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ANNUAL REPORT
2014-2015

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HDFC BANK
INTRODUCES
MISSED CALL BANKING

HDFC BANK
RECORDS HIGHEST
TRANSACTIONS VIA
MOBILE BANKING

THINK MONEY
THINK HDFC BANK

HDFC BANK
TIES UP WITH
E-TAILERS
TO PROVIDE
BEST DEALS
IN ONE PLACE

HDFC BANK
INTRODUCES
DIGITAL WALLET
ALL PAYMENTS
ONE APP
ONE CLICK

HDFC BANK EMPLOYS
BIG DATA
TO UNDERSTAND
CUSTOMER NEEDS BETTER
AND MAKE RELEVANT
RECOMMENDATIONS

#PowerOfBanking

HDFC BANK
We understand your world

ACCOLADES

Asiamoney
- Best Domestic Bank in India

Asiamoney FX Poll
- Best Domestic Provider of FX options
- Best Domestic Provider of FX products & services
- Best Domestic Provider of FX research & market coverage
- Best Domestic Provider for FX services

Barron's List of World's Best CEOs
- Aditya Puri named in list of Top 30 Global CEOs

BrandZ™ Top 50 Most Valuable Indian Brands study by Millward Brown
- India's Most Valuable Brand

Business Today - KPMG Study
- Best Large Bank - Overall
- Best Large Bank - Growth

Businessworld-PwC India Best Banks Survey
- Best Large Bank
- Fastest Growing Large Bank

CNBC-TV18 CFO Awards
- Best performing CFO in the Banking Sector

Dun & Bradstreet - Manappuram Finance Limited Corporate Award
- Best Corporate in Banking Sector

Dun & Bradstreet - Polaris Financial Technology Banking Awards
- Best Bank - Managing IT Risk (Large Banks)
- Best Bank - Mobile Banking (Large Banks)
- Best Bank - Best IT Team (Private Sector Banks)

Euromoney Private Banking and Wealth Management Survey
- Best Private Banking Services award for Net-worth-specific services category for Super Affluent clients (US$ 1 million to US$ 5 million)
- Best Private Banking Services award (Asset Management)

FE Best Bank Awards
- Best Bank in the New Private Sector
- Winner - Profitability
- Winner - Efficiency

Finance Asia Country Awards
- Best Bank - India

Finance Asia’s Poll on Asia’s Best Managed Companies
- Best Managed Company in India
- Best CEO in India - Aditya Puri

Forbes Asia
- Fab 50 Companies List (for the 8th year)

IDRBT Banking Technology Excellence Awards 2013-14
- Best Bank Award for Best IT team - Large Banks

Legal Era Magazine
- Best In-House Legal Team in Banking Sector

National Payment Corporation of India (NPCI) Excellence Awards
- Best Bank in Cheque Transaction System (CTS) - Large Bank Category
- Best Bank in National Automated Clearing House (NACH) - Large Bank Category

Outlook Money Awards
- Best Bank

The Asian Banker
- Strongest Bank in India in the Asian Banker 500 (AB 500) - Strongest Bank by Balance Sheet Ranking

The Asian Banker Transaction Banking Awards
- Best Cash Management Bank in India

The Asset Triple A Awards
- India - Best in Treasury and Working Capital - SMEs

HIGHLIGHTS

- **Net Profit:**
  ₹10,216 crore. An increase of 20.5% compared to the previous year

- **Balance Sheet Size:**
  ₹590,503 crore. An increase of 20.1% compared to the previous year

- **Total Deposits:**
  ₹450,796 crore. An increase of 22.7% compared to the previous year

- **Total Advances:**
  ₹365,495 crore. An increase of 20.6% compared to the previous year

- **Capital Adequacy Ratio:**
  16.8%

- **Tier I Capital Ratio:**
  13.7%

- **Gross Non-Performing Assets:**
  0.93% of Gross Advances

- **Network:**
  Branches: 4,014
  ATMs: 11,766
  Cities/Towns: 2,464

DIGITAL IS THE FUTURE. EXPERIENCE IT NOW!

The world today is switching to a new dialect – the digital. At HDFC Bank, we have been refining our digital journey since inception. Our first branch, launched in 1995, was backed by a core banking system offering real-time banking across channels for the first time in India. In 2000, we became one of the early adopters of data warehousing and analytics in the country.

Our focus on digital has been single-minded. A buzzword to many, for us it is a means to making our customers' financial lives simpler and convenient through technology. To drive our digital efforts, we follow the mantras of simplicity, comprehensiveness and innovation.

With technological innovations disrupting the status quo and gathering momentum, our aim is to harness their exponential benefits. The following snapshots reveal how our digital banking services are simplifying financial lives.

Our NetBanking service now offers more than 175 transactions and is streamlined to offer greater convenience. Real-time processing allows us to deliver financial benefits instantly to customers. Deposits created using NetBanking start earning interest immediately, and customers reap the benefit of same-day prices for mutual fund orders. We have made filing tax returns hassle-free, especially for senior citizens, by providing online submission of forms like 15G and 15H to avoid tax deduction at source (TDS).

Through MobileBanking, we have simplified banking even further. Our suite of over 75 transactions, offered across all smartphone platforms, makes the mobile a 'Bank Aapki Mutthi Mein'. Customers can simply click-to-call or use online forms from wherever they are to get Personal, Auto, or Gold Loans. Not just that, loan approvals are provided within half an hour. We enable customers to open a savings account while at work, or get access to the closest bank branch or ATM while traveling.

Even with a basic phone without internet access, our customers can bank with us using SMS and Missed Call Banking services. Through mobility, we are delivering greater flexibility to customers. It is not therefore surprising that our mobile platform today accounts for the largest share – 40%* of total value transacted over mobile phones in the country.

The Bank's website acts as a 24/7 virtual branch. Powered with Search, Select and Buy features, the site receives 13 million unique visitors a month, making it one of the most visited financial services sites in the country.

The use of analytics is central to many of our businesses. Our analysts use internal and external data, track customer behaviour, employ Big Data and use social media. This has allowed us to build richer customer profiles, gauge customer needs more accurately and make targeted offerings through their preferred channel, whether it is a branch, ATM, Mobile, NetBanking or email. Existing customers beyond a certain credit score are offered instant credit card offers and a "10 second" loan offers for personal, consumer

*Source RBI, data as at January'15

durable and auto loans. Customers can also design their own loan against a Fixed Deposit and will soon be able to do the same using their securities account. Such cutting-edge innovations will redefine the way we do business in future.

Our mobile offer locator has made entertainment, dining out and travel not only more fun but also cheaper. Users can easily locate the best offers available in their vicinity using the GPS-based service. SmartBuy is our online customer marketplace to get better discounts and offers at one place across categories from popular brands. Our 2-factor authentication process allows customers to shop easily on e-commerce sites without having to enter details multiple times.

With PayZapp, we have made the wallet go digital. A secure and complete payment solution, it gives customers the power to make payments with just one click. Customers can shop online, get SmartBuy deals, transfer funds to anyone in their phonebook or email list, and recharge their mobile, DTH and data cards. We have also formed partnerships to bring services such as Chillr, an app that provides a simple way to make mobile-to-mobile payments to people using the phonebook. Soon, it will offer "person to merchant" transactions thereby enabling the Bank to tap into India's huge cash economy and help migrate it to a cashless one.

Our commitment to convenience through digital cuts across all customer segments and geographies. From the simplest of feature phones to high-end smart phones, we offer digital solutions for everyone. The AAG app for premium customers which provides recommendations from our Investment Advisory Team also includes real-time news updates and execution capabilities. HDFC securities, our wholly-owned subsidiary, offers a next-generation trading and investment platform for retail investors. Its MobileTrading app offers trading in 11 languages. For home owners and investors, we enable paying of local taxes online. Our e-Net system allows businesses to pay service taxes and duties, while NetBanking has made fee payment a click away for students and parents.

Our digital thrust complements our foray into the rural and semi-urban geographies. With increasing consumerism in rural India which has skeletal physical shopping infrastructure, there are encouraging signs of rural customers adopting our online SmartBuy customer marketplace. They enjoy not only the convenience but also economic benefits on their purchases. Similarly, the use of NetBanking, MobileBanking and Missed Call Banking for transactional needs has seen been better adoption than customers in urban India.

Keeping in mind the risks associated with digitization, our Secure Banking initiatives regularly educate customers on safe banking practices and preventing cyber related economic offences. In addition, we also engage with law enforcement agencies to keep them updated on cyber and mobile related security developments.

On the larger canvas, the Bank's initiatives have won several accolades. We were declared 'India's Most Valuable Brand' by WPP, the world's largest communication services group.

Our vision of building a virtual bank, where all physical banking transactions find a digital counterpart, will continue. Through our GoDigital initiatives, we hope to reach our ultimate goal – to simplify every aspect of the financial lives of our customers by putting the #PowerOfBanking in their hands and thereby deepen and consolidate the customers' relationship with the Bank. The overarching message to customers is "Think Money. Think HDFC Bank!".

SUSTAINABLE LIVELIHOOD INITIATIVE

Creating new identities with group self-sustenance

The Sustainable Livelihood Initiative (SLI) program's objective is to provide banking services including viable and timely credit on a sustainable basis thereby substituting borrowing at usurious rates and ultimately resulting in their economic upliftment.

The Bank has a board approved program to financially include 10 million households at the bottom of the pyramid in the next couple of years.

The Sustainable Livelihood Initiative looks beyond financial empowerment. Its holistic approach invigorates the deeper roots of identity and self-reliance, as shown by the success of this struggling group of women entrepreneurs in the hinterlands of Amravati, Maharashtra.

Priti Sachin Tayawade was well versed with tailoring, and yearned for a life of difference. She took the first step and formed a Joint Liability Group with 10 other women from her village. It was the right direction to go, but the first business hurdle soon made its appearance. Poor finances constrained and dried her daily income to a meagre ₹ 100. "It was tough setting up the business during the initial days", she reminisces.

SLI spots business hurdles with a keen eye, especially those to do with generating and growing income. With its first credit support, Priti and her group bought two sewing machines. Members used their skills in stitching sports garments, and operations scaled up increasing cash flow.

A third loan cycle grew the business, which now had over 8 sewing machines, and its market reach expanded to other states. With empowerment came productivity and market reach. The group now generated ₹ 700 a day. "With the help of credit from HDFC Bank, I expanded my business, trained other members of the group, and now supply garments even to other states. The business has flourished and helped us to create an identity of our own."

Priti Sachin Tayawade: Building an identity of her own

Priti and her group embody the true spirit of entrepreneurship. For SLI, it's proof that financial empowerment can help carve new identities and impact deeper social attitudes toward women. The program has so far covered 3.92 million households from the bottom of the pyramid in 12,650 villages, disbursing loans worth ₹ 6884 crore in 25 states of India.

Promoting entrepreneurship through capacity building

"The Bank has helped me transform into an independent woman", says Rashmi Sharma from Dibrugarh, Assam, one of the many women who are today equipped with occupational skills and earn a steady income for their families. It was not always so.

At the bottom of the pyramid, they represent the unseen and undiscovered fortune waiting to be harnessed. For SLI, two levels are of interest here: imparting skills for income generation and growth, and providing marketing avenues through the Bank's linkages.

Rashmi began with training on pickle making and found it useful. Putting it into practice, she began production of different varieties of pickles at home. The business took off and the income was good, with bulk orders pouring in. She now earned ₹ 2,500 per month.

Rashmi Sharma: Transforming into an independent entrepreneur

Tasting success, she went for a second round of training, and this time learnt veterinary skills. She now had a small poultry farm too. Her income more than doubled to ₹ 6,500 per month.

With a second credit linkage from the Bank, capacity building and training, Rashmi transformed into an entrepreneur. But for her it is the beginning. As she says, "I am also saving my surplus income with the Bank through recurring deposits to meet my future needs."

In search of new entrepreneurs, SLI's capacity building and training programs have covered over 0.3 million participants, and its credit counselling program has held 0.19 million sessions for over 2.1 million participants.

Chief Minister of Madhya Pradesh handing over the **'Best Performing Bank'** award for **PMJDY to Bank officers**

HDFC Bank has been fulfilling the financial inclusion mandate of the Pradhan Mantri Jan-Dhan Yojana (PMJDY). It is among the top private sector banks both in terms of account value and the number of accounts opened under the scheme.

PMJDY was launched on August 28, 2014 by the Honourable Prime Minister to bring about total financial inclusion. The scheme relies heavily on technology to provide every unbanked household access to various banking services such as savings accounts within a set timeframe.

Under the scheme, the Bank was allocated 1,449 urban wards and 453 sub-service areas (SSA) in 27 states, including 2 union territories. In the initial step, the Bank completed a house-to-house survey covering all regions end of last year, well within the prescribed deadline of December 26 set by the Department of Financial Services (DFS). In a landmark event, it completed account opening for 100% unbanked households by January 26, 2015, within the scheme's stipulated deadline.

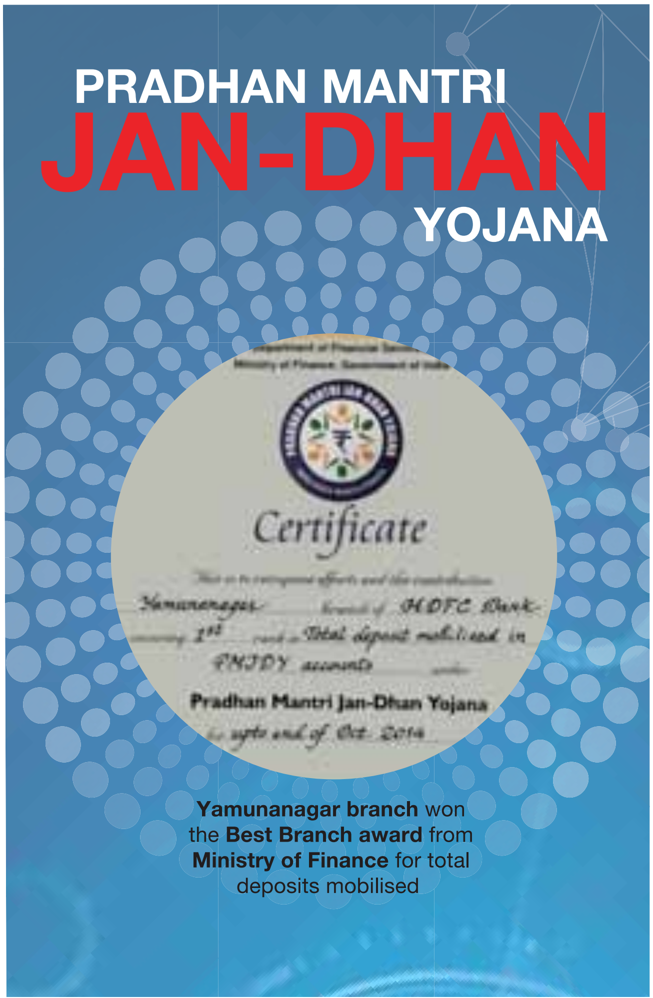
In each allocated area, banking facilities are served at fixed points through business correspondents and alternate channels. The Bank has deployed 163 correspondent points in the allocated urban wards, and 401 in the rural SSAs. The points provide access to a range of services such as cash withdrawal, deposits, balance transfer and Aadhaar seeding. The remaining urban wards are covered directly through the Bank's branches.

The Bank relies on its technological edge to fulfil the scheme's objectives. In a first, it has deployed Micro ATMs, allowing both Aadhaar and Rupay PIN based transactions on the same machine. Each correspondent point allows direct opening of accounts through Micro ATMs compliant with UIDAI specifications. The E-KYC facility is also provided at these points.

On other fronts, the Bank is actively participating in all key DFS initiatives. This includes transfer of subsidies to beneficiaries in various schemes (such as DBTL subsidies), distributing the insurance and pension plans under the Jan Suraksha schemes of the government among others. It is also ready with a software platform for the same. In addition, it is involved in customer initiatives such as overdraft and microfinance facilities. To promote financial literacy, the rural branches of the Bank conduct literacy camps using RBI's prescribed literacy material.

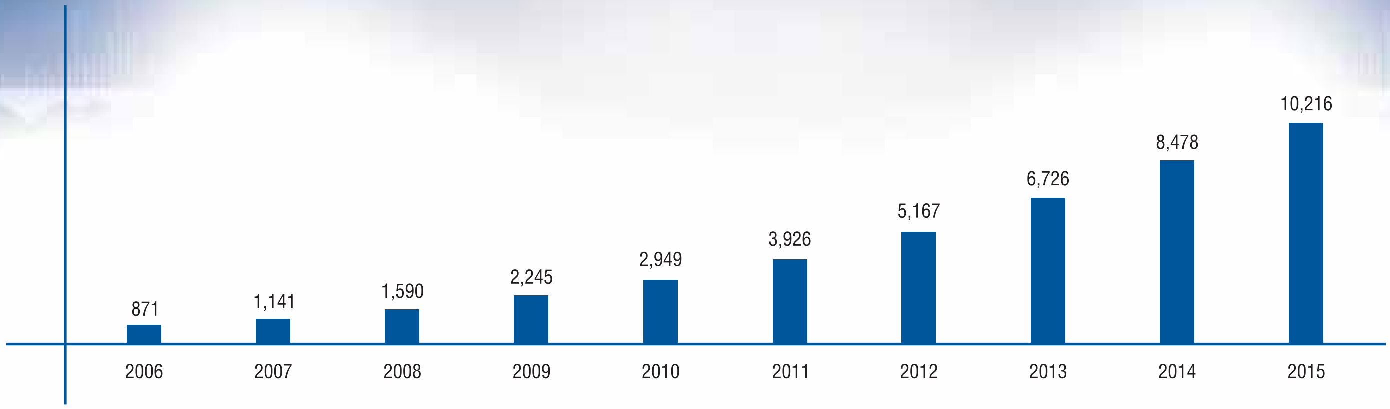
Underscoring the Bank's achievements under PMJDY, the Government of Madhya Pradesh in December 2014 recognized it as the 'Best Performing Bank' for overall performance. In October 2014, the Ministry of Finance honoured the Yamunanagar branch as the 'Best Branch' for total deposits mobilized under PMJDY.

The importance of financial inclusion on a countrywide scale cannot be overemphasised. The Bank is well placed to meet the scheme's objectives through its prime technologies and a nation-wide network.

