferred Tax (AS 22)

The major components of deferred tax assets / liabilities are as under:

(₹ in crores)

	March 31, 2021		March 31, 2020	
	Deferred Tax		Deferred Tax	
	Assets	Liabilities	Assets	Liabilities
Timing difference on account of				
Difference between depreciation as per the books of account and depreciation under the Income Tax Act, 1961	-	1.96	-	4.70
Difference between Provisions for doubtful debts and advances and amount allowable under Section 36(1)(viiia) of the Income Tax Act, 1961	1,809.14	-	1,145.77	-
Difference between income as per the books of account and income offered under the Income Tax Act, 1961	-	353.30	-	285.67
Others	195.43	-	87.99	-
Sub-total	2,004.57	355.26	1,233.76	290.37
Net Deferred Tax Asset (included in Sch. 11 – Others)	1,649.31		943.39	

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, 2021	March 31, 2020
Depreciation on Investments	608.81	474.93
Provision for non-performing assets including bad debts written off (net of write backs)	5,059.79	3,635.29
Income Tax / Deferred Tax (Refer Note 9.1 of Schedule 18)	947.75	1,702.70
Other Provision and Contingencies (includes floating provision, provision towards standard assets, contingent provisions and others)	2,273.93	541.88
Total	8,890.28	6,354.80

12.2 Movement in provisions**a) Movement in provision for credit card and debit card reward points**

(₹ in crores)

Particulars	2020-21	2019-20
Opening provision for Reward Points	51.65	41.97
Provision for Reward Points made during the year	23.29	45.99
Utilisation / write back of provision for Reward Points	(17.25)	(36.31)
Effect of change in rate for accrual of Reward Points	-	-
Closing provision for Reward Points	57.69	51.65

b) Provision pertaining to fraud accounts

(₹ in crores)

Particulars	2020-21	2019-20
Number of frauds reported	583	1,039
Amount involved in frauds	3,307.77	1,165.03
- Out of which amount written off	3,178.16	174.94
Provisions made during the year (excluding write off)	66.26	966.32
Amount of unamortised provision debited from "other reserves" as at the end of the year	-	480.44

The number of frauds reported for the year 2020-21 includes 411 frauds (Previous year 936 cases) amounting to ₹ 3.11 crores (Previous year ₹ 6.42 crores), committed by the employees of Bharat Financial Inclusion Limited, the wholly owned Business Correspondent subsidiary of the Bank, pertaining to the clients of the Bank. The Provisions made during the year represents the amount charged to the Profit and Loss statement of the Bank, and does not include any charge or provision recognized by the said Bharat Financial Inclusion Limited in their stand-alone financial statements.

In respect of two borrower entities where frauds were detected during the year ended March 31, 2020, the Bank opted to make the provisions over four quarters, in accordance with the RBI circular DBR. No.BP. BC.92/21.04.048/2015-16 dated April 18, 2016. Accordingly, the Bank has charged to the Profit and Loss account an amount of ₹ 480.44 crores during the year (Previous Year ₹ 480.45 crores).

12.3 Disclosure relating to Complaints

The details on complaints and grievances in accordance with the RBI circular CEPD.CO. PRD.Cir. No.01/13.01.013/2020-21 dated January 27, 2021 are as below:

No.	Particulars	2020-21	2019-20
Complaints received by the bank from its customer			
(1)	No. of complaints pending at the beginning of the year	549	606
(2)	No. of complaints received during the year	26,642	43,934
(3)	No. of complaints disposed during the year	26,391	43,991
(3.1)	Of which, number of complaints rejected by the bank	265	789
(4)	No. of complaints pending at the end of the year	800	549
	Maintainable complaints received by the bank from Offices of Banking Ombudsman (OBOs)		
(5)	No. of maintainable complaints received by the bank from OBOs	3,403	2,314
(5.1)	Of 5, no. of complaints resolved in favour of the bank from OBOs	3,155	2,113
	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs.	248	201
(5.2)	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	-	-
(5.3)	No. of awards unimplemented within the stipulated time (other than those appealed)	-	-

Details of top five grounds of complaints received by the bank from customers

Grounds of complaints	No. of complaints pending at the beginning of the year	No. of complaints received during the year	% increase/decrease in the no. of complaints received over the previous year	No. of complaints pending at the end of the year	Of 5, no. of complaints pending beyond 30 days
1	2	3	4	5	6
2020-21					
Credit Card	48	7,640	(19%)	50	-
Micro Finance	95	4,997	(54%)	88	-
Account opening/difficulty in operation of accounts	117	4,285	(46%)	212	-
Loans and Advances	99	2,524	1%	127	-
Internet/Mobile/Electronic Banking	67	2,520	(24%)	135	-
Other Complaints	381	8,079	(34%)	261	46
Total	807	30,045	(35%)	873	46

Grounds of complaints	No. of complaints pending at the beginning of the year	No. of complaints received during the year	% increase/decrease in the no. of complaints received over the previous year	No. of complaints pending at the end of the year	Of 5, no. of complaints pending beyond 30 days
1	2	3	4	5	6
2019-20					
Credit Card	121	9,387	(16%)	48	1
Micro Finance	-	10,899	-	95	-
Account opening/difficulty in operation of accounts	123	7,891	8%	117	27
Loans and Advances	41	2,507	(15%)	99	20
Internet/Mobile/Electronic Banking	44	3,334	(12%)	67	10
Other Complaints	314	12,230	22%	381	182
Total	643	46,248	31%	807	240

Notes:

- (1) Compiled by management and relied upon by auditors.
- (2) Details pertaining to the Previous Year are presented in accordance with the disclosure requirements for the year, as specified in the current RBI guidelines.

12.4 Proposed Dividend

The RBI vide its circular dated April 22, 2021 advised that banks may pay dividend on equity shares from the profits for the financial year ended March 31, 2021 subject to the quantum of dividend being not more than fifty percent of the amount determined as per the dividend payout ratio prescribed in circular DBOD.NO.BP.BC.88/ 21.02.067/2004-05 dated May 4, 2005. The Board of Directors, in their meeting held on April 30, 2021 have proposed a final dividend of ₹ 5 per equity share amounting to ₹ 386.69 crores based on the equity shares outstanding as at March 31, 2021. The proposal is subject to the approval of shareholders at the ensuing 27th Annual General Meeting.

The Bank did not declare any dividend during the year ended March 31, 2020 in compliance with the RBI Circulars dated April 17, 2020 and December 4, 2020.

12.5 Non-banking Assets acquired in Satisfaction of Claims

The following table presents details of non-banking assets acquired under bilateral Debt Asset Swap scheme and the provision made therefor in accordance with RBI directions.

(₹ in crores)

Particulars	March 31, 2021	March 31, 2020
Amount of land held under 'Non-Banking assets acquired in satisfaction of claim'	347.55	347.55
Provision held at the beginning of the year	173.79	130.35
Provision made during the year	-	43.44
Provision held at the end of the year	173.79	173.79
Unamortised provision debited from 'Balance in profit and loss account' under 'Reserves and Surplus'	-	-

12.6 Letters of Comfort

The Bank has not issued any letters of comfort during the year ended March 31, 2021 (Previous year Nil).

12.7 Disclosure on Remuneration

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) presently comprises four members, three of these are Independent Directors including the Chairperson of the Committee, and one Non-Independent Director. On aspects relating to remuneration, the mandate of the NRC is to establish, implement and maintain remuneration policies, procedures and practices that help to achieve effective alignment between remuneration and risks. The NRC is also mandated to oversee framing, implementation and review of the Compensation Policy of the Bank as per RBI guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Risk Takers and Control function staff. The NRC is also required to ensure that the cost to income ratio of the Bank supports the remuneration expense of the Bank consistent with the objective of maintaining sound capital adequacy ratio. The Nomination and Remuneration Committee also reviews compensation policies of the Bank with a view to attract, retain and motivate employees.

Compensation Policy

During the year, the Bank has implemented the RBI Guidelines on Compensation of Whole Time Directors /Chief Executive Officers/Material Risk Takers and Control Function Staff, issued vide circular dated November 4, 2019.

The Bank has formulated a Compensation Policy in alignment with the RBI guidelines, covering all components of compensation including fixed pay, perquisites, performance bonus, guaranteed bonus (joining / sign-on bonus), share-linked instruments such as Employee Stock Option Plan (ESOPs), retirement benefits such as Provident Fund and Gratuity.

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)
- (v) Be compliant to all regulatory and statutory guidelines.

Some of the important features of the Compensation Policy are as follows:

- (i) Basis the RBI description of Material Risk Takers, the Bank defines Material Risk Takers (MRTs) as personnel belonging to the business line functions of Corporate & Commercial Banking, Global Markets, Transaction Banking, Gems and Jewellery, Consumer, Consumer Finance Division, etc. whose functioning and decisions impacts the Bank materially on tangible performance aspects of Revenues, Costs, and Profits. The Material Risk Takers are identified in accordance with the criteria specified by the RBI guidelines, such as, nature of the role necessitating making risk related decisions, size of their business portfolio, role criticality and value to the Bank being key decision makers in their areas. Risk controllers are defined as personnel belonging to the business support functions of Finance, Risk Control, Credit, Operations, Human Resources, Inspection and Audit, Information Technology, Digital, Compliance, Investor Relations, Secretarial, Legal, Corporate Services, etc. who support the business line functions through back office business processes and their functioning does not have a revenue impact through business generation.
- (ii) The Nomination and Remuneration Committee oversees the framing, implementation and review of the Compensation Policy in accordance with the RBI guideline's.
- (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, and are decided on the basis of the financial performance of the Bank. Exceptions are restricted to a select few high performers to reward performance and retain critical employees.
- (iv) The quantum of overall variable pay to be disbursed in a year for all eligible employees including the Material Risk Takers and Risk Controllers may 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, etc.
- (v) Employee compensation is linked to performance. Increments and variable pay are linked to the 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, within the limits stipulated in the RBI guidelines. The Bank also makes a distinction between Material Risk Takers and Risk Controllers and incorporates separate parameters on variable pay for these segments in its Compensation Policy.
- (vii) In respect of all employees, the variable pay during the year did not exceed 65% of the fixed pay and there was no instance of deferral of variable pay. For the year 2019-20, the variable pay awarded during the year was in accordance with extant RBI compensation policy guidelines.
- (viii) As per the new RBI Compensation policy effective April 01, 2020, the overall compensation of WTDs/CEOs/ MRTs comprises Fixed Pay and Variable Pay. Variable Pay can be in the form of share linked instruments or a mix of cash and share linked instruments. Variable pay can range from 100% to 300% of the fixed pay. The Bank follows the variable pay composition and deferral guidelines as per the RBI policy.

- (ix) The Bank will implement malus / claw-back arrangements with the concerned employees in case of deferred variable pay. The criteria would be negative contributions to the bank and/or relevant line of business in any year. As applicable, malus arrangement would adjust deferred remuneration before vesting and claw-back arrangement would adjust deferred remuneration after vesting.
- (x) 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.
- (xi) 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.
- (xii) Perquisites are laid down in HR Policies of the Bank.
- (xiii) For WTDs / MRTs share linked instruments such as ESOPs would form a part of the variable pay and would be a part of the total compensation. For other employees, ESOPs would be very selectively granted to attract and retain talent. ESOPs are not granted with a defined periodicity. ESOP grant criteria include grade of the employee, criticality of the position in terms of business contribution, market value of the position, performance and behavioural track record of the employee.

Other Disclosures

	Year ended March 31, 2021	Year ended March 31, 2020
Number of meetings held by NRC during the financial year and remuneration paid to its members	During the year, nine meetings of the NRC were held and the members were paid aggregate sitting fees of ₹ 7,80,000 for the nine meetings	During the year, eight meetings of the NRC were held and the members were paid aggregate sitting fees of ₹ 580,000 for the eight meetings
Number of employees having received a variable remuneration award during the financial year	18 employees belonging to the category of WTD / CEO / Risk Takers / Other Control function staff had received a variable remuneration award	125 employees belonging to the category of WTD / CEO / Risk Takers / Other Control function staff had received a variable remuneration award
Number and total amount of 'sign on' awards made during the financial year	-	-
Details of guaranteed bonus if any paid as sign on bonus	-	-
Details of severance pay in addition to the accrued benefits	-	-
Total amount of outstanding deferred remuneration split into cash, shares and share linked instruments and other forms	-	The outstanding deferred remuneration is ₹ 1.54 crores to be paid as cash in FY 2020-21 and FY 2021-22
Total amount of deferred remuneration paid out in the financial year	The deferred remuneration paid during the year 2020-21 was ₹ 1.41 crores	The deferred remuneration paid during the year 2019-20 was ₹ 2.01 crores

	Year ended March 31, 2021	Year ended March 31, 2020
Breakdown of amount of remuneration awards for the financial year	Breakup of remuneration awards for the 18 employees defined as WTD / CEO / Risk Takers/ Other control function staff	Breakup of remuneration awards for the 138 employees defined as WTD / CEO / Risk Takers/ Other control function staff
	(a) Fixed pay - ₹ 60.76 crores	(a) Fixed pay - ₹ 183.14 crores
	(b) Variable pay for FY 2019 – 20-	(b) Variable pay- ₹ 64.98 crores for FY 2018–19
	(i) Cash component – ₹ 31.89 crores	
	(ii) Fair value of ESOPs – ₹ 21.08 crores	
	(c) Deferred remuneration –	(c) Deferred remuneration – ₹ 1.54 crores
	(i) Fair value of ESOPs – ₹ 21.08 crores	
	(d) Non-deferred remuneration –	(d) Non-deferred remuneration ₹ 63.44 crores
	(i) Cash component – ₹ 31.89 crores	
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and implicit adjustments.	-	-
Total amount of reductions during the FY due to ex – post explicit adjustments	-	-
Total amount of reductions during the FY due to ex – post implicit adjustments	-	-
Number of MRTs identified	7 MRTs and 1 WTD	-
Number of cases where malus has been exercised	-	-
Number of cases where clawback has been exercised	-	-
Number of cases where both malus and clawback have been exercised	-	-
The mean pay for the Bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTD s from the mean pay	₹ 0.08 crores and 98.33 times	-

The disclosure for the year is made in accordance with the RBI Guidelines on Compensation of Whole Time Directors /Chief Executive Officers/Material Risk Takers and Control Function Staff vide circular dated November 4, 2019 and hence not comparable with the disclosure for the previous year.

Deferred remuneration includes the fair value of ESOPs granted during the financial year 2020-21 pertaining to the financial year 2019-20. Fair value has been computed using Black-Scholes options pricing model as on the grant date.

Remuneration to Non-Executive Directors

The Non-Executive Directors are paid Sitting Fees for attending meetings of the Board at the rate of ₹ 1,00,000 per meeting, at the rate of ₹ 50,000 per meeting of the Audit Committee of the Board, the Committee of Directors (CoD), and the Risk Management Committee, and at the rate of ₹ 20,000 per meeting, in respect of all the other Committees. An amount of ₹ 2.18 crores was paid as sitting fees to the Non-Executive Directors during the year ended March 31, 2021 (Previous year ₹ 1.28 crores). In accordance with RBI guidelines and the approval accorded at the 23rd Annual General Meeting, during the year, an amount of ₹ 0.93 crores (Previous year ₹ 0.82 crores) has been paid as remuneration to Non-Executive Directors.

13. The Micro, Small and Medium Enterprises Development Act, 2006 that came into force from October 2, 2006, provides for certain disclosures in respect of Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or interest payments due to delays in such payments.
14. Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report of even date.

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No: 103523W/W100048

per Purushottam Nyati

Partner

Membership No: 118970

Place : Mumbai

Date : April 30, 2021

For INDUSIND BANK LIMITED**Arun Tiwari**

Chairman

DIN: 05345547

Sanjay Asher

Director

DIN: 00008221

S. V. Zaregaonkar

Chief Financial Officer

Sumant Kathpalia

Managing Director

DIN: 01054434

Bhavna Doshi

Director

DIN: 00400508

Haresh Gajwani

Company Secretary

M. No. ACS - 18225

Independent Auditors' Report

To the Members of IndusInd Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of IndusInd Bank Limited (hereinafter referred to as "the Bank") and its subsidiary (the Bank and its subsidiary together referred to as "the Group"), and its associate, comprising of the Balance Sheet as at March 31, 2021, the Profit and Loss Account and the Cash Flow statement for the year then ended, and notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of the associate, the aforesaid consolidated financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2021, their consolidated profit and their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements Section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note 12 of Schedule 18 to the consolidated financial statements which explains that the extent to which COVID-19 pandemic will impact the Bank's operations and consolidated financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the key audit matter
Information Technology (IT) Controls Framework	
The Bank has a complex IT architecture to support its day-to-day business operations. The volume of transactions processed and recorded is huge. Moreover, a transaction may be required to be recorded across multiple applications depending upon the process and each application has different rules and a different set of user access and authority matrix. These applications are interlinked using different technologies so that data transfer happens in real time or	IT audit specialists are an integral part of our engagement team. Our approach of testing IT General Controls (ITGC) and IT Application Controls (ITAC) is risk based and business centric. As part of our IT controls testing, we have tested ITGC as well as ITAC. The focus of testing of ITGCs was based on the various parameters such as Completeness, Validity, Identification/ Authentication Authorization, Integrity and Accountability.

Key Audit Matters	How our audit addressed the key audit matter
<p>at a particular time of the day; in batches or at a transaction level and in an automated manner or manually. The Core Banking Solution (CBS) itself has many interfaces. All these data streams directly affect the financial accounting and reporting process of the Bank.</p> <p>The Bank has a process for identifying the applications where the controls are embedded. It also has a process to ensure that systems, processes and controls remain relevant. The Bank's IT control framework includes automated, semi-automated and manual controls designed to address identified risks. IT controls are stated in Entity Level Controls (ELC), IT General Controls (ITGC) and IT Application Controls (ITAC).</p> <p>We have identified IT Controls Framework as a Key Audit Matter as the Bank's business is highly dependent on technology, the IT environment is complex and the design and operating effectiveness of IT controls have a direct impact on its financial reporting process. Review of these controls allows us to provide assurance on the integrity and completeness of data processed through various IT applications which are used for the preparation of financial reports.</p>	<p>On the other hand, focus of testing automated controls from applications was whether the controls prevent or detect unauthorized transactions and support financial objectives including completeness, accuracy, authorization and validity of transactions.</p> <p>We gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.</p> <p>In ITGC testing, on sample basis, we reviewed control areas such as User Management, Change Management, Systems Security, Incident Management, Physical & Environmental Security, Backup and Restoration, Business Continuity and Disaster Recovery, Service Level Agreement.</p> <p>For ITAC, we carried out on sample basis, compliance tests of system functionality in order to assess the accuracy of system calculations. We also carried out procedures such as validations and limit checks on data entered into applications, approvals, process dependencies and restriction on time period in which transactions may be recorded.</p> <p>We tested the control environment using various techniques such as inquiry, review of documentation/record/reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our tests.</p> <p>Wherever deviations were noted either the same were explained to our satisfaction or we tested compensating controls and performed alternate procedures, where necessary, to draw comfort.</p>
<p><u>Classification and Provisioning of Advances (Refer schedule 5, schedule 9 and note 5 of Schedule 17 to the consolidated financial statements)</u></p>	
<p>The Bank's portfolio of advances to customers amounts to ₹ 2,12,595.41 crore (Net of Provisions) as at March 31, 2021.</p> <p>As required under Income Recognition, Asset Classification and Provisioning Norms (IRAC norms), guidelines on COVID-19 related Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 issued by the Reserve Bank of India (the "RBI") ('Regulatory Package'), Circulars on Resolution Framework for COVID-19 related stress and restructuring of advances dated August 06, 2020 ('Resolution Framework') and other circulars, notifications and directives issued by the RBI, the Bank classifies advances to performing and non-performing which consists of Standard, Sub-standard, Doubtful and Loss and recognizes appropriate provisions.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • We gained understanding of the processes by carrying out walkthroughs and tested the key controls identified by us over borrower risk grading for advances (including larger customer exposures that are monitored individually) on classification of such advances as performing or non-performing; • Tested on sample basis, the approval of new lending facilities, the annual review/renewal assessments for existing facilities carried out by the management, and controls over the monitoring of credit quality; • Evaluated the design of internal controls relating to borrower wise classification of loan in the respective asset classes viz., standard, sub-standard, doubtful and loss with reference to their days-past-due (DPD) status (including consideration of non-financial parameters of NPA, restructuring guidelines, the Regulatory Package and Resolution framework) and provisioning of advances. Tested the operating effectiveness of these internal controls;

Key Audit Matters	How our audit addressed the key audit matter
<p>The Bank, as per its governing framework, made the performing and non-performing advances provisions based on Management's assessment of the degree of impairment of the advances subject to and guided by minimum provisioning levels prescribed under RBI guidelines.</p> <p>The Classification, Provisioning and Write off of advances is a Key Audit Matter as the Bank has significant exposure to a large number of borrowers across various sectors, products, industries and geographies and there is a high degree of complexity, uncertainty and judgment involved in recoverability of advances, nature of transactions and estimation of provisions thereon.</p> <p>The same resulted in significant audit efforts to address the risks around loan recoverability, classification and the determination of related provisions.</p>	<ul style="list-style-type: none"> • Tested loans on sample basis loans to form our own assessment as to whether impact of impairment events have been recognised in a timely manner by the Bank; • Made inquiries with Management regarding any effects considered on the NPA identification and / or provisioning, resulting from observations raised by the RBI during their annual inspection of the Bank's operations; • For the selected non-performing advances, assessed Management's forecast and inputs on recoverability of cash flows, impact of auditor's comments on the financial statements, valuation of underlying security and collaterals, estimation on recoverability of amounts on default and other sources of repayment; • Held specific discussions with the Credit and Risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which need to be considered as NPA; • Performed credit assessments of a sample of corporate and retail loans including larger exposures assessed by the Bank showing signs of deterioration, or in areas of emerging risk (assessed against external market conditions). We have reviewed the Bank's risk grading of the loan, their account statement review and assessment of loan recoverability and the impact on the credit provision. To do this, we used the information on the Borrowers loan file, discussed the case with the concerned officials and senior management, and performed our own assessment of recoverability; and • Reviewed Bank's policy including Standard Operating Procedures with respect to implementation of Regulatory package and Resolution framework ('guidelines') and tested sample to ascertain the implementation of those guidelines by the Bank. <p>Provisions for advances:</p> <ul style="list-style-type: none"> • Tested the Bank's processes for making provision on advances for compliance with RBI regulations and internally laid down policies for provisioning; • Tested the completeness and accuracy of data transferred from underlying source systems used for computing collective provision; • Considered board approved policy and internal laid down policy for higher provision for NPAs, advances covered under Resolution Framework, stressed sectors, adopted by the Bank; • Re-performed, on sample basis of retail and corporate portfolios, the calculation of provisions, to determine the accuracy of the same; • With respect to holding provisions as at March 31, 2021 against the potential impact of COVID-19 including provisions held under Resolution Framework, we broadly reviewed the underlying assumptions and estimates used by the management for the same but as the extent of impact is dependent on future developments which are highly uncertain, we primarily relied on those assumptions and estimates. These assumptions and estimates are a subject matter of periodic review by the Bank.