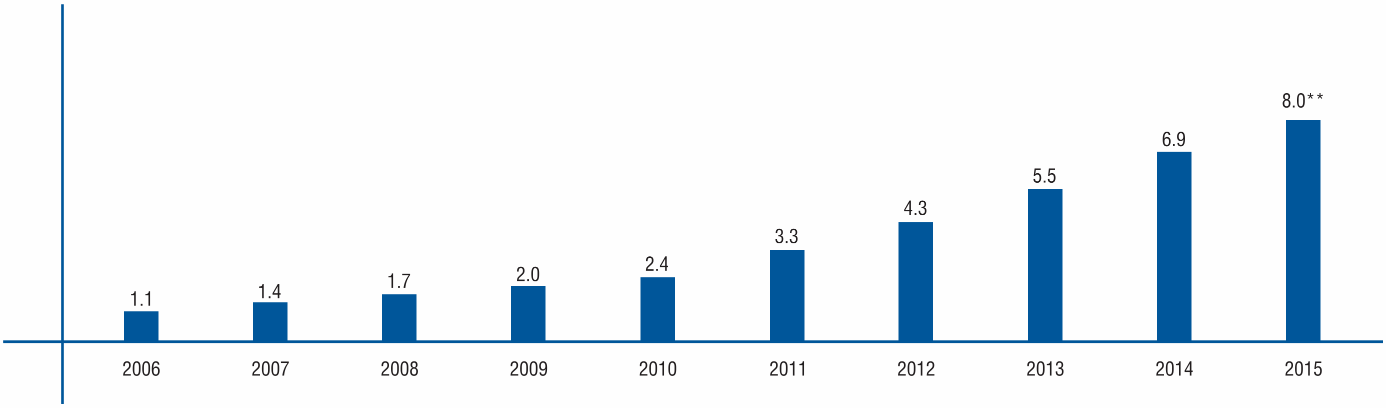


Yamunanagar branch won the **Best Branch award** from **Ministry of Finance** for total deposits mobilised

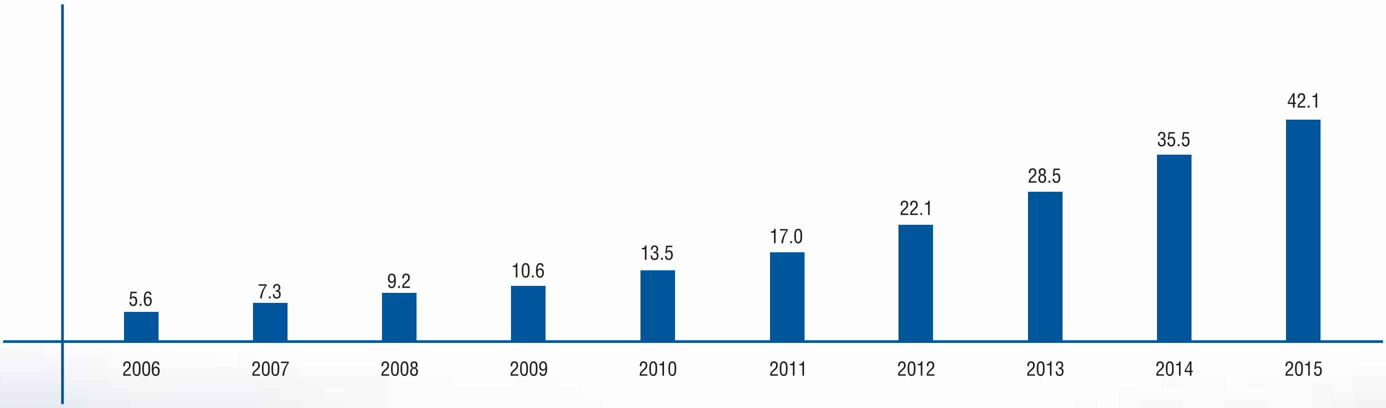
PROFIT AFTER TAX (₹ crore)



DIVIDEND PER SHARE* (₹)



EARNING PER SHARE* (₹)



* Previous year figures have been changed to reflect split of shares of FV ₹ 10 per share into FV of ₹ 2 per share
** Proposed dividend

HDFC BANK
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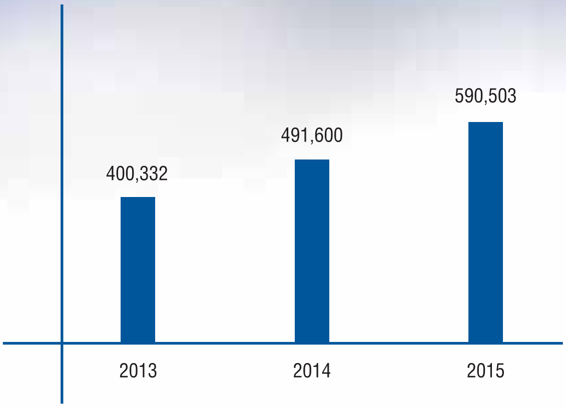
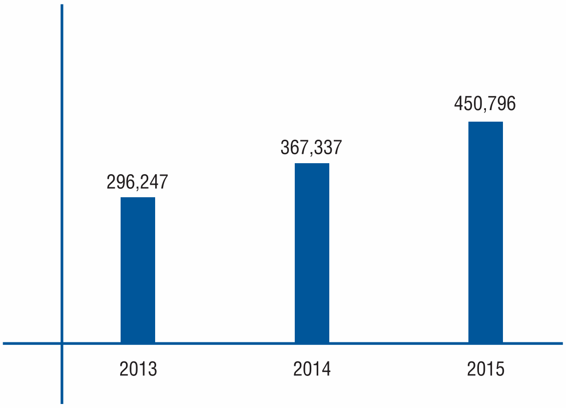
BALANCE SHEET SIZE (₹ crore)

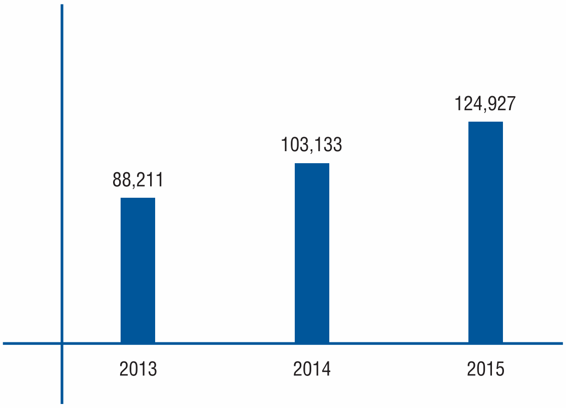


ADVANCES (₹ crore)

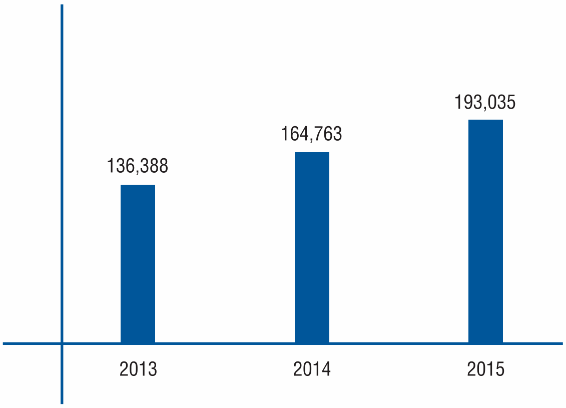
DEPOSITS (₹ crore)



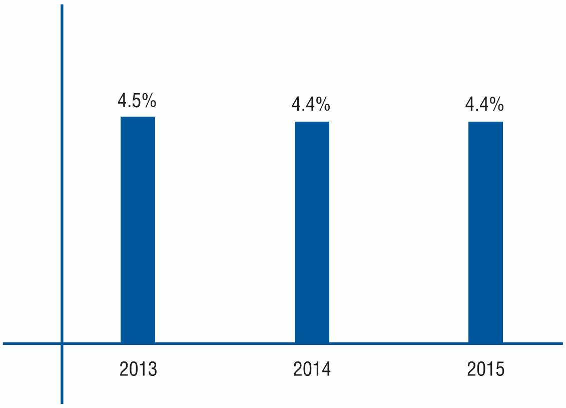
SAVING DEPOSITS (₹ crore)



RETAIL ASSETS (₹ crore)



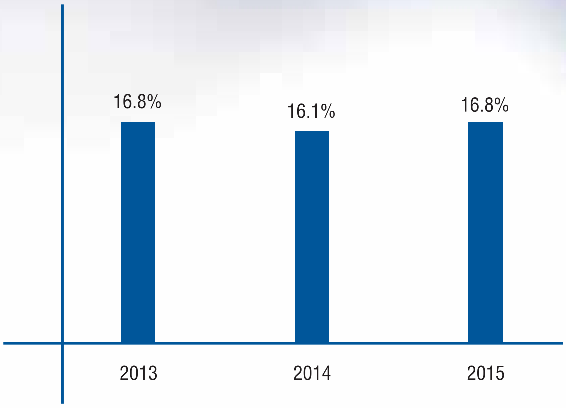
NET INTEREST MARGIN (%)



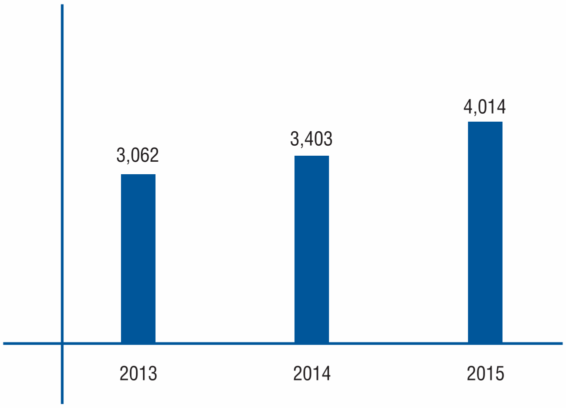
We understand your world

RETURN ON CAPITAL (%)

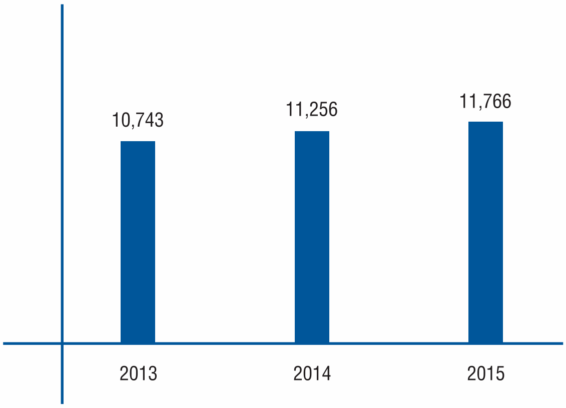
CAPITAL ADEQUACY (%)



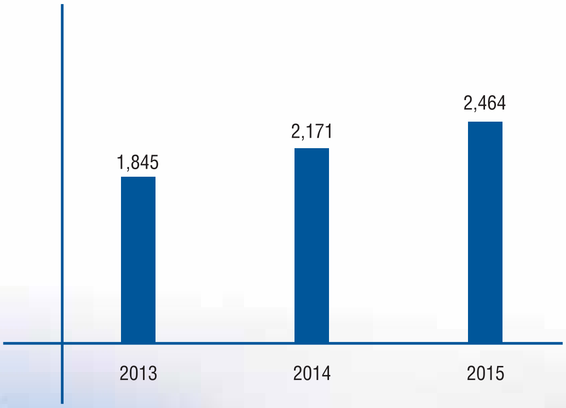
BRANCHES (Nos.)



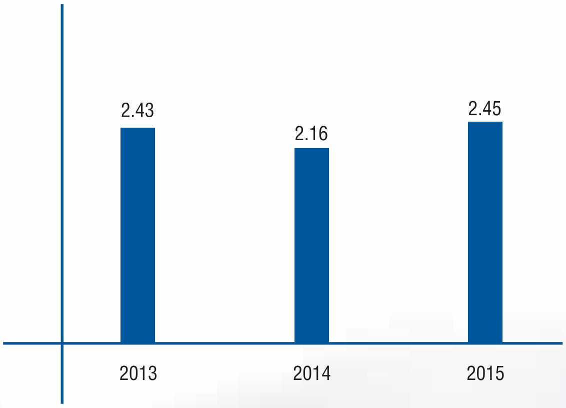
ATMs (Nos.)

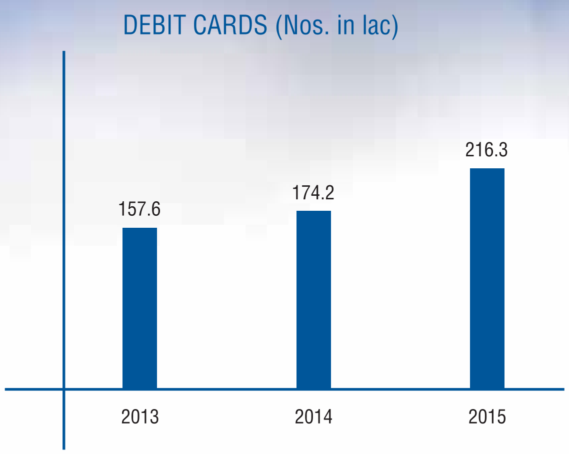


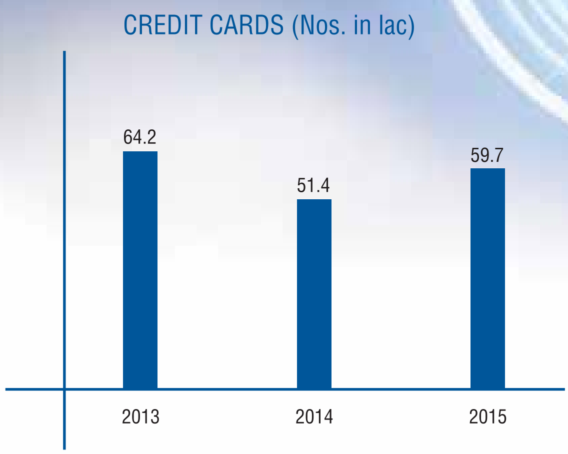
CITIES / TOWNS (Nos.)

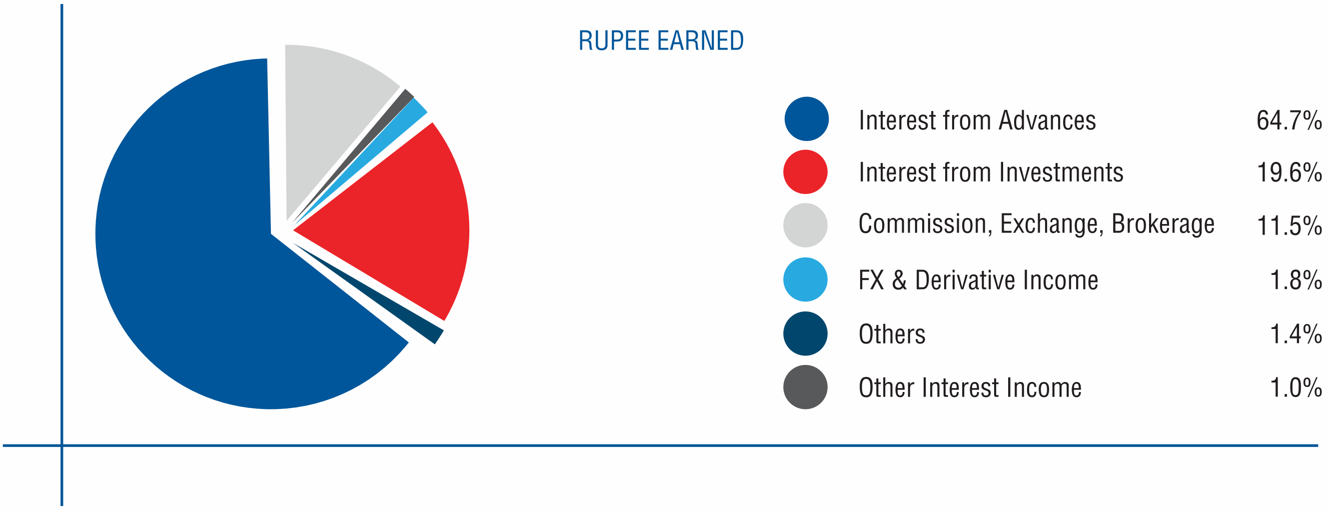


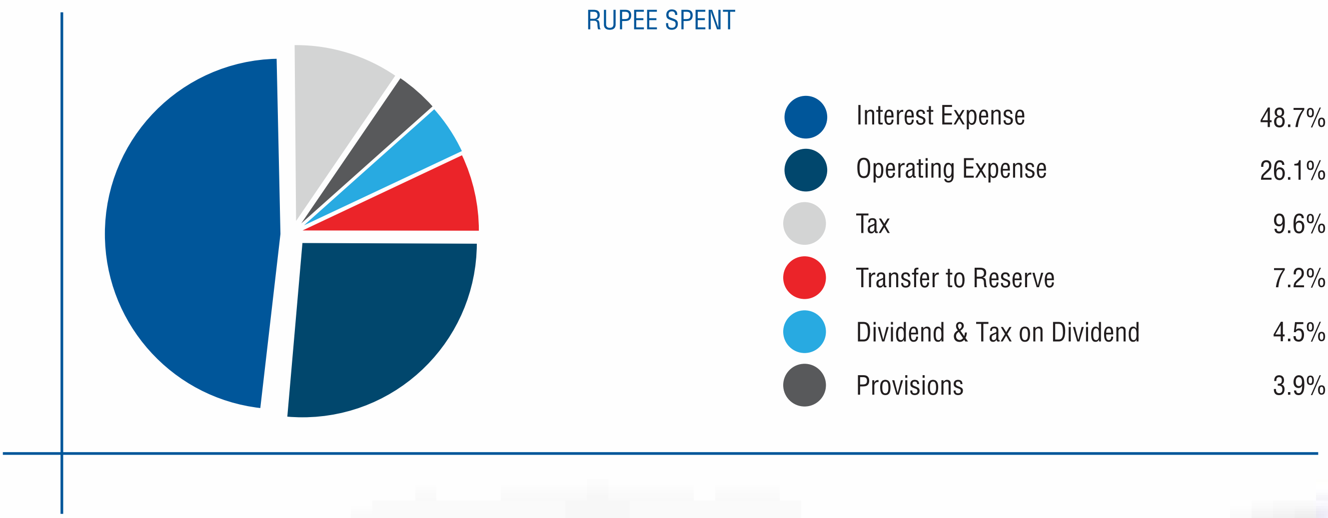
POS TERMINALS INSTALLED (Nos. in Lac)




DEBIT CARDS (Nos. in lac)
157.6
174.2
216.3
2013
2014
2015


CREDIT CARDS (Nos. in lac)
64.2
51.4
59.7
2013
2014
2015


RUPEE EARNED
Interest from Advances 64.7%
Interest from Investments 19.6%
Commission, Exchange, Brokerage 11.5%
FX & Derivative Income 1.8%
Others 1.4%
Other Interest Income 1.0%


RUPEE SPENT
Interest Expense 48.7%
Operating Expense 26.1%
Tax 9.6%
Transfer to Reserve 7.2%
Dividend & Tax on Dividend 4.5%
Provisions 3.9%

Financial Highlights

	2005-2006	2006-2007	2007-2008
Interest income	4,547.26	7,055.35	10,530.43
Interest expense	1,929.50	3,179.45	4,887.12
Net interest income	**2,617.76**	**3,875.90**	**5,643.31**
Other income	1,237.08	1,679.21	2,495.94
Net revenues	**3,854.84**	**5,555.11**	**8,139.25**
Operating costs	2,116.82	2,975.08	4,311.03
Operating result	**1,738.02**	**2,580.03**	**3,828.22**
Provisions and contingencies	484.51	941.28	1,547.59
Loan loss provisions	484.21	877.13	1,278.84
Others	0.30	64.15	268.75
Profit before tax	**1,253.51**	**1,638.75**	**2,280.63**
Provision for taxation	382.73	497.30	690.45
Profit after tax	**870.78**	**1,141.45**	**1,590.18**
Funds :			
Deposits	55,796.82	68,297.94	100,768.60
Subordinated debt	1,702.00	3,282.60	3,249.10
Stockholders' equity	5,299.53	6,433.15	11,497.23
Working funds	73,506.39	91,235.61	133,176.60
Loans	35,061.26	46,944.78	63,426.90
Investments	28,393.96	30,564.80	49,393.54
Key Ratios :			
Earnings per share (₹) *	5.58	7.26	9.24
Return on average networth	17.47%	19.40%	16.05%
Tier 1 capital ratio	8.55%	8.58%	10.30%
Total capital ratio	11.41%	13.08%	13.60%
Dividend per share (₹) *	1.10	1.40	1.70
Dividend payout ratio	22.55%	22.92%	22.17%
Book value per share as at March 31 (₹) *	33.85	40.28	64.88
Market price per share as at March 31 (₹) **	154.85	190.83	266.25
Price to earnings ratio	27.74	26.29	28.80

₹ 1 Crore = ₹ 10 Million

* Figures for the years prior to 2011-2012 have been adjusted to reflect the effect of split of equity shares from nominal value of ₹ 10 each into five equity shares of nominal value of ₹ 2 each.

** Source : NSE (prices for years prior to 2011-2012 have been divided by five to reflect the sub-division of shares)

***Proposed

(₹ crore)

2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	
16,584.01	16,467.92	20,380.77	27,874.19	35,064.87	41,135.53	48,469.91	
8,911.10	7,786.30	9,385.08	14,989.58	19,253.75	22,652.90	26,074.23	
7,672.91	**8,681.62**	**10,995.69**	**12,884.61**	**15,811.12**	**18,482.63**	**22,395.68**	
3,700.65	4,573.63	4,945.23	5,783.62	6,852.62	7,919.64	8,996.34	
11,373.56	**13,255.25**	**15,940.92**	**18,668.23**	**22,663.74**	**26,402.28**	**31,392.02**	
5,950.54	6,475.71	7,780.02	9,277.64	11,236.11	12,042.20	13,987.55	
5,423.02	**6,779.54**	**8,160.90**	**9,390.59**	**11,427.63**	**14,360.08**	**17,404.47**	
2,123.78	2,490.40	2,342.24	1,877.44	1,677.01	1,588.03	2,075.75	
1,970.35	2,288.74	1,198.55	1,091.77	1,234.21	1,632.58	1,723.58	
153.43	201.66	1,143.69	785.67	442.80	(44.56)	352.17	
3,299.24	**4,289.14**	**5,818.66**	**7,513.15**	**9,750.62**	**12,772.05**	**15,328.72**	
1,054.31	1,340.44	1,892.26	2,346.08	3,024.34	4,293.67	5,112.80	
2,244.93	**2,948.70**	**3,926.40**	**5,167.07**	**6,726.28**	**8,478.38**	**10,215.92**	
142,811.58	167,404.44	208,586.41	246,706.45	296,246.98	367,337.48	450,795.65	
8,738.58	6,353.10	7,393.05	11,105.65	16,586.75	16,643.05	16,254.90	
14,646.33	21,519.58	25,376.35	29,924.37	36,214.15	43,478.63	62,009.42	
183,270.77	222,458.57	277,352.59	337,909.50	400,331.90	491,599.50	590,503.08	
98,883.05	125,830.59	159,982.67	195,420.03	239,720.64	303,000.27	365,495.04	
58,817.55	58,607.62	70,929.37	97,482.91	111,613.60	120,951.07	166,459.96	
10.57	13.51	17.00	22.11	28.49	35.47	42.15	
16.12%	16.80%	16.52%	18.37%	20.07%	20.88%	20.36%	
10.58%	13.26%	12.23%	11.60%	11.08%	11.77%	13.66%	
15.69%	17.44%	16.22%	16.52%	16.80%	16.07%	16.79%	
2.00	2.40	3.30	4.30	5.50	6.85	8.00	***
22.17%	21.72%	22.72%	22.70%	22.77%	22.68%	23.62%	
68.86	94.02	109.09	127.52	152.20	181.23	247.39	
194.68	386.70	469.17	519.85	625.35	748.80	1,022.70	
18.42	28.62	27.59	23.51	21.95	21.11	24.26	

HDFC BANK
We understand your world

BOARD OF DIRECTORS

Mr. C. M. Vasudev,
(Retired w.e.f. close of business hour on 26.08.2014)

Mrs. Shyamala Gopinath, Chairperson
(Assumed office w.e.f. 02.01.2015)

Mr. A. N. Roy

Mr. Bobby Parikh

Mr. Keki Mistry

Dr. Pandit Palande

Mr. Partho Datta

Mrs. Renu Karnad

Mr. Vijay Merchant
(Retired w.e.f. close of business hour on 04.10.2014)

Mr. Malay Patel (Appointed as Additional Director on 31.03.2015)

Mr. Aditya Puri, *Managing Director*

Mr. Paresh Sukthankar, *Deputy Managing Director*

Mr. Kaizad Bharucha, *Executive Director*

KEY MANAGERIAL PERSONS

Mr. Aditya Puri, Managing Director

Mr. Paresh Sukthankar, Deputy Managing Director

Mr. Kaizad Bharucha, Executive Director

Mr. Sashidhar Jagdishan, Chief Financial Officer

Mr. Sanjay Dongre, Executive Vice President (Legal) & Company Secretary

SENIOR MANAGEMENT TEAM

Mr. A Parthasarthy

Mr. Abhay Aima

Mr. Anil Jaggia

Mr. Anil Nath

Mr. Bhavesh Zaveri

Mr. Deepak Maheshwari

Mr. Jimmy Tata

Mr. Navin Puri

Mr. Rahul Bhagat

Mr. Rajender Sehgal

Mr. Rakesh Singh

Mr. V Chakrapani

EXECUTIVE VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Mr. Sanjay Dongre

STATUTORY AUDITORS

Delloitte Haskins & Sells
Chartered Accountants

REGISTERED OFFICE

HDFC Bank House,
Senapati Bapat Marg,
Lower Parel,
Mumbai 400 013.
Tel: + 91 22 66521000
Fax: + 91 22 24960737
Website: www.hdfcbank.com

CORPORATE IDENTIFICATION NO

CIN - L65920MH1994PLC080618

REGISTRARS & TRANSFER AGENTS

Datamatics Financial Services Ltd
Plot No. B 5,
Part B Crosslane,
MIDC, Marol, Andheri (East),
Mumbai 400 093.
Tel: + 91 22 66712213-14
Fax: + 91 22 28213404
E-mail: hdinvestors@dfssl.com

21st ANNUAL GENERAL MEETING

Date	:	July 21, 2015
Day	:	Tuesday
Time	:	2.30 p.m.
Place	:	Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020
Book Closure for AGM	:	July 4, 2015 to July 21, 2015 (both days inclusive)

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To the Members,

Your Directors take great pleasure in presenting the Twenty First Annual Report on the business and operations of your Bank together with the audited accounts for the year ended March 31, 2015.

SUMMARY OF FINANCIAL PERFORMANCE

(₹ crore)

	For the year ended	
	March 31, 2015	**March 31, 2014**
Deposits and Other Borrowings	496,009.2	406,776.5
Advances	365,495.0	303,000.3
Total Income	57,466.3	49,055.2
Profit before Depreciation and Tax	15,985.0	13,443.7
Net Profit	10,215.9	8,478.4
Profit brought forward	14,654.2	11,132.2
Total Profit available for Appropriation	24,870.1	19,610.6
Appropriations:		
Transfer to Statutory Reserve	2,554.0	2,119.6
Transfer to General Reserve	1,021.6	847.8
Transfer to Capital Reserve	224.9	58.3
Transfer to Investment Reserve	27.5	3.2
Proposed Dividend	2,005.2	1,643.4
Tax including Surcharge and Education cess on Dividend	408.2	279.3
Dividend (including tax / cess thereon) pertaining to previous year paid during the year	0.8	4.8
Balance carried over to Balance Sheet	18,627.9	14,654.2

The Bank posted total income and net profit of ₹ 57,466.3 crore and ₹ 10,215.9 crore respectively for the financial year ended March 31, 2015 as against ₹ 49,055.2 crore and ₹ 8,478.4 crore respectively in the previous year.

Appropriations from net profit have been effected as per the table given above.

DIVIDEND

Your Bank has had a dividend policy that balances the dual objectives of appropriately rewarding shareholders through dividends and retaining capital in order to maintain a healthy capital adequacy ratio to support future growth. It has had a consistent track record of moderate but steady increase in dividend declarations over its history with the dividend payout ratio ranging between 20% and 25%. Consistent with this policy and in recognition of the overall performance during this financial year, your directors are pleased to recommend a dividend of ₹ 8.00 per equity share of ₹ 2 for the year ended March 31, 2015 as against ₹ 6.85 per equity share of ₹ 2 for the previous year ended March 31, 2014. This dividend shall be subject to tax on dividend to be paid by the Bank.

AWARDS

As in the past years, awards and recognition were conferred upon your Bank by leading domestic and international organizations and publications during the financial year ended March 31, 2015.

Some of them are:

Asiamoney

- Best of Best Domestic Banks - India

Asiamoney FX Poll 2014

- Best Domestic Provider of FX options
- Best Domestic Provider of FX products & services
- Best Domestic Provider of FX research & market coverage
- Best Domestic Provider for FX services

Barron's List of World's Best CEOs

- Mr Aditya Puri named in list of Top 30 Global CEOs

  BrandZ™ Top 50 Most Valuable Indian Brands study by Millward Brown

- India's Most Valuable Brand

Business Today - KPMG Study 2014

- Best Large Bank - Overall
- Best Large Bank - Growth

Businessworld - PwC India Best Banks Survey 2014

- Best Large Bank
- Fastest Growing Large Bank

CNBC-TV18 CFO Awards

- Best performing CFO in the Banking Sector

  Dun & Bradstreet - Manappuram Finance Limited Corporate Award 2014

- Best Corporate in Banking Sector

Dun & Bradstreet - Polaris Financial Technology Banking Awards 2014

- Best Bank - Managing IT Risk (Large Banks)
- Best Bank - Mobile Banking (Large Banks)
- Best Bank - Best IT Team (Private Sector Banks)

Euromoney Private Banking and Wealth Management Survey 2015

- Best Private Banking Services award for Net-worth-specific services category for super affluent clients (US$ 1 million to US$ 5 million)
- Best Private Banking Services award Asset Management.

FE Best Bank Awards

- Best Bank in the New Private sector
- Winner - Profitability
- Winner - Efficiency

Finance Asia Country Awards 2014

- Best Bank - India

Finance Asia's poll on Asia's best managed companies

- Best Managed Company in India
- Best CEO in India (Mr Aditya Puri)

Forbes Asia

- Fab 50 Companies List for the 8th year

IDRBT Banking Technology Excellence Awards 2013-14

- Best Bank Award for Best IT team among Large Banks

J. P. Morgan Quality Recognition Award

- Best in class straight Through Processing Rates

Legal Era Magazine

- Best In - House Legal Team in Banking Sector

National Payment Corporation of India (NPCI) Excellence Awards

- Best Bank in Cheque Transaction System (CTS) - Large Bank Category
- Best Bank in National Automated Clearing House (NACH) - Large Bank Category

The Asset Triple A Awards 2014

- India - Best in Treasury and Working Capital - SME's

The Asian Banker

- Strongest Bank in India in the Asian Banker 500 (AB 500) Strongest Bank by Balance Sheet Ranking 2014

The Asian Banker Transaction Banking Awards 2014

- The Best Cash Management Bank in India

Outlook Money 2014

- Best Bank Award

RATINGS

Instrument	Rating	Rating Agency	Comments
Fixed Deposit Program	CARE AAA (FD)	CARE Ratings	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
	IND tAAA	India Ratings	Indicates the strongest capacity for timely payment of financial commitments relative to other issuers or issues in the country.
Certificate of Deposits Program	CARE A1+	CARE Ratings	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
	IND A1+	India Ratings	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
Long term unsecured, subordinated (Lower Tier 2) Bonds	CARE AAA	CARE Ratings	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
	IND AAA	India Ratings	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
Tier 1 Perpetual Bonds	CARE AAA	CARE Ratings	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
	CRISIL AAA	CRISIL	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
Upper Tier 2 Bonds	CARE AAA	CARE Ratings	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
	CRISIL AAA	CRISIL	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
Infrastructure Bonds	CARE AAA	CARE Ratings	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
	CRISIL AAA	CRISIL	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

ISSUANCE OF EQUITY SHARES

Your Bank has issued 66,000,000 underlying equity shares pursuant an ADR offering in February 2015 and also allotted 18,744,142 equity shares pursuant to a Qualified Institutional Placement (QIP) offering. As a result of these issuances, the equity of your Bank increased by ₹ 9,722.8 crore, net of share issue expenses. The capital was raised for meeting capital requirements in accordance with the capital adequacy norms and to ensure adequate capital to support growth and expansion, including enhancing your Bank's solvency and capital adequacy ratio and for general corporate purposes.

During the year under review, 22,700,740 equity shares were allotted to the employees of your Bank in respect of the equity stock options exercised under the Employee Stock Option schemes of the bank.

As at 31st March 2015, the issued, subscribed and paid-up capital of your bank stood at ₹ 501.30 crore comprising 2,506,495,317 equity shares of ₹ 2/- each.

EMPLOYEE STOCK OPTIONS

The information pertaining to Employee Stock Options is given in as **ANNEXURE 1** to this report.

CAPITAL ADEQUACY RATIO

Your Bank's total Capital Adequacy Ratio (CAR) calculated in line with Basel III capital regulations stood at 16.8%, well above the regulatory minimum of 9.0%. Of this, Tier I CAR was 13.7%.

SUBSIDIARY COMPANIES

Your Bank has two subsidiaries, HDB Financial Services Limited ('HDBFS') and HDFC Securities Limited ('HSL')

HDB FINANCIAL SERVICES LIMITED

HDBFS is a non-deposit taking non-bank finance company ('NBFC'). The customer segments being addressed by HDBFS are typically under serviced by larger commercial banks, and thus create a profitable niche for the company. Apart from lending to individuals, the company grants loans to micro, small and medium business enterprises. It also runs call centers for collection services to the Bank's retail loan products.

As on March 31, 2015, HDBFS had 425 branches in 265 cities. During the financial year ended March 31, 2015, the company's total income increased by 50% to ₹ 2,527.3 crore as compared to ₹ 1,688.3 crore in the previous year. During the same period the company's net profit after tax grew 67% to reach ₹ 349.4 crore compared to ₹ 209.2 crore in the previous year.

During the year ended March 31, 2015, HDBFS issued 185,153,857 equity shares under the Rights Issue at a ratio of 9:25 (nine shares for every twenty five shares held). Your bank subscribed 180,000,000 shares under the Rights Issue at ₹ 65 per share (includes premium of ₹ 55 per share). As on 31 March 2015, your bank held 97.2 per cent stake in HDBFS. Further 565,800 equity shares were also issued under Employees Stock Options Scheme.

HDFC SECURITIES LIMITED

HDFC Securities Limited (HSL) continued to be a strong player in the financial services space offering complete financial services along with the core broking product. During the year under review, your Bank has further consolidated its stake in HSL by buying the shares from the other minority shareholders. Consequently, your Bank held 97.9 per cent stake in HSL as on March 31, 2015.

HSL increased its distribution network by a further fifty branches during the year, and by the end of the year had 250 branches across 186 cities in the country. During the year under review, HSL's total income has increased by over 58% to ₹ 417.0 crore as against ₹ 263.1 crore in the previous year. During the same period, the net profit after tax more than doubled to ₹ 165.0 crore compared to ₹ 78.4 crore in the previous year.

During the year under review, HSL received the following awards

- "Best e-Brokerage Award - 2014" in the Outlook Money Awards in the runner up category.
- "Best Market Analyst Award 2014" in the Equity Banking category by Zee Business and
- "Best Financial Markets Technology Implementation - 2014" during the eighth Asian Bankers Awards Program, 2014.

Shareholders who wish to have a copy of the annual accounts and detailed information on HDBFS and HSL may write to the Bank for the same. Further, the said documents shall also be available for inspection by shareholders at the registered offices of the Bank, HDBFS and HSL.

MANAGEMENT'S DISCUSSIONS AND ANALYSIS

Macroeconomic and Industry Developments

2014-15 was a year of consolidation for the domestic economy that had, over the previous two years, weathered a series of domestic and external headwinds. Efforts are currently underway to overcome some of the policy and supply side bottlenecks facing raw material supply (coal mining and natural resources mining and linkages), land acquisition and environmental and project clearances that have dampened domestic investment and growth. Some of these developments have started impacting on industrial growth (which picked up to 6.1% in FY15 from 4.5% a year ago) but needs to gain more traction to help pull the economy out of its current slump. Meanwhile, services growth has also gathered momentum picking up from 9.1% in FY14 to 10.2% in FY15. This, along with the bounce in industry, has offset the drag on agricultural growth which has fallen from 3.7% a year ago to 0.2% in FY15 amidst weather disturbances in winter and the late arrival of the monsoon in the summer.