Other Information

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements, consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Bank's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder, provision of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank, its subsidiary company and associate company, which are companies incorporated in India, have adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated financial statements made by the management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Bank and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The accompanying Consolidated Financial Statements include Bank's share of net profit of ₹ 0.22 crores for the year ended March 31, 2021, as considered in the Consolidated Financial Statements, in respect of one associate, whose financial statements have not been audited by us. The financial statements have been audited by other auditor whose report has been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this associate company, and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid associate, is based solely on the reports of such 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 report of the other auditor.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of the associate as noted in the Other Matters Section above we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor;
- c. The Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder to the extent they are not inconsistent with accounting policies prescribed by RBI;
- e. On the basis of the written representations received from the directors of the Bank as on March 31, 2021 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its subsidiary company and associate company, incorporated in India, none of the directors of the subsidiary company and its associate company, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank, its subsidiary company and its associate company incorporated in India and the operating effectiveness of such controls, refer to our separate report in the "Annexure";
- g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act;

In our opinion and to the best of our information and according to the explanations given to us by the Bank and the reports of the statutory auditors of its subsidiary company and associate company, incorporated in India, the remuneration paid/provided to its directors during the year by the subsidiary company and associate company incorporated in India is in accordance with the provisions of Section 197 of the Act. Further, requirement prescribed under Section 197 of the Act is not applicable to the Bank by virtue of Section 35B (2A) of the Banking Regulation Act, 1949.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate - Refer Schedule 12 and Note 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 - Refer Note 4 of Schedule 18 to the consolidated financial statements in respect of such items as it relates to the Group and its associate;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank, its subsidiary company and associate company incorporated in India.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Purushottam Nyati

Partner

Membership No. 118970

UDIN:- 21118970AAAADX1577

Place: Mumbai
Date: April 30, 2021

Annexure to Independent Auditors' Report

[Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of IndusInd Bank Limited on the consolidated financial statements for the year ended March 31, 2021]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of IndusInd Bank Limited ("the Bank") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to financial statements of the Bank, its subsidiary company and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Bank, its subsidiary company and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Bank, its subsidiary company and its associate company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Bank, its subsidiary company and its associate company.

Meaning of Internal Financial Controls with reference to Financial Statements

A Group's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reporting of other auditor as mentioned in Other Matters paragraph below, the Bank, its subsidiary company and its associate company, which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to an associate company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Purushottam Nyati

Partner

Membership No. 118970

UDIN:- 21118970AAAADX1577

Place: Mumbai

Date: April 30, 2021

Consolidated Balance Sheet as at March 31, 2021

	Schedule	As at 31.03.2021	Rupees in '000s As at 31.03.2020
CAPITAL AND LIABILITIES			
Capital	1	773,37,23	693,53,57
Employee Stock Options Outstanding	18(Note 8.2)	5,40,57	9,47,82
Share Warrants Subscription Money	18(Note 1)	-	673,81,53
Reserves and Surplus	2	42721,87,29	33371,20,25
Deposits	3	255870,10,42	202026,99,06
Borrowings	4	51322,81,18	60753,54,94
Other Liabilities and Provisions	5	12209,73,35	9700,03,30
	TOTAL	362903,30,04	307228,60,47
ASSETS			
Cash and Balances with Reserve Bank of India	6	17957,39,41	13682,58,23
Balances with Banks and Money at Call and Short Notice	7	38652,49,48	2371,52,36
Investments	8	69653,42,43	59938,44,09
Advances	9	212595,40,85	206783,16,36
Fixed Assets	10	1875,74,48	1870,87,56
Other Assets	11	22168,83,39	22582,01,87
	TOTAL	362903,30,04	307228,60,47
Contingent Liabilities	12	850074,66,01	967601,83,32
Bills for Collection		23601,73,23	22573,29,23
Significant Accounting Policies	17		
Notes to the Financial Statements	18		

The schedules referred to above form an integral part of the Consolidated Balance Sheet.

As per our report of even date.

For and on behalf of Board of Directors

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No: 103523W/W100048

per Purushottam Nyati

Partner

Membership No: 118970

Place : Mumbai

Date : April 30, 2021

Arun Tiwari

Chairman

DIN: 05345547

Sanjay Asher

Director

DIN: 00008221

S. V. Zaregaonkar

Chief Financial Officer

Sumant Kathpalia

Managing Director

DIN: 01054434

Bhavna Doshi

Director

DIN: 00400508

Haresh Gajwani

Company Secretary

M. No. ACS - 18225

Consolidated Profit and Loss Account for the year ended March 31, 2021

	Schedule	Year ended 31.03.2021	Rupees in '000s Year ended 31.03.2020
I. INCOME			
Interest Earned	13	28999,79,67	28782,82,99
Other Income	14	6500,87,98	6952,67,15
TOTAL		35500,67,65	35735,50,14
II. EXPENDITURE			
Interest Expended	15	15471,90,34	16724,08,56
Operating Expenses	16	8156,82,56	8182,58,73
Provisions and Contingencies	18(Note 11.1)	8942,07,26	6370,96,30
TOTAL		32570,80,16	31277,63,59
III. PROFIT			
Net Profit for the year		2929,87,49	4457,86,55
Add : Share in profit / (loss) of Associate		22,12	31,51
Profit brought forward		13525,19,90	11108,21,22
Additions on Amalgamation		-	443,32,77
TOTAL		16455,29,51	16009,72,05
IV. APPROPRIATIONS			
a) Transfer to Statutory Reserve		709,09,80	1104,47,82
b) Transfer to Capital Reserve		130,01,23	164,12,88
c) Transfer to Investment Reserve Account		-	(40,52,98)
d) Transfer to Investment Fluctuation Reserve Account		32,78,00	203,78,18
e) Dividend paid including tax on dividend [Refer Schedule 18(Note 11.2)]		-	626,51,82
f) Deductions during the year		(480,44,43)	426,14,43
		391,44,60	2484,52,15
Balance carried over to the Balance Sheet		16063,84,91	13525,19,90
TOTAL		16455,29,51	16009,72,05
V. EARNINGS PER EQUITY SHARE			
(Face value of ₹ 10/- per share)			
Basic (₹)	18(Note 10.3)	40.03	64.33
Diluted (₹)	18(Note 10.3)	39.96	64.10
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 Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No: 103523W/W100048

Arun Tiwari
Chairman
DIN: 05345547

Sumant Kathpalia
Managing Director
DIN: 01054434

per Purushottam Nyati
Partner
Membership No: 118970

Sanjay Asher
Director
DIN: 00008221

Bhavna Doshi
Director
DIN: 00400508

Place : Mumbai
Date : April 30, 2021

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary
M. No. ACS - 18225

Consolidated Cash Flow Statement for the year ended March 31, 2021

	Rupees in '000s	
	Year ended 31.03.2021	Year ended 31.03.2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	3929,41,97	6176,72,76
Adjustments for :		
Depreciation on Fixed assets	327,64,35	290,94,49
Depreciation on Investments	608,81,07	474,93,09
Employees Stock Option expenses	14,15	36,53
Loan Loss and Other Provisions	7333,71,71	4177,17,16
Amortisation of premium on HTM investments	239,40,42	457,76,37
(Profit) / Loss on sale of fixed assets	(1,37,87)	8,61,50
Share in current period profit of Associate	22,12	31,51
Operating Profit before Working Capital changes	12437,97,72	11586,83,41
Adjustments for :		
(Increase) in Advances	(13145,96,20)	(20845,89,11)
(Increase) in Investments	(10563,19,84)	(1602,89,17)
(Increase)/Decrease in Other Assets	246,77,44	(6255,93,35)
Decrease in Deposits	53843,11,36	7312,19,99
Increase / (Decrease) in Other Liabilities	2990,14,48	(962,71,44)
Cash generated from / (used in) Operations	45808,85,16	(10768,39,67)
Direct Taxes paid (net of refunds)	(833,13,44)	(2138,95,52)
Net Cash generated from / (used in) Operating Activities	44975,71,72	(12907,35,19)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including WIP)	(341,20,04)	(420,47,01)
Proceeds from sale of Fixed Assets	10,06,64	4,31,51
Net Cash used in Investing Activities	(331,13,40)	(416,15,50)

	Year ended 31.03.2021	Year ended 31.03.2020
		Rupees in '000s
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (net of issue expenses)	5334,95,12	60,60,09
Dividends paid	-	(626,51,82)
Proceeds from issue of share warrants	-	673,81,53
Increase / (Decrease) in Borrowings	(9430,73,76)	12624,79,71
Net Cash generated from / (used in) Financing Activities	(4095,78,64)	12732,69,51
Effect of foreign currency translation reserve	6,98,61	20,98,16
Net Increase / (Decrease) in Cash and Cash Equivalents	4055,78,30	(569,83,02)
Cash and Cash Equivalents at the beginning of the year	16054,10,59	14783,40,07
Cash and Cash Equivalents acquired on Merger	-	1840,53,54
Cash and Cash Equivalents at the end of the year	56609,88,89	16054,10,59

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 comprises of Cash in Hand and Balances with RBI (Schedule 6) and Balances with Banks and Money at Call and Short Notice (Schedule 7).

As per our report of even date.

For and on behalf of Board of Directors

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No: 103523W/W100048

per Purushottam Nyati

Partner

Membership No: 118970

Place : Mumbai

Date : April 30, 2021

Arun Tiwari

Chairman

DIN: 05345547

Sanjay Asher

Director

DIN: 00008221

S. V. Zaregaonkar

Chief Financial Officer

Sumant Kathpalia

Managing Director

DIN: 01054434

Bhavna Doshi

Director

DIN: 00400508

Haresh Gajwani

Company Secretary

M. No. ACS - 18225

Schedules

	As at 31.03.2021	Rupees in '000s As at 31.03.2020
SCHEDULE - 1 CAPITAL		
Authorised Capital		
85,70,00,000 (Previous year 85,70,00,000) equity shares of ₹ 10 each	857,00,00	857,00,00
Issued, Subscribed and Called Up Capital		
77,33,72,299 (Previous year 69,35,35,738) equity shares of ₹ 10 each	773,37,23	693,53,57
Paid up Capital		
77,33,72,299 (Previous year 69,35,35,738) equity shares of ₹ 10 each [Refer Schedule 18(Note 1)]	773,37,23	693,53,57
TOTAL	773,37,23	693,53,57
SCHEDULE - 2 RESERVES AND SURPLUS		
I Statutory Reserve		
Opening balance	6278,22,15	4649,54,14
Additions on Amalgamation	-	524,20,19
Additions during the year	709,09,80	1104,47,82
	6987,31,95	6278,22,15
II Share Premium Account		
Opening balance	12426,09,31	9572,91,89
Additions on Amalgamation	-	2791,72,88
Additions during the year	5961,96,00	61,44,54
Less: Share issue expenses	(28,81,61)	
	18359,23,70	12426,09,31
III General Reserve		
Opening balance	8,32,84	1,35,57
Additions during the year	5,97,27	6,97,27
	14,30,11	8,32,84
IV Capital Reserve		
Opening balance	427,02,92	262,90,04
Additions during the year	130,01,23	164,12,88
	557,04,15	427,02,92
V Capital Reserve on Consolidation		
Opening balance	35	35
Additions during the year	-	-
	35	35

Schedules (Contd.)

	As at 31.03.2021	Rupees in '000s As at 31.03.2020
VI Investment Allowance Reserve		
Balance as at the end of the year	-	1,00,00
Reductions during the year	-	(1,00,00)
	-	-
VII Investment Reserve Account		
Opening balance	-	40,52,98
Reductions during the year	-	(40,52,98)
	-	-
VIII Investment Fluctuation Reserve		
Opening balance	318,90,08	115,11,90
Additions during the year	32,78,00	203,78,18
	351,68,08	318,90,08
IX Revaluation Reserve		
Opening balance	319,57,89	325,55,16
Reduction during the year	-	-
Deductions during the year	(5,97,27)	(5,97,27)
	313,60,62	319,57,89
X Foreign Currency Translation Reserve		
Opening balance	17,21,90	(3,76,26)
Credits during the year	6,98,61	20,98,16
	24,20,51	17,21,90
XI Amalgamation Reserve		
Opening balance	50,62,91	-
Additions on Amalgamation	-	50,62,91
	50,62,91	50,62,91
XII Balance in the Profit and Loss Account	16063,84,91	13525,19,90
TOTAL	42721,87,29	33371,20,25

Schedules (Contd.)

		As at 31.03.2021	Rupees in '000s As at 31.03.2020
SCHEDULE - 3 DEPOSITS			
A	I Demand Deposits		
	i) From Banks	731,73,60	351,26,32
	ii) From Others	34993,55,05	28075,92,85
	II Savings Bank Deposits	71065,44,78	53129,82,68
	III Term Deposits		
	i) From Banks	20800,06,20	12814,76,45
	ii) From Others	128279,30,79	107655,20,76
	TOTAL	255870,10,42	202026,99,06
B	Deposits of Branches		
	I In India	255870,10,42	202026,99,06
	II Outside India	-	-
	TOTAL	255870,10,42	202026,99,06
SCHEDULE - 4 BORROWINGS			
I	Borrowings in India		
	i) Reserve Bank of India	-	515,00,00
	ii) Other Banks	24,13,40	6140,35,86
	iii) Other Institutions and Agencies	34576,95,00	27214,87,19
	iv) Long Term Infrastructure Bonds	2000,00,00	2000,00,00
	v) Unsecured Non-Convertible Perpetual Non-Cumulative Bonds (Subordinated Additional Tier 1 Capital)	3489,90,00	3489,90,00
	II Borrowings outside India	11231,82,78	21393,41,89
	TOTAL	51322,81,18	60753,54,94
	Secured borrowings, other than Market repo borrowings, including tri-party repo, and borrowings from RBI under Liquidity Adjustment Facility/ Marginal Standing Facility	-	-
SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS			
I	Inter-office Adjustments (Net)	204,09,80	94,06,52
II	Bills Payable	661,78,55	476,89,93
III	Interest Accrued	1450,81,18	1276,60,46
IV	Others	9893,03,82	7852,46,39
	TOTAL	12209,73,35	9700,03,30

Schedules (Contd.)

	As at 31.03.2021	Rupees in '000s As at 31.03.2020
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I Cash in hand (including foreign currency notes)	1435,00,73	1408,36,02
II Balances with Reserve Bank of India		
i) In Current Account	16522,38,68	12274,22,21
ii) In Other Accounts	-	-
TOTAL	17957,39,41	13682,58,23
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I In India		
i) Balances with Banks		
a) In Current Accounts	552,83,83	140,36,47
b) In Other Deposit Accounts	20104,47,02	1000,49,62
ii) Money at Call and Short Notice - Banks / Other Institutions		
a) With Banks	1900,00,00	-
b) With Other Institutions	9395,63,67	-
TOTAL	31952,94,52	1140,86,09
II Outside India		
i) In Current Accounts	3226,82,46	1064,19,97
ii) In Other Deposit Accounts	-	-
iii) Money at Call and Short Notice	3472,72,50	166,46,30
TOTAL	6699,54,96	1230,66,27
GRAND TOTAL	38652,49,48	2371,52,36

Schedules (Contd.)

	As at 31.03.2021	Rupees in '000s As at 31.03.2020
SCHEDULE - 8 INVESTMENTS		
I In India		
Gross Value	70056,12,98	61148,22,06
Less : Aggregate of provision / depreciation	768,23,91	1361,10,97
Net value of Investments in India	69287,89,07	59787,11,09
Comprising :		
i) Government securities *	64896,33,63	52596,92,97
ii) Other approved securities	-	-
iii) Shares	831,22,45	617,67,12
iv) Debentures and bonds	419,07,66	2685,86,89
v) Subsidiaries and / or Joint Ventures	-	-
vi) Others - Certificate of Deposits, Commercial Papers, Security Receipts, Pass Through Certificates, Units of schemes of Mutual Funds, Venture Capital Funds and Others	3138,82,82	3884,43,72
vii) Associate ⁽¹⁾	2,42,51	2,20,39
II Outside India		
Gross Value	365,53,36	1,513,300
Less : Aggregate of provision / depreciation	-	-
Net value of Investments outside India	365,53,36	1,513,300
Comprising :		
i) Government securities	365,53,36	1,513,300
TOTAL	69653,42,43	59938,44,09
* Includes securities of ₹ 2,076.90 crores (previous year ₹ 1,091.20 crores) pledged for clearing facility and margin requirements		
(1) Investment in Associate		
Investment at Cost	30	30
Add : Capital Reserve on the date of Acquisition	35	35
Equity Investment in Associate	65	65
Add : Post-acquisition profit / (loss) of Associate (Equity method)	2,41,86	2,19,74
Less : Share of Unrealised Profit in Associate	-	-
TOTAL	2,42,51	2,20,39

Schedules (Contd.)

		As at 31.03.2021	Rupees in '000s As at 31.03.2020
SCHEDULE - 9 ADVANCES			
A	i) Bills Purchased and Discounted	3474,04,95	1230,30,17
	ii) Cash Credits, Overdrafts and Loans Repayable on Demand	49560,38,82	53125,33,86
	iii) Term Loans	159560,97,08	152427,52,33
	TOTAL	212595,40,85	206783,16,36
B	i) Secured by Tangible Assets (including advances against book debts)	157006,09,32	154018,90,39
	ii) Covered by Bank/ Government Guarantees (including advances against L/Cs issued by Banks)	5889,20,64	2880,88,06
	iii) Unsecured	49700,10,89	49883,37,91
	TOTAL	212595,40,85	206783,16,36
C	I Advances in India		
	i) Priority Sector	80358,25,90	66350,94,50
	ii) Public Sector	4089,44,74	3537,15,08
	iii) Banks	-	-
	iv) Others	121567,35,62	130602,44,57
	TOTAL	206015,06,26	200490,54,15
	II Advances Outside India	6580,34,59	6292,62,21
	TOTAL	212595,40,85	206783,16,36
SCHEDULE - 10 FIXED ASSETS			
I	Premises		
	i) At cost, as at the beginning of the year,	874,15,74	874,15,75
	ii) Revaluation during the year	-	-
	iii) Additions on amalgamation	-	-
	iv) Additions during the year	-	-
		874,15,74	874,15,75
	v) Less : Deductions on transfer to wholly owned subsidiary	-	-
	vi) Less : Deductions during the year	4,17,49	-
	vii) Less : Depreciation to date [Refer Schedule 18(Note 2.3)]	117,92,57	104,57,62
	TOTAL	752,05,68	769,58,12
II	Other Fixed Assets (including furniture and fixtures)		
	i) At cost, as at the beginning of the year	2602,58,04	2347,17,24
	ii) Additions on amalgamation	-	44,67,41
	iii) Additions during the year	344,79,23	363,59,48
		2947,37,27	2755,44,13
	iv) Less : Deductions on transfer to wholly owned subsidiary	-	47,08,86
	v) Less : Deductions during the year	38,90,13	105,77,24
	vi) Less : Depreciation to date [Refer Schedule 18(Note 2.3)]	1860,01,33	1580,12,17
	TOTAL	1048,45,81	1022,45,86
III	Capital Work in Progress	75,22,99	78,83,58
	GRAND TOTAL	1875,74,48	1870,87,56

Schedules (Contd.)

	As at 31.03.2021	Rupees in '000s As at 31.03.2020
SCHEDULE - 11 OTHER ASSETS		
I Interest Accrued	2013,61,25	2641,65,30
II Tax paid in advance / Tax deducted at source (net of provisions)	873,84,50	1575,40,38
III Stationery and Stamps	49,90	81,20
IV Non-banking assets acquired in satisfaction of claims	414,10,07	365,34,57
V Others [including Deferred Tax Assets [Refer Schedule 18(Note 10.4)]]	18866,77,67	17998,80,42
TOTAL	22168,83,39	22582,01,87
SCHEDULE - 12 CONTINGENT LIABILITIES		
I Claims against the Bank not acknowledged as debts	482,35,63	486,83,21
II Liability on account of outstanding Forward Exchange Contracts	381550,05,58	423526,41,59
III Liability on account of outstanding Derivative Contracts	382279,24,19	457580,52,38
IV Guarantees given on behalf of constituents		
- In India	60033,47,72	58064,59,89
- Outside India	843,94,00	611,00,00
V Acceptances, Endorsements and Other Obligations	24813,08,82	26029,47,25
VI Other Items for which the Bank is contingently liable	72,50,07	1302,99,00
TOTAL	850074,66,01	967601,83,32

Schedules (Contd.)