The pressure on domestic drivers of growth, investments in particular, to spearhead domestic economic activity is more acute than usual given still weak global demand. While muted domestic growth and a jump in global supply (especially in the case of oil) has pulled down commodity prices and kept India's external and fiscal balances in check, it has also driven export growth lower. The current account deficit has fallen from 4.8% of GDP in FY13 to 1.7% of GDP in FY14 and the fiscal gap has shrunk from 4.5%of GDP in FY14 to 4.0% of GDP in FY15. However, export growth has also fallen sharply from 7.3% in FY14 to -0.8% in FY15.

The combination of global disinflationary pressures (a result of falling commodity prices and subdued growth), better supply management of food items, weak domestic demand and subdued corporate pricing power has helped keep domestic inflation in check pulling average CPI inflation lower from 9.0% in FY14 to 6% in FY15. This, along with the marked improvement in macro stability from a shrinking current account and fiscal deficit and a stabilization in the rupee around levels of 63.00 has created space for the central bank to address growth concerns more aggressively. The RBI has cut its policy rate by 75 bps since January, 2015 and there could be a possibility, albeit limited, of further rate cuts. This, along with some traction in government led infrastructure investment could help turnaround domestic credit growth which has eased from 13.5% in FY14 to 12.6% in FY15* (**nos. as on March 31, 2015*).

Going ahead, the combination of an easier monetary policy and some rebound in industrial activity is likely to push up headline growth from 7.2% in FY15 (vs. 6.6% in FY14) to around 8.0% in FY16.

Mission, Business Strategy and Approach to Business

Your Bank's mission is to be a 'World Class Indian Bank', benchmarking itself against international standards and best practices in terms of product offerings, technology, service levels, risk management, audit and compliance. The objective is to continue building sound customer franchises across distinct businesses so as to be a preferred provider of banking services for its target retail and wholesale customer segments, and to achieve a healthy growth in profitability, consistent with the Bank's risk appetite.

Your Bank's business philosophy has been based on five core values: Operational Excellence, Customer Focus, Product Leadership, People and Sustainability. Based on these cornerstones, it is your Banks aim to build an Indian Bank that meets the financial needs, and provides services of a high quality to its customers across the country.

Your Bank is committed to do this while ensuring the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance. The Bank understands and respects its fiduciary role and responsibility to all stakeholders and strives to meet their expectations. The cardinal principles of independence, accountability, responsibility, transparency, fair and timely disclosures, etc. serve as the basis of our approach to corporate governance.

Your Bank believes that diversity and independence of the Board, transparent disclosures, shareholder communication and effective regulatory compliance are necessary for creating and sustaining shareholder value. Your Bank has infused these principles into all its activities.

Your Bank also has a well-documented Code of Ethics/ Conduct Policy which defines the high business responsibility and ethical standards to be adhered to while conducting the business of the Bank and mandates compliance with legal and regulatory requirements. Every employee, including senior management has to affirm annually that they will abide by the code of conduct rules.

Consistent with the mission and approach, your Bank's business strategy emphasises the following:

- Increase our market share of India's expanding banking and financial services industry
- Increase our geographical reach
- Cross-sell our broad financial product portfolio across our customer base
- Continue our investments in technology to support our digital strategy
- Maintain strong asset quality through disciplined credit risk management
- Maintain a low cost of funds
- Integrate our activities in community development, social responsibility and enviromental responsibility with our business practices and operations

Financial Performance and state of affairs

The financial performance of your Bank during the financial year ended March 31, 2015 remained healthy with total net revenues (net interest income plus other income) increasing by 18.9% to ₹ 31,392.0 crore from ₹ 26,402.3 crore in the previous financial year. Revenue growth was driven by an increase in both, net interest income and other income. Net interest income grew by 21.2% due to acceleration in loan growth of 20.6% coupled with a net interest margin (NIM) of 4.4% for the year ending March 31, 2015.

Other income grew 13.6% over that in the previous year to ₹ 8,996.3 crore during the financial year ended March 31, 2015. The largest component of other income was fees and commissions, which increased by 14.8% to ₹ 6,584.2 crore with the primary drivers being commissions on debit and credit cards, transactional charges, fees on deposit accounts, fees on retail assets and commission on distribution of mutual funds and insurance products. Foreign exchange and derivatives revenues were ₹ 1,028.0 crore, gain on revaluation / sale of investments were ₹ 581.6 crore and recoveries from written-off accounts were ₹ 716.3 crore in the financial year ended March 31, 2015.

Operating (non-interest) expenses increased from ₹ 12,042.2 crore in the previous financial year to ₹ 13,987.6 crore in the year under consideration. During the year, your Bank opened 611 new branches and 510 ATMs which resulted in higher infrastructure and staffing expenses. Staff expenses also increased on account of annual wage revisions. Despite the addition to the infrastructure your bank maintained its cost to income ratio at 44.6% for the year ended March 31, 2015, as against 45.6% for the previous year.

Total provisions and contingencies were ₹ 2,075.8 crore for the financial year ended March 31, 2015 as compared to ₹ 1,588.0 crore during the previous year. Your Bank's provisioning policies for specific loan loss provisions remain higher than regulatory requirements. The coverage ratio based on specific provisions alone without including write-offs was 74%, and including general and floating provisions was 164% as on March 31, 2015. Your Bank made general provisions of ₹ 296.2 crore during the financial year ended March 31, 2015.

Your Bank's profit before tax was ₹ 15,328.7 crore, an increase of 20.0% over the year ended March 31, 2014. After providing for income tax of ₹ 5,112.8 crore, the net profit for year ended March 31, 2015 was ₹ 10,215.9 crore, up 20.5%, over the year ended March 31, 2014. Return on average net worth was 20.4% while the basic earnings per share increased from ₹ 35.5 to ₹ 42.2 per equity share.

As at March 31, 2015, your Bank's total balance sheet was at ₹ 590,503 crore, an increase of 20.1% over ₹ 491,600 crore as at March 31, 2014. Total deposits increased 22.7% from ₹ 367,337 crore as on March 31, 2014 to ₹ 450,796 crore as on March 31, 2015.

Savings account deposits grew by 21.1% to ₹ 124,927 crore while current account deposits grew by 19.6% to ₹ 73,565 crore as on March 31, 2015. The proportion of current and savings deposits to total deposits was at 44.0% as on March 31, 2015.

During the financial year under review, net advances grew by 20.6% to ₹ 365,495 crore. The Bank had a market share of approximately 4.9% and 5.0% in total domestic system deposits and advances respectively. Your Bank's Credit Deposit (CD) Ratio was 81.1% as on March 31, 2015.

Business Segments' Update

Consistent with its past performance, your Bank has achieved healthy growth across various operating and financial parameters in the last financial year. This performance reflected the strength and diversity of three primary business franchises -retail banking, wholesale banking and treasury and of its disciplined approach to risk-reward management.

Retail Banking

Your Bank caters to various customer segments with a wide range of products and services. Your Bank is a 'one stop shop' financial services provider of various deposit products, of retail loans (auto loans, personal loans, commercial vehicle loans, mortgages, business banking, loan against gold jewellery etc.), credit cards, debit cards, depository (custody services), bill payments and several transactional services. Apart from its own products, your Bank distributes third party financial products such as mutual funds and life and general insurance.

The growth in your Bank's retail banking business was robust during the financial year ended March 31, 2015. Your Bank's total retail deposits grew by 24.3 % to ₹ 356,827 crore in the financial year ended March 31, 2015, driven by retail term deposits which grew faster at 27.1% during the same period.

The Bank's retail advances grew 17.2% to ₹193,035 crore during the financial year ended March 31, 2015 driven primarily by a growth in auto loans, credit cards, personal loans and home loans. Retail advances include loans which fulfill the criteria of orientation, nature of product, granularity and low value of individual exposures for retail exposures as laid down by the Basel Committee.

During this year your Bank expanded its distribution network from 3,403 branches in 2,171 cities / towns as on March 31, 2014 to 4,014 branches in 2,464 cities / towns as on March 31, 2015. Number of ATMs increased from 11,256 to 11,766 during the same period. The Bank's focus on semi-urban and under-banked markets continued, with over 52% of the Bank's new branches in semi-urban and rural areas. The Bank's customer base currently stands at 32.7 million customers.

In order to provide its customers greater choices, flexibility and convenience, your Bank continued to make significant headway in its multichannel servicing strategy, offering its customers the use of ATMs, internet, phone and MobileBanking in addition to its expanded branch network to serve their banking needs. PhoneBanking services are available even for Non Resident Indian (NRI) customers of your Bank across the globe.

The Bank continued its focus on internal customers for its credit cards portfolio with over 70% of new cards issued to internal customers. During the year, the Bank launched 2 new credit cards- Money back, AllMiles. This will enable the Bank to address the needs of the mass and premium customer segments better. As part of its strategy to drive usage of its credit cards the Bank also has a significant presence in the 'merchant acquiring' business with the total number of point-of-sale (POS) terminals installed at 244,991.

In addition to the aforementioned products the Bank does home loans in conjunction with HDFC Limited. Under this arrangement the Bank through its branches sells loans provided by HDFC Limited. HDFC Limited approves and disburses the loans, which are booked in their books, with the Bank receiving a sourcing fee for these loans. The Bank has the right but not an obligation to purchase up to 70% of the fully disbursed home loans sourced under this arrangement either through the issue of mortgage backed pass through certificates (PTCs) or by a direct assignment of loans; the balance is retained by HDFC Limited. A fee is paid to HDFC Limited for the administration and servicing of the loans. Your Bank originated an average of approximately ₹ 1,100 crore of home loans every month in the financial year ended March 31, 2015. During the year, the Bank purchased from HDFC Limited under the "loan assignment" route ₹ 8,249 crore of home loans of which about ₹ 4,166 crore qualified as priority sector advances.

Your Bank also distributes life insurance, general insurance and mutual fund products through its tie-ups with insurance companies and mutual fund houses. Third party distribution income contributed approximately 15% of total fee income for the year ended March 31, 2015, compared to 11% of the total fee income for the previous year.

The Bank's data warehouse, Customer Relationship Management (CRM) and analytics solutions have helped it target existing and potential customers in a cost effective manner and offer them products appropriate to their profile and needs. Apart from reducing costs of acquisition, this has also helped in deepening of customer relationships and greater efficiency in fraud control and collections activities resulting in lower credit losses. The Bank is committed to investing in advanced technology in this area which will provide a cutting edge in the Bank's product and service offerings.

Digital Banking Initiatives

Your bank has been at the forefront of technology adoption for two decades. The bank has been early adopters of contemporary and futuristic technology, bringing out solutions which enhance the customer's experience of banking and dealing with your bank and providing world class convenience.

After consolidating our leadership position across our various business lines, as we took the next step towards becoming a world class customer centric organisation, we invested early in data warehouse and data analytics platform for offering straight through banking and payment services and need based marketing of our products and services. In that direction, the bank decided to develop full scale capabilities of a Full Service Digital Bank, which combines all its efforts using technology around various touch points in the bank offering a complete customer life cycle based approach to engagement and service.

Towards this, the key themes that your bank is following for Digital Banking are as follows:

- **Customer convenience**: making all interactions seamless, straight through and enriched.
- **Customer engagement**: by converting channels into full service platforms that help the customer in the complete life cycle - from acquisition to on-boarding to servicing to cross sell / up sell and extending to relationship management.
- **Comprehensive**: by allowing the customer to deal with the bank on the channel of their choice - offering all possible transactions, recommendations (through analytics) and forms/ sales capabilities on an end to end basis.
- **Innovation**: by introducing new cutting edge innovation based solutions which will enrich and enhance the customer experience.
- **Secure Banking :** Continued and enhanced security while accessing banking services especially from mobile devices by providing Multi-layer security, tokenisation, device mapping, identity security etc.

The key outcomes that your bank is driving as a result of focus on these themes are:

1. Increased number of customers using digital channels through a systematic on-boarding of customers through branches, direct to customer campaigns, phone channels, ATM, etc.
2. Increased number of financial transactions done by customers - which will lead to higher stickiness and frequency of use. This also includes migration of transactions done physically onto digital platforms, through a systematic education and on-boarding of customers.
3. Increasing the transaction sets available on digital channels and making each of them straight through, including sales / cross selling capabilities. Both our mobile banking (on apps) and net banking, today, offer amongst the highest transaction sets available on these platforms, with over 75 online real time transacting features in mobile banking app in both Hindi and English across cross section of mobile devices and over 160 transacting features on net banking.
4. Increasing the proportion of sales / cross sell through digital channels.

Some examples of cutting edge innovation based solutions are the instant 10 second loans to some of our good scored customers (basis analytics) in unsecured personal loans, consumer durable loans, auto loans which will have a significant impact in the way we do our business in future. We are in the process of launching "design your own loan against securities (LAS) account" which enables customers to mark the securities which they wish to pledge and create their own LAS limits net of the requisite margins as required by regulations and internal processes. We have also launched create your own loan against deposit account's which provide instant low cost funding for the customers without having to break their fixed deposits. For a certain set of good scored customers, we are in the process of launching an instant virtual card (which will be followed by a physical card) that will enable customers to transact on the e-portals instantly. Whilst these are few examples on the banking side the bank has launched new products and services on the payments side of the business which will enhance customer convenience.

Being a dominant player in the cards issuance and merchant acquiring businesses huge amount of the payment volumes in the market go through your bank's payment platform. Your bank thus has a large relationship with merchants across the county. Some of the merchants run cash discount offers exclusively for bank's customers. To enable the customers to access various offers in a convenient way, your bank has aggregated these offers under a single customer market place window called "SmartBuy". The "SmartBuy" window will lead the customer to the relevant landing page of the merchant where the customer buys goods and services at a special offer price.

The bank has recently launched its own wallet called "PayZapp" which can be either linked to credit or debit cards or can be pre-funded as well. The wallet is created vide a two-factor authentication in the banks system only. Thus customers need not share their card details on various merchant sites thus making electronic transaction payments secure and also convenient by eliminating multiple clicks for payments.

The transformation of your bank into a digital bank has created a new found buzz and excitement across the bank with every employee of the bank being a digital champion. The products and service offerings on digital platforms offers convenient, quick, secure, cost efficient way to do banking which should lead to stickiness and consolidation of the customers relationship with the bank. With the above value proposition to the customer, the overarching message in the digital strategy is "Think Money, Think HDFC Bank".

Wholesale Banking

Your Bank provides its corporate and institutional clients a wide range of commercial and transactional banking products, backed by high quality service and relationship management. The Bank's commercial banking business covers not only the top end of the corporate sector but also the emerging corporate segments and small and medium enterprises (SMEs). Your Bank has a number of business groups catering to various segments of its wholesale banking customers with a wide range of banking services covering their working capital, term finance, trade services, cash management, investment banking services, foreign exchange and electronic banking requirements.

Your Bank's financial institutions and government business group (FIG) offers commercial and transaction banking products to financial institutions, mutual funds, public sector undertakings, central and state government departments. The main focus for this segment remained the offering of various deposit and transaction banking products to this segment besides deepening these relationships by offering funded, non-funded, treasury and foreign exchange products. Your Bank is authorised to collect Direct Taxes & made total collection of ₹ 169,064 crore during the year and was ranked No.2 in terms of total collections made by any bank. Your Bank is also authorised to collect Excise & Service Tax and collected ₹ 63,517 crore, during the year. Governments of 13 States have authorised your Bank to collect State Taxes / duties. These mandates enable a greater convenience to the customers and help the exchequer in mobilizing resources in a seamless manner.

Your Bank's wholesale deposits grew 17.2%, while wholesale advances showed a growth of 24.7%. Your Bank provides its customers access to both working capital and term financing. Working capital loans and short tenor term loans continued to account for a large share of its wholesale advances.

During the financial year ended March 31, 2015, growth in the wholesale banking business continued to be driven by new customer acquisition and higher cross-sell with a focus on optimizing yields and increasing product penetration. Your Bank's cash management business (CMS) (including all outstation collection, disbursement and electronic fund transfer products across the Bank's various customer segments) registered volumes of over ₹ 33 trillion. The Bank is one of the front runners in making significant progress in web-enabling its CMS business. The Bank has succeeded in leveraging its market position, expertise and technology to create a competitive advantage and build market share by offering customised solutions. From customised ERP integrations to high end SAP certified solutions, the Bank has been a leading proponent of adopting innovative technology. The Bank continues to be the market leader in cash settlement services for major stock & commodity exchanges in the country.

Your Bank's Investment Banking Group has established itself as a leading player in debt capital markets and project finance. We are amongst the top 5 players in the syndicated loan market and top 10 in the Rupee corporate bond markets. We successfully arranged financing for client relationships across sectors such as telecom, steel, energy, toll roads, healthcare, chemicals, real estate and cement totaling to approximately ₹ 76 billion. We also arranged ₹140 billion worth of corporate bonds across financial institutions, public sector undertakings and corporates. In equity capital markets, your bank successfully launched and completed the maiden sole managed IPO of a cold chain logistics company.

The Bank met the overall priority sector lending requirement of 40% of net bank credit and also strived for healthy growth in the sub-targets such as weaker sections, direct agriculture, and the micro and SME segments.

International Operations

Your Bank currently has three overseas branches: a wholesale banking branch in Bahrain, a branch in Hong Kong and a branch at Dubai International Finance Center (DIFC) in Dubai. The DIFC branch was opened in the current financial year. The overseas branches offer multiple banking services including treasury products, trade finance and loans to customers. The DIFC branch offers advisory services to High Net Worth Individuals and corporates. Your Bank also has representative offices in

Abu Dhabi and Nairobi. The representative offices are engaged in promotional and marketing activities to create more awareness of Bank's brand name among the Non-Resident Indian (NRI) community. As of March 31, 2015 the combined balance sheet size of overseas branches was over USD 5 billion. Advances at overseas branches constituted 7.9% of the Bank's gross advances as on 31st March 2015. The total income of the overseas branches constitute 1.7% of the Bank's total income for the year.