	Year ended on 31.03.2021	Year ended on 31.03.2020
SCHEDULE - 13 INTEREST EARNED		
I Interest/ Discount on Advances/ Bills	24085,34,77	24008,24,57
II Income on Investments	3846,10,76	4282,19,28
III Interest on Balances with Reserve Bank of India and other inter-bank funds	677,36,84	192,02,49
IV Others	390,97,30	300,36,65
TOTAL	28999,79,67	28782,82,99
SCHEDULE - 14 OTHER INCOME		
I Commission, Exchange and Brokerage	3478,14,50	4615,80,71
II Profit / (Loss) on Sale of Investments (Net)	1486,19,35	552,56,14
III Profit / (Loss) on Sale of Land, Buildings and Other Assets (Net)	1,37,87	(8,61,50)
IV Profit on exchange transactions / Derivatives (Net)	1321,20,39	1598,73,18
V Income Earned by Way of Dividend from Companies in India	-	30,02
VI Miscellaneous Income	213,95,87	193,88,60
TOTAL	6500,87,98	6952,67,15
SCHEDULE - 15 INTEREST EXPENDED		
I Interest on Deposits	11459,07,59	12907,94,14
II Interest on Reserve Bank of India / Inter-Bank Borrowings	523,23,33	802,44,52
III Other Interest	3489,59,42	3013,69,90
TOTAL	15471,90,34	16724,08,56
SCHEDULE - 16 OPERATING EXPENSES		
I Payments to and Provisions for Employees	3039,24,47	2819,63,82
II Rent, Taxes and Lighting (includes operating lease rentals)	478,92,34	499,22,82
III Printing and Stationery	74,21,43	96,42,46
IV Advertisement and Publicity	50,20,59	58,04,92
V Depreciation on Bank's Property	327,64,35	290,94,49
VI Directors' Fees, Allowances and Expenses	3,70,43	3,90,13
VII Auditors' Fees and Expenses	2,35,68	257,95
VIII Law Charges	60,28,57	69,67,15
IX Postage, Telegrams, Telephones, etc.	139,05,13	156,85,22
X Repairs and Maintenance	362,01,79	381,44,32
XI Insurance	322,64,98	280,51,34
XII Service Provider Fees	539,37,76	606,07,62
XIII Other Expenditure	2757,15,04	2917,26,49
TOTAL	8156,82,56	8182,58,73

Schedule 17 Significant accounting policies

1. General

- 1.1 IndusInd Bank Limited ('the Bank') was incorporated in 1994 under the Companies Act, 1956 and is licensed by the Reserve Bank of India (RBI) to operate as a commercial bank under the Banking Regulation Act, 1949. The Bank is publicly held and provides a wide range of banking products and financial services to corporate and retail clients besides undertaking treasury operations. The Bank operates in India including at the International Financial Service Centres in India, and does not have a branch in any foreign country.
- 1.2 IndusInd Financial Inclusion Limited ('IFIL') was incorporated in August 6, 2018 under the Companies Act, 2013 with the purpose to act as business correspondent of IndusInd Bank Limited ("IBL"). The Company is a wholly owned subsidiary of IBL.
- 1.3 Subsequently, name of the wholly owned subsidiary " IndusInd Financial Inclusion Limited "(IFIL), has been changed to "Bharat Financial Inclusion Limited" (BFIL) vide certificate of incorporation pursuant to change of name dated August 2, 2019 issued by the Registrar of Companies, Mumbai.

1.4 Principles of Consolidation

The consolidated financial statements of the Group comprise the financial statements of IndusInd Bank Limited (the Bank), Bharat Financial Inclusion Limited (BFIL), a wholly owned subsidiary, and IndusInd Marketing and Financial Services Private Limited (IMFS), an Associate of the Bank.

The Bank consolidates its subsidiary in which it holds 100% control on a line by line basis by adding together like items of assets, liabilities, income and expenses in accordance with Accounting Standard 21 'Consolidated Financial Statement' specified under section 133 and relevant provision of the Companies Act 2013 (as amended). Intragroup balances and intragroup transactions if any, are eliminated in full.

The investment in Associate is consolidated using equity method in accordance with Accounting Standard 23" Accounting for Investment in Associate in Consolidated Financial Statement specified under section 133 and relevant provision of the companies Act 2013 (as amended). The difference between the cost of investment in the Associate and its share of net assets at the time of acquisition of shares in the Associate, is identified in the consolidated financial statements as goodwill or capital reserve, as the case may be.

1.5 Basis of preparation

The accompanying consolidated financial statements have been prepared under the historical cost convention except where otherwise stated, and in accordance with statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013, (the Act) and practices prevailing within the banking industry in India.

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent liabilities on the date of the consolidated financial statements. Management believes that the estimates and assumptions used in the preparation of the consolidated financial statements are prudent and reasonable. Any revision to accounting estimates is recognised prospectively in current and future periods.

The consolidated financial statements present the accounts of IndusInd Bank Limited with its Subsidiary as under:

Name of the Associate	Country of Origin	% Shareholding of Group as at March 31, 2021	% Shareholding of Group as at March 31, 2020
Bharat Financial Inclusion Limited (formerly known as IndusInd Financial Inclusion Limited)	India	100%	100%

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, 2021	% Shareholding of Group as at March 31, 2020
IndusInd Marketing & Financial Services Private Limited	India	30%	30%

2. Transactions involving Foreign Exchange

- 2.1 Monetary assets and liabilities of domestic and integral foreign operations denominated in foreign currency are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are recognised in the Profit and Loss account.
- 2.2 Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- 2.3 Both monetary and non-monetary assets and liabilities of non-integral foreign operations are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are accumulated in the foreign currency translation reserve until disposal of the net investment in the non-integral foreign operation.

IndusInd Bank Ltd:

- 2.4 All foreign exchange contracts outstanding at the Balance Sheet date are re-valued on present value basis and the resulting gains or losses are recognised in the Profit and Loss account.
- 2.5 Swap Cost arising on account of foreign currency swap contracts to convert foreign currency funded liabilities and assets into rupee liabilities and assets is amortised to the Profit and Loss account under the head 'Interest – Others' over the underlying swap period.
- 2.6 Income and expenditure of domestic and integral foreign operations denominated in a foreign currency is translated at the rates of exchange prevailing on the date of the transaction. Income and expenditure of non-integral foreign operations is translated at quarterly average closing rates.
- 2.7 Contingent liabilities at the Balance Sheet date on account of outstanding forward foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in a foreign currency are stated at the closing rates of exchange notified by the FEDAI.

Bharat Financial Inclusion Ltd:

- 2.8 Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous consolidated financial statements, are recognised as income or as expenses in the year in which they arise.

3. Investments

IndusInd Bank Ltd:

Significant accounting policies in accordance with RBI guidelines are as follows:

3.1 Categorisation of Investments

The Bank classifies its investment at the time of purchase into one of the following three categories:

- (i) **Held to Maturity (HTM)** – Securities acquired with the intention to hold till maturity.
- (ii) **Held for Trading (HFT)** – Securities acquired with the intention to trade.
- (iii) **Available for Sale (AFS)** – Securities which do not fall within the above two categories.

Subsequent shifting amongst the categories is done in accordance with RBI guidelines.

3.2 Classification of Investments

For the purpose of disclosure in the Balance Sheet, investments are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures, and (vi) Other Investments.

3.3 Acquisition cost

- (i) Broken period interest on debt instruments is treated as a revenue item and not included in the Cost of acquisition.
- (ii) Brokerage, commission, etc. pertaining to investments, paid at the time of acquisition is charged to the Profit and Loss account.
- (iii) Cost of investments is computed based on the weighted average cost method.

3.4 Valuation of Investments

- (i) **Held to Maturity** – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortised over the balance period to maturity. The amortized amount is classified under Interest earned – Income on investments (Item II of Schedule 13). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each investment individually.
- (ii) **Held for Trading** – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.
- (iii) **Available for Sale** – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.
- (iv) Market value of government securities (excluding treasury bills) is determined on the basis of the prices / YTM published by Financial Benchmark India Private Limited (FBIL).
- (v) Treasury bills, commercial paper and certificate of deposits are valued at carrying cost, which includes discount amortised over the period to maturity.
- (vi) Fair value of other debt securities is determined based on the yield curve published by FBIL and credit spreads provided by Fixed Income Money Market and Derivatives Association (FIMMDA).
- (vii) Quoted equity shares held under AFS and HFT categories are valued at the closing price on a recognised stock exchange, in accordance with the RBI guidelines. Unquoted equity shares are valued at their break-up value or at ₹ 1 per company where the latest Balance Sheet is not available.
- (viii) Units of the schemes of mutual funds are valued at Net Asset Value (NAV) provided by the respective schemes of mutual funds.
- (ix) Investments in equity shares held as long-term investments by erstwhile IndusInd Enterprises & Finance Limited and Ashok Leyland Finance Limited (since merged with the Bank) are valued at cost and classified as part of HTM category. Provision towards diminution in the value of such long-term investments is made only if the diminution in value is not temporary in the opinion of management.
- (x) Investment in subsidiaries and associate companies are classified as part of HTM category and valued at cost. Such investments are assessed for impairment and any permanent diminution in value is provided for.
- (xi) Security Receipts (SR) are valued at the lower of redemption value and NAV obtained from the Securitisation Company (SC) / Reconstruction Company (RC). In respect of significant investment in SRs backed by stressed assets sold by the Bank, the value is subject to a prudential floor considering the asset classification of the stressed assets, had they remained on the books of the Bank.
- (xii) 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.

- (xiii) Provision for non-performing investments is made in conformity with RBI guidelines.
- (xiv) 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.
- (xv) In respect of the short sale transactions in Central Government dated securities, the short position is covered by outright purchase of an equivalent amount of the same security within a maximum period of three months including the day of trade. The short position is reflected as the amount received on sale in a separate account and is classified under 'Other Liabilities'. The short position is marked to market and loss, if any, is charged to the Profit and Loss account, while gain, if any, is not recognized. Profit or loss on settlement of the short position is recognized in the Profit and Loss account.
- (xvi) 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.
- (xvii) 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.

- (xviii) Out of net profits earned during the year, transfer is made to Investment Fluctuation Reserve, for an amount not less than the lower of the (a) net profit on sale of investments during the year (b) net profit for the year less mandatory appropriations, till the balance in such Investment Fluctuation Reserve reaches a level of at least 2% of the aggregate HFT and AFS portfolio. Draw down, if any, from the Investment Fluctuation Reserve shall be in accordance with the applicable RBI guidelines.
- 3.5 Investments in unquoted units of Venture Capital Funds (VCF) and Alternative Investment Funds (AIF) are categorised under HTM category for initial period of three years and valued at cost as per RBI guidelines. Units of VCF and AIF held under AFS category, where current quotations are not available, are marked to market based on the Net Asset Value (NAV) shown by VCF or AIF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF or AIF, as the case may be.

4. Derivatives

IndusInd Bank Ltd:

Derivative contracts are designated as hedging or trading and accounted for as follows:

- 4.1 The hedging contracts comprise of Forward Rate Agreements, Interest Rate Swaps, and Currency Swaps undertaken to hedge interest rate and currency risk on certain assets and liabilities. The net interest receivable or payable is accounted on an accrual basis over the life of the swaps. However, where the hedge is designated with an asset or liability that is carried at market value or lower of cost and market value, then the hedging instrument is also marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated assets or liabilities.
- 4.2 The trading contracts comprise of trading in Forward Contracts, Interest Rate Swaps, Currency Swaps, Cross Currency Interest Rate Swaps, Forward Rate Agreements, Interest Rate Futures, FX Futures, Currency Futures, etc. The gain or loss arising on unwinding or termination of the contracts, is accounted for in the Profit and Loss account. Trading contracts outstanding as at the Balance Sheet date are re-valued at their fair value and resulting gains or losses are recognised in the Profit and Loss account.

- 4.3 Gains or losses on the termination of hedge swaps is deferred and recognised over the shorter of the remaining life of the hedge swap or the remaining life of the underlying asset or liability.
- 4.4 Premium paid and received on currency options is accounted when due in the Profit and Loss Account.
- 4.5 Fair value of derivative is determined with reference to market quotes or by using valuation models. Where the fair value is calculated using valuation models, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to the present value. The valuation takes into consideration all relevant market factors (e.g. prices, interest rate, currency exchange rates, volatility, liquidity, etc.). Most market parameters are either directly observable or are implied from instrument prices. The model may perform numerical procedures in the pricing such as interpolation when input values do not directly correspond to the most actively traded market trade parameters.
- 4.6 Provisioning of overdue customer receivable on derivative contracts is made as per RBI guidelines.

5. **Advances**

IndusInd Bank Ltd:

- 5.1 Advances are classified as per RBI guidelines into standard, sub-standard, doubtful and loss assets after considering subsequent recoveries to date.
- 5.2 A general provision on standard assets is made in accordance with RBI guidelines. Such provision towards standard assets include a provision made on the standard advances of customers having Unhedged Foreign Currency Exposure (UFCE), which requires an assessment of the UFCE of a customer and estimation of the extent of loss likely to be suffered by the customer on account of the same. In respect of stressed advances which are not yet classified non-performing, contingent provisions are made prudentially. Provision made against standard assets is included in 'Other Liabilities and Provisions'.
- 5.3 Specific provisions for non-performing advances and floating provisions are made in conformity with RBI guidelines. In addition, the Bank considers accelerated provisioning based on past experience, evaluation of securities and other related factors.
- 5.4 For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. The restructured accounts are classified in accordance with RBI guidelines, including special dispensation wherever allowed.
- 5.5 Advances are disclosed in the Balance Sheet, net of specific provisions and interest suspended for non-performing advances, and floating provisions.
- 5.6 Advances exclude derecognised securitised advances, inter-bank participation certificates issued and bills rediscounted.
- 5.7 Amounts recovered during the year against bad debts written off in earlier years are recognised in the Profit and Loss account. Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are written back to the Profit and Loss account to the extent such provisions were charged to the Profit and Loss account.
- 5.8 Further to the provisions held according to the asset classification status, provision is held in accordance with RBI guidelines for individual country exposures (other than for home country exposure), where the net funded exposure of a country is one percent or more of the total assets. Provision held for country risk is included under 'Other Liabilities and Provisions'.

6. **Securitisation transactions, direct assignments and other transfers**

IndusInd Bank Ltd:

- 6.1 The Bank transfers its loan receivables both through Direct Assignment route as well as transfer to Special Purpose Vehicles ('SPV').

- 6.2 The securitization transactions are without recourse to the Bank. The transferred loans and such securitized receivables are de-recognized as and when these are sold (true sale criteria being fully met) and the consideration has been received by the Bank. Gains or losses are recognized only if the Bank surrenders the rights to the benefits specified in the loan contracts.
- 6.3 In terms of RBI guidelines, profit or premium arising on account of sale of standard assets, being the difference between the sale consideration and book value, is amortized over the life of the securities issued by the Special Purpose Vehicles (SPV). Any loss arising on account of the sale is recognized in the Profit and Loss account in the period in which the sale occurs.
- 6.4 In case of sale of non-performing assets through securitization route to Securitisation Company or Asset Reconstruction Company by way of assignment of debt against issuance of Security Receipts (SR), the recognition of sale and accounting of profit and loss thereon is done in accordance with applicable RBI guidelines. Generally, the sale is recognized at the lower of redemption value of SR and the Net Book Value (NBV) of the financial asset sold, and the surplus is recognized in the Profit and Loss Account; shortfall if any, is charged to the Profit and Loss account subject to regulatory forbearance, if any, allowed from time to time. Profit or loss realized on ultimate redemption of the SR is recognized in the Profit and Loss Account.
- 6.5 The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

7. Property, Plant and Equipment

- 7.1 Fixed assets are stated at cost (except in the case of premises which were re-valued based on values determined by approved valuers) less accumulated depreciation and impairment, if any. Cost includes incidental expenditure incurred on the assets before they are ready for intended use.
- 7.2 The appreciation on account of revaluation is credited to Revaluation Reserve. In case of revalued/impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised asset values. In case of premises, which are carried at revalued amounts, the depreciation on the excess of revalued amount over historical cost is transferred from Revaluation Reserve to General Reserve annually.
- 7.3 Depreciation, including amortisation of intangible assets, is provided over the useful life of the assets, pro rata for the period of use, on a straight-line method. The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable. Pursuant to this policy, the useful life estimates in respect of the following assets are as follows:
- (a) Computers at 3 years
 - (b) Application software and perpetual software licences at 5 years
 - (c) Printers, Scanners, Routers, Switch at 5 years
 - (d) ATMs at 7 years
 - (e) Network cabling, Electrical Installations, Furniture and Fixtures, Other Office Machinery at 10 years.
 - (f) Vehicles at 5 years
 - (g) Buildings at 60 years.

Fixed assets costing less than ₹ 5,000 individually are fully depreciated in the year of purchase.

The useful life of an asset class is periodically assessed taking into account various criteria such as changes in technology, changes in business environment, utility and efficacy of an asset class to meet with intended user needs, etc. Whenever there is a revision in the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

- 7.4 The carrying amount of fixed assets is reviewed at the Balance Sheet date to determine if there are any indications of impairment based on internal / external factors. In case of impaired assets, the impairment loss i.e. the amount by which the carrying amount of the asset exceeds its recoverable value is charged to the Profit and Loss account to the extent the carrying amount of assets exceeds its estimated recoverable amount.

7.5 Non-banking assets:

IndusInd Bank Ltd:

Non-Banking Assets (NBAs) acquired in satisfaction of claims are carried at lower of net book value and net realisable value. Further, the Bank creates provision on non-banking assets as per specific RBI directions.

8. Revenue Recognition

IndusInd Bank Ltd:

- 8.1 Interest and discount income on performing assets is recognised on accrual basis. Interest and discount income on non-performing assets is recognised on realisation.
- 8.2 Interest on Government securities, debentures and other fixed income securities is recognised on a period proportion basis. Income on discounted instruments is recognised over the tenor of the instrument on a Constant Yield to Maturity method.
- 8.3 Dividend income is accounted on accrual basis when the right to receive dividend is established.
- 8.4 Commission (except for commission on Deferred Payment Guarantees which is recognised over the term on a straight line basis), Exchange and Brokerage are recognised on a transaction date and net of directly attributable expenses.
- 8.5 Fees are recognised on an accrual basis when binding obligation to recognise the fees has arisen as per agreement, except in cases where the Bank is uncertain of realisation.
- 8.6 Income from distribution of third party products is recognised on the basis of business booked.
- 8.7 The Bank in accordance with RBI circular FIDD.CO.Plan. BC.23/ 04.09.01/2015-16 dated April 7, 2016, trades in priority sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

Bharat Financial Inclusion Ltd (BFIL):

- 8.8 Services fees from IndusInd Bank Limited in the capacity of business correspondents are recognised on accrual basis by BFIL. All Other Income is recognised on an accrual basis.

9. Operating Leases

- 9.1 Lease rental obligations in respect of assets taken on operating lease are charged to the Profit and Loss account on a straight-line basis over the lease term.
- 9.2 Assets given under leases in respect of which all the risks and benefits of ownership are effectively retained by the Group are classified as operating leases. Lease rentals received under operating leases are recognized in the Profit and Loss account as per the terms of the contracts.

10. Employee Benefits

IndusInd Bank Ltd:

- 10.1 The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the year is recognized on the basis of actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Payment obligations under the Group Gratuity scheme are managed through purchase of appropriate policies from insurers.
- 10.2 Provident Fund contributions, under defined benefit plan is made to trusts separately established for the purpose, when an employee covered under the scheme renders the related service. The rate at which the annual interest is payable to the beneficiaries by the trusts is being administered by the government. The Bank has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the notified interest rates. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note on Valuation of Interest Rate Guarantees on Exempt Provident Funds under AS 15 (Revised) issued by the Institute of Actuaries of India, and such shortfall, if any, is provided for.

Provident Fund contributions, under defined contribution plan, is made to the scheme administered by Regional Provident Fund Commissioner (RPFC) and is debited to the Profit and Loss Account when an employee renders the related service. The Bank has no further obligations.

In respect of employees who opted for contribution to the National Pension System (NPS) regulated by the Pension Fund Regulatory and Development Authority (PFRDA), the Bank contributes certain percentage of the basic salary, under a defined contribution plan, to identified pension fund management companies. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year in which it is incurred.

- 10.3 Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method.
- 10.4 Intrinsic value method is applied to account for the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which the quoted market price of the underlying shares on the grant date exceeds the exercise price of the options. Accordingly, such compensation cost is amortized over the vesting period.

Bharat Financial Inclusion Ltd (BFIL):

- 10.5 Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.
- 10.6 Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognised in full in the period in which they occur in the statement of profit and loss.
- 10.7 The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.
- 10.8 Accumulated leaves, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

- 10.9 The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

11. Segment Reporting

- 11.1 In accordance with the guidelines issued by RBI, the Bank has adopted Segment Reporting as under:
- (a) **Treasury** includes all investment portfolios, Profit / Loss on sale of Investments, Profit / Loss on foreign exchange transactions, equities, income from derivatives and money market operations. The expenses of this segment consist of interest expenses on funds borrowed from external sources as well as internal sources and depreciation / amortisation of premium on Held to Maturity category investments.
 - (b) **Corporate / Wholesale Banking** includes lending to and deposits from corporate customers and identified earnings and expenses of the segment.
 - (c) **Retail Banking** includes lending to and deposits from retail customers and identified earnings and expenses of the segment. It also includes income, expenses, assets and liabilities of BFIL.
 - (d) **Other Banking Operations** includes all other operations not covered under Treasury, Corporate / Wholesale Banking and Retail Banking.
 - (e) **Unallocated** includes Capital and Reserves, Employee Stock Options (Grants) Outstanding and other unallocable assets, liabilities, income and expenses.

12. Debit and Credit Card reward points liability

IndusInd Bank Ltd:

- 12.1 The liability towards Credit Card reward points is computed based on an actuarial valuation and the liability towards Debit Card reward points is computed on the basis of management estimates considering past trends.

13. Bullion

IndusInd Bank Ltd:

- 13.1 The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are on a back-to-back basis and are priced to the customer based on the prevailing price quoted by the supplier and the local levies related to the consignment like customs duty, etc. The profit earned is included in commission income.
- 13.2 The Bank sells gold coins to its customers. The difference between the sale price to customers and purchase price is reflected under commission income.

14. Income-tax

- 14.1 Tax expenses comprise of current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized, in general, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized; where there is unabsorbed depreciation and/or carry forward of losses under tax laws, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realized against future taxable income. Unrecognized deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

15. Earnings per share

15.1 Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as at end of the year.

16. Provisions, contingent liabilities and contingent assets

16.1 A provision is recognized when there is an obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

16.2 A disclosure of contingent liability is made when there is:

- (a) A possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the group; or
- (b) A present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

16.3 When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

16.4 Contingent assets are not recognized or disclosed in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the assets and related income are recognized in the period in which the change occurs.

17. Cash and Cash equivalents

17.1 Cash and cash equivalents comprises of Cash in Hand and Balances with RBI and Balances with Banks and Money at Call and Short Notice.

18. Corporate Social Responsibility

18.1 Expenditure incurred towards corporate social responsibility obligations in accordance with Companies Act, 2013, is recognised in the Profit and Loss Account.