Treasury

The treasury group is responsible for compliance with reserve requirements, and management of liquidity and interest rate risk on the Bank's balance sheet. On the foreign exchange and derivatives front, revenues are driven primarily by spreads on customer transactions based on trade flows and customers' demonstrated hedging needs. The financial year ended March 31, 2015 recorded ₹ 1,028.0 crore revenues from foreign exchange and derivative transactions. These revenues were distributed across large corporate, emerging corporate, business banking and retail customer segments for plain vanilla foreign exchange products and across primarily large corporate and emerging corporate segments for derivatives. The Bank offers Indian rupee and foreign exchange derivative products to its customers, who use them to hedge their market risks. The Bank enters into foreign exchange and derivative deals with counterparties after it has set up appropriate counterparty credit limits based on its evaluation of the ability of the counterparty to meet its obligations in the event of crystallization of the exposure. Appropriate credit covenants may be stipulated where required as trigger events to call for collaterals or terminate a transaction and contain the risk. Where the Bank enters into foreign currency derivative contracts, not involving the Indian Rupee, with its customers it lays them off in the inter-bank market on a matched basis. For such foreign currency derivatives, the Bank primarily carries the counterparty credit risk (where the customer has crystallized payables or mark-to-market losses). The Bank also deals in derivatives on its own account; including for the purpose of its own balance sheet risk management.

Given the regulatory requirement of holding government securities to meet the statutory liquidity ratio (SLR) requirement, your Bank maintains a portfolio of government securities. While a significant portion of these SLR securities are held in the 'Held-to-Maturity' (HTM) category, some of these are held in the 'Available for Sale' (AFS) category. The Bank is also a Primary Dealer for government securities. As part of this business, as well as otherwise, the Bank holds fixed income securities in the "Held for Trading" (HFT) category.

Information Technology

Technology is a key enabler and facilitator to the key goals of your Bank and is identified as one of the strategic pillars of the Bank. Since inception your Bank has been at the forefront of leveraging technology to provide better products and services to its customers. Your Bank continues to heavily invest in its technology and spread its electronically linked branch network with state of the art IT enabled core banking services. Your Bank also implemented Desktop Virtualization, a Cloud Technology solution, to run core banking services, in semi-urban or rural branches. Over 10,000 such virtual desktops have been deployed in the past two years, to ensure that your Bank is able to overcome the limitations of telecom networks and other infrastructure in such geography.

Your Bank scaled its technology infrastructure to create a stable, secure and robust setup to support Direct Banking platform. With the implementation of new initiatives, the availability of your Bank's Netbanking platform has improved considerably. The technology initiatives in FY 2014-15 reaffirmed your Bank's commitment to a significantly enhanced customer experience across all channels, including Digital Banking. Your Bank's Digital initiatives focus squarely on customer-centricity. Your Bank has equipped its Core Banking System with more processing capacity to meet the scale and transaction volume requirements in future.

Your Bank also created a state-of-the-art Business Continuity and Disaster Recovery management strategy to secure the live systems, which are vital to your Bank's business operations. Live switch-over and switch-back drills of major IT applications have successfully been completed, thereby enhancing your Bank's readiness in responding to emergency situations. Your Bank has adopted innovative modern technology and best in class banking practices in respect of governance frameworks - to ensure that it renders the highest standards of service quality and operational excellence to its customers. Your Bank had embarked on a program to implement the RBI guidelines on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds and provided recommendations for implementation.

Technology initiatives of your bank have also been recognized externally in the form of many awards and accolades that have come our way. Your bank has won Best CRM implementation award by Asian Banker and Gartner, IDC insights for Customer Power, Best IT team award by IDRBT are some of the examples.

Service Quality Initiatives

Your Bank continued its drive towards improvements in service quality across all customer touch points namely branches, ATMs, Phone Banking, Net Banking, Email channels along with back office support functions. Your Bank regularly captures 'voice of customers' and 'voice of employees' and uses those towards simplification of processes to delight customers. Your Bank has also augmented the training and skill development mechanism to empower and equip employees to deliver improved quality of customer service.

Your Bank has taken various steps to improve the effectiveness of its grievance redressal mechanism across delivery channels. The effectiveness of grievance handling in particular and overall customer service initiatives are periodically reviewed at different levels including by the Board of Directors of the Bank. All these initiatives have helped in consistent reduction in total number of customer complaints. Your Bank has a very strong and dispassionate review mechanism for complaint resolution. Review is done by an independent cross functional team of senior staff to ensure unbiased resolution.

As a result of the continued focus on customer service, your Bank has received written appreciation from many of the Banking Ombudsmen appointed by Reserve Bank of India across locations like Maharashtra & Goa, Tamil Nadu & Pondicherry, Rajasthan, Uttar Pradesh & Uttarakhand, Bihar & Jharkhand, West Bengal, Madhya Pradesh & Chhattisgarh. Your Bank has also received many external accolades.

Risk Management and Portfolio Quality

Integral to its business, the Bank takes on various types of risk, the most important of which are credit risk, market risk, liquidity risk and operational risk. The identification, measurement, monitoring and management of risks remain a key focus area for the Bank. Sound risk management and balancing risk-reward trade-offs are critical to the Bank's success. Business and revenue growth are therefore to be weighed in the context of the risks implicit in the Bank's business strategy. The Board of Directors of your Bank endorses the risk strategy and approves the risk policies. The Risk Policy & Monitoring Committee of the Board supervises implementation of the risk strategy. It guides the development of policies, procedures and systems for managing risk. The Committee periodically reviews risk level and direction, portfolio composition, status of impaired credits as well as limits for treasury operations.

The macro level causative factors for credit risk to a bank typically are slowdown in economic growth, imbalances in the economy, concentration of exposures in sectors under stress, etc. To manage credit risk, the Bank has a comprehensive centralized risk management function, independent from the operations and business units of the Bank. Distinct policies, processes and systems are in place for the retail and wholesale businesses. In the retail loan businesses, the credit cycle is managed through appropriate front-end credit, operational and collection processes. For each product, programs defining customer segments, underwriting standards, security structure etc., are specified to ensure consistency of credit buying patterns. Given the granularity of individual exposures, retail credit risk is monitored largely on a portfolio basis, across various products and customer segments. For wholesale credit exposures, management of credit risk is done through target market definition, appropriate credit approval processes, ongoing post-disbursement monitoring and remedial management procedures. Overall portfolio diversification, prudential ceilings, security structures and periodic as well as proactive reviews facilitate risk mitigation and management.

The asset quality of the Indian banking industry came under pressure from broader macroeconomic factors as well as issues specific to certain sectors in the economy. The banking industry on an overall basis saw an increase in debt restructuring and non-performing assets, besides corrective actions under RBI's Framework for Revitalising Distressed Assets in the Economy, which became fully effective from 1st April 2014. Your Bank, in these challenging times, has been able to maintain asset quality of a high standard and contain the level of delinquencies. Your bank believes in highest standards of governance in recognition and reporting of delinquent and restructured accounts. Your bank has demonstrated the same during the year when it recognized one such large exposure as delinquent, sold the same at fair value and took a write down by utilizing floating provisions.

As of March 31, 2015, your Bank's ratio of gross non-performing assets (NPAs) to gross advances was 0.9%. Net non-performing assets (gross non-performing assets less specific loan loss provisions) were 0.2 % of net advances as of March 31, 2015. Total restructured assets (including applications under process for restructuring) were 0.1 % of gross advances as of March 31, 2015. The specific loan loss provisions that the Bank has made for its non-performing assets continue to be more conservative than the regulatory requirement. In addition, the Bank has made general provisions for standard assets which are as per regulatory prescription. The coverage ratio taking into account specific, general and floating provisions was 164% as of March 31, 2015.

A dedicated team within the risk management function is responsible for assessment, monitoring and reporting of operational risk exposures across the bank. Board approved Operational Risk Management Framework is put in place. A bottom up self-assessment process identifies high risk areas so that bank can initiate timely remedial measures. Key Operational Risk Indicators are employed to alert the bank on impending problems in a timely manner to ensure risk mitigation actions. Material operational risk losses are examined thoroughly to identify areas of risk exposures and gaps in controls basis which appropriate risk mitigating actions are initiated.

Market Risk in the trading portfolio of your Bank has been adequately managed through a well-defined Board approved market risk policy and stringent trading risk limits such as positions limits, gap limits, tenor restrictions; sensitivity limits viz. PV01, Modified Duration and Option Greeks, Value-at-Risk (VaR) limit and Stop Loss Trigger Level (SLTL). The Bank also has an approved investment policy which is adhered while investing or trading. Additionally, Bank has a Board approved stress test policy and framework which encompasses the market risk stress test scenarios and simulations so that stress losses can be measured and adequate control measures can be initiated.

HDFC BANK
We understand your world

Liquidity risk is the risk that the Bank may not be able to fund increases in assets or meet obligations as they fall due without incurring unacceptable losses. Interest rate risk is the risk where changes in market interest rates affect the Bank's earnings through changes in its net interest income (NII) and the market value of equity through changes in the economic value of its interest rate sensitive assets, liabilities and off-balance sheet positions. The policy framework for liquidity and interest rate risk management is established in the Bank's ALM policy which is guided by regulatory instructions. Your Bank has established various Board approved limits viz., maturity gap limits and limits on stock ratios for liquidity risk and limits on income impact and market value impact for interest rate risk. Your Bank's Asset Liability Committee (ALCO) ensures that liquidity risk and interest rate risk are within the tolerance limits. Additionally, your Bank has a comprehensive Board approved stress testing programme covering liquidity and interest rate risk which is aligned with the regulatory guidelines. The Liquidity Coverage Ratio (LCR) is a global minimum standard for bank liquidity. The ratio aims to ensure that a bank has an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs for a 30 calendar day liquidity stress scenario. In June 2014, RBI released Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards. Based on the guidelines, LCR became effective on January 1, 2015. The minimum requirement for the ratio is at 60%, increasing in equal annual increments to reach 100% on January 1, 2019. As per the prevailing guidelines on March 2015, your Bank's monthly average LCR, for the quarter ended March 31, 2015 was 100.8%.

In accordance with RBI's guidelines, the Bank is currently on the Standardized Approach for Credit Risk, the Basic Indicator Approach for Operational Risk and the Standardized Approach for Market Risk. Parallely, the Bank is progressing with its initiatives for migrating to the advanced approaches for these risks. The framework of the advanced approaches is in harmony with the Bank's objective of adopting best practices in risk management.

The Bank has a structured management framework in the Internal Capital Adequacy Assessment Process (ICAAP) for the identification and evaluation of the significance of all risks that the Bank faces, which may have a material adverse impact on its business and financial position. The Bank considers the following as material risks it is exposed to in the course of its business and therefore, factors these while assessing / planning capital:

- Credit Risk, including residual risks
- Credit Concentration Risk
- Market Risk
- Business Risk
- Operational Risk
- Strategic Risk
- Interest Rate Risk in the Banking Book
- Compliance Risk
- Liquidity Risk
- Reputation Risk
- Intraday Risk
- Model Risk
- Technology Risk
- Counterparty Credit Risk

The Bank has a Board approved Stress Testing Framework which forms an integral part of the Bank's ICAAP. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible stressed business conditions. The changes in the levels of various risks and the changes in the on and off balance sheet positions of the Bank are assessed under assumed "stress" scenarios and sensitivity factors. Typically, these relate, inter alia, to the impact on the Bank's profitability and capital adequacy.

INTERNAL CONTROLS, AUDIT AND COMPLIANCE

Your Bank has Internal Audit and Compliance functions which are responsible for independently evaluating the adequacy of all internal controls and ensuring operating and business units adhere to internal processes and procedures as well as to regulatory and legal requirements. The audit function also proactively recommends improvements in operational processes and service quality. To mitigate operational risks, the Bank has put in place extensive internal controls including audit trails, appropriate segregation of front and back office operations, post transaction monitoring processes at the back end to ensure independent checks and balances, adherence to the laid down policies and procedures of the Bank and to all applicable regulatory guidelines. Your Bank has always adhered to the highest standards of compliance and governance and has put in place controls and an appropriate structure to ensure this. To ensure independence, the internal audit function has a reporting line to the Chairman of the Audit and Compliance Committee of the Board and only a dotted line reporting to the Managing Director. The Audit and Compliance Committee of the Board also reviews the performance of the audit and compliance functions and reviews the effectiveness of controls and compliance with regulatory guidelines.

CORPORATE SOCIAL RESPONSIBILITY

Continuing on the path that we are committed to, we have created a holistic impact on society through a range of projects from supporting primary education to providing life skills to an underprivileged community; thus enhancing the daily lives of the community. In alignment with our CSR policy, we have forayed into the following areas with specific projects pertaining to each one of them detailed in our Annual Report on Corporate Social Responsibility (CSR) Activities appended as **ANNEXURE 2.**

Financial Literacy and Empowerment: Your bank appreciates the need for children to understand money and the markets that affect them as they become future consumers, producers and workers. Having reached out to about 63,200 students across 600 schools in Andhra Pradesh and Odisha, we have implemented the same in Bihar and Chattisgarh by reaching out to 30,000 children from 300 schools. Through our Sustainable Livelihood Initiative (SLI), the Bank offers non-financial services such as credit counseling and financial literacy training. The Bank also conducts rural financial literacy initiatives across the country to complement its efforts to support inclusive growth. The Bank has initiated financial literacy camps in its designated villages. The Financial Literacy centres / camps function independently, having dedicated staff to conduct classes. The sessions are conducted on a daily basis at the centre, as well as at schools, gram panchayats, government centres etc. We have reached out to more than 62,000 people under this initiative.

Promoting Education: Education is one of the building blocks of a nation and is an integral focus of our CSR strategy. With the aim of having every child in 'school and learning', our interventions are aimed at strengthening and ensuring the quality of education that children receive. With the intention of attaining these objectives we have initiated a multitude of projects reaching out to about 27,000 students.

1. Realigning into the system - Continuing on the work done in the previous years, underprivileged children left out of the educational process due to personal circumstances were realigned into the system and mainstreamed. Through the Community Engagement and Empowerment Programme (CEEP) in Kolkata, 270 children in the age group of 8-14 years were mainstreamed into the education system by way of accelerated learning and remedial education.
2. Educational support - In order to encourage children and reduce dropout due to economic inability we support the education of special groups such as tribal students through Kalinga Institute of Social Sciences (KISS), professional courses through Nisvartha Foundation and the girl child education through Nanhi Kali project. In continuation of our ECSS (Educational Crisis Scholarship Support) 274 students were supported.
3. Counsel for Career - Our project in Assam reaches out to over 10,000 students in 49 schools providing support in the form of career counseling to make correct choices. Career planning and guidance to the needy is provided through seminars, manuals, SMS alerts. We also support 12 career counseling centers in Gujarat which help bridge the gap between the underprivileged youth and industry requirements.
4. Improving the quality of education - Striving for quality education for all, we work to provide quality education for about 7,400 underprivileged children. We aim to achieve good governance by active participation of parents to monitor the progress of Right to Education (RTE), attendance rate, performance of students and the quality of teaching. We also support two schools in Nabha region, Punjab to develop them as resource schools to showcase best practices of primary education. In addition, we support the running of a Mobile Science Lab (MSL) with Agastya International Foundation, which promotes awareness in children to learn new concepts of Science by experiments. The MSL visits government schools and communities in remote villages.

On a need basis, we have provided assistance in the form of infrastructural support for construction of classrooms, residential facilities for students, sanitation facilities, setting up and running of libraries to inculcate reading habit in children across the country.

Skill Training and Livelihood Enhancement: Due to a skewed educational system focussed more on formal academics than on livelihood skills, millions of youth unable to complete their education are left with no potential job opportunities. Your Bank's livelihood and skill development initiative are focused on training and capacity building of these youth and women from economically weaker sections of the society.

Our skill development initiative in Kolar, Karnataka and Jharkhand has reached out to 520 youth in the age group of 18-35 years in learning IT skills, mobile repairing and servicing, BSPA, beautician course.

We have partnered with different NGO's to support learning opportunities for youth in high growth sectors including Auto, Banking, Construction, Hospitality, Organized Retail, IT and ITES. We also lend support to create socio-economic impact to promote entrepreneurship and employment linked skills in youth. We support the iLEAD programme in Chittorgarh, Rajasthan where underprivileged youth are groomed on personality development along with technical training, spoken English and basic computer skills.

In addition to the support for technical and vocational skills across the country, we promote best practices for organic farming. The project creates awareness amongst farmers about the conservation of soil fertility, need for organic farming and generate higher yields for them. The project is an enviro-social linked programme which improves the soil quality, reduces usage of chemical fertilizers, while giving higher yields. The project has also created market linkages to promote collective bargaining for sale of yield.

Through our Capacity Building project close to 3.07 lakh individuals have undergone training in both on farm and non-farm based sectors to enhance their micro entrepreneurial skills.

Health Care

Our largest ongoing activity is our Annual Blood Donation Drive. Riding on the GUINNESS WORLD RECORD™ campaign last year, we have got higher numbers by participants and the number of units collected. The blood donation drive this year saw 1,55,599 volunteers and 1,28,642 units collected on a single day across multiple centers pan India.

In response to disasters where healthcare emerges as one of the critical areas of intervention we have responded to the needs of the affected communities to create sustainable solutions. We continue to support primary healthcare and Diagnostic Centre in Kedarghati, Uttarakhand which reaches out to about 50 surrounding villages.

During the floods in Jammu & Kashmir, the Bank's employees donated towards relief efforts and the amounts were matched by the Bank. In an ongoing project we are restoring the affected educational institutes in the area.

Rural Development

We have responded to the developmental needs of the communities ranging from infrastructural support to community based campaigns. Two remote villages in Madhya Pradesh, affected by the lack of development, erratic precipitation, high runoff and severe soil erosion, have been suffering from water scarcity and land management issues. We are supporting the project for the community's awareness of better land management, land use practices and water conservation. The intervention is an environmentally conscious project which promotes natural resource management and improves the livelihood of the community within.

Continuing to invest in the rural community, we extend the Bank's already spread network, to uplift the Bottom of the Pyramid, with special attention to provide basic financial services and credit, financial literacy and capacity building.

Through our Sustainable Livelihood Initiative (SLI) we have reached out to 3.92 million families.

Our Milk To Money (MTM) initiative, reduces risks of quality dilution by middlemen and help dairy farmers to increase their productivity. The 'Milk To Money ATM' system generates payment instructions for farmers by the amount and quality of milk deposited. The system sends out payment details to the Bank to be processed which is credited into the farmers' accounts, which can be withdrawn from the ATM.

To further our objectives in this regard we have initiated a project to develop 75 villages in the areas of Sanitation, Water, Education and Livelihood training.

Eradicating Poverty: Your Bank continues to support employees' participation to contribute to society through both time and funds. Through the Employee Payroll Giving Programme, employees continues to donate on a monthly basis. The Bank supports this gesture by donating a matching amount. As of February 2015, we have close to 5,000 active donors. The Bank promotes employee volunteering by way of various structured volunteering activities. Under our 'Power of Banking' financial literacy programme, children are oriented on the various nuances of financial aspects like the origin of money, roles played by the Banks as financial institutions, importance of savings, etc.

Environmental Sustainability: Recognising the environment as a 'natural capital', we intend to minimise the risks owing to growing effects of climate change. We are conscious of our usage of resources and our impact on energy, paper and water consumption and waste generation. We aim to drive positive change towards environment through the projects we invest in. We have promoted multichannel delivery through NetBanking, PhoneBanking, and MobileBanking to mitigate GHG emissions from our operations and initiated Solar ATM's.

As a pilot project, in locations where intermittent power supply is a major issue, we have installed solar ATMs. These ATMs use rechargeable Lithium Ion batteries for uninterrupted power supply and use solar energy for their functioning. To decrease our environmental footprint we are continuously working to reduce our impact by measures including green procurement, efficient lighting solutions, optimised travel planning, reducing paper consumption etc.

FINANCIAL INCLUSION

Over the last few years, your Bank has been working on a number of initiatives to promote Financial Inclusion across identified sections of rural and semi urban, under-banked and un-banked consumers. These initiatives target segments of the population that have limited or no access to the formal banking system by building a robust and sustainable model that provides relevant services and viable timely credit that ultimately results in economically uplifting its customers and substitutes borrowings at usurious rates.

Your Bank's initiatives in the rural or deeper geography are dovetailed into its financial inclusion plans and also complements its Corporate Social Responsibility initiative where the endeavor has been to provide banking services which are viable both for the customer and the Bank. As of March 31, 2015 your Bank had 2208 rural and semi urban branches of which 469 branches were in unbanked areas.

Your Bank's financial inclusion initiatives is integrated across its various businesses, and product groups. As of March 31, 2015 your Bank had included over 10 million households who were hitherto excluded from basic banking services, into the banking fold.

Rural Initiatives

Your Bank offers products and services such as savings, current, fixed and recurring deposits, loans, ATM facilities, investment products such as mutual funds and insurance, electronic funds transfers, drafts and remittances etc. in its branches located in rural locations. The Bank also leverages some of these branches as hubs for other inclusion initiatives such as direct linkages to self-help groups and to promote Joint Liability Group Loans, POS terminals and information technology enabled kiosks. The Bank covers over 17,500 villages in the country through various distribution set ups, which include branches, bank staff reaching out to the villages and business correspondents. Around 37% of the above mentioned villages have a population of less than 2,000 that had largely been financially excluded from the formal banking sector.

A number of retail credit products such as two-wheeler loans, car loans, mortgages etc. that are consumption products in urban centers happen to be means of income generation for rural consumers. Apart from loans directly linked to agriculture such as pre and post harvest credit, your bank is one of the few banks to offer many other credit products under one roof to aid financial betterment in rural locations. Your Bank has extended provision of its retail loans to large segments of the rural population where the end use of the products acquired (by availing Bank's loans) is used for income generating activities. For example, loans for tractors, commercial vehicles, two wheelers etc. supplement the farmer's income by improving productivity and reducing expenses. With such a comprehensive offering of banking and payment products and services, at appropriate price points and best in class service standards, the brand recall of your bank has helped the bank being named as the most valuable brand in India.

Agriculture and Allied Activities

A large portion of India's un-banked population relies on agriculture as the main source of livelihood. We believe provision of credit to farmers through various methods that your Bank has employed replaces the traditional money lending channel, while simultaneously providing income generating activities. Your Bank provides various loans to farmers through its suite of specifically designed products such as the Kisan Gold Card, tractor and cattle loans etc. In addition, the Bank offers post-harvest cash credit, warehouse receipt financing and bill discounting facilities to mandi (markets for grain and other agricultural produce) participants and farmers. These facilities enable the mandi participants to make timely payments to farmers. The Bank carries out this business through branches that are located in close proximity to mandis. As of March 31, 2015 the banks credit to agriculture and allied activities was about ₹ 41,064.3 crore as against ₹ 32,326.5 crore as on March 31, 2014.

The Bank targets specific sectors to capture supply chain of certain crops from the production stage to the sales stage. On the basis of these cashflows, your Bank is able to finance specific needs of the farmers. This model has currently been implemented with dairy farmers. The initiative currently underway includes the appointment of dairy societies as business correspondents, through whom the Bank opens accounts of individual farmers attached to these societies. The societies route payments to the farmers through this account.

The use of appropriate technology is necessary to bring about efficiency in the agri value chain. One such innovative technology initiative is the "Milk to Money" for dairy supply chain. Under the initiative Bank has deployed Multifunction Terminal (MFT) in the Dairy society at the villages. The MFT links to the milk procurement system of the dairy society to facilitate payment of milk proceeds into the farmer accounts on the payment day. The entire process is done by the society without any intervention by the Bank at the front-end. The MFT has a cash dispenser that functions as standard ATM, thus the farmer can withdraw the amount from his account immediately if needed. The transparency in the milk collection process benefits both farmers and society as they get payments quickly & without the hassle of cash distribution. Based on the payment data bank is able to lend to the farmers which improves the collection of the society and ultimately the milk production. Currently, your Bank has deployed about such 147 MFT terminals covering as many villages. More than 45,000 farmers are getting the benefit under this initiative. Further, Bank is also making the payments to more than 1.40 lakh dairy farmers at their doorstep through BCs equipped with 430 Micro ATMs (Pos Device).

Loans against Gold Jewellery

This offering allows customers a reliable source of credit in times of need. In the absence of this product, customers might be unable to access credit or alternatively might avail of credit at much higher rates in the form of unsecured loans from money lenders. Gold loans provide an alternate source of funds by monetising the household gold. It provides financial independence to small traders, small entrepreneurs and housewives. It also substitutes borrowing at usurious rates, particularly by small borrowers and weaker sections. As of March 31, 2015 loans against gold jewellery was at ₹ 4,057 crore as against ₹ 4,042 crore as of March 31, 2014.

Small and Micro Enterprises

Your Bank offers complete banking solutions to micro, small and medium scale enterprises across industry segments including manufacturers, retailers, wholesalers / traders and services. The entire suite of financial products including cash credit, overdrafts, term loans, bills discounting, export packing credit, letter of credit, bank guarantees, cash management services and other structured products are made available to these customers. One of the means to financial inclusion is by supporting small and micro enterprises which in turn provide employment opportunities to the financially excluded. Though indirect, we believe this model may in many instances be more effective than providing subsidies that are often unsustainable, or never reach the intended beneficiary.

Promoting Financial Awareness

In addition to providing various products and services to the financially excluded, your Bank believes that imparting education and training to these target segments is equally essential to ensure transparency and create awareness. To this effect the Bank has put in place various training programs. These are conducted by Bank staff in local languages and cover not only the customers but also various intermediaries such as the Bank's business correspondents. Through these programs your Bank provides credit counseling and information on parameters like savings habit, better utilization of savings, features of savings products, credit utilization, asset creation, insurance, income generation program etc. The Bank also facilitates need based capacity building and market place for the customers with the objective of sustaining their livelihood in holistic manner. During the financial year ended March 31, 2015, over 1,25,000 financial awareness programs covering over 11.4 lac households were conducted by Sustainable Livelihood Initiative, RIG and Branches.

Pradhan Mantri Jan Dhan Yojana (PMJDY) and Basic Banking Saving Deposits Accounts (BSBDA)

PMJDY was formally launched by the Hon.Prime Minister on 28th August 2014. The objective of this mission is Financial Inclusion by ensuring access to various financial services like availability of basic savings bank account to every household in the country.

HDFC Bank has played a key role in providing basic banking to unbanked population in allocated areas both in urban as well as rural centers. Bank has driven PMJDY initiative on a mission mode through Branches; Business Correspondents (BC); and other alternate channels. The implementation of this mission was strongly supported by Technology where all BCs are equipped with Micro ATMs (compliant with UIDAI standards) with an option of Aadhaar enabled as well as Rupay PIN based transactions. The integration of all this aspects has enabled HDFC Bank to achieve the targets set by DFS well within the deadline of 26th January 2015. 1,449 urban wards and 453 SSA (around 1,400 villages) were allocated to the Bank in PMJDY mission across 27 States inclusive of 2 Union territories. Bank has completed the house hold survey within timelines stipulated by DFS & Account opening for all unbanked households was completed by 26th January 2015 (within the DFS deadline of Jan. 26th) with 100% unbanked households covered with bank account.

Even before the launch of the PMJDY, the bank has been mobilising basic banking savings deposit accounts with a specific objective to provide customers a platform to inculcate the habit of savings. The bank periodically tracks the behavior in these accounts to ensure that the accounts opened maintain a balance and are active. From current financial year, your bank has initiated Overdraft facility on these accounts. The total number of Basic Banking Saving Deposit accounts (BSBDA) was 49.4 lac (including those opened under PMJDY umbrella) as of March 31,2015 as against 27.5 lac as of March 31,2014. Your Bank has provided Overdraft facility to 20,298 BSBDA accounts

SUSTAINABLE LIVELIHOOD INITIATIVE (SLI)

The SLI programs objective is to provide to the bottom of the pyramid banking services including viable and timely credit on a sustainable basis thereby substituting borrowing at usurious rates and ultimately resulting in their economic upliftment. The Bank has a Board approved program to financially include and uplift 10 million households at the bottom of the pyramid.

Over the last 5 years, your Bank has accelerated its direct linkage program to people in the Bottom of pyramid through Self-Help Groups and Joint Liability Group, where the Bank itself works at the grass root level with women in villages, conducts financial literacy & credit counseling programs, forms groups and then funds these groups for income generating activities. This enables the delivery of viable credit to the rural poor in a sustainable manner and at the same time also inculcates saving and banking habits. Till date your Bank has covered approximately 3.92 million households in many villages spread across 333 districts over 25 states including Assam, Meghalaya, Tripura, Bihar, Jharkhand, Odisha, Uttar Pradesh, Uttarakhand, Madhya Pradesh, Chhattisgarh which have higher share of people in the bottom of the pyramid. As of March 31, 2015, the Bank has disbursed loans worth ₹ 6,884 crore.

Besides enterprises lending program, the Bank's SLI program is imparting skills for income generation and growth and providing marketing avenues through the banks linkages. In search of new entrepreneurs, SLI's capacity building and training programs have covered 0.3 million participants.

The SLI program also conducts financial literacy & credit counseling camps to inculcate savings and banking habits and has held 0.19 million sessions for over 2.1 million participants. Towards this, the SLI program encourages groups to participate in micro insurance and micro recurring deposit offering. The micro insurance coverage provides social security to our SLI clients and also helps in mitigating the associated credit risk. Till date the program has covered 3.7 million members for a sum assured of ₹ 5,730 crore. The micro recurring deposit helps SLI clients to plan and arrange to meet their future financial commitments and ensure the family development by providing children's education, marriage and their family's health etc. without affecting the income generating enterprise and keeping the leverage under check. Till date, the program has opened 0.3 million micro recurring deposits.

HUMAN RESOURCES

Human Resources Development is critical in delivering the strategic agenda of the Bank. The Human Resources agenda, that includes within its gamut the attraction and retention of talent, skills development, reward and recognition, performance management and employee engagement is realized through a number of key initiatives, systems and processes.

Employee Development

Performance Management is one of the most critical dimensions pertaining to the management of human resources and the organisation has a comprehensive Performance Management System (PMS) to assess performance. The PMS helps differentiate between the various categories of performance. Higher rewards for higher levels of performance have been a fundamental philosophy of your bank. Apart from rewards, the PMS also allows for identification of training and development needs for employees. Employee development and growth is realized through an array of functional and behavioral programs that your bank conducts throughout the year as well as on the job training. Further your Bank lays emphasis in rotating key talent for professional development and growth and building a leadership pipeline for the future.

Rewards and Recognition

Rewards and Recognition play a key role to attract, retain and engage employees. The bank has a comprehensive Compensation Policy that has been articulated in line with the Reserve Bank of India's guidelines. Performance management forms the basis of your Banks reward philosophy. Your Bank is committed to ensure that employees are competitively positioned vis-à-vis market with respect to both fixed as well as variable pay. Your Bank also grants employee stock options to a certain segment of the employee population in order to align employee efforts to the creation of shareholder value. Apart from the standard compensation your Bank also has a well institutionalized recognition program called "Star Awards" to recognize the contribution of employees on an ongoing basis.

Employee Engagement

Fun at work is something your Bank feels should be an integral part of every HDFC Bank employee's life. During the year the Bank conducted a number of initiatives to drive employee engagement. These activities go a long way in helping individuals showcase their talent or pursue their interests other than work. Your Bank conducted comprehensive sports activities like 'Josh Unlimited', a multi-city, multi-discipline sports event held across 26 cities. Stepathlon - a race around a Virtual World is a unique initiative which creates an ecosystem that promotes corporate health, fitness and productivity. This was the third consecutive year of this event and was received with great enthusiasm. Your Bank received the most active team award. The voice hunt contest in association with Shankar Mahadevan Academy, Sensations - the Bank's 'In-house musical band contest' and the corporate photography contest were some of the other prominent engagement initiatives. For the first time this year we introduced the corporate online library in partnership with India Reads.com this was done to help employees update themselves and drive a culture of self-learning.

OTHER STATUTORY DISCLOSURES

BOARD AND BOARD COMMITTEES

The details of Board Meetings held during the year, attendance of the directors at the meetings and constitution of various Committees of the Board are included separately in the Corporate Governance Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return is annexed as **ANNEXURE 3**

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) of the Companies Act, 2013, the Board of Directors hereby state that

i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures if any ;

ii) We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as on March 31, 2015 and of the profit of the Bank for the year ended on that date;

iii) We have taken proper and sufficient care 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 fraud and other irregularities;

iv) We have prepared the annual accounts on a going concern basis.

v) We have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively.

vi) We have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

AUDITORS

The Auditors, M/s. Deloitte, Haskins and Sells will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. Members are requested to consider their re-appointment on an annual remuneration (statutory audit fees) of ₹ 1,10,00,000 (Previous year ₹ 1,10,00,000) plus service taxes as applicable, which has been approved by the Audit Committee of the Board.

RELATED PARTY TRANSACTIONS

The details of transactions entered into with related parties are enclosed as **ANNEXURE 4** to this report pursuant to Section 134 (3) (h) of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186 of Companies Act, 2013, except sub-section (1), do not apply to a loan made, guarantee given or security provided by a banking company in the ordinary course of business. As required by Section 186 (4) of Companies Act, 2013, the particulars of investments made by the Bank are disclosed in Schedule 8 of the financial statements as per the applicable provisions of Banking Regulation Act, 1949.

FINANCIAL STATEMENTS OF SUBSIDIARIES AND ASSOCIATES

In terms of Section 134 of the Companies Act, 2013 and read with Rule 8 (1) of the Companies (Accounts) Rules, 2014 the performance and financial position of the Bank's subsidiaries and associates are enclosed as **ANNEXURE 5** to this report. There were no entities which became or ceased to be the Bank's subsidiaries, associates or joint ventures during the year.

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Bank has adopted a Whistle Blower Policy pursuant to which employees of the Bank can raise their concerns relating to fraud, malpractice or any other activity or event which is against the interest of the Bank or society as a whole. Details of complaints received and the action taken are reviewed by the Audit Committee.

The functioning of the Whistle Blower mechanism is reviewed by the Audit Committee from time to time. None of the Bank's personnel have been denied access to the Audit Committee.

DECLARATION BY INDEPENDENT DIRECTORS

Mrs. Shyamala Gopinath, Mr. Partho Datta, Mr. Bobby Parikh, Mr. Anami Roy and Dr. Pandit Palande are Independent Directors on the Board of the Bank. All the above named Independent Directors have given their respective declarations under Section 149 (6) and Section 149 (7) of Companies Act, 2013 and the Rules made thereunder. In the opinion of the Board, the Independent Directors fulfill the conditions relating to their status as Independent Directors as specified in Section 149 of the Companies Act, 2013 and rules made thereunder.

BOARD PERFORMANCE EVALUATION

The Nomination and Remuneration Committee (NRC) has approved a framework/policy for evaluation of the Board, Committees of the Board and the individual members of the Board. A questionnaire for the evaluation of the Board and its Committees, designed in accordance with the said framework and covering various aspects of the performance of the Board and its Committees, including composition and quality, roles and responsibilities, processes and functioning, adherence to Code of Conduct and Ethics and best practices in Corporate Governance was sent out to the directors. The responses received to the questionnaire on evaluation of the Board and its Committees were placed before the meeting of the Independent Directors for consideration. The assessment of the Independent Directors on the performance of the Board and its Committees was subsequently discussed by the Board at its meeting. The framework/policy for evaluation of the Board, Committees and the directors is subject to an annual review.

The Bank has in place a process wherein declarations are obtained from the Directors regarding fulfillment of "Fit and Proper" criteria in accordance with the guidelines of the Reserve Bank of India. The declarations from the Directors other than members of the NRC are placed before the NRC and the declarations of the members of the NRC are placed before the Board. Assessment on whether the directors fulfill the said criteria is made by the NRC and the Board on an annual basis. In addition, the framework/policy approved by the NRC provides for a performance evaluation of the non-independent directors by the Independent Directors on key personal and professional attributes and a similar performance evaluation of the independent directors by the Board, excluding the director being evaluated.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Nomination and Remuneration Committee (NRC) recommends the appointment of Directors to the Board. The NRC identifies persons who are qualified to become directors on the Board and evaluates criteria such as academic qualifications, previous experience, track record and integrity of the persons identified before recommending their appointment to the Board.

The remuneration policy for whole time Directors is governed by the compensation policy of the Bank. The compensation policy of the bank, duly reviewed and recommended by the Nomination and Remuneration committee has been articulated in line with the Reserve Bank of India guidelines.

Your Bank's compensation policy is aimed to attract, retain, reward and motivate talented individuals critical for achieving strategic goals and long term success. Compensation policy is aligned to business strategy, market dynamics, internal characteristics and complexities within the Bank. The ultimate objective is to provide a fair and transparent structure that helps the Bank to retain and acquire the talent pool critical to building competitive advantage and brand equity.