19. Grants**Bharat Financial Inclusion Ltd:**

19.1 Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Such grants are either be shown separately under 'other income' or deducted in reporting the related expense. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

Schedule 18 Notes forming part of the Financial Statements

1. Capital

Capital Issue

Under a Preferential Allotment, 4,76,29,768 equity shares of ₹ 10 each fully paid were allotted on September 2, 2020 to certain Qualified Institutional Buyers and 1,51,17,477 equity shares of ₹ 10 each fully paid were allotted on September 4, 2020 to other entities including one of the promoters, at a price of ₹ 524 per equity share, pursuant to the approval of the Finance Committee on the respective dates, in compliance with the resolution carried in the Extraordinary General Meeting held on August 25, 2020 and the applicable laws and regulations. Consequently, the equity share capital of the Bank increased by ₹ 62.75 crores and share premium account by ₹ 3,196.39 crores, net of share issue expenses.

In accordance with the Composite Scheme of Arrangement sanctioned by the National Company Law Tribunal vide an order dated June 10, 2019, the Bank had allotted 1,57,70,985 Share Warrants to the Promoters of the Bank on July 6, 2019 at a price of ₹ 1,709 per Warrant, on receipt of the subscription amount at 25% of the Share Warrant price, amounting to ₹ 673.82 crores. Each Share Warrant was convertible to one equity share of the Bank fully paid, upon exercise of the option by paying the remaining 75%.

On February 18, 2021, pursuant to approval of the Finance Committee, the Bank allotted 1,57,70,985 equity shares of ₹ 10 each fully paid by converting these share warrants at a price of ₹ 1,709 per equity share, upon the promoters exercising the conversion option by remitting the remaining 75% of the Share Warrant Price amounting to ₹ 2,021.45 crores. Consequently, the share capital of the Bank increased by ₹ 15.77 crores and share premium by ₹ 2,679.49 crores.

During the year, 13,18,331 equity shares of ₹ 10 each fully paid (Previous year 12,31,089 equity shares of ₹10 each fully paid) were allotted on various dates to the employees who exercised their stock options, and consequently, the share capital of the Bank increased by ₹ 1.32 crores (Previous year ₹ 1.23 crores) and share premium by ₹ 53.05 crores (Previous year ₹ 59.37 crores).

2. Fixed Assets

2.1 Cost of premises includes ₹ 4.09 crores (Previous year ₹ 4.09 crores) in respect of properties for which execution of documents and registration formalities are in progress. Of these properties, the Group has not obtained full possession of one property having written down value of ₹ 1.40 crores (Previous year ₹ 1.44 crores) and has filed a suit for the same.

2.2 Computer software

The movement in fixed assets capitalized as computer software is given below:

Particulars	(₹ in crores)	
	March 31, 2021	March 31, 2020
At cost at the beginning of the year	585.73	467.69
Addition due to scheme of Amalgamation	-	32.98
Addition during the year	102.02	85.06
Deduction during the year	0.06	-
Accumulated depreciation as at the end of the year	487.77	407.42
Closing balance as at the end of the year	199.92	178.31
Depreciation charge for the year	80.38	66.09

2.3 Movement in depreciation of Fixed Assets

(₹ in crores)

Depreciation	2020-21	2019-20
Premises		
At the beginning of the year	104.58	91.23
Transferred from Revaluation Reserve	-	-
Charge for the year	13.35	13.35
Deduction during the year	-	-
Depreciation to date	117.93	104.58
Other Fixed Assets		
At the beginning of the year	1,580.12	1,317.21
Addition in the Scheme of Amalgamation	-	77.75
Charge for the year	314.29	277.60
Deduction during the year	34.40	92.44
Depreciation to date	1,860.01	1,580.12

3. Contingent Liabilities

The Group's pending litigations include claims against the Bank by clients and counterparties and proceedings pending with tax authorities. The Bank has reviewed its pending litigations and proceedings and has adequately provided for where provisions are required, and disclosed as contingent liabilities where applicable. Claims against the Bank not acknowledged as debts comprise of tax demands of ₹ 107.32 crores (Previous year ₹ 122.40 crores) in respect of which the Bank is in appeal, and legal cases sub judice of ₹ 375.04 crores (Previous year ₹ 364.43 crores). The Group carries a provision of ₹ 4.86 crores (Previous year ₹ 4.52 crores) against legal cases sub judice. The amount of contingent liabilities is based on management's estimate, and it is not probable that any liability is expected to arise out of the same.

The Group has received demand order dated June 15, 2018 of ₹ 9.37 crores from Employees provident fund organization, Hyderabad. The Company filed Writ Petition before Hon'ble High court at Hyderabad against the said order and received interim stay against pre-deposit of ₹ 3.12 crores. The Company paid the same and have made provision in the books.

Contingent Liabilities not provided for on account of Provident Fund was ₹ 6.25 crores (Net of provision of ₹ 3.12 crores) (Previous year – ₹ 6.25 crores, net of provision of ₹ 3.12 crores).

- 4.** The Group has a process to assess periodically all long term contracts (including derivative contracts), for material foreseeable losses. At the year end, the Group has reviewed and adequate provision as required under any law or an accounting standard for material foreseeable losses on such long term contracts (including derivative contracts), has been made.

5. Corporate Social Responsibility (CSR)

Amount required to be spent by the Group on CSR during the year is ₹ 120.74 crores (Previous year ₹ 108.11 crores).

Amount incurred towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹ 121.23 crores (Previous year ₹ 108.15 crores), which comprise of following:

(₹ in crores)

	Year ended March 31, 2021			Year ended March 31, 2020		
	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-	-	-	-
On purpose other than above	94.72	26.51	121.23	105.80	2.35	108.15
Total	94.72	26.51	121.23	105.80	2.35	108.15

6. Drawdown from Reserves

During the year ended March 31, 2021 and year ended March 31, 2020, the Group did not draw down from the reserves.

7. There is no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Group (Previous year Nil).

8. Employee Stock Option Scheme

8.1 On September 25, 2020, the shareholders of the Bank approved the IndusInd Bank Employee Stock Option Scheme 2020 (ESOS 2020), which comprehensively replaced the erstwhile Employee Stock Option Scheme 2007 (ESOS 2007) that was approved by the shareholders earlier on September 18, 2007. ESOS 2020 enables the Board and the Compensation Committee to grant such number of stock options of the Bank not exceeding 7% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines issued by the SEBI. The options vest at one time or at various points of time as stipulated in the Award Confirmation issued by the Compensation Committee, and there shall be a minimum period of one year between the grant of option and vesting of the option. The unvested options shall expire by such period as stipulated in the Award Confirmation or five years from the grant of options whichever is earlier, or such further or other period as the Compensation Committee may determine. The exercise price for each grant is decided by the Compensation Committee, which is normally based on the latest available closing price and shall not be lower than the face value of the shares. Upon vesting, the options have to be exercised within a maximum period of five years or such period as may be determined by the Compensation Committee from time to time. The stock options are equity settled where the employees will receive one equity share per stock option.

Pursuant to a Composite Scheme of Arrangement with the erstwhile Bharat Financial Inclusion Limited, the shareholders of the Bank approved the IBL Special Incentive ESOS for BFIL Merger 2018 (ESOS 2018) on December 11, 2018. ESOS 2018 was approved with a pool of 57,50,000 options which are equity settled. 50% of the options vest over a period of three years from the grant date and the remaining options vest over a period of three years from the first anniversary of the grant date. Upon vesting, the options have to be exercised within a maximum period of five years.

ESOS 2020 and ESOS 2018 are, hereinafter, collectively referred to as ESOS.

As at March 31, 2021, the Compensation Committee of the Bank has granted a total of 5,10,15,642 options that includes 4,57,27,836 options granted under ESOS 2020 and 52,87,806 options granted under ESOS 2018, as set out below:

ESOS 2020:

Sr. No	Date of grant	2020-21		2019-20	
		No of options	Range of exercise price (₹)	No of options	Range of exercise price (₹)
1.	18-Jul-08	1,21,65,000	48.00 - 50.60	1,21,65,000	48.00 - 50.60
2.	17-Dec-08	34,56,000	38.95	34,56,000	38.95
3.	05-May-09	8,15,500	44.00	8,15,500	44.00
4.	31-Aug-09	3,18,500	100.05	3,18,500	100.05
5.	28-Jan-10	7,47,000	48.00 - 140.15	7,47,000	48.00 - 140.15
6.	28-Jun-10	13,57,450	196.50	13,57,450	196.50
7.	14-Sep-10	73,500	236.20	73,500	236.20
8.	26-Oct-10	1,43,500	274.80	1,43,500	274.80
9.	17-Jan-11	25,00,000	228.70	25,00,000	228.70
10.	07-Feb-11	20,49,000	95.45 - 220.45	20,49,000	95.45 - 220.45
11.	24-Jun-11	21,54,750	253.60	21,54,750	253.60
12.	16-Aug-11	89,500	254.90	89,500	254.90
13.	30-Sep-11	2,61,000	262.25	2,61,000	262.25
14.	21-Dec-11	9,20,000	231.95	9,20,000	231.95
15.	29-Feb-12	1,95,000	304.05	1,95,000	304.05
16.	19-Apr-12	1,40,500	345.60	1,40,500	345.60
17.	25-May-12	1,34,500	304.55	1,34,500	304.55
18.	10-Jul-12	2,67,000	343.25	2,67,000	343.25
19.	29-Aug-12	1,14,000	319.05	1,14,000	319.05
20.	10-Oct-12	23,500	365.75	23,500	365.75
21.	09-Jan-13	30,000	433.75	30,000	433.75
22.	18-Apr-13	12,500	419.60	12,500	419.60
23.	20-Jun-13	1,75,000	478.45	1,75,000	478.45
24.	18-Jul-13	18,35,000	453.90	18,35,000	453.90
25.	23-Sep-13	75,000	411.50	75,000	411.50
26.	29-Oct-13	22,000	412.25	22,000	412.25
27.	29-Jan-14	7,67,500	300.00 - 389.85	7,67,500	300.00 - 389.85
28.	25-Mar-14	1,76,500	490.30	1,76,500	490.30
29.	15-May-14	65,500	537.05	65,500	537.05
30.	02-Jun-14	32,69,500	533.95	32,69,500	533.95
31.	09-Jul-14	33,000	551.10	33,000	551.10
32.	13-Oct-14	74,500	623.25	74,500	623.25
33.	17-Jan-15	47,500	831.85	47,500	831.85
34.	23-Feb-15	48,000	876.80	48,000	876.80

Sr. No	Date of grant	2020-21		2019-20	
		No of options	Range of exercise price (₹)	No of options	Range of exercise price (₹)
35.	30-Mar-15	11,000	880.75	11,000	880.75
36.	22-May-15	52,600	848.20	52,600	848.20
37.	24-Jul-15	16,30,000	949.80	16,30,000	949.80
38.	21-Sep-15	1,93,000	918.65	1,93,000	918.65
39.	04-Nov-15	93,500	911.85	93,500	911.85
40.	12-Jan-16	10,33,500	886.75 – 936.75	10,33,500	886.75 – 936.75
41.	12-May-16	13,500	1,053.75	13,500	1,053.75
42.	11-Jul-16	25,000	1,126.70	25,000	1,126.70
43.	23-Aug-16	2,76,000	1,186.75	2,76,000	1,186.75
44.	10-Oct-16	18,51,000	1,220.85	18,51,000	1,220.85
45.	16-Nov-16	33,500	1,093.10	33,500	1,093.10
46.	27-Jan-17	21,500	1,265.40	21,500	1,265.40
47.	24-Mar-17	49,000	1,383.90	49,000	1,383.90
48.	19-Apr-17	16,000	1,431.75	16,000	1,431.75
49.	09-May-17	69,000	1,424.85	69,000	1,424.85
50.	19-Jun-17	38,500	1,498.90	38,500	1,498.90
51.	11-Jul-17	35,000	1,560.35	35,000	1,560.35
52.	12-Oct-17	69,000	1,717.25	69,000	1,717.25
53.	11-Jan-18	43,000	1,734.10	43,000	1,734.10
54.	27-Mar-18	15,23,000	1,759.75	15,23,000	1,759.75
55.	08-May-18	64,000	1,889.80	64,000	1,889.80
56.	28-Sep-18	1,09,000	1,682.00	1,09,000	1,682.00
57.	20-Mar-19	85,000	1,725.20	85,000	1,725.20
58.	22-May-19	10,44,500	1,447.75	10,44,500	1,447.75
59.	10-Oct-19	1,00,536	1,308.65	1,00,536	1,308.65
60.	14-Jan-20	3,40,000	1,539.65	3,40,000	1,539.65
61.	24-Apr-20	44,000	409.95	-	-
62.	19-May-20	5,18,000	376.75	-	-
63.	07-Aug-20	6,80,000	494.90	-	-
64.	14-Aug-20	10,07,000	518.75	-	-
65.	30-Dec-20	1,02,500	912.90	-	-

ESOS 2018:

Sr. No	Date of grant	2020-21		2019-20	
		No of options	Range of exercise price (₹)	No of options	Range of exercise price (₹)
1.	04-Jul-19	30,01,266	688.00 – 1,864.00	30,01,266	688.00 – 1,864.00
2.	12-Jul-19	22,86,540	1,541.25	22,86,540	1,541.25

8.2 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 at the grant date over the exercise price of an option is recognized as a deferred compensation cost and amortized on a straight-line basis over the vesting period of such options. The compensation so recognised in respect of which exercise of options is outstanding, is shown as Employee Stock Options Outstanding on the face of the Balance Sheet.

The fair market price is the latest closing price prior to the date of the meeting of the Compensation Committee in which stock options are granted, available on the stock exchange on which the shares of the Bank are listed. Since shares are listed on more than one stock exchange, the exchange where the Bank's shares have been traded highest on the said date is considered for this purpose.

8.3 Stock option activity

Stock option activity under ESOS 2020 is set out below

	2020-21		2019-20	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	90,45,348	1,122.47	89,84,273	992.08
Granted during the year	23,51,500	495.72	14,85,036	1,459.37
Forfeited / surrendered during the year	6,47,779	1,364.09	1,97,975	1,658.63
Exercised during the year	13,17,372	412.20	12,23,446	488.93
Expired during the year	9,585	545.05	2,540	279.62
Outstanding at the end of the year	94,22,112	1,049.33	90,45,348	1,122.47
Options exercisable at the end of the year	64,34,657	1,193.44	69,50,562	994.55

The weighted average market price of options exercised during the year is ₹ 856.75 (Previous year ₹ 1,437.49).

Stock option activity under ESOS 2018 is set out below

	2020-21		2019-20	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	50,63,849	1,518.98	-	-
Granted during the year	-	-	52,87,806	1,518.28
Forfeited / surrendered during the year	4,00,867	1,513.50	2,16,314	1,519.22
Exercised during the year	959	668.00	7,643	1,024.05
Expired during the year	-	-	-	-
Outstanding at the end of the year	46,62,023	1,519.63	50,63,849	1,518.98
Options exercisable at the end of the year	28,80,467	1,503.02	20,68,465	1,479.80

The weighted average market price of options exercised during the year is ₹ 925.85 (Previous year ₹ 1,376.97).

Following table summarizes the information about stock options outstanding as at March 31, 2021:

ESOS 2020:

Date of grant	2020-21			2019-20		
	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
21-Dec-11	-	-	-	231.95	1,73,600	0.25
19-Apr-12	-	-	-	345.60	14,500	0.05
25-May-12	-	-	-	304.55	1,360	0.15
10-Jul-12	-	-	-	343.25	74,800	0.28
20-Jun-13	-	-	-	478.45	6,100	1.22
18-Jul-13	453.90	41,725	0.30	453.90	79,367	0.92
29-Oct-13	-	-	-	412.25	880	1.58
29-Jan-14	389.85	1360	0.83	389.85	2,030	1.50
29-Jan-14 A	-	-	-	300.00	4,69,000	1.34
25-Mar-14	490.30	59,000	0.71	490.30	100,250	1.25
15-May-14	537.05	2,680	0.63	537.05	3,000	1.47
02-Jun-14	533.95	6,76,675	0.78	533.95	11,18,950	1.32
09-Jul-14	-	-	-	551.10	1,700	2.27
13-Oct-14	623.25	11,965	1.24	623.25	14,715	1.94
17-Jan-15	831.85	24,790	1.31	831.85	37,000	1.81
30-Mar-15	880.75	2,680	1.50	880.75	7,680	2.18
22-May-15	848.20	5,000	1.15	848.20	5,000	2.15
24-Jul-15	949.80	6,16,270	1.42	949.80	6,84,850	2.42
21-Sep-15	918.65	11,000	1.49	918.65	11,000	2.49
04-Nov-15	911.85	9,690	1.95	911.85	9,690	2.95
12-Jan-16	-	-	-	936.75	1,190	3.79
12-Jan-16	886.75	10,00,000	1.80	886.75	10,00,000	2.80
12-May-16	1,053.75	3,275	3.10	1,053.75	3,275	4.10
11-Jul-16	1,126.70	11,500	2.38	1,126.70	11,500	3.38
23-Aug-16	1,186.75	1,89,500	2.73	1,186.75	1,89,500	3.73
10-Oct-16	1,220.85	17,33,000	2.61	1,220.85	17,33,000	3.61
16-Nov-16	1,093.10	4,440	3.12	1,093.10	4,540	4.09
27-Jan-17	1,265.40	12,550	3.04	1,265.40	12,550	4.04
24-Mar-17	1,383.90	44,330	3.04	1,383.90	44,330	4.04
19-Apr-17	1,431.75	12,010	3.15	1,431.75	12,010	4.15
09-May-17	1,424.85	69,000	3.12	1,424.85	69,000	4.12
19-Jun-17	1,498.90	32,750	3.38	1,498.90	32,750	4.38

Date of grant	2020-21			2019-20		
	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
11-Jul-17	1,560.35	35,000	3.29	1,560.35	35,000	4.29
12-Oct-17	1,717.25	65,000	3.55	1,717.25	65,000	4.55
11-Jan-18	1,734.10	41,000	3.80	1,734.10	41,000	4.80
27-Mar-18	1,759.75	12,13,100	3.96	1,759.75	13,29,220	5.00
08-May-18	1,889.80	42,500	4.12	1,889.80	50,975	4.87
28-Sep-18	1,682.00	90,610	4.23	1,682.00	93,500	5.51
20-Mar-19	1,725.20	67,000	4.98	1,725.20	67,000	5.98
22-May-19	1,447.75	9,28,245	5.11	1,447.75	9,94,000	6.16
10-Oct-19	1,308.65	97,967	5.45	1,308.65	1,00,536	6.54
14-Jan-20	1,539.65	20,000	5.80	1,539.65	3,40,000	6.80
24-Apr-20	409.95	24,000	6.09	-	-	-
19-May-20	376.75	4,53,000	6.15	-	-	-
07-Aug-20	494.90	6,60,000	6.37	-	-	-
14-Aug-20	518.75	10,07,000	6.39	-	-	-
30-Dec-20	912.90	1,02,500	6.76	-	-	-

ESOS 2018:

Date of grant	2020-21			2019-20		
	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
04-Jul-19	668.00-1,864.00	26,33,990	3.29	668.00-1,864.00	28,75,689	4.39
12-Jul-19	1,541.25	20,28,033	5.78	1,541.25	21,88,160	6.29

8.4 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:

	2020-21	2019-20
Average dividend yield	0.83 - 1.99%	0.49 - 0.57%
Expected volatility	44.01 - 49.17%	24.78 - 28.08%
Risk free interest rates	5.04 - 5.51%	6.11 - 6.93%
Expected life of options (in years)	4.51	4.82

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, 2021 is ₹ 0.09 crores (Previous year ₹ 0.37 crores). Had the Bank adopted the Black - Scholes model based fair valuation, compensation cost for the year ended March 31, 2021, would have increased by ₹ 32.20 crores (Previous year ₹ 73.01 crores) and the *pro forma* profit after tax would have been lower by ₹ 24.10 crores (Previous year ₹ 54.64 crores). On a *pro forma* basis, the basic and diluted earnings per share would have been as follows:

Particulars	March 31, 2021	March 31, 2020
Pro forma basis		
Basic earnings per share ₹	39.70	63.55
Diluted earnings per share ₹	39.63	63.31

The weighted average fair value of options granted during the year 2020-21 is ₹ 199.13 (Previous year ₹ 508.22).

9. Disclosures – Accounting Standards

9.1 Employee Benefits (AS-15)

Gratuity:

Gratuity is a defined benefit plan. The Group has obtained qualifying insurance policies from insurance companies approved by the IRDA. The following table presents a summary of the components of net expenses recognized in the Profit and Loss account and funded status and amounts recognized in the Balance Sheet, on the basis of actuarial valuation.

	(₹ in crores)	
	March 31, 2021	March 31, 2020
Changes in the present value of the obligation		
1. Opening balance of Present Value of Obligation	195.04	110.52
2. Addition on amalgamation	-	49.35
3. Interest Cost	13.11	10.13
4. Current Service Cost	26.70	26.85
5. Benefits Paid	(16.70)	(17.80)
6. Actuarial loss / (gain) on Obligation	12.95	15.99
7. Closing balance of Present Value of Obligation	231.11	195.04
Reconciliation of opening and closing balance of the fair value of the Plan Assets		
1. Opening balance of Fair value of Plan Assets	184.88	116.97
2. Addition on amalgamation	-	40.10
3. Adjustment to Opening Balance	(0.02)	0.79
4. Expected Return on Plan assets	13.55	11.48
5. Expenses	-	-
6. Contributions	37.23	36.03
7. Benefits Paid	(16.70)	(17.80)

	March 31, 2021	March 31, 2020
8. Actuarial gain / (loss) on Plan Assets	1.02	(2.69)
9. Closing balance of Fair Value of Plan Assets	219.96	184.88
Profit and Loss – Expenses		
1. Current Service Cost	26.70	26.85
2. Interest Cost	13.11	10.13
3. Expected Return on Plan assets	(13.55)	(11.48)
4. Expenses	-	-
5. Net Actuarial loss recognised in the year	11.93	18.68
6. Expenses recognised in the Profit and Loss account	38.19	44.18
Funded status	100% insurance managed funds	100% insurance managed funds
Actuarial Assumptions		
IndusInd Bank Ltd:		
1. Discount Rate	6.75-6.77%	6.84 - 6.90%
2. Expected Rate of Return on Plan Assets	6.37-8.00%	6.48 - 8.00%
3. Expected Rate of Salary Increase	5.00%	5.00%
4. Employee Attrition Rate		
- Past Service 0 to 5 years	30.00%	30.00%
- Past Service above 5 years	0.50%	0.50%
Bharat Financial Inclusion Ltd:		
1. Discount Rate	6.26%	6.43%
2. Expected Rate of Return on Plan Assets	6.26%	6.43%
3. Expected Rate of Salary Increase	12.5% for the first two years and 7% thereafter	12.5% for the first two years and 7% thereafter
4. Employee Attrition Rate	15%	15%

Estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Experience Adjustment

Particulars	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Defined Benefit Obligations	231.11	195.04	110.52	89.48	75.31
Plan Assets	219.96	184.88	116.97	93.52	81.53
Surplus / (Deficit)	(11.15)	(10.16)	6.45	4.04	6.21
Experience Adjustments on Plan Liabilities	(1.31)	(9.24)	(8.22)	0.92	(4.07)
Experience Adjustments on Plan Assets	1.02	(2.69)	(1.85)	(4.32)	1.22

Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date is ₹ 31.12 crores (Previous year ₹ 50.83 crores).

Provident Fund

Contribution towards Provident Fund are made to trusts separately established for the purpose and the scheme administered by Regional Provident Fund Commissioner (RPFC), as applicable. In accordance with the guidance note on Valuation of Interest Rate Guarantees on Exempt Provident Funds under AS 15 (Revised) issued by the Institute of Actuaries of India, interest shortfall is provided for based on actuarial valuation.

(₹ in crores)

Assets/ Liabilities	March 31, 2021	March 31, 2020
Present value of Interest Rate guarantee on Provident Fund	6.41	7.77
Present value of Total Obligation	266.05	226.51
Fair value of Plan Assets	259.68	227.06
Net asset / (liability) recognized in the Balance Sheet	(6.37)	0.55
Assumptions		
Normal Retirement age	60 years	60 years
Expected guaranteed interest on PF in future	8.50%	8.65%
Discount rate	6.77%	6.84-7.00%
Expected average remaining working lives of employees (years)	7.35 - 9.64	10.22-21.89
Benefit on normal retirement	Accumulated account balance with interest rate equal to or more than EPFO Rate	Accumulated account balance with interest rate equal to or more than EPFO Rate
Benefit on early retirement/withdrawal/resignation	Same as normal retirement benefit	Same as normal retirement benefit
Benefit on death in service	Same as normal retirement benefit	Same as normal retirement benefit

National Pension Scheme (NPS)

During the year, the Bank contributed ₹ 2.65 crores (Previous year ₹ 2.56 crores) to the NPS for employees who have opted for the scheme.

Compensated Absence

Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method. The details of the fund and plan assets position are as follows:

(₹ in crores)

	March 31, 2021	March 31, 2020
Total actuarial liability	98.58	88.48
Total expense included in Schedule 16(l)	12.99	11.86
Assumptions:		
IndusInd Bank Ltd:		
Discount Rate	6.77%	6.84%
Salary escalation rate	5.00%	5.00%
Bharat Financial Inclusion Ltd:		
Discount Rate	6.26%	6.43%
Salary escalation rate	12.5% for the first two years and 7% there after	12.5% for the first two years and 7% there after

10 Segment Reporting (AS 17)

The Group operates in four business segments, viz. Treasury, Corporate / Wholesale Banking, Retail Banking and Other Banking Operations. There are no significant residual operations carried by the Group.

Business Segments

(₹ in crores)

Business Segment	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operation		Total	
	31/03/21	31/03/20	31/03/21	31/03/20	31/03/21	31/03/20	31/03/21	31/03/20	31/03/21	31/03/20
Revenue	6,662.09	5,745.44	8,729.89	10,102.82	20,287.73	20,037.03	174.24	118.19	35,853.95	36,003.48
Inter Segment Revenue									(353.27)	(267.98)
Total Income									35,500.68	35,735.50
Result	1,958.90	806.70	2,990.79	3,359.53	7,189.17	6,913.16	60.74	40.37	12,199.60	11,119.76
Unallocated Expenses									(327.65)	(290.94)
Operating Profit									11,871.95	10,828.82
Provisions and Contingencies (other than tax)									(7,942.53)	(4,652.10)
Tax Expenses									(999.54)	(1,718.86)
Extraordinary profit/ loss									-	-
Net Profit before share of Associate									2,929.88	4,457.86
Add: Share of Profit in Associate									0.22	0.32
Net Profit									2,930.10	4,458.18
Other Information:										
Segment Assets	98,659.55	71,981.25	1,06,024.25	90,656.85	1,44,140.43	1,29,284.75	-	-	3,48,824.23	2,91,922.85
Unallocated Assets									14,079.07	15,305.75
Total Assets									3,62,903.30	3,07,228.60
Segment Liabilities	52,074.78	61,424.48	1,00,017.70	80,730.65	1,57,547.29	1,22,615.31	-	-	3,09,639.77	2,64,770.44
Unallocated Liabilities									9,762.88	7,710.12
Capital and Other Reserves									43,500.65	34,748.04
Total Liabilities									3,62,903.30	3,07,228.60

Note:

Fixed Assets, tax paid in advance and tax deducted at source (net of provisions), stationery and stamps, non-banking assets acquired in satisfaction of claims, and others which cannot be allocated to any segments, have been classified as unallocated assets; Depreciation on Fixed Assets has been classified as unallocated expenses. The liabilities include share capital, employee stock option outstanding, reserves and surplus, dividend and others.

The above information is provided as per MIS for internal reporting purpose and relied upon by the auditors

Geographic Segments: The business operations of the Group are largely concentrated in India. Activities outside India are restricted to resource mobilization in the international markets and lending to a few overseas entities through the IFSC Banking Unit at the GIFT City Gujarat. Since the Group does not have material earnings emanating from foreign operations, the Group is considered to operate only in domestic segment.

10.1 Related party transactions (AS-18)

The following is the information on transactions with related parties during the year ended March 31, 2021:

Key Management Personnel (KMP)

Mr. Sumant Kathpalia, Managing Director

Relatives of KMP

Mrs. Ira Kathpalia, Mr. Karan Kathpalia

Associates

IndusInd Marketing and Financial Services Private Limited

Subsidiaries

Bharat Financial Inclusion Limited (formerly IndusInd Financial Inclusion Limited)

(₹ in crores)

Particulars	Parent (as per ownership control)*	Subsidiaries*	Associates/ Joint Venture*	Key Management Personnel*	Relatives of Key Management Personnel	Total
Borrowings	-	-	-	-	-	-
Deposits	-	-	-	-	10.61 (11.81)	10.61 (11.81)
Placement of deposits	-	-	-	-	-	-
Advances	-	-	-	-	-	-
Investment	-	-	-	-	-	-
Non-funded commitments	-	-	-	-	-	-
Leasing/HP arrangements availed	-	-	-	-	-	-
Leasing/HP arrangements provided	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Interest paid	-	-	-	-	0.73	0.73
Interest received	-	-	-	-	-	-
Rendering of services	-	-	-	-	-	-
Receiving of services	-	-	-	-	-	-
Management contracts	-	-	-	-	-	-

*In accordance with RBI guidelines dated March 29, 2003, details pertaining to the related party transactions have not been provided where there is only one related party in each of the above categories.

Figures in bracket represent maximum balance outstanding during the year

The following represents the significant transactions between the Bank and such related parties including relatives of below mentioned KMP during the year ended March 31, 2020:

Key Management Personnel (KMP)

Mr. Romesh Sobti, Managing Director (upto March 23, 2020)

Mr. Sumant Kathpalia, Managing Director (with effect from March 24, 2020)

Relatives of KMP

Mrs. Anita Sobti, Mr. Gaurav Sobti, Ms. Aanchal Sobti Mitra, Mrs. Ira Kathpalia, Mr. Karan Kathpalia

Associates

IndusInd Marketing and Financial Services Private Limited

Subsidiaries

Bharat Financial Inclusion Limited (formerly IndusInd Financial Inclusion Limited)

(₹ in crores)

Particulars	Parent (as per ownership control)*	Subsidiaries*	Associates/ Joint Venture*	Key Management Personnel*	Relatives of Key Management Personnel*	Total
Borrowings	-	-	-	-	-	-
Deposits	-	-	-	12.45 (34.68)	10.38 (10.43)	22.83 (45.11)
Placement of deposits	-	-	-	-	-	-
Advances	-	-	-	0.57 (0.57)	-	0.57 (0.57)
Investment	-	-	-	-	-	-
Non-funded commitments	-	-	-	-	-	-
Leasing/HP arrangements availed	-	-	-	-	-	-
Leasing/HP arrangements provided	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Interest paid	-	-	-	0.35	0.01	0.36
Interest received	-	-	-	0.00	-	0.00
Rendering of services	-	-	-	-	-	-
Receiving of services	-	-	-	-	-	-
Management contracts	-	-	-	-	-	-

*In accordance with RBI guidelines dated March 29, 2003, details pertaining to the related party transactions have not been provided where there is only one related party in each of the above categories.

Figures in bracket represent maximum balance outstanding during the year.

10.2 Operating Leases (AS 19)

The Group has taken a number of premises on operating lease for branches, offices, ATMs and residential premises for staff. The Group has not given any assets on operating lease. The details of maturity profile of future operating lease payments are given below:

(₹ in crores)

	March 31, 2021	March 31, 2020
Future lease rentals payable as at the end of the year:		
- Not later than one year	337.87	322.34
- Later than one year but not later than five years	1,057.02	983.10
- Later than five years	402.48	379.31
Total of minimum lease payments recognized in the Profit and Loss Account for the year	374.66	376.61
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-lease	-	-
Sub-lease payments recognized in the Profit and Loss account for the year	-	-

The Group has not sub-let any of the properties taken on lease. There are no provisions relating to contingent rent.

The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

10.3 Earnings per share (AS 20)

The dilutive impact is mainly due to stock options granted to employees by Group. Details pertaining to earnings per share as per AS 20 are as under:

	For the Year ended	
	March 31, 2021	March 31, 2020
Net Profit after tax (₹ in crores)	2,930.10	4,458.18
Basic weighted average number of equity shares	73,19,29,220	69,29,66,902
Diluted weighted average number of equity shares	73,32,30,801	69,55,42,990
Nominal value of Equity Shares (₹)	10	10
Basic Earnings per Share (₹)	40.03	64.33
Diluted Earnings per Share (₹)	39.96	64.10

The difference between weighted average number of equity shares outstanding between basic and diluted earnings per share in the above mentioned disclosure is on account of effect of potential equity shares for outstanding ESOPs.

10.4 Deferred Tax (AS 22)

The major components of deferred tax assets / liabilities are as under:

	(₹ in crores)			
	March 31, 2021		March 31, 2020	
	Deferred Tax		Deferred Tax	
	Assets	Liabilities	Assets	Liabilities
Timing difference on account of				
Difference between depreciation as per the books of account and depreciation under the Income Tax Act, 1961	-	2.38	-	4.20
Difference between Provisions for doubtful debts and advances and amount allowable under Section 36(1)(vii) of the Income Tax Act, 1961	1,809.14	-	1,145.77	-
Difference between income as per the books of account and income offered under the Income Tax Act, 1961	-	353.30	-	285.67
Others	201.57	-	94.73	-
Sub-total	2,010.71	355.68	1,240.50	289.87
Net closing balance carried to the Balance Sheet (included in Sch. 11 – Others)	1,655.03	-	950.63	-

Provision for taxation during the year

Particulars	(₹ in crores)	
	March 31, 2021	March 31, 2020
Current tax	1,703.94	1,998.40
Incremental deferred tax asset net of deferred tax liability	(704.40)	(279.54)
Total (Refer Note 11.1 of Schedule 18)	999.54	1,718.86

11. Additional Disclosures
11.1 Provisions and Contingencies charged to the Profit and Loss account for the year consist of:

Particulars	(₹ in crores)	
	March 31, 2021	March 31, 2020
Depreciation on Investments	608.81	474.93
Provision for non-performing assets including bad debts written off (net of write backs)	5,059.79	3,635.29
Income Tax / Deferred Tax (Refer Note 10.4 of Schedule 18)	999.54	1,718.86
Other Provision and Contingencies (includes floating provision, provision towards standard assets, contingent provisions and others)	2,273.93	541.88
Total	8,942.07	6,370.96

11.2 Proposed Dividend:

The RBI vide its circular dated April 22, 2021 advised that banks may pay dividend on equity shares from the profits for the financial year ended March 31, 2021 subject to the quantum of dividend being not more than fifty percent of the amount determined as per the dividend payout ratio prescribed in circular DBOD.NO.BP. BC.88/ 21.02.067/2004-05 dated May 4, 2005. The Board of Directors, in their meeting held on April 30, 2021 have proposed a final dividend of ₹ 5 per equity share amounting to ₹ 386.69 crores based on the equity shares outstanding as at March 31, 2021. The proposal is subject to the approval of shareholders at the ensuing 27th Annual General Meeting.

The Bank did not declare any dividend during the year ended March 31, 2020 in compliance with the RBI Circulars dated April 17, 2020 and December 4, 2020.

11.3 Additional information pursuant to Schedule III of the Companies Act, 2013

Additional information to consolidated accounts at March 31, 2021 (Pursuant to Schedule III of the Companies Act, 2013)

(₹ in crores)

Name of the Entity	Net Assets*				Share in Profit or Loss			
	2020-21		2019-20		2020-21		2019-20	
	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Net Profit	Amount	As a % of Consolidated Net Assets	Amount
Parent:								
IndusInd Bank Limited	99.69%	43,365.41	99.88%	34,706.50	96.80%	2,836.39	99.10%	4,417.91
Subsidiary:								
Bharat Financial Inclusion Limited	0.41%	176.53	0.24%	83.04	5.24%	153.49	0.90%	39.95
Associate:								
IndusInd Marketing and Financial Services Pvt Ltd	-	-	-	-	0.01%	0.22	0.01%	0.32
Inter-company and Other adjustments	(0.10%)	(41.29)	(0.12%)	(41.50)	(2.05%)	(60.00)	-	-
Total	100%	43,500.65	100.00%	34,748.04	100%	2,930.10	100.00%	4,458.18

* Net assets are total assets minus total liabilities

- 12.** The “severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)”, generally known as COVID-19, which was declared as a pandemic by the WHO on March 11, 2020, has led to an unprecedented level of disruption on socio-economic front across the country. The extent to which COVID-19 pandemic, including the current second wave that has sharply increased the number of cases in India, will continue to impact the Bank’s operations and financial statements is dependent on the future developments, which are highly uncertain. In this backdrop, during the year ended March 31 2021, a counter cyclical buffer/ floating provision of ₹ 500.00 crores (Previous Year ₹ 260 crores) has been made.

13. The information in relation to dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Group, which has been relied upon by the auditors.

(₹ in crores)

Details of dues to Micro and Small Enterprises as per MSMED Act, 2006	As at 31st March, 2021	As at 31st March, 2020
a) Principal amount due to suppliers under MSMED Act, 2006	-	0.53
b) Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-
c) Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
d) Interest paid to suppliers under MSMED Act (Section 16)	-	-
e) Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	-	-

14. Additional statutory information disclosed in the separate financial statements of the Bank and Subsidiary having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statement.

15. Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report of even date.

For and on behalf of Board of Directors

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No: 103523W/W100048

per Purushottam Nyati

Partner

Membership No: 118970

Place : Mumbai

Date : April 30, 2021

Arun Tiwari

Chairman

DIN: 05345547

Sanjay Asher

Director

DIN: 00008221

S. V. Zaregaonkar

Chief Financial Officer

Sumant Kathpalia

Managing Director

DIN: 01054434

Bhavna Doshi

Director

DIN: 00400508

Haresh Gajwani

Company Secretary

M. No. ACS - 18225

Disclosures Under Basel III Capital Regulations – March 31, 2021

In line with the RBI Master Circulars: (a) DBR.No.BP.BC.1/21.06.201/2015-16 on “**Master Circular – Basel III Capital Regulations**” issued on July 1, 2015; and (b) DBOD.BP.BC.No.120/21.04.098/2013-14 dated June 9, 2014 on “**Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Monitoring Tools and LCR Disclosure Standards**”, the Bank has made comprehensive Disclosures under: (i) **Pillar III including Leverage Ratio**; and (ii) **Liquidity Coverage Ratio (LCR)** as per Basel III Standards. These Disclosures can be accessed on the homepage of the Bank’s website under “**Regulatory Disclosures Section**” by clicking the link: <https://www.indusind.com/content/dam/regulatoryDisclosure/regulatoryDisclosure/FY-2020-2021/q4-Basel-III-Disclosure-MAR2021.pdf>

Statement pursuant to Section 129 of the Companies Act, 2013

Form AOC-1: (Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statement of Subsidiaries / Associate Companies / Joint Ventures

Part "A": Subsidiaries

Sr. No.	Name of the Subsidiary	IndusInd Financial Inclusion Ltd. (IFIL)
		(Amount in crores)
1	Share Capital	44
2	Reserves & Surplus	133
3	Total Assets	981
4	Total Liabilities	981
5	Investments	NIL
6	Turnover (Total Income)	1,317
7	Profit before taxation	205
8	Provision for taxation	52
9	Profit after taxation	153
10	Dividend	60
11	% of Shareholding	100%

Notes :

- 1 Names of the Subsidiaries which are yet to commence operation : Nil
- 2 Names of the Subsidiaries which have been liquidated or sold during the year : Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr. No.	Name of Associate Companies / Joint Ventures	IndusInd Marketing and Financial Services Pvt Ltd (IMFS)
1	Latest Audited Balance Sheet	March 31, 2021
2	Date on which the Associate or Joint Venture was associated or acquired	June 11, 2004
3	Shares of Associate Company / Joint Venture held by the company at the year end:	
	No. of Shares	3,000
	Amount of Investment in Associate / Joint Venture (₹)	30,000
	Extend of Holding	30%
4	Description of how there is significant influence	Extent of Equity holding in the Associate company exceeds 20%
5	Reason why the Associate / Joint Venture is not consolidated	Not applicable
6	Net worth attributable to the Bank's share holding (₹ in crores)	2.43
7	Profit / Loss for the year:	
	i. Considered in Consolidated Financial Statement (₹ in crores)	0.22
	ii. Not Considered in Consolidated Financial Statement	Nil

Notes

- 1 Names of Associates or Joint Ventures which are yet to commence operations : Nil
 2 Names of the Associates or Joint Ventures which have been liquidated or sold during the year : Nil

For and on behalf of Board of Directors

Arun Tiwari
 Chairman
 DIN: 05345547

Sumant Kathpalia
 Managing Director
 DIN: 01054434

Sanjay Asher
 Director
 DIN: 00008221

Bhavna Doshi
 Director
 DIN: 00400508

Place : Mumbai
 Date : April 30, 2021

S. V. Zaregaonkar
 Chief Financial Officer

Haresh Gajwani
 Company Secretary
 M. No. ACS - 18225

US DOLLAR DENOMINATED Standalone Balance Sheet as at March 31, 2021

1 USD = ₹ 73.11	(Millions of US\$)	
	As at 31.03.2021	As at 31.03.2020
CAPITAL AND LIABILITIES		
Capital	105.78	94.86
Employee Stock Option Outstanding	0.74	1.30
Share Warrants Subscription Money	-	92.17
Reserves and Surplus	5,825.01	4,558.84
Deposits	35,043.76	27,635.04
Borrowings	7,019.94	8,309.88
Other Liabilities & Provisions	1,652.25	1,307.30
TOTAL	49,647.48	41,999.39
ASSETS		
Cash and Balances with Reserve Bank of India	2,444.35	1,870.50
Balances with Banks and Money at Call and Short Notice	5,260.09	318.48
Investments	9,532.85	8,204.07
Advances	29,078.84	28,283.84
Fixed Assets	247.49	248.96
Other Assets	3,083.86	3,073.54
TOTAL	49,647.48	41,999.39
Contingent Liabilities	1,16,272.52	1,32,347.91
Bills for Collection	3,228.25	3,087.58

Standalone Profit and Loss Account for the year ended March 31, 2021

1 USD = ₹ 73.11	(Millions of US\$)	
	Year ended 31.03.2021	Year ended 31.03.2020
I INCOME		
Interest earned	3,966.60	3,936.92
Other Income	897.09	950.80
TOTAL	4,863.69	4,887.72
II EXPENDITURE		
Interest expended	2,116.25	2,287.52
Operating expenses	1,143.46	1,126.71
Provisions & contingencies	1,216.01	869.21
TOTAL	4,475.72	4,283.44
III PROFIT		
Profit brought forward	387.97	604.28
Additions on Amalgamation	1,844.29	1,519.21
	-	60.64
AMOUNT AVAILABLE FOR APPROPRIATION	2,232.26	2,184.13
IV APPROPRIATIONS		
a) Transfer to Statutory Reserves	96.99	151.07
b) Transfer to Capital Reserves	17.78	22.45
c) Transfer from Investment Reserve Account	-	(5.54)
d) Transfer to Investment Fluctuation Reserve Account	4.48	27.87
e) Dividend paid including tax on dividend	-	85.70
f) Deductions (Net) during the year	(65.72)	58.29
	53.53	339.84
Balance carried over to the Balance Sheet	2,178.73	1,844.29
TOTAL	2,232.26	2,184.13

Bank's Branches

Details of branches are accessible on the Bank's website at:

<https://www.indusind.com/in/en/personal/locate-us.html>

NOTICE

INDUSIND BANK LIMITED

CIN: L65191PN1994PLC076333

Registered Office: 2401, Gen. Thimmayya Road (Cantonment), Pune - 411 001

Tel: (020) 2623 4000

Secretarial & Investor Services Cell: 701, Solitaire Corporate Park, 167, Guru Hargovindji Marg, Andheri (East), Mumbai – 400 093.