Your Bank's approach is to have a pay for performance culture based on the belief that the performance management system provides a sound basis for assessing performance holistically. The compensation system should also take into account factors like roles, skills / competencies, experience and grade / seniority to differentiate pay appropriately on the basis of contribution, skill and availability of talent on account of competitive market forces. The details of the compensation policy are also included in Schedule 18 - Notes forming part of the Accounts-Note No.23.

Non-executive directors are paid remuneration by way of sitting fees for attending meetings of the Board and its Committees, which are determined by the Board based on applicable regulatory prescriptions. Non-executive directors are also reimbursed expenses incurred by them for attending meetings of the Board and its Committees at actuals. The remuneration payable to the non-executive directors and Independent Directors is governed by the provisions of the Banking Regulation Act, 1949, RBI guidelines issued from time to time and the provisions of the Companies Act, 2013 and related rules to the extent it is not inconsistent with the provisions of the Banking Regulation Act, 1949 and RBI guidelines.

None of the Directors of your Bank other than Mr. Kaizad Bharucha is a Director of the Bank's subsidiaries. During the year Mr. Bharucha has not received any commission from the subsidiary in which he is a Director.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

During the year under review no significant or material Orders were passed by any regulators against the Bank other than those disclosed separately in the financial statements and in the Corporate Governance Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Paresh Sukthankar and Mr. Kaizad Bharucha will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Mr. C.M. Vasudev ceased to be the Chairman of the Bank from the close of business hours on August 26, 2014 pursuant to his retirement. Mr. Vijay Merchant ceased to be a director of the Bank with effect from the close of business hours on October 4, 2014 on attaining the age of 70 years, the maximum age limit prescribed as per the guidelines of the Reserve Bank of India for non-executive directors. Your directors wish to place on record their sincere appreciation of the contributions made by Mr. Vasudev and Mr. Merchant during their tenures as Directors of the Bank.

Mrs. Shyamala Gopinath was appointed as the non-executive, part time Chairperson of the Bank for a period of three (3) years and she assumed office on January 2, 2015. Mrs. Gopinath has a rich and varied experience in various facets of banking and finance.

Mr. Malay Patel was appointed as an additional director with effect from March 31, 2015 to hold office till the conclusion of the ensuing Annual General Meeting. Mr.Patel has been appointed as a Director possessing specialized knowledge and experience in the "Small Scale Industries" sector as per the provisions of Section 10-A (2 a) of the Banking Regulation Act, 1949. In terms of the provisions of Section 149 of the Companies Act, 2013, it is proposed to appoint Mr. Malay Patel as an Independent Director for a tenure of five (5) years determined in accordance with the applicable provisions of the Banking Regulation Act, 1949 and the guidelines of the Reserve Bank of India in this regard. The Bank has received a notice from a member proposing the candidature of Mr. Malay Patel as Director of the Bank at the ensuing Annual General Meeting.

The brief resume/details relating to Directors who are to be appointed/re-appointed as above are furnished in the report on Corporate Governance.

There have been no changes in the Directors and Key Managerial Personnel of the Bank other than the above.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The various programmes undertaken for familiarizing Independent Directors with the functions and procedures of the Bank are disclosed in the Corporate Governance Report.

PARTICULARS OF EMPLOYEES

The information in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in **ANNEXURE 6** to this report.

The Bank had 76,286 employees as on March 31, 2015. 224 employees employed throughout the year were in receipt of remuneration of more than ₹ 60 lacs per annum and 20 employees employed for part of the year were in receipt of remuneration of more than ₹ 5 lacs per month. The details of such employees in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are appended separately and form part of this report. The Report and Accounts are being sent to the shareholders excluding these particulars and any shareholder interested in obtaining the said details may write to the Company Secretary at the Registered Office of the Bank.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) Conservation of Energy

Your Bank has undertaken several initiatives in the conservation of energy, to name a few:

- Installed energy capacitors at its high consumption offices to control the power factor and to reduce energy consumption.
- Installed energy saving electrical devices for saving energy and supporting go-green initiative.(Device in ACs)

- Advocated switching off of lights and ACs when not required, turning off of PCs when not in use, (post 10 pm thru remote control) setting higher temperatures on air conditioners etc. to reduce consumption.
- All main Sign Boards in Branches switched off during the night post 10 pm
- Put Controls on usage of Lifts, Air Conditioners, Common Passage lights and other electrical equipments.

(B) Technology Absorption

(i) The efforts made towards technology absorption;

Your Bank continues to make substantial investments in its technology platforms and systems and spread its electronically linked branch network. Telecom infrastructure is skeletal and of lower capacity in semi-urban and rural areas. Besides using the conventional VSAT technology in such geographies, where data connectivity is weak, to offer state-of-art IT enabled core banking services, your Bank has implemented CDMA (mobile data) based networking options, to link your Bank branches to its data centers, besides using traditional Radio Frequency based network options, where available and feasible. Your Bank also implemented Desktop Virtualization, a Cloud Technology solution, which reduces the bandwidth consumption to one-third of what a conventional desktop requires to run core banking services, in semi-urban or rural branches. Over 10,000 such virtual desktops have been deployed in the past two years, to ensure that your Bank is serving you in semi-urban and rural India.

Your Bank's direct banking platforms continue to be stable and robust, supporting ever increasing transaction volumes. Due to technology initiatives implemented, the availability of your Bank's NetBanking platform has improved considerably. Besides having over 75 on-line real time transacting features in Mobile Banking App in both Hindi and English across cross-section of Mobile devices, your Bank has also implemented cutting edge innovative Person-to-Person Payment solution, in partnership with relevant industry players. This has made paying to your friends, domestic help people, taxi drivers, tuition teachers of your children and others easier, at the click of a button on your smart mobile phone!

Your Bank is also committed to bring you the best deals in the town and offer a higher value proposition on your HDFC Bank Credit and Debit Cards or while using Bank's Mobile Apps. SmartBuy is one such initiative in partnership with respective industry and technology platform providers, where you can enjoy offers which have higher level of discounts vis-a-vis the popular on-line travel portals or e-commerce sites. Your bank has used CLOUD services to Host SmartBuy, so that, it can dynamically scale on demand.

Your Bank supported over 2 million payment transactions on the peak day last year. This was possible through 4X scalability implemented through innovative Performance Engineering techniques on our RTGS and NEFT platforms and numerous Middleware components in the path of such Payment Transactions. Numerous e-tailing brands, on-line travel portals, government's very own and country's largest e-commerce platform for railway tickets, to high volume on-line retailers, your bank successfully processed more than 50% of the entire Credit Cards, Debit Cards and Direct Debit Payment Modes linked volumes of such e-commerce portals on their peak season sales days. Your bank has already initiated measures to double such e-commerce processing capability in the coming fiscal, on many of its relevant Payment processing platforms. Your Bank also plans to implement electronic Wallet and technologies like Contactless Cards.

With a view to support the Digital initiatives and focusing squarely on customer-centricity, your Bank has set up and augmented systems for data warehouse, analytics, campaign management and lead management. Your Bank has embarked on a program to equip its Core Banking System with more processing capacity to meet the scale and transaction volume requirements in the coming years.

Your Bank has implemented a Private Virtual Cloud in its data centers, to ensure that its IT infrastructure usage is highly optimized. Over 3,000 virtual machines now run over much smaller physical technology infrastructure footprint to power numerous IT enabled business services.

Live switch-over and switch-back drills of major IT applications have successfully been completed, as part of your Bank's Business Continuity and Disaster Recovery management strategy, thereby enhancing your Bank's readiness in responding to emergency situations. These switch-over and switch-back drills have also been successfully completed for your Bank's Primary Data Centre.

RBI had issued guidelines on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds and provided recommendations for implementation. Your Bank had embarked on a program to implement these guidelines and is nearing full implementation of the requirements stated in the guidelines.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution

Technology has continued to provide business and customers with state of the art products and services. Through use of carefully evaluated and implemented technology solutions, business has been able to offer world class products and customer services at optimal costs. Your bank continues to achieve first mover advantage with introduction of products like Chillr and Smart Buy. While offering these products your bank is equally focused on security of our customers and mitigation of risks due to increasing cyber threats. Using superlative combination of Real time decisioning, self-learning model and on line tie back with host system, your Bank has restricted cyber frauds to minimum levels.

Technology initiatives in the areas of enterprise data warehousing and advanced analytics have further enabled your Bank with much more effective and targeted campaigns and acquisition as well as heightened cross sell opportunities and customer retentions.

In order to optimize costs and offer products and services at reasonably lower costs to customers, your Bank has evaluated and implemented cutting edge technologies like desktop virtualization and server virtualization, storage virtualization, data compression techniques and private cloud.

Apart from product improvisations & optimizing costs your Bank has focused on ensuring uninterrupted services are made available to its customers by strengthening its technology infrastructure so that there are no single points of failure. Towards this front, your Bank has also strengthened its DR BCP initiative and conducted regular mock drills so that DR BCP serves meaningfully when it is required.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

Details of Technology Imported	Year of Import	Whether the technology been fully absorbed	If not fully absorbed, area where absorption has not taken place, and the reasons thereof
Flexcube Core Banking RAS Hardware Infra and Solution Stack	April 2014 to March 2015	No	The user acceptance testing is in progress
Engineered System X3-2 against “048-EXADATA Requirement for Oracle Apps and BASEL R2R Application” Project	April 2013 to March 2014	Yes	NA
Power 770 Server against Infrastructural requirement of New Core Banking UBS UAT	April 2013 to March 2014	Yes	NA
Storage Infrastructure	April 2012 to March 2013	Yes	NA
CRMNext upgrade to SQL 2008 R2 and application blade farm with Enterprise storage	April 2012 to March 2013	Yes	NA
DS 8800 Primary / Storwize v7000 Secondary SAN Storage / SAN Volume Controller	April 2012 to March 2013	Yes	NA
Server for NCB Project	April 2012 to March 2013	Yes	NA
Refresh Loadbalancer	April 2012 to March 2013	Yes	NA
Storage Upgrade	April 2012 to March 2013	Yes	NA
Hardware for (Network Devices) at Chandivali and DAKC	April 2014 to March 2015	Yes	NA
Power 750 Server / Upgrade for New ATPAR Project	April 2012 to March 2013	Yes	NA
Storage Upgrade against CTS, Citrix and CRM Next Project	April 2012 to March 2013	Yes	NA

Details of Technology Imported	Year of Import	Whether the technology been fully absorbed	If not fully absorbed, area where absorption has not taken place, and the reasons thereof
T4-1 Server & ZFS 7420 Storage	April 2012 to March 2013	Yes	NA
NetBackup DSSU Backup Solution	April 2012 to March 2013	Yes	NA
p750 New / Upgrade along with storage v7000.	April 2012 to March 2013	Yes	NA
HUS Storage against AMS tech refresh	April 2014 to March 2015	Yes	NA
Upgrade for M9000 Server.	April 2012 to March 2013	Yes	NA
AMS & VSP Storage Upgrade, New Box HUS	April 2012 to March 2013	Yes	NA
Enterprise Tape Library at Chandivali - TS3500	April 2012 to March 2013	Yes	NA
HUS150 Storage Hardware, Software and DC Upgrade AFX2503H00R	April 2012 to March 2013	Yes	NA
Power Server Upgrade.	April 2012 to March 2013	Yes	NA
Servers for Sysedge and Anti virus Projects	April 2012 to March 2013	Yes	NA
New 5140 for 4100 replacement	April 2012 to March 2013	Yes	NA
New DCX with 80 ports each for existing SAN Fabric at DAKC	April 2012 to March 2013	Yes	NA
HUS, VSP, HNAS & AMS upgradation	April 2012 to March 2013	Yes	NA
HUS & Network Infrastructure upgrade	April 2012 to March 2013	Yes	NA
p750 & storage v7000 upgrade	April 2012 to March 2013	Yes	NA
Tape Library - TS3500 Tape Library with, 1 x L53 Base Frame, 11 x LTO5 FC Tape Drives, 200 Cartridge Slots, Dual Power Cords, Dual Grippers, Adv Library Management System	April 2012 to March 2013	Yes	NA
USPV / VSP Hardware / SW upgrade	April 2012 to March 2013	Yes	NA
SPARC T4-1 Server	April 2012 to March 2013	Yes	NA
4510 Switches at DAKC Datacenter	April 2012 to March 2013	Yes	NA
Server for E-Treasury Project	April 2012 to March 2013	Yes	NA
VSP, HUS and AMS upgrade	April 2012 to March 2013	Yes	NA
USPV / VSP storage SW/HW upgrade	April 2012 to March 2013	Yes	NA
4510 Switches at DAKC - new DC	April 2012 to March 2013	Yes	NA
VNX5300 Storage with DS-5100 SAN Switch	April 2012 to March 2013	Yes	NA
UCS order for Sys-edge and Autosys Projects	April 2012 to March 2013	Yes	NA
Networking Hardware at Noida Clearing House	April 2012 to March 2013	Yes	NA
HUS, VSP AMS Storage Software / Hardware Upgrade	April 2012 to March 2013	Yes	NA
New LTOs for Upgrade on Existing Tape Library	April 2012 to March 2013	Yes	NA
Upgrade in Existing p770 power7@3.1Ghz - 7 Cores, 48 GB RAM, 300 GB * 2 HDD, HBA * 2, 2 * 1 GIG NIC, SAS Adaptor * 2, I/O Drawer * 1	April 2012 to March 2013	Yes	NA
Memory up gradation on Finware Servers	April 2012 to March 2013	Yes	NA
10 x 3650 Servers	April 2012 to March 2013	Yes	NA

Details of Technology Imported	Year of Import	Whether the technology been fully absorbed	If not fully absorbed, area where absorption has not taken place, and the reasons thereof
Three Blade Servers in Existing UCS Chasis, [Blade server procurement: CITRIX Application Infra Requirement]	April 2012 to March 2013	Yes	NA
HUS / AMS upgrade against Sys-Edge Project	April 2012 to March 2013	Yes	NA
Servers for 428-SIGSCAN--427-CPMS--621-Capacity DNC Projects	April 2012 to March 2013	Yes	NA
Requirement for New / Upgrade on Unified Storage, AMS and VSP USPV.	April 2012 to March 2013	Yes	NA

(iv) the expenditure incurred on Research & Development.

Being in the Financial Services space, your Bank evaluates innovative technology solutions that are readily available or near-ready for deployment and broadly fit its business requirements. Solutions that are commercially viable are then tested in collaboration with the relevant technology partners. Once proven, the technology solutions are then procured and commissioned for active business use.

Research and Development expenses are not applicable to IT solutions absorption in the Bank given the above technology introduction process & strategy of your bank.

(C) Foreign Exchange Earnings and Outgo:

During the year the total foreign exchange earned by the Bank was ₹ 1,028.0 crore (on account of net gains arising on all exchange / derivative transactions) and the total foreign exchange outgo was about ₹ 196.1 crore towards the operating and capital expenditure requirements.

SECRETARIAL AUDIT

In terms of Section 204 of the Companies Act, 2013 and the rules made thereunder, M/s. BNP & Associates, practicing Company Secretaries have been appointed as Secretarial Auditors of the Bank for the financial year 2014-15. The Report of the Secretarial Auditors is enclosed as **ANNEXURE 7** to this Report. The observations in the said report are self explanatory and no further comments/explanations are called for.

CORPORATE GOVERNANCE

In compliance with the provisions of Clause 49 of the Listing Agreement, a separate report on Corporate Governance along with a certificate from the Secretarial Auditors of its compliance, forms an integral part of this Report.

BUSINESS RESPONSIBILITY REPORT

The Bank's Business Responsibility Report containing a report on its Corporate Social Responsibility Activities and Initiatives in the format adopted by companies in India as per the guidelines of the Securities and Exchange Board of India in this regard is available on its web site www.hdfcbank.com.

INFORMATION UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The relevant information is included in Section E-Principle 3 of the Business Responsibility Report for 2014-15.

ACKNOWLEDGEMENT

Your Directors would like to place on record their gratitude for all the guidance and co-operation received from the Reserve Bank of India and other government and regulatory agencies. Your Directors would also like to take this opportunity to express their appreciation for the hard work and dedicated efforts put in by the Bank's employees and look forward to their continued contribution in building a World Class Indian Bank.

On behalf of the Board of Directors

Mrs. Shyamala Gopinath
Chairperson

Mumbai, April 23, 2015

ADDENDUM TO THE DIRECTORS' REPORT

DIRECTORS

Mr. Aditya Puri, whose current term as Managing Director expires on October 31, 2015 was re-appointed as Managing Director for a further period of 5 years with effect from November 1, 2015 by the Board of Directors. The appointment is subject to the approval of the shareholders and the Reserve Bank of India.

The Board of Directors have also approved a revision in the terms of appointment of Mr. Kaizad Bharucha, Executive Director with effect from April 1, 2015, subject to the approval of the shareholders and the Reserve Bank of India.

The proposals for the re-appointment and revision in terms of appointment of Mr. Puri and Mr. Bharucha are contained in the Notice of the ensuing Annual General Meeting of the Bank, for the consideration and approval of shareholders.