Tel: (022) 6641 2487 / 2359

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

NOTICE CONVENING THE 27TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF INDUSIND BANK LIMITED

NOTICE is hereby given that the Twenty-seventh Annual General Meeting ('AGM') of the Shareholders ('Shareholders' or 'Members') of IndusInd Bank Limited (the 'Bank') will be held through Video Conference / Other Audio Visual Means ('VC / OAVM') at 11.30 a.m. (IST) on Thursday, August 26, 2021, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) for the Financial Year ended March 31, 2021, together with the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend of ₹ 5/- per Equity Share for the Financial Year ended March 31, 2021.
3. To appoint a Director in place of Mr. Arun Tiwari (DIN: 05345547), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s Haribhakti & Co. LLP (Firm Regn. Number 103523W / W100048) as one of the Joint Statutory Auditors of the Bank, 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, 142 and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time ('the Act'), read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, under the Act, the applicable provisions of the Banking Regulation Act, 1949, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force), the rules, regulations, circulars, directions and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the approval of the RBI, M/s Haribhakti & Co. LLP (Firm Regn. Number 103523W / W100048), who have offered themselves for re-appointment and have confirmed their eligibility to be re-appointed as Statutory Auditors in terms of Section 141 of the Act and applicable Rules, be and are hereby appointed as one of the Joint Statutory Auditors of the Bank for a period of One year, to hold office from the conclusion of this Twenty-seventh Annual General Meeting ('AGM') until conclusion of the Twenty-eighth Annual General Meeting of the Bank;

RESOLVED FURTHER THAT pursuant to the provisions of Section 142 and other applicable provisions of the Companies Act, 2013 and other applicable laws and regulatory guidelines, M/s Haribhakti & Co. LLP (Firm Registration Number 103523W / W100048), be appointed on such terms and conditions, including an overall remuneration of ₹ 2,40,00,000 (Rupees Two Crore Forty Lakhs only) to be allocated by the Bank between M/s Haribhakti & Co. LLP and the other Joint Statutory Auditors as may be mutually agreed between the Bank and the said Joint Statutory Auditors, depending upon their respective scope of work, and out of pocket expenses, outlays and taxes as applicable, in connection with the audit of the Bank and its branches and issuing their Report on the Financial Statements of the Bank including on internal financial controls and additional certification as required by the RBI, and issuing review reports required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time;

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board of Directors, including the Audit Committee of the Board or any other person(s) authorised by the Board or the Audit Committee in this regard, be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem

necessary or desirable for such purpose and with power on behalf of the Bank to settle all questions, difficulties or doubts that may arise in regard to implementation of the Resolution including but not limited to determination of roles, responsibilities and scope of work of the respective Joint Statutory Auditor(s), negotiating, finalising, amending, signing, delivering, executing, the terms of appointment including any contracts or documents in this regard.”

5. To appoint M/s M P Chitale & Co.(Firm Registration Number 101851W) as one of the Joint Statutory Auditors of the Bank, 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, 142 and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time (‘the Act’), read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, under the Act, the applicable provisions of the Banking Regulation Act, 1949, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof, for the time being in force), the rules, regulations, circulars, directions and guidelines issued by the Reserve Bank of India (‘RBI’), from time to time and approval of the RBI , M/s M P Chitale & Co. (Firm Registration Number 101851W), who have confirmed their eligibility to be appointed as Statutory Auditors in terms of Section 141 of the Act and applicable Rules, be and are hereby appointed as one of the Joint Statutory Auditors of the Bank for a period of Three years, to hold office from the conclusion of the Twenty-seventh Annual General Meeting (‘AGM’) until the conclusion of the Thirtieth Annual General Meeting of the Bank, subject to approval of RBI on annual basis from conclusion of the Twenty-eighth Annual General Meeting of the Bank;

RESOLVED FURTHER THAT pursuant to the provisions of Section 142 and other applicable provisions of the Companies Act, 2013 and other applicable laws and regulatory guidelines, M/s M P Chitale & Co., Chartered Accountants, Mumbai, (Firm Registration Number 101851W), be appointed on such terms and conditions, including an overall remuneration of ₹ 2,40,00,000 (Rupees Two Crore Forty Lakhs only) to be allocated by the Bank between M/s M P Chitale & Co. and such other joint Statutory Auditors as may be mutually agreed between the Bank and the said joint Statutory Auditors, depending upon their respective scope of work, and additionally out of pocket expenses, outlays and taxes as applicable, in connection with the audit of the Bank and all its branches and issuing their Report on the Financial Statements of the Bank including on internal financial controls and additional certification as required by the RBI, and issuing review reports required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolutions, the Board of Directors, including the Audit Committee of the Board or any other person(s) authorised by the Board or the Audit Committee in this regard, be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and with power on behalf of the Bank to settle all questions, difficulties or doubts that may arise in regard to implementation of the Resolution including but not limited to determination of roles, responsibilities and scope of work of the respective Joint Statutory Auditor(s), negotiating, finalising, amending, signing, delivering, executing, the terms of appointment including any contracts or documents in this regard.”

SPECIAL BUSINESS:

6. **Appointment of Mr. Jayant Deshmukh (DIN: 08697679) as Non-Executive Independent Director.**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and Schedule IV and other applicable provisions of the Companies Act, 2013 read with Regulations 16 (1) (b), 17 and other applicable regulations under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 10A and other applicable provisions of the Banking Regulation Act, 1949 or any amendments thereto or modifications thereof, and based on the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr. Jayant Deshmukh (DIN: 08697679) who was appointed as ‘Additional Director’ of the Bank with effect from July 24, 2021 and who holds office up to the date of this Annual General Meeting, and in respect of whom the Bank has received Notice in writing under Section 160 (1) of the Companies Act, 2013, be and is hereby appointed as ‘Non-Executive Independent Director’ of the Bank for a period of four consecutive years from July 24, 2021 up to July 23, 2025, who shall not be liable to retire by rotation and be eligible for sitting fees, reimbursement of expenses, and such other Compensation as may be permissible under applicable laws from time to time.”

7. Payment of Compensation to Non-Executive Directors of the Bank.

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

“RESOLVED THAT in supersession of the Resolution passed by the Members of the Bank at the Twenty-second Annual General Meeting held on July 1, 2016 approving the payment of Profit-related Commission to the Non-Executive Directors [excluding the Non-Executive (Part-time) Chairperson] of the Bank and pursuant to Sections 197 and 198 and other applicable provisions, if any, of the Companies Act, 2013, as amended, read with the relevant Rules made thereunder (the “Act”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “SEBI Listing Regulations”), and the Notification issued by the Reserve Bank of India (the “RBI”) having Reference No. RBI/2021-22/24 DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 on Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board, and the applicable provisions, if any, of the Banking Regulation Act, 1949, as amended, and the Notifications and Guidelines issued by the RBI in this regard from time to time, any other applicable laws (including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereto for the time being in force) and the provisions of the Articles of Association of the Bank, consent of the Members of the Bank be and is hereby accorded to the payment of compensation to each Non-Executive Director [excluding the Non-Executive (Part-time) Chairperson] of the Bank, by way of fixed remuneration not exceeding ₹20,00,000/- (Rupees Twenty lakhs only) per annum, with effect from the Financial Year 2021-2022, as may be determined by the Board of Directors (the “Board”) of the Bank from time to time in addition to the Sitting Fees payable to them for attending the meetings of the Board or Committee(s) thereof, as may be determined by the Board, from time to time;

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

8. Augmentation of capital through further issue or placement of securities including American Depository Receipts, Global Depository Receipts, Qualified Institutional Placement, etc.

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

“RESOLVED THAT pursuant to: (a) Sections 23, 41, 42, 62 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules and regulations issued thereunder including the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014, the Companies (Issue of Global Depository Receipts), Rules, 2014 (the “Act”); (b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other rules, regulations, notifications, clarifications, guidelines and circulars issued by the Securities and Exchange Board of India (“SEBI”) in this regard, from time to time; (c) the Banking Regulation Act, 1949, the Foreign Exchange Management Act, 1999 and rules and regulations framed thereunder and other rules, directions, regulations, notifications, clarifications, guidelines and circulars issued by the Reserve Bank of India (“RBI”) in this regard, from time to time; (d) the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993; (e) the Depository Receipts Scheme, 2014 read with the SEBI Framework for Issue of Depository Receipts; (f) the extant Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India; and (g) any other applicable laws, in each case, including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereto, for the time being in force, and in accordance with the provisions of the Memorandum of Association and the Articles of Association of the Bank and subject to receipt of such approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned statutory or regulatory authority(ies), and further subject to such terms and conditions or modifications as may be prescribed or imposed by any of them while granting any such approvals, permissions, consents and / or sanctions, which may be agreed to by the Board of Directors (“Board”, which term shall be deemed to include any Committee(s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), the consent of the Members of the Bank be and is hereby granted to the Board to, if it deems fit in the interest of the Bank, create, issue, offer and / or allot, in one or more tranches, in the course of one or more private offerings by way of preferential issue, Qualified Institutional Placement, or any other mode or combinations of these in the domestic or one or more international markets, equity shares and / or equity shares through Depository Receipts and / or convertible bonds

and / or securities convertible into equity shares at the option of the Bank and/or the holder(s) of such securities, foreign currency convertible bonds, American Depository Receipts (ADRs) / Global Depository Receipts (GDRs) representing equity shares or convertible securities and / or securities with or without detachable / non-detachable warrants with a right exercisable by the warrant-holder to subscribe for the equity shares and / or warrants with an option exercisable by the warrant-holder to subscribe for equity shares, and / or any instrument or securities representing either equity shares and / or convertible securities linked to equity shares, with or without voting rights (all of which are hereinafter collectively referred to as "Securities") subscribed in Indian / Foreign Currency(ies) to investors (whether resident and / or non-resident and / or strategic investors and / or anchor investor and /or institutions or banks and / or incorporated bodies and / or trustees or otherwise, and whether or not such investors are Members of the Bank) / Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) / Mutual Funds / Pension Funds / Venture Capital Funds / Financial Institutions / Banks and other persons or entities, whether or not such persons are Members of the Bank, to all or any of them jointly or severally, through prospectus and / or placement document(s) or offer letter(s) or circular(s) on private placement basis, for an aggregate amount not exceeding ₹ 10,000 crores or its equivalent amount in such foreign currencies as may be necessary, at such time or times, at such price or prices (whether at prevailing market prices, at permissible discount or at premium to market price or prices in terms of applicable regulations), at such interest or additional interest, and in such form and manner and on such terms and conditions or such modifications thereto, including the number of Securities to be issued, face value, rate of interest, redemption period, manner of redemption, amount of premium on redemption / prepayment, number of equity shares, to be allotted on conversion / redemption / extinguishments of debt(s), exercise of rights attached to the warrants and / or any other financial instrument, period of conversion, fixing of record date or book closure and all other related or incidental matters as the Board may in its absolute discretion think fit and decide in accordance with the applicable laws for the time being in force and the directives / guidelines issued by the appropriate authority(ies) and in consultation with the Merchant Banker(s) and / or Lead Manager(s) and / or Underwriter(s) and / or Advisor(s) such other person(s), but without requiring any further approval or consent from the Members of the Bank;

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the securities may have all or any terms or combinations of terms in accordance with prevalent market practice including but not limited to terms and conditions relating to payment of interest, dividend, premium on redemption at the option of the Bank and / or holders of any Securities, including terms for issue of additional equity shares or variations of the price or period of conversion of Securities into Equity shares or issue of Equity shares during the period of the Securities or terms pertaining to voting rights or option(s) for early redemption of the securities;

RESOLVED FURTHER THAT without prejudice to the generality of the above, if any issue of Securities is made by way of a Qualified Institutional Placement in terms of Chapter VI of the ICDR:

- (a) the allotment of securities or any combination of such securities as may be decided by the Board shall only be to Qualified Institutional Buyers within the meaning of the ICDR; and
- (b) the Relevant Date for the determination of the floor price of the Securities shall be in accordance with the ICDR;

RESOLVED FURTHER THAT the Bank and / or any agencies or bodies authorised by the Board may issue Depository Receipts or Certificates representing the underlying Equity shares in the capital of the Bank or such other securities in form with such features and attributes as may be required and are prevalent in the Indian and / or International Capital Markets for the instruments of this nature and to provide for the tradability and free transferability thereof as per market practices and regulations (including listing on one or more stock exchanges(s) in or outside India);

RESOLVED FURTHER THAT the Board be and is hereby authorised to create, issue, offer and allot such number of Equity shares as may be required to be issued and allotted upon conversion of any securities or as may be necessary in accordance with the terms of the offer, all such Equity shares ranking in all respects *pari passu* inter se and with the then existing Equity shares of the Bank in all respects, save and except that such Equity shares or securities or instruments representing the same may be without voting rights, if permitted by law, shall carry the right to receive applicable dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of shares shall become effective;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby severally authorised, on behalf of the Bank, to finalize all the terms and conditions and the structure of the proposed

securities, execute all such deeds, documents, instruments and writings and accept any alterations or modification(s) as it may deem fit and proper and take such steps and to do all such acts, deeds, matters and things it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation:

- (a) obtain any approvals, permissions, sanctions which may be necessary or desirable, as it may deem fit or as the Board may suo moto decide in its absolute discretion in the best interests of the Bank;
- (b) determine the nature of the issuance, terms and conditions for issuance of securities including the number of securities that may be offered in domestic and international markets and proportion thereof, issue price and discounts as permitted under applicable law, premium amount on issue / conversion of the securities, if any, rate of interest, timing for issuance of such securities and also shall be entitled to vary, modify or alter any of the terms and conditions, including size of the issue (within the limit approved by the Members), as it may deem expedient;
- (c) negotiate, modify, sign, execute, register, deliver and make any applications (including those to be filed with the regulatory authorities, if any), filings, deeds, certificates, declarations, consents, communications, affidavits, agreements, documents and writings, including without limitation the private placement offer letter, information memorandum, draft prospectus, prospectus, the draft offer document, abridged prospectus, offer letter, offer document, offer circular or placement document, term sheet, issue agreement, registrar agreement, escrow agreement, underwriting agreement, placement agreement, consortium agreement, trustee agreement, trust deed, subscription agreement, purchase agreement, agency agreement, agreements with the depositories, security documents, and other necessary agreements, memorandum of understanding, deeds, general undertaking / indemnity, ("Transaction Documents") (whether before or after execution of the Transaction Documents) together with all other documents, agreements, instruments, letters and writings required in connection with, or ancillary to, the Transaction Documents ("Ancillary Documents") as may be necessary or required for the aforesaid purpose including to sign and / or dispatch all forms, filings, documents and notices to be signed, submitted and / or dispatched by it under or in connection with the documents to which it is a party as well as to negotiate, agree to and execute any modification, variation or amendments to the Transaction Documents and the Ancillary Documents;
- (d) to enter into arrangements for managing, underwriting, marketing, listing, trading, acting as depository, custodian, registrar, paying and conversion agent, trustee and executing agreements and arrangements with any lead manager(s), co-lead manager(s), manager(s), advisor(s), underwriter(s), guarantor(s), depository(ies), custodian(s) and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies by way of commission, brokerage, fees, expenses relating thereto or the like;
- (e) seek the listing of such Securities in one or more Indian / International stock exchanges and issuing any offer document(s);
- (f) decide the utilization of the issue proceeds at its discretion, subject however, to applicable laws;
- (g) settle all questions, difficulties or doubts, that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion deem fit; and
- (h) further to do all such other acts, deeds mentioned herein as they may deem necessary in connection with the issue of the Securities from time to time and matters connected therewith;

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee or any Director(s) or Officer(s) of the Bank in such manner as it may deem fit in its absolute discretion with the power to take such steps and to do all such acts, deeds, matters and things as they may deem fit and proper for the purpose of the issue and allotment of Securities and settle any questions or difficulties that may arise in connection with these Resolutions;

RESOLVED FURTHER THAT this Resolution shall be in effect for a period of twelve months from the date of passing by the Members or until the next Annual General Meeting, whichever is earlier."

9. Increase in the Authorised Share Capital and alteration of the Capital Clause of the Memorandum of Association and Article of Association of the Bank

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

"RESOLVED THAT pursuant to (i) the provisions of Sections 13, 61 and 64 and other applicable provisions, if any, of the Companies Act, 2013; (ii) the provisions of the Articles of Association of the Bank; and (iii) such other statutes, laws, rules,

regulations, guidelines, circulars, directions, notifications and clarifications as applicable from time to time, and subject to approval of Reserve Bank of India and such other consent(s) / permission(s) / sanction(s), if any, as may be required, consent of the members of the Bank be and is hereby accorded for increase of and alteration in the Authorised Share Capital of the Bank from ₹ 857,00,00,000 (Rupees Eight hundred and fifty-seven crores only) divided into 85,70,00,000 (Eighty-five crores seventy lakhs) Equity Shares of ₹ 10 each to ₹ 1000,00,00,000 (Rupees One thousand crores only) divided into 100,00,00,000 (One hundred crores) Equity Shares of ₹ 10 each by creation of 14,30,00,000 (Fourteen crores thirty lakhs) Equity Shares of ₹ 10 each, ranking pari-passu with the existing shares of the Bank;

RESOLVED FURTHER THAT the existing Clause V (Capital Clause) of the Memorandum of Association of the Bank be and is hereby substituted as follows:

- V. The Authorised Share Capital of the Bank is ₹ 1000,00,00,000 (Rupees One thousand crores only) divided into 100,00,00,000 (One hundred crores) Equity Shares of ₹ 10 each, with power to increase or decrease the Share Capital in accordance with the provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), the existing Article 4 of Articles of Association of the Bank be and is hereby substituted as follows:

4. The Authorised Share Capital of the Bank is ₹ 1000,00,00,000 (Rupees One Thousand crores only) divided into 100,00,00,000 (One hundred crores) Equity Shares of ₹ 10 each.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee or any Director(s) or Officer(s) of the Bank in such manner as it may deem fit in its absolute discretion with power to take such steps and to do all such acts, deeds, matters and things as they may deem fit and proper for the purpose of increasing the Authorised Share Capital of the Bank and alteration of the Capital Clause in the Memorandum of Association and in the Articles of Association of the Bank and to settle any question, difficulty or doubt that may arise in connection with the aforesaid resolution or any other matters related thereto, to file necessary forms with the Registrar of Companies, Pune and other regulatory authorities, seek approvals from any authority wherever necessary for giving effect to this Resolution, to provide a copy of the Resolution certified to be true and to do all such acts, deeds and things, as they may, in their absolute discretion, deem necessary, expedient, proper or desirable to give full effect to the aforesaid resolution, without being required to secure any further consent or approval of the members of the Bank to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

10. Issue of Long-Term Bonds / Non-Convertible Debentures on Private Placement Basis:

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

"RESOLVED THAT pursuant to the relevant provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013, read with the relevant Rules and Regulations issued thereunder ("Act"), the relevant provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other Rules, Regulations, Notifications, Clarifications, Guidelines and Circulars issued by the Securities and Exchange Board of India ("SEBI") in this regard, from time to time; the Banking Regulation Act, 1949, the Foreign Exchange Management Act, 1999, and Rules and Regulations framed thereunder and other Rules, Directions, Regulations, Notifications, Clarifications, Guidelines and Circulars issued by the Reserve Bank of India ("RBI") in this regard, from time to time; and any other applicable laws, in each case, including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereto, for the time being in force, and in accordance with the provisions of the Memorandum of Association and the Articles of Association of the Bank and the Listing Agreement entered into by the Bank with the relevant Stock Exchanges and subject to receipt of such approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned Statutory or Regulatory authority(ies), and further subject to such terms and conditions or modifications as may be prescribed or imposed by any of them while granting any such approvals, permissions, consents and / or sanctions, which may be agreed to by the Board of Directors ("Board", which term shall be deemed to include any committee(s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), the consent of the members of the Bank be and is hereby granted to the Board to, if it deems fit in the interest of the Bank to borrow / raise funds denominated in Indian Rupees or any other permitted Foreign Currency, by issue

of debt securities including, but not limited to, Long Term Bonds, Green Bonds, Masala Bonds, Optionally Convertible Debentures, Non-Convertible Debentures, Medium Term Notes, Infrastructure Bonds, Tier 2 Capital Bonds, Perpetual Debt Instruments, AT 1 Bonds or such other debt securities as may be permitted under the RBI Guidelines, from time to time, ("Debt Securities") on a Private Placement basis and / or for making offers and / or invitations thereof, and / or issue(s) / issuances thereof, on a Private Placement basis, in one or more tranches and / or series and / or under one or more shelf disclosure documents and / or one or more Letters of Offer, and on such terms and conditions for each series / tranches, including the price, coupon, premium, discount, tenor etc. as deemed fit by the Board, as per the structure and within the limits permitted by the RBI, for an aggregate amount not exceeding ₹ 20,000 crores or its equivalent amount in such foreign currencies as may be necessary, in domestic and / or overseas markets within the overall borrowing limits of the Bank;

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby severally authorised, on behalf of the Bank, to finalize all the terms and conditions and the structure of the proposed Debt Securities, execute all such deeds, documents, instruments and writings and accept any alterations or modification(s) as it may deem fit and proper and take such steps and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation:

- (a) obtain any approvals, permissions, sanctions which may be necessary or desirable, as it may deem fit or as the Board may suo moto decide in its absolute discretion in the best interests of the Bank;
- (b) determine the nature of the issuance, terms and conditions for issuance of Debt Securities including the number of Debt Securities that may be offered and proportion thereof, issue price and discounts as permitted under applicable law, rate of interest, timing for issuance of such Debt Securities and also shall be entitled to vary, modify or alter any of the terms and conditions, including size of the issue (within the limit approved by the members), as it may deem expedient;
- (c) negotiate, modify, sign, execute, register, deliver and make any applications (including those to be filed with the Regulatory Authorities, if any), filings, deeds, certificates, declarations, consents, communications, affidavits, agreements, documents and writings, as may be necessary or required for the aforesaid purpose including to sign and / or dispatch all forms, filings, documents and notices to be signed, submitted and / or dispatched by it under or in connection with the documents to which it is a party as well as to negotiate, agree to and execute any modification, variation or amendments to the aforementioned documents;
- (d) to enter into arrangements with bankers and advisors and all such agencies as may be required in connection with the issuance of the Debt Securities and to remunerate all such agencies by way of commission, brokerage, fees, expenses relating thereto or the like;
- (e) decide the utilization of the issue proceeds at its discretion, subject however, to applicable laws;
- (f) settle all questions, difficulties or doubts, that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion deem fit; and
- (g) further to do all such other acts, deeds mentioned herein as they may deem necessary in connection with the issue of the Debt Securities from time to time and matters connected therewith;

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee or any Director(s) or Officer(s) of the Bank in such manner as it may deem fit in its absolute discretion with the power to take such steps and to do all such acts, deeds, matters and things as they may deem fit and proper for the purpose of the issue and allotment of Debt Securities and settle any questions or difficulties that may arise in connection with these Resolutions;

RESOLVED FURTHER THAT this Resolution shall be in effect for a period of twelve months from the date of passing by the Members or until the next Annual General Meeting, whichever is earlier."

By Order of the Board
IndusInd Bank Limited

Sd/-

Haresh Gajwani

Company Secretary

Membership No. ACS 18225

Place: Mumbai
Date: July 24, 2021

NOTES:

1. In view of the outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 (Applicable Circulars) and all other relevant Circulars issued from time to time, physical attendance of the Shareholders to the venue of the Annual General Meeting (AGM) is not required and the AGM may be held through Video Conference / Other Audio Visual Means (VC / OAVM). Hence, Shareholders can attend and participate in the ensuing AGM through VC / OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020 issued by the Ministry of Corporate Affairs, the facility to appoint Proxy to attend and cast vote for the members would not be available for this AGM. However, the Body Corporates are entitled to appoint Authorised Representatives to attend the AGM through VC / OAVM and participate there at and cast their votes through e-voting.

Therefore, the Proxy Form, Attendance Slip and Route Map have not been annexed with this Notice.
3. The Shareholders can join the AGM in the VC / OAVM mode, 30 minutes before and within 15 minutes after the scheduled time of the commencement of the meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1,000 shareholders on first-come-first-served basis. Large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. may be allowed to attend the AGM without restriction on account of first-come-first-served basis.
4. Attendance of Shareholders in the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Bank shall be providing facility of remote e-Voting to its Shareholders in respect of the business to be transacted at the AGM. For this purpose, the Bank has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means as the authorised agency. The facility of casting votes by Shareholders using remote e-Voting system as well as e-voting at the AGM shall be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice of this AGM has been published on the Bank's website at www.indusind.com. The Notice can also be accessed from the websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility), i.e., www.evoting.nsdl.com.
7. AGM has been convened through VC / OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.
8. Pursuant to the provisions of Section 113 of the Companies Act, 2013, Institutional / Corporate Shareholders intending for their Authorised Representatives to attend the AGM are requested to send scanned copy (.pdf / .jpg format) of a Certified True Copy of the Board Resolution / Authority Letter authorizing the Representative to attend the AGM through VC / OAVM on its behalf and to vote, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, on indusindscrutinizer@gmail.com, investor@indusind.com with a copy marked to evoting@nsdl.co.in from their registered Email ID.
9. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business is annexed herewith and forms part of the Notice. The material facts in respect of the Resolutions stated at Item Numbers 3 to 5 are also annexed.

10. The Annual Report along with this Notice and other documents are being sent, through electronic mode in pursuance to the Applicable Circulars to all the Shareholders whose names appear in the Register of Members as on Friday, July 23, 2021 (cut-off date).

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

11. All documents referred to in the accompanying Notice, Explanatory Statement, and the terms and conditions of appointment of Directors shall be provided to Shareholders on requests sent through e-mail to investor@indusind.com for inspection by Shareholders of the Bank from the date of circulation of this Notice up to the date of AGM, i.e., Thursday, August, 26, 2021.
12. Shareholders who wish to inspect the documents are requested to send an email to investor@indusind.com mentioning their Name, Folio No. / Client ID and DP ID, and the documents they wish to inspect, with a self-attested copy of their PAN Card attached in the email.
13. Shareholders seeking information with regard to the accounts or any matter to be placed at the AGM are requested to write to the Bank on or before Thursday, August 19, 2021 through email on investor@indusind.com. The same will be promptly replied by the Bank.
14. The Register of Directors and Key Managerial Personnel and their Shareholdings, other Statutory Registers prescribed under the Companies Act, 2013 will be available electronically for inspection from the date of circulation of this Notice up to the date of the AGM, i.e. Thursday, August, 26, 2021.

The Certificate from Auditors of the Bank certifying that the ESOP Scheme of the Bank is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 will be available electronically for inspection on the date of the AGM, i.e. Thursday, August, 26, 2021.

Shareholders seeking to inspect such documents can send an email to investor@indusind.com.

15. Dividend Related Information:
- i) Dividend as recommended by the Board of Directors, if approved at the AGM, shall be paid on or before Friday, September 24, 2021 to the eligible Shareholders.
 - ii) The Shareholders may kindly note that the Bank proposes Record Date of Thursday, August 19, 2021 for the purposes of Dividend, and all the shareholders whose name appears in the Register of Members as at the Record Date would be entitled to Dividend for the Financial Year 2020-21.
 - iii) Members holding shares in dematerialized form are requested to intimate before Thursday, August 19, 2021 any change in their Address or Bank Account details (including 9 digit MICR No., 11 digit IFSC Code No. and Core Banking Account No.) to their respective Depository Participants with whom they are maintaining their Demat Accounts.
 - iv) Members holding shares in physical form are requested to send immediately to the R&T Agent / Bank a communication duly signed by all the holder(s) intimating about the change of address, along with the self-attested copy of their PAN Card(s), unsigned copy of the Cancelled Cheque leaf of an active Bank Account as maintained, and copies of the supporting documents evidencing the change in address. Communication details of R&T agent are as under:

Link Intime India Pvt. Ltd,
C-101, 247 Park,
L.B.S. Marg, Vikhroli West,
Mumbai – 400083.
Tel. No.: 022 49186280, 49186000
Fax No.: 022 49186060
 - v) In case the Bank is unable to make payment of dividend to any shareholder by the electronic mode due to non-availability of the details of the Bank Account, the Bank shall dispatch the Dividend Warrant to such shareholders by Post.

- vi) Members may note that as per the Income Tax Act, 1961 ("IT Act"), as amended by the Finance Act, 2020, dividends paid or distributed by the Bank after April 1, 2020 shall be taxable in the hands of the shareholders and the Bank shall be required to deduct tax at source (TDS) at the prescribed rates from the dividend to be paid to shareholders, subject to approval of dividend by the shareholders in this AGM. The TDS rate would vary depending on the residential status of the shareholder and the documents submitted by them and accepted by the Bank. In order to enable the Bank to determine the appropriate TDS rate as applicable, members are requested to submit relevant documents, as specified in the below paragraphs, in accordance with the provisions of the IT Act.
- a. For Resident Shareholders, TDS is required to be deducted at the rate of 10% under Section 194 of the Income Tax Act, 1961 on the amount of dividend declared and paid by the Bank in FY 2021-22, provided valid PAN is registered by the members. If the valid PAN is not registered, the TDS is required to be deducted at the rate of 20% under Section 206AA of the Income Tax Act, 1961. However, no tax shall be deducted on the dividends paid to resident individuals if aggregate dividend distributed or likely to be distributed during the FY 2021-22 does not exceed ₹ 5,000 (Rupees Five thousand only). In cases where the members provide valid Form 15G (for individuals, with no tax liability on total income and income not exceeding the maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income), no TDS shall be deducted.

Members are requested to link their Aadhaar Number with PAN as required under Section 139AA(2) read with Rule 114AAA mandatorily by August 16, 2021. If any PAN is found to have not been linked with Aadhaar after August 16, 2021 then such PAN will be deemed invalid and TDS would be deducted at higher rates u/s 206AA of the Act. The Bank reserves the right to recover any demand raised subsequently on the Bank in your case for not informing the Bank or providing wrong information about applicability of Section 206AA.

NIL / lower tax shall be deducted on the dividend payable to following Resident Shareholders on submission of self-declaration as listed below:

- i. **Insurance companies:** Declaration by shareholder qualifying as Insurer as per section 2(7A) of the Insurance Act, 1938 along with self-attested copy of PAN Card;
 - ii. **Mutual Funds:** Declaration by Mutual Fund shareholder eligible for exemption u/s 10(23D) of the Income Tax Act, 1961 along with self-attested copies of registration documents and PAN Card;
 - iii. **Alternative Investment Fund (AIF) established in India:** Declaration that the shareholder is eligible for exemption under Section 10(23FBA) of the Act and that they are established as Category I or Category II AIF under the SEBI regulations. Copy of self-attested registration documents and PAN Card should be provided.
 - iv. **New Pension System Trust:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN Card.
 - v. **Other shareholders:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN Card.
 - vi. Shareholders who have provided a valid certificate issued u/s 197 of the Act for lower / Nil Rate of deduction or an exemption certificate issued by the Income Tax Authorities along with Declaration.
- b. For Non-Resident shareholders, (including Foreign Portfolio Investors) Tax would be withheld in accordance with the provisions of Section 195 and 196D of the Income Tax Act, 1961 at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the Act, a Non-Resident Shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the Country of Tax Residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the Tax Treaty benefits, Non-Resident Shareholders shall have to furnish the following:
- i. Self-attested copy of PAN Card, if any, allotted by the Indian Income Tax Authorities;

- ii. Self-attested copy of Tax Residency Certificate (“TRC”) obtained from the Tax Authorities of the country of which the shareholder is resident;
 - iii. Self-Declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;
 - iv. Self-Declaration by the non-resident shareholder of meeting Treaty eligibility requirement and satisfying beneficial ownership requirement. (Non-resident having PE in India would need to comply with provisions of section 206AB of the IT Act);
 - v. In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of SEBI Registration Certificate;
 - vi. In case of shareholder being tax resident of Singapore, please furnish the letter issued by the Competent Authority or any other evidences demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA);
- c. Please note that the Bank is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Bank, of the documents submitted by Non- Resident shareholder.
 - d. Accordingly, in order to enable the Bank to determine the appropriate TDS / withholding tax rate applicable, we request the members to provide these details and documents as mentioned above before August 16, 2021.
 - e. The Bank shall arrange to email the soft copy of TDS certificate at the registered email ID of members after payment of the dividend.

Section 206AB of the Act:

Rate of TDS @10% under Section 194 of the Act is subject to provisions of Section 206AB of Act (effective from July 01, 2021) which introduces special provisions for TDS in respect of non-filers of Income-Tax Return. As provided in Section 206AB, Tax is required to be deducted at higher of following rates in case of payments to specified persons:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Where Sections 206AA and 206AB are applicable, i.e., the specified person has not submitted the PAN as well as not filed the return; Tax shall be deducted at the higher of the two rates prescribed in these two Sections.

The term ‘specified person’ is defined in sub section (3) of Section 206AB who satisfies the following conditions:

- A person who has not filed the Income Tax return for two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the IT Act has expired; and
- The aggregate of TDS and TCS in his case is ₹ 50,000 or more in each of these two Previous Years.

The Non-Resident who does not have a permanent establishment is excluded from the scope of ‘specified person’.

Members are requested to inform in advance and before cut-off date i.e., August 16, 2021 if they are covered under the definition of ‘specified person’ as provided in section 206AB of the IT Act. The Bank reserves the right to recover any demand raised subsequently on the Bank for not informing the Bank, or providing wrong information about applicability of Section 206AB.

Updating of PAN, email address and other details:

Shareholders holding shares in dematerialized mode, are requested to update their records such as Tax Residential Status, Permanent Account Number (PAN), registered email addresses, mobile numbers and other details with their relevant

Depositories through their Depository Participants. Shareholders holding shares in physical mode are requested to furnish details to the Bank's Registrar and Share Transfer Agent. The Bank is obligated to deduct tax at source (TDS) based on the records available with RTA and no request will be entertained for revision of TDS return.

Updating of Bank Account details:

Members are also requested to submit / update their Bank Account details with their Depository Participant in case of holding of shares in the electronic form. In case of shareholding in the physical form, Members are requested to submit a scanned copy of a duly signed covering letter, along with a cancelled cheque leaf having the Member's Name and Bank Account details and a copy of their PAN Card, duly self-attested. This will facilitate receipt of dividend directly into the Member's Bank Account. In case the cancelled cheque leaf does not bear the Member's Name, please attach a copy of the bank pass-book statement, duly self-attested.

Kindly note that the aforementioned documents are required to be uploaded by August 16, 2021 at https://linkintime.co.in/emailreg\\email_register.html

No communication on the tax determination / deduction shall be entertained after August 16, 2021. It may be further noted that in case tax on the said dividend is deducted at a higher rate in absence of receipt of the aforementioned details / documents from the members, there would still be an option available with members to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Bank for such taxes deducted.

For further information, Members are requested to refer to the email communication sent to them in this regard.

16. In view of the outbreak of the COVID-19 pandemic, resultant difficulties involved in dispatching of physical copies of the Annual Report and in line with the Circulars issued by the MCA and SEBI in this regard, the Annual Report including the Notice of the 27th AGM of the Bank indicating, inter alia, the process and manner of e-voting is being sent only by Email, to all the Members whose Email IDs are registered with the Bank / Link Intime India Private Limited, Registrar & Share Transfer Agent ('RTA') of the Bank / Depository Participant(s) for communication purposes to the Members and to all other persons so entitled.
17. To enable the Bank to send the Annual Report by email to all the Shareholders, an advertisement was also published in Financial Express (all editions) and Loksatta (Pune region), both having electronic editions, on Monday, July, 26, 2021, requesting the Shareholders to register / update their e-mail address and mobile number with their Depository Participant in case of shares held in electronic form and in case of shares held in physical form with the RTA of the Bank.
To support the Bank's 'Green Initiative', Shareholders who have not registered their e-mail addresses may please register the same, along with their contact numbers, with the Bank by sending details to investor@indusind.com or with Link Intime India Pvt. Ltd. at rnt.helpdesk@linkintime.co.in to enable the Bank to communicate to them the information about various developments in the Bank.
18. Brief profile and other relevant information about Directors seeking appointment / re-appointment, in accordance with Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Notice.
19. The Board of Directors of the Bank has appointed M/s Haribhakti & Co. LLP (Firm Registration Number 103523W / W100048) and M/s M. P. Chitale & Co. (Firm Registration Number 101851W) as the Joint Statutory Auditors of the Bank for F.Y. 2021-2022 subject to the approval of the shareholders. The details are given in the Explanatory Statement to this Notice.
20. Pursuant to Section 124 of the Companies Act, 2013, dividend for the Financial Year ended March 31, 2013 which remains unpaid or unclaimed for a period of seven years, shall become due for transfer on the due date or the date extended by Ministry of Corporate Affairs, on account of COVID-19 pandemic, to the Investor Education and Protection Fund of the Central Government.
21. Intimation Letters were sent on Friday, April 30, 2021 to Shareholders who have not claimed their dividends for 2013-2014 for seven consecutive years. An advertisement was also published in Financial Express (all editions) and Loksatta (Pune region), both having electronic editions on Tuesday, May 4, 2021 requesting the Shareholders to claim the dividends from the Bank by Saturday, July 31, 2021, failing which, their shares would be transferred to the IEPF Authority within the due date.

22. The Bank has already transferred all shares in respect of which dividend had not been paid or claimed for seven consecutive years or more along with unpaid or unclaimed dividend declared for the financial year ended March 31, 2012 and earlier periods to the Investor Education and Protection Fund. Members who have so far not claimed their dividends for the year 2012-2013 may claim their Dividend / Shares from the IEPF Authority, by submitting an application in e-form IEPF 5. The detailed procedure for claiming the Shares / Dividend amount which have been transferred to IEPF is available at: <http://iepf.gov.in/IEPF/corporates.html>
23. The information pertaining to Unpaid or Unclaimed Dividends and the details of such Members and the Shares due for transfer to the IEPF Authority are also available on the Bank's website at www.indusind.com.
24. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Shareholders holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Shareholders holding shares in physical form can submit their PAN details to Link Intime India Private Limited, Registrar & Share Transfer Agent, or to the Secretarial and Investor Services Cell of the Bank.
25. Procedure for registering the e-mail addresses and obtaining the Annual Report and AGM Notice and e-Voting instructions by the Shareholders whose email addresses are not registered with the Depositories (in case of Shareholders holding shares in Demat form) or with Registrar & Share Transfer Agent of the Bank, (in case of Shareholders holding shares in physical form).

Shareholders holding shares in physical form are also requested to notify any change in their e-mail ID or bank mandates or address to the Bank's Registrar and Share Transfer Agent by quoting their Folio Number, while those holding shares in electronic form, are requested to notify the change to their Depository Participants.

You may visit https://linkintime.co.in/emailreg/email_register.html to update your details.

Process for those Shareholders whose E-mail Ids are not registered with the Depositories for procuring User Id and Password and registration of E-mail Ids for e-Voting for the Resolutions set out in this Notice:

- A. In case shares are held in physical form, please provide Folio No., Name of Shareholder, scanned copy of the Share Certificate (front and back), PAN (self- attested scanned copy of PAN Card), Aadhaar (self-attested scanned copy of Aadhaar Card) by email to rnt.helpdesk@linkintime.co.in.
 - B. In case shares are held in Demat mode, please provide DPID-Client ID (16-digit DPID + Client ID or 16-digit Beneficiary ID), Name, Client Master or copy of Consolidated Account Statement, PAN Card (self-attested scanned copy of PAN Card), AADHAAR (self-attested scanned copy of Aadhaar Card) to rnt.helpdesk@linkintime.co.in.
 - C. Alternatively, Shareholders may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point A or B above, as the case may be.
26. With a view to serving the Shareholders better and for administrative convenience, an attempt would be made to consolidate multiple folios. Shareholders who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Bank to consolidate their holdings in one folio.
 27. Pursuant to Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of transmission or transposition of securities.

In view of the above and to eliminate risks associated with physical shares and to avail various benefits of dematerialization which includes easy liquidity, Shareholders are advised to dematerialise their shares held in physical form.

Shareholders are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account or the Members may also visit web site of depositories viz. National Securities Depository Limited viz. <https://nsdl.co.in/faqs/faq.php> or Central Depository Services (India) Limited viz. <https://www.cdslindia.com/investors/open-demat.html> for further understanding of the dematerialisation procedure.

28. Members can avail of the Nomination facility by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, with the Bank. Blank forms will be provided on request.

29. In compliance with Section 108 of the Companies Act, 2013 read with corresponding Rules and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Bank is providing the facility for voting by electronic means to the Members to cast their votes electronically on the Resolutions mentioned in the accompanying Notice.

In addition to this, the facility for voting through Electronic Voting System shall also be made available at the AGM, to enable the Members to cast their votes electronically, who have not casted their vote prior to the AGM by remote voting.

30. 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, and they may cast their votes electronically.
31. Members who have registered their e-mail IDs with the Bank / their respective Depository Participants, are being forwarded Login ID and Password for Remote e-Voting via e-mail along with the Notice of this AGM.
32. The Board of Directors of the Bank has appointed Mr. S. N. Bhandari (C.P. 366), or failing him Ms Manisha Maheshwari (C.P. 11031), Practising Company Secretaries, from M/s Bhandari & Associates, Company Secretaries as 'Scrutinizer', for conducting the Remote e-Voting process, including Electronic Voting at the AGM, in a fair and transparent manner.
33. The Chairman shall, at the AGM, at the end of discussion on the Resolutions on which voting is to be held, allow conducting of voting using electronic system for all those members who are participating in the AGM and who have not cast their votes by availing the remote e-Voting facility.
34. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast at the meeting and through remote e-Voting in the presence of at least two witnesses not in the employment of the Bank and shall submit, 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.
35. 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.
36. The results shall be declared on the above resolutions within 48 hours of the conclusion of the Annual General Meeting of the Bank and shall be deemed to be passed on the date of the Annual General Meeting. The Results, along with the Scrutinizer's Report, shall be placed on the website of the Bank at www.indusind.com and on the website of NSDL at www.evoting.nsdl.com and shall be communicated to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) where the shares of the Bank are listed. The Results shall also be displayed on the Notice Board at the Registered Office, Corporate Office and at the Secretarial & Investor Services Cell of the Bank.
37. Webcast facility: The Bank is pleased to provide the facility of live webcast of proceedings of Annual General Meeting for the Members.

Members who are entitled to participate in the AGM can view the proceeding of AGM by logging on the website of NSDL at <https://www.evoting.nsdl.com> using their secure login credentials.

38. Shareholders who would like to express their views / ask questions during the meeting may register themselves as a Speaker and may send their request mentioning their Name, Demat Account Number / Folio Number, E-mail Id and Mobile Number to investor@indusind.com from Thursday, August 19, 2021 to Monday, August 23, 2021 with email subject as 'Speaker Registration for AGM – August 26, 2021'. The Bank reserves the right to restrict the number of Speakers depending on the availability of time for the AGM.

39. Instructions for Remote e-Voting and Electronic Voting at the AGM are as under:

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING ANNUAL GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on Monday, August 23, 2021 at 9:00 a.m. and ends on Wednesday, August 25, 2021 at 5.00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the Record Date (cut-off date) i.e. Thursday, August 19, 2021, may cast their vote electronically. The voting right of Shareholders shall be in proportion to their share in the Paid-Up Equity Share Capital of the Bank as on the cut-off date, being Thursday, August 19, 2021.

How do I vote electronically using NSDL e-Voting system?

The process to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode:

In terms of SEBI Circular dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their Mobile Number and E-mail Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li data-bbox="560 1075 1442 1394">1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a Mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the Remote e-Voting period or joining virtual meeting & voting during the meeting. <li data-bbox="560 1411 1442 1498">2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS” Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp <li data-bbox="560 1514 1442 1829">3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a Mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder / Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit Demat Account Number held with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their User ID and Password.. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi / Easiest the user will be also able to see the e-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi / Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your Demat Account through your Depository Participant registered with NSDL / CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the Remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at Toll free No.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section.
- A new screen will open. You will have to enter your User ID, your Password / OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID Forexample if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if Folio Number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - I. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit Client ID for NSDL account, last 8 digits of client ID for CDSL account or Folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - II. If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered .

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

- i. Click on "[Forgot User Details/Password?](#)"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- ii. [Physical User Reset Password?](#)" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- iii. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your Demat Account Number / Folio Number, your PAN, your name and your registered address etc.
- iv. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "**EVEN 116539**" to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC / OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the print out of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by e-mail to indusindscrutinizer@gmail.com or investor@indusind.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on Toll Free No.: 1800 1020 990 and 1800 22 44 30 or send a request to Mrs. Pallavi Mhatre, Asst. Manager, NSDL at evoting@nsdl.co.in

Process for those shareholders whose Email IDs are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN Card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investor@indusind.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16-digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN Card), AADHAAR (self-attested scanned copy of Aadhar Card) to investor@indusind.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder / members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through Remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC / OAVM link" placed under "Join General meeting" menu against Bank name. You are requested to click on VC / OAVM link placed under Join General Meeting menu. The link for VC / OAVM will be available in Shareholder/Member login where the EVEN of Bank will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective internet network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views / have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investor@indusind.com.

EXPLANATORY STATEMENT IN RESPECT OF ORDINARY / SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ORDINARY BUSINESS

ITEM NO. 3:

Appointment of a Director in place of Mr. Arun Tiwari (DIN: 05345547), who retires by rotation, and being eligible, offers himself for re-appointment:

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

Section 149 (13) of the Act provides that provisions pertaining to retirement of Directors by rotation shall not be applicable to Independent Directors.

As on March 31, 2021, the Bank's Board comprised eight Directors of which, six Independent Directors, viz., Mr. Shanker Annaswamy, Dr. T.T. Ram Mohan, Mrs. Akila Krishnakumar, Mr. Rajiv Agarwal, Mr. Sanjay Asher and Mrs. Bhavna Doshi continue

to satisfy the criteria prescribed under Section 149 (6) of the Act and are not liable to retire by rotation. The other two Directors are Mr. Arun Tiwari, Part-time Non-Executive, Non-Independent Chairman and Mr. Sumant Kathpalia, Managing Director & CEO.

In terms of Section 152 of the Act, Mr. Arun Tiwari shall be liable to retire by rotation at the AGM, and being eligible, offers himself for re-appointment.

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

The Board of Directors had, on October 30, 2019, taken note of the change in the classification of the Directorship of Mr. Arun Tiwari to 'Non-Executive, Non-Independent Director' from 'Non-Executive Independent' with effect from October 15, 2019, since Mr. Arun Tiwari had ceased to meet the criteria of independence specified under Section 149 (6) of the Companies Act, 2013 and Regulation 16(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In terms of Section 152 of the Act, Mr. Arun Tiwari shall be liable to retire by rotation at the AGM, and being eligible, offers himself for re-appointment.

Brief profile of Mr. Arun Tiwari is included separately in the Notice, in compliance with Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors recommends the re-appointment of Mr. Arun Tiwari, set out at Item No. 3 of the Notice for approval by the Members.

Mr. Arun Tiwari is not related to any other Director of the Bank.

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

ITEM NO. 4 and 5:

Appointment of Joint Statutory Auditors:

Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 provides that a company can appoint a firm of Auditors for a maximum of two terms of five consecutive years.

In terms of Section 30(1A) of the Banking Regulation Act, 1949, it is necessary for every banking company to obtain approval of RBI, before appointing the Auditors.

Reserve Bank of India had, on April 27, 2021, issued the Guidelines for Appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBS and NBFCs (including HFCs) ("RBI Guidelines"), in terms of which Statutory Auditors can be appointed for a term of 3 years. The RBI Guidelines are applicable from F.Y. 2021-22.

As per the RBI Guidelines, considering the Bank's asset size, a minimum of two Joint Statutory Auditors are required to be appointed.

The Board of Directors had, in their meeting held on July 24, 2021, approved the appointment of M/s Haribhakti & Co. LLP, Chartered Accountants as one of the Joint Statutory Auditors of the Bank, subject to approval of the shareholders, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Bank, and M/s M. P. Chitale & Co. as one the Joint Statutory Auditors of the Bank, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Thirtieth Annual General Meeting of the Bank, subject to approval of RBI on annual basis. RBI had issued its approval in this regard vide letter Ref DOS.ARG.No. PS-105 /08.29.005/2021-2022 dated July 20, 2021.

M/s Haribhakti & Co. LLP, Chartered Accountants (Firm Registration No. 103523W / W100048) were appointed as Statutory Auditors of the Bank at the:

- i) 26th AGM of the Bank held on September 25, 2020 to hold office from conclusion of the 26th AGM until the conclusion of the 27th AGM.
- ii) 25th AGM of the Bank held on August 16, 2019 to hold office from conclusion of the 25th AGM until the conclusion of the 26th AGM.

M/s Haribhakti & Co. LLP, Chartered Accountants have confirmed that their appointment, if made, would be within the limits specified under Section 141 of the Companies Act, 2013 and that they are not disqualified from being appointed as Statutory Auditors of the Bank in terms of the applicable provisions of the Act and the Companies (Audit and Auditors) Rules, 2014.

Brief Profile of Statutory Auditors

M/s Haribhakti & Co. LLP, Chartered Accountants

- Founded in 1954 by Mr. V. B. Haribhakti, the firm has been in operation for 66 years.
- Large domestic firm with 450+ members including Partners, Directors, Associate Directors, Managers, Associates, Article Trainees, etc.
- Provides a whole range of assurance, accounting, advisory and consulting services, nationally and internationally, through separate service divisions viz., Audit & Assurance, Risk & Advisory, Corporate Finance Advisory, Tax & Regulatory and Global Knowledge Services.
- Nationally integrated firm having branch network in major cities like Mumbai, Delhi, Bengaluru, Kolkata, Pune, Hyderabad, Chennai and Ahmedabad.
- An independent member of the Baker Tilly International Network.
- Audit experience of various forms of banking companies, viz., private banks, public sector banks, foreign banks and cooperative banks. Unique experience as Statutory Auditors of RBI as well as NABARD, SIDBI and EXIM Bank.
- Amongst peer banks, they have audited HDFC Bank earlier and currently are the Statutory Auditors of Axis Bank.
- Wide audit experience amongst NBFCs, life and general insurance companies, mutual funds and AMCs.

M/s M. P. Chitale & Co., Chartered Accountants

- Established by Late Mr. M. P. Chitale, eminent fiscal economist, ICAI President (1965-66), held numerous prestigious public positions including Director of RBI.
- Domestic Firm with 15 experienced Partners with long professional standing, over 200+ proficient and trained manpower.
- Based in Mumbai and Pune and wide geographical spread through associates in India and several parts of the world. Global affiliation with DFK International, a top 10 global accounting association of independent professional accounting firms and business advisors.
- Provides a whole range of services under Audit & Assurance, Tax & Regulatory, Due Diligence, Forensic Audit & Investigation, Transaction Advisory and Risk Advisory.
- Audit experience of various private banks, financial institutions, infrastructure companies, insurance companies and other companies.
- The Firm was associated with the Bank as Statutory Auditor for the period between F.Y. 1998-99 and F.Y. 2001-02 and between FY 2007-08 and FY 2010-11.

Information pursuant to Regulation 36(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

A. Terms of reappointment:

- i) M/s Haribhakti & Co. LLP: One year from conclusion of the Twenty-seventh Annual General Meeting until conclusion of the Twenty-eighth Annual General Meeting.
- ii) M/s M. P. Chitale & Co.: Three years from conclusion of the Twenty-seventh Annual General Meeting until conclusion of the Thirtieth Annual General Meeting, subject to approval of RBI on annual basis, post conclusion of the Twenty-eighth Annual General Meeting.

B. Any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change:

Not Applicable. The Statutory Auditor appointed by the Shareholders at the last AGM is proposed for reappointment as one of the Joint Statutory Auditors and appointment of the other Joint Statutory Auditor is proposed for the first term.

C. Basis of recommendation for appointment including the details in relation to and credentials of the Statutory Auditor(s) proposed to be appointed:

M/s Haribhakti & Co. LLP, Chartered Accountants, Statutory Auditors conducted statutory audit of the Bank for F.Y. 2019-20 and 2020-21, and their performance was found to be satisfactory. Before recommending their appointment as Joint Statutory Auditor, the Audit Committee and the Board considered various parameters such as capability and experience to serve business with expertise in banking service industry, market standing of the firm, clientele served, technical knowledge, etc.

M/s Haribhakti & Co. LLP, Chartered Accountants, registered with the ICAI with Firm Registration No. 103523W / W100048 have given consent to act as the Statutory Auditors of the Bank and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under the Companies Act, 2013 and SEBI LODR.

M/s M. P. Chitale & Co., Chartered Accountants, registered with the ICAI with Firm Registration No. FRN 101851W, have given consent to act as the Statutory Auditors of the Bank and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under the Companies Act, 2013 and SEBI LODR. The Firm was associated with the Bank during the period F.Y. 2007-08 to F.Y. 2010-11 and the Bank was satisfied with its services.

The Board of Directors recommend the Ordinary Resolution set out at Item No. 4 and 5 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.

SPECIAL BUSINESS

ITEM NO.6:

Appointment of Mr. Jayant Vasudeo Deshmukh (DIN: 08697679) as 'Non-Executive Independent Director':

Mr. Jayant Vasudeo Deshmukh was inducted in the Board of the Bank on July 24, 2021 as 'Additional Director' in the category of 'Non-Executive Independent Director', pursuant to Section 161 of the Companies Act, 2013, and holds office up to this AGM.

The Board had, based on the recommendation of the Nomination & Remuneration Committee, had approved the appointment of Mr. Jayant Vasudeo Deshmukh as 'Non-Executive Independent Director' for a period of four consecutive years from the date of his appointment in the Bank's Board, subject to the approval of the shareholders.

Mr. Jayant Vasudeo Deshmukh is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has consented to act as Director.

Mr. Jayant Vasudeo Deshmukh meets the criteria specified under Section 149 (6) of the Companies Act, 2013, read with Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Section 10A of Banking Regulation Act, 1949 and all other applicable laws, as amended from time to time, and is independent of the Bank's Management.

The Bank has received Notice in writing from a Member under Section 160 of the Act, proposing his candidature for the Office of Director.

Members are requested to consider Mr. Jayant Vasudeo Deshmukh's appointment as Director of the Bank in the category of 'Non-Executive Independent' from July 24, 2021 up to July 23, 2025, not liable to retire by rotation.

The brief profile of Mr. Jayant Vasudeo Deshmukh and his remuneration details are included separately in the Notice, as required pursuant to Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings.

In the opinion of the Board, Mr. Jayant Vasudeo Deshmukh fulfils the conditions specified in the Act and the Rules thereunder and the Listing Regulations 2015 for appointment as Independent Director.

The Board recommends the Resolution set out at Item No. 6 of the Notice to be passed as Ordinary Resolution by the Members.

Mr. Jayant Vasudeo Deshmukh is not related to any other Director of the Bank.

None of the Directors other than Mr. Jayant Vasudeo Deshmukh 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:

Payment of remuneration to Non-Executive Directors:

RBI have, vide their Circular dated April 26, 2021, issued instructions with regard to the Chair and meetings of the Board, composition of certain Committees of the Board, ages, tenure and remuneration of Directors, and appointment of the whole-time Directors (WTDs) Guidelines.

RBI have, vide the above-referred Circular, permitted for payment of higher compensation to Non-Executive Directors (NEDs) in the form of fixed remuneration commensurate with an individual Director's responsibilities and demands on time and which are considered sufficient to attract qualified and competent individuals, subject to maximum of ₹ 20,00,000 per annum.

The NEDs (other than the Part-time Non-Executive Chairman) are currently entitled to remuneration in the form of Profit-related Commission not exceeding in the aggregate One per cent of the Net Profit of the Bank (including payment of remuneration to the Part-time Non-Executive Chairman), subject to a maximum of ₹ 10,00,000 per annum. The limit of ₹ 10,00,000 was stipulated vide RBI Circular dated June 1, 2015 on compensation of Non-Executive Directors of Private Sector banks, and was approved by the Shareholders of the Bank at their Annual General Meeting held on July 1, 2016.

Considering the increase in limit on remuneration to NEDs to ₹ 20,00,000/- permitted vide RBI Circular dated April 26, 2021, it is proposed that NEDs be entitled to Fixed Remuneration of ₹ 20,00,000/- per annum, subject to the approval of the Shareholders. The increase is considered necessary looking to the increase in responsibilities of the NEDs, demands on their time and the contribution made by them in the growth of the Bank and enhancement of enterprise value.

Further, in terms of Section 197 of the Act, the remuneration payable to Director(s) who is / are neither Managing Director(s) nor Whole-time Director(s) may exceed One per cent of the Net Profit of the company (as computed in the manner laid down in Section 198 of the Act). Considering the above, the Board of Directors have, subject to approval of the Members of the Bank, recommended the proposal to remunerate the Non-Executive Directors (other than Part-time Non-Executive Chairman) in the form of fixed remuneration for each year commencing from April 1, 2021, maximum of ₹ 20,00,000 per annum for each such Non-Executive Director, in such manner as may be decided by the Board of Directors. The above remuneration to Non-Executive Directors shall be in addition to the Sitting Fees being paid to them for attending meetings of the Board and its Committees.

The Board of Directors, recommend the Ordinary Resolution, set out at Item No. 7 of the Notice, for approval by the Members.

None of the Directors other than Non-Executive Directors of the Bank (Other than the Part-time Non-Executive Chairman), or the Key Managerial Personnel of the Bank or their relatives are deemed to be interested, financially or otherwise, in the said Resolution.

ITEM NO. 8:

Augmentation of capital through further issue or placement of securities including American Depository Receipts, Global Depository Receipts, Qualified Institutional Placement, etc.:

The Bank made an Initial Public Offering in 1998. Capital augmentation has since then been done through private placement (two GDRs, four QIPs and three Preferential Allotments), and through inorganic route in the form of three mergers.

Section 42 of the Companies Act, 2013 defines the power of companies to make private placement of securities. In terms of Section 42 (2) read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, shareholders can, by way of a Special Resolution, authorize the Board of Directors to make offer of Equity instruments including convertible debt securities on a private placement basis, in one or more tranches in a year. Accordingly, it is recommended for approval of the members for granting powers to the Board to raise funds through Equity instruments or convertible debt securities in any permitted mode such as ADR, GDR or QIP, on a private placement basis, in one or more tranches, until one year from the date of this AGM, for an aggregate amount not exceeding INR 10,000 crores, by passing the resolution as a Special Resolution in this AGM, that forms part of this Notice. The capital funds, if any, raised will augment the long term funds of the Bank and improve the regulatory capital adequacy and such funds will be deployed for furtherance of the business of the Bank.

The Board of Directors, recommend the Special Resolution, set out at Item No. 8 of the Notice, for approval by the Members.

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

ITEM No. 9:

Increase in the Authorised Share Capital and alteration of the Capital Clause of the Memorandum of Association and Article of Association of the Bank:

The Authorised Share Capital of the Bank was increased to ₹ 700 crores from ₹ 600 crores in the 21st AGM held on August 17, 2015. In 2019, pursuant to the merger of erstwhile Bharat Financial Inclusion Limited with the Bank, the Authorised Capital got enhanced to ₹ 857 crores. As at June 30, 2021, the Issued Capital of the Bank is ₹ 773.88 crores and the headroom available for further capital augmentation is under 10%. In view of the same, the proposal to increase in Authorised Share Capital to ₹ 1,000 crores consisting of 100 crore Equity shares of ₹ 10 each and consequential amendment in Memorandum of Association and Articles of Association, is placed before the shareholders for approval in this Annual General Meeting by way of passing the Special Resolution, that forms part of this notice.

Any change in the Memorandum of Association requires the prior approval of RBI. Upon receipt of approval of the Shareholders for this item, approval of the RBI would be sought.

The Board of Directors, recommend the Special Resolution, set out at Item No. 9 of the Notice, for approval by the Members.

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

ITEM No. 10:

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 to be made on a Private Placement basis during the year.

The Bank may 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 maintain the 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 September 25, 2020, approval of the Shareholders had been obtained for issuance of Bonds / Non-Convertible Debentures (NCDs), i.e., Long-Term Bonds

including Infrastructure Bonds and Subordinated Non-Convertible Debentures eligible to be included in the Additional Tier I and Tier II Capital of the Bank, upto ₹ 20,000 crores (Rupees Twenty thousand crores only) on Private Placement basis, which is valid for a period upto the date of this AGM.

Considering the guidelines issued by Reserve Bank of India on issue of Long-Term Bonds / Basel III - compliant Additional Tier I and Tier II Bonds, and the fact that these Bonds will also assist the Bank in reducing Asset-Liability mismatches, the Board of Directors in their meeting held on July 24, 2021, approved seeking consent of the Members for borrowing of monies / raising of funds in Indian / Foreign Currency by way of issue of Securities including but not limited to Long-Term Bonds including Infrastructure Bonds / NCDs / Medium Term Notes (forming part of Tier I / Tier II Capital in accordance with Basel III Capital Regulations) or any other instrument of a similar nature upto ₹ 20,000 crores (Rupees Twenty thousand crores only) in one or more tranches in domestic and / or overseas market in Indian or foreign currency, whether Secured or Unsecured as permitted by the Reserve Bank of India, to the eligible investors on Private Placement basis, on such terms and conditions as may be decided by the Board of Directors or any Committee of the Board or such other person(s) as may be authorised by the Board, from time to time. This would form part of the overall borrowing limit as approved by the Members from time to time, pursuant to Section 180 (1) (c) of the Companies Act, 2013.

The above-mentioned Bonds / NCDs would be issued by the Bank in accordance with the applicable statutory guidelines for cash, either at par or at premium or at a discount to the Face Value, depending upon the prevailing market conditions and on such terms and conditions including the Interest, Tenor, Coupon, Repayment, Security, etc. or otherwise, as it may deem expedient, and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board shall in its absolute discretion deem fit, without being required to seek any further consent or approval from Members and intent that they shall be deemed to have given their approval thereto expressly by the authority of the resolution.

The funds, if any, raised will augment the long term funds of the Bank and improve the regulatory capital adequacy where applicable, and such funds will be deployed for furtherance of the business of the Bank.

Approval of the Members is requested by way of a Special Resolution for issuance of Long-Term Bonds, including Infrastructure Bonds / Subordinated Non-Convertible Debentures (NCDs) / Bonds eligible to be included in the Additional Tier I and Tier II Capital of the Bank in the Domestic / Overseas market, on Private Placement basis, in one or more tranches under one or more Shelf Disclosure Documents and one or more Letters of Offer, and on such terms and conditions for each series / tranches including the Price, Coupon, Premium, Discount, Tenor, Interest, Repayment, Security etc., as deemed fit by the Board for an amount not exceeding ₹ 20,000 crores (Rupees Twenty thousand crores only).

The Board of Directors, recommends the Special Resolution set out at Item No. 10 of the Notice for approval by the Members.

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

By Order of the Board
IndusInd Bank Limited

Sd/-
Haresh Gajwani
Company Secretary
Membership No. ACS 18225

Place: Mumbai
Date: July 24, 2021

Annexure to the Items Number 3 and 6 of the Notice:**DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE TWENTY-SEVENTH ANNUAL GENERAL MEETING**

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

Name of the Director	Mr. Arun Tiwari, Part-time Non-Executive Chairman	Mr. Jayant Deshmukh Additional Director
DIN	05345547	08697679
Date of Birth	July 1, 1957	March 24, 1958
Age	64 years	63 years
Date of first appointment on the Board of the Bank	August 10, 2018	July 24, 2021
Qualifications	M. Sc. in Chemistry	M.Sc. in Agriculture.
Brief Resume including experience	<p>Mr. Arun Tiwari has over 38 years of experience in Banking and Financial Market Operations.</p> <p>Mr. Tiwari was Chairman & Managing Director of Union Bank of India from December 2013 to June 2017.</p> <p>Prior to that, Mr. Tiwari was Executive Director of Allahabad Bank from June 2012 to December 2013.</p> <p>He has, in the past, also held the position of Deputy Chairman of Indian Bank's Association, and has been Member of Governing Council of Indian Institute of Banking & Finance.</p> <p>Mr. Tiwari is Member of the Governing Council, Bankers Institute of Rural Development.</p>	<p>Mr. Jayant Deshmukh's work experiences and achievements are listed below:</p> <p>(a) Worked as licensing and Regulatory Authority for Production and Marketing of Agriculture inputs in Maharashtra State.</p> <p>(b) Involved in implementation of the Soil Health Card Distribution Programme in the State.</p> <p>(c) Planning and monitoring of timely supply of agri. Inputs such as, seeds, fertilizers and pesticides in the State, an important responsibility.</p> <p>(d) Initiation and Implementation of organic farming programme in Maharashtra State.</p> <p>(e) Implementation of different crop development schemes.</p> <p>(f) Worked in the areas of dissemination of technology to farmers.</p> <p>(g) Mr. Jayant Deshmukh was part of the implementation of Watershed Development programmes, one of the ambitious programmes of the State Government.</p>

		<p>(h) Helped set up and implement model Crop Pest Surveillance and Monitoring Programme (CROPSAP) through capacity building of farmers, Agriculture Department personnel and scouts. The CROPSAP covered an area of more than 10 million hectares in one season and won the National e-Governance Award in 2011, and subsequently won the prestigious Prime Ministers Award in 2015.</p> <p>(i) He was involved in the formation of framers' groups under different Crop Schemes and Agriculture Technology Management Agency (ATMA). This concept was helpful in establishing different Farmer Producer Organisations (FPO).</p>
Nature of his Expertise in specific functional areas	Banking	Agriculture and Rural Economy
List of Directorships / Memberships / Chairmanships of Committees of other Boards		
1. Directorships in other entities:	<p>Hinduja Energy (India) Limited</p> <p>Hinduja National Power Corporation Ltd</p> <p>India Infradebt Limited</p> <p>Acuite Ratings & Research Limited</p> <p>Afrinex Limited</p>	<p>Paranda Bhoom Agro Producer Co. Ltd.</p> <p>Haldharhitech Agro Farmer Producer Company Limited</p>
2. Chairmanships of the Committees' of other Boards:	<p>India Infradebt Limited</p> <p>1. Credit & Risk Committee</p>	-
3. Membership of Committees of other Boards	<p>India Infradebt Limited</p> <p>1. Information Technology Strategy Committee</p> <p>2. Corporate Social Responsibility Committee</p> <p>3. Remuneration and Nomination and Remuneration Committee</p> <p>Acuite Ratings & Research Limited</p> <p>1. Nomination and Remuneration Committee</p>	-
No. of Equity Shares held in the Bank as on March 31, 2021	Nil	-
No. of Board Meetings attended during the year	19/19	-

Relationship between Directors inter-se, Managers and Other Key Managerial Personnel of the Bank	None	None
Terms and conditions of appointment / re-appointment	The Terms of Appointment are as proposed in the Resolution relating to appointment mentioned in Item No. 3 of this Notice.	The Terms of Appointment are as proposed in the Resolution relating to appointment mentioned in Item No. 6 of this Notice.
Remuneration paid per annum	₹ 30,00,000 per annum and Sitting fees for attending the meetings of the Board and its Committees.	₹ 10,00,000 per annum and Sitting fees for attending the meetings of the Board and its Committees.
Remuneration last drawn	For the F.Y.2020-21: (i) Commission: ₹ 30,00,000 (ii) Sitting Fees: ₹ 38,90,000	N.A

Includes attendance through videoconference.

IndusInd Bank

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