Mrs. Shyamala Gopinath
Chairperson

Mumbai, May 25, 2015

ANNEXURE 1 to Directors' Report

EMPLOYEES' STOCK OPTIONS AS ON MARCH 31, 2015

ESOP Plan	Options Opening Balance April 01, 2014	Options Granted	Options Grant Price (₹)	Options Vested	Options Exercised & Shares Allotted	Options Forfeited	Options Lapsed	Total Options in Force as on March 31, 2015
C - 2005	6,952,000	574,000	835.50	2,780,800	454,400	293,600	-	6,778,000
D - 2007	13,643,900	-	-	2,844,600	7,036,250	152,600	52,750	6,402,300
E - 2010	71,494,300	-	-	12,914,500	14,840,500	678,300	35,800	55,939,700
F - 2013	-	41,085,000	835.50	-	-	1,172,000	-	39,913,000
eCBOP - 2004	68,085	-	-	-	68,085	-	-	-
eCBOP - 2007	318,315	-	-	-	301,505	-	16,810	-
Total	**92,476,600**	**41,659,000**		**18,539,900**	**22,700,740**	**2,296,500**	**105,360**	**109,033,000**

Options exercised during the aforesaid period	22,700,740
Share Capital money received during the above period (₹)	45,401,480
Share Premium money received during the above period (₹)	9,908,770,447
Perquisite Tax Amount collected during the aforesaid period (₹)	3,301,110,535
Total Amount collected during the aforesaid period (₹)	13,255,282,462

i. Directors & Senior Managerial Personnel

DETAILS OF OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGERIAL PERSONNEL

Sl No	Employee Name	Grade	No. of Options
1	Aditya Puri	Managing Director	520,000
2	Paresh Sukthankar	Deputy Managing Director	390,000
3	Kaizad Maneck Bharucha	Executive Director	260,000
4	Abhay Aima	Group Head	130,000
5	Anil Jaggia	Group Head	91,000
6	Anil Nath	Group Head	130,000

Sl No	Employee Name	Grade	No. of Options
7	Ashish Parthasarthy	Group Head	91,000
8	Bhavesh Chandulal Zaveri	Group Head	130,000
9	Chakrapani Venkatachari	Group Head	130,000
10	Deepak Maheshwari	Group Head	130,000
11	Jimmy M Tata	Group Head	130,000
12	Navin Puri	Group Head	130,000
13	Rahul N Bhagat	Group Head	91,000
14	Rajender Sehgal	Group Head	91,000
15	Rakesh Singh	Group Head	130,000
16	Sashidhar Jagdishan	Group Head (K.M.P)	130,000
17	Sanjay Dongre	Executive Vice President - Legal & Company Secretary (K.M.P)	42,000

ii. Other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year	None
iii. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of the grant	None
Diluted Earnings Per Share (EPS) pursuant to the issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) - 20 (Earnings 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 ₹ 41.7
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 the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	Had the Bank followed fair value method for accounting the stock option compensation expense would have been higher by ₹ 944.5 crore. Consequently profit after tax would have been lower by ₹ 944.5 crore and the basic EPS of the Bank would have been ₹ 38.3 per share (lower by ₹ 3.8 per share) and the diluted EPS would have been ₹ 37.8 per share (lower by ₹ 3.9 per share)
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 options	The weighted average price of the stock options exercised is ₹ 438.5 and the weighted average fair value is ₹ 147.2.
A description of the method and significant assumptions used during the year to estimate the fair value of options, at the time of the grant including the following weighted average information:	The Securities Exchange Board of India (SEBI) has prescribed two methods to account for stock grants; (i) the intrinsic value method; (ii) the fair value method. The Bank adopts the intrinsic value method to account for the stock options it grants to the employees. The Bank also calculates the fair value of options at the time of grant, using internally developed and tested model with the following assumptions.
i. Risk-free interest rate	8.42% to 8.63%
ii. Expected life	1 to 7 years
iii. Expected volatility	24.30% - 32.00%
iv. Expected dividends, and	0.82%
v. The price of the underlying share in the market at the time of option grant	The per share market price was ₹ 835.50 at the time of grant of options under ESOS XXIII and ESOS XXIV respectively.

Notes: 1. One (1) Share of the face value of ₹ 2/- each would arise on exercised of One (1) Equity Stock Option.
2. There is no variation in terms of ESOS.

ANNEXURE 2 to Directors' Report

HDFC Bank Annual CSR Report 2014-2015

1. Brief outline of the CSR Policy

HDFC Bank has been undertaking CSR programs focused on creating sustainable livelihoods and development. In line with requirements of Section 135 of the Companies Act, the Bank has instituted a CSR policy, duly approved by the Board. HDFC Bank's CSR policy outlines the Bank's mission to contribute to social and economic development of the community. The policy highlights the key areas of focus for the Bank's CSR. Within this framework the bank has undertaken various projects in the financial year 2014-15 in the following categories:

1. Financial Literacy and Empowerment
2. Promoting Education
3. Skill Training and Livelihood Enhancement
4. Health Care
5. Environmental Sustainability
6. Eradicating Poverty
7. Rural Development

The banks CSR Policy can be found on the corporate Website at http://www.hdfcbank.com/assets/pdf/CSR_Policy.pdf

2. Composition of CSR Committee

The Bank has also constituted a Board-level CSR Committee to govern the implementation of the policy. The composition of the Committee is as follows:

- Mrs. Renu Karnad
- Mr. Bobby Parikh (Independent Director)
- Mr. Partho Datta (Independent Director)
- Mr. Aditya Puri
- Mr. Paresh Sukthankar

3. Average net profit of the company for last three financial years

₹ 9,856.35 crore

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)

₹ 197.13 crore

5. Details of CSR spent during the financial year

- Total amount spent during the financial year : ₹ 118.55 crore
- Amount unspent, if any: ₹ 78.58 crore
- The manner in which the amount is spent during the financial year is detailed below

Sr. no	CSR project / Activity	Sector (Schedule VII)	Projects or programs 1.Local area or others 2.State and district	Amount outlay (project-wise) (₹ Cr)	Amount spent (₹ Cr) 1.Direct expenditure 2.Overheads	Cumulative expenditure up to reporting period (₹ Cr)*	Amount spent: Direct or through *implementing agency (₹ Cr)
1.	Financial Literacy and Empowerment	Promotion of Education	Pan India	7.63	1. 7.63 2. 0.04	7.67	Implementing Agency - 0.21
2.	Promoting Education	Promotion of Education	Pan India	8.52	1. 8.52 2. 0.04	8.56	Implementing Agency - 2.11
3.	Skill Training and Livelihood Enhancement	Skill development and Vocational Training	Pan India	12.47	1. 12.47 2. 0.06	12.53	Implementing Agency - 0.66

Sr. no	CSR project / Activity	Sector (Schedule VII)	Projects or programs 1.Local area or others 2.State and district	Amount outlay (project-wise) (₹ Cr)	Amount spent (₹ Cr) 1.Direct expenditure 2.Overheads	Cumulative expenditure up to reporting period (₹ Cr)*	Amount spent: Direct or through *implementing agency (₹ Cr)
4.	Health Care	Preventive and Curative Healthcare	Pan India	7.24	1. 7.24 2. 0.04	7.28	Implementing Agency - 0.51
5.	Environmental Sustainability	Environment	Pan India	0.95	1. 0.95 2. 0.00	0.95	Direct
6.	Eradicating Poverty	Eradicating poverty	Pan India	0.99	1. 0.99 2. 0.00	1.00	Implementing Agency - 0.99
7.	Rural Development	Rural Development Projects	Pan India	80.18	1. 80.18 2. 0.39	80.56	Implementing Agency - 5.27

*Details of the implementing agencies are listed below:

Financial Literacy and Empowerment: Meljol. Promoting Education: KC Mahindra Education Trust, Kalinga Institute of Social Sciences, Door Steps School, The Education Audiology and Research Foundation, Nisvartha Foundation, Vanvasi Kalyan Ashram, 17000FT Foundation, Friends Union For Energising Lives, Vidya Prasarak Mandal Dahisar, Tomorrow's Foundation, Katha, Parivaar Education Society, The Nabha Foundation, Navjyoti India Foundation. Skill Training and Livelihood Enhancement: Nav Bharat Jagriti Kendra, Hope Foundation, Dr. M. L. Dhawale Memorial Trust, Aide Et Action (India), Quest Alliance, SGBS Trust, Centre for Civil Society. Health Care: HelpAge India, SNEHA (Society for Nutrition Education and Health Action). Eradicating Poverty: Give India, Rural Development: Sulabh Sanitation Mission Foundation, Watershed Organisation Trust

**HDFC Bank considers 2014-15 as the first year of reporting on the above CSR programs. The cumulative spends on each of the above long term projects will be disclosed from the next financial year onwards.

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

We have spent 1.2% of our Net Profit as part of our CSR in the reporting period. As a responsible bank, we have approached the mandatory requirements of CSR spend positively by utilizing the reporting year to lay a foundation on which to build and scale future projects and partnerships. We are currently in the process of evaluating strategic avenues for CSR expenditure in order to deliver optimal impact. In the years to come, we will further augment our effort to meet the targeted CSR spends.

7. A responsibility statement of CSR committee:

Through this report, HDFC Bank seeks to communicate its commitment towards CSR to the Ministry of Corporate Affairs. The implementation and monitoring of our CSR Policy is in compliance with the CSR objectives and policies as laid down in this report. The Board of the company and the CSR Committee is responsible for the integrity and the objectivity of all the information provided in the disclosure above. All the projects reported have been considered and undertaken with the best of our intentions to contribute to the greater good of the society. We have undertaken and implemented these projects with careful consideration and these projects are aligned with our vision as provided in our CSR Policy. In line with the requirements of the Companies Act, 2013, we have also instituted monitoring mechanisms to ensure the projects go on smoothly as planned.

Mr. Aditya Puri
Managing Director

Mrs. Renu Karnad
Chairman CSR Committee

Date: 23 April 2015

ANNEXURE 3 to Directors' Report

Form No. MGT-9
Extract of the Annual Return as on the financial year ended March 31, 2015

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

I. REGISTRATION AND OTHER DETAILS:

i. CIN:- L65920MH1994PLC080618

ii. Registration Date: August 30, 1994

iii. Name of the Company: HDFC Bank Limited

iv. Category / Sub-Category of the Company: Company Limited by Shares / Indian Non-Government Company

v. Address of the Registered office and contact details:

HDFC Bank Limited
HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013. Tel: 022- 2498 8484

vi. Whether listed: Yes

vii. Name, Address and Contact Details of Registrar and Transfer Agent:

Datamatics Financial Services Ltd.,
Plot No. B 5, Part B, Cross Lane, MIDC, Marol, Andheri East, Mumbai- 400 093
Tel: 022- 6671 2213/14, Email: hdinvestors@dfssl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated-

Name and Description of the main products / services	NIC Code	% to Total Turnover of the bank
Banking and Financial Services	64191	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. no.	Name and Address of the Company	CIN/ GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1	**HDB Financial Services Ltd.** Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad- 380 009.	U65993GJ2007PLC051028	Subsidiary	97.2	Sec 2(87) of Companies Act, 2013
2	**HDFC Securities Ltd.** I Think, Techno Campus, Building-B, “Alpha” office, 8th Floor, opposite Crompton Greaves, Kanjurmarg (East), Mumbai- 400 042.	U67120MH2000PLC152193	Subsidiary	97.9	Sec 2(87) of Companies Act, 2013
3	**Atlas Documentary Facilitators Pvt. Ltd** 29A, Narayan Properties, 1st Floor, Bldg A, Chandivali, Off Saki Naka, Andheri (East), Mumbai- 400 072	U74999MH1997PTC107143	Associate	28.9	Sec 2(6) of Companies Act, 2013
4	**HBL Global Pvt. Ltd** Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013	U74140MH2000PTC129812	Associate	NIL	Sec 2(6) of Companies Act, 2013
5	**International Asset Reconstruction Company Pvt. Ltd.** 709, 7th Floor, Ansal Bhavan, 16, Kasturba Gandhi Marg, New Delhi-110 001	U74999DL2002PTC117357	Associate	29.4	Sec 2(6) of Companies Act, 2013

IV. SHAREHOLDING PATTERN: (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.*	543,216,100	0	543,216,100	22.64	543,216,100	0	543,216,100	21.67	0
e) Banks / FI									
f) Any Other									
Sub Total (A)(1)	**543,216,100**	**0**	**543,216,100**	**22.64**	**543,216,100**	**0**	**543,216,100**	**21.67**	**0**
(2) Foreign									
a) NRIs -Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub Total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**543,216,100**	**0**	**543,216,100**	**22.64**	**543,216,100**	**0**	**543,216,100**	**21.67**	**0**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	111,140,259	33,185	111,173,444	4.63	168,641,437	33,185	168,674,622	6.73	2.10
b) Banks / FI	1,918,697	17,505	1,936,202	0.08	4,342,137	17,390	4,359,527	0.17	0.09
c) Central Govt / State Govt(s)	1,103,676	0	1,103,676	0.05	1,505,225	0	1,505,225	0.06	0.01
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
e) Insurance Companies	123,039,195	0	123,039,195	5.13	69,215,256	0	69,215,256	2.76	-2.37
f) FIIs	817,539,156	15,170	817,554,326	34.08	816,373,592	15,170	816,388,762	32.57	-1.51
g) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
h) Others (specify) Qualified Foreign Investors	689,000	0	6,89,000	0.03	0	0	0	0	-0.03
Sub Total (B)(1)	**1,055,429,983**	**65,860**	**1,055,495,843**	**44.00**	**1,060,077,647**	**65,745**	**1,060,143,392**	**42.30**	**-1.70**
2. Non-Institutions									
a) Bodies Corporate	1,93,784,300	23,3970	194,018,270	8.09	216,171,947	2,24,880	2,16,396,827	8.63	0.54
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	129,493,894	20,049,155	149,543,049	6.23	140,615,965	18,492,186	159,108,151	6.35	0.12

HDFC BANK
We understand your world

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	41,467,516	2,595,00	41,727,016	1.74	47,024,976	259,500	47,284,476	1.89	0.15
c) Others (specify)									
i. Qualified Foreign Investors	50	0	50	0	0	0	0	0	0.00
ii. Non Resident Indians	7,650,132	52,810	7,702,942	0.33	7,238,219	51,085	7,289,304	0.29	-0.04
iii. Overseas Corporate Bodies	0	10,075	10,075	0	0	10,075	10,075	0	0.00
iv. Foreign Corporate Bodies	331,128	0	331,128	0.01	41,000	0	41,000	0	-0.01
v. Foreign Nationals	1,305	0	1,305	0	1,335	0	1,335	0	0
Sub Total (B)(2)	**372,728,325**	**20,605,510**	**393,333,835**	**16.40**	**411,093,442**	**19,037,726**	**430,131,168**	**17.16**	**0.76**
Total Public Shareholding (B)=(B)(1) + (B)(2)	**1,428,158,308**	**20,671,370**	**1,448,829,678**	**60.39**	**1,471,171,089**	**19,103,471**	**1,490,274,560**	**59.46**	**-0.93**
C. Shares held by Custodian for GDRs & ADRs	407,004,657	0	407,004,657	16.97	473,004,657	0	473,004,657	18.87	1.90
Grand Total (A+B+C)	**2,378,379,065**	**20,671,370**	**2,399,050,435**	**100**	**2,487,391,846**	**19,103,471**	**2,506,495,317**	**100**	**0.00**

** Promoters are Indian Companies incorporated under the Indian Companies Act 1956 and are controlled by Indian management. Foreign shareholding in the principal promoter company exceeds 51% of its paid up share capital and accordingly the shareholding of the promoter companies in the Bank is deemed as indirect foreign shareholding in terms of the extant FDI Policy. The Bank has made a representation to the Ministry of Finance stating that the shareholding of the Indian Promoters should not be treated as foreign shareholding. Confirmation is awaited from the Ministry of Finance in this regard.*

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No.of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No.of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1	Housing Development Finance Corporation Ltd	393,211,100	16.39	0	393,211,100	15.69	0	0
2	HDFC Investments Ltd	150,000,000	6.25	0	150,000,000	5.98	0	0
3	HDFC Holdings Ltd	5,000	0	0	5,000	0	0	0
	Total	**543,216,100**	**22.64**	**0**	**543,216,100**	**21.67**	**0**	**0**

(iii) Change in Promoters' Shareholding:

Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total Shares of the company	No.of Shares	% of total Shares of the company
At the beginning of the year	543,216,100	22.64	543,216,100	21.67 (#)
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat / equity etc.) #				
At the end of the year	543,216,100	22.64	543,216,100	21.67 (#)

 # During the year under review, there is no change with respect to the shares held by the promoters. However, there is a change in the percentage to capital because of issuance and allotment of additional equity shares by the Bank upon exercise of equity stock options by the employees and further allotment of shares pursuant to the allotment made as part of Qualified Institutional Placement and issue of American Depository Shares by the Bank during the FY 2014-15.

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

Sl. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	EUROPACIFIC GROWTH FUND	At the beginning of the Year	31-Mar-2014	68,315,429	2.85	68,315,429	2.85
		Increase	02-May-2014	1,152,376	0.05	69,467,805	2.89
		Increase	09-May-2014	1,123,019	0.05	70,590,824	2.94
		Increase	16-May-2014	2,789,999	0.12	73,380,823	3.06
		Increase	23-May-2014	215,993	0.01	73,596,816	3.07
		Increase	30-May-2014	2,019,160	0.08	75,615,976	3.14
		Increase	06-Jun-2014	4,829,453	0.20	80,445,429	3.34
		Increase	30-Jun-2014	893,896	0.04	81,339,325	3.38
		Increase	04-Jul-2014	899,955	0.04	82,239,280	3.42
		Increase	11-Jul-2014	221,149	0.01	82,460,429	3.42
		Increase	29-Aug-2014	396	0.00	82,460,825	3.42
		Increase	05-Sep-2014	455,695	0.02	82,916,520	3.44
		Increase	12-Sep-2014	243,909	0.01	83,160,429	3.45
		Increase	10-Oct-2014	64,766	0.00	83,225,195	3.45
		Increase	17-Oct-2014	250,195	0.01	83,475,390	3.46
		Increase	24-Oct-2014	248,055	0.01	83,723,445	3.47
		Increase	31-Oct-2014	71,287	0.00	83,794,732	3.47
		Increase	07-Nov-2014	79,073	0.00	83,873,805	3.47
		Increase	14-Nov-2014	2,879,663	0.12	86,753,468	3.59
		Increase	21-Nov-2014	1,527,223	0.06	88,280,691	3.66
		Increase	28-Nov-2014	5,369,041	0.22	93,649,732	3.88
		Increase	13-Feb-2015	1,000,000	0.04	94,649,732	3.78
		Increase	06-Mar-2015	155,000	0.01	94,804,732	3.78
		Increase	31-Mar-2015	1,395,703	0.06	96,200,435	3.84
		At the end of the Year	31-Mar-2015	0	0.00	96,200,435	3.84
2	LIFE INSURANCE CORPORATION OF INDIA P & GS FUND	At the beginning of the Year	31-Mar-2014	118,053,164	4.92	118,053,164	4.92
		Decrease	04-Apr-2014	(1,369,977)	(0.06)	116,683,187	4.86
		Decrease	11-Apr-2014	(1,340,388)	(0.06)	115,342,799	4.81
		Decrease	18-Apr-2014	(13,791)	0.00	115,329,008	4.81
		Decrease	25-Apr-2014	(210,000)	(0.01)	115,119,008	4.80
		Decrease	02-May-2014	(125,000)	(0.01)	114,994,008	4.79
		Decrease	09-May-2014	(300,000)	(0.01)	114,694,008	4.78
		Decrease	13-Jun-2014	(382,938)	(0.02)	114,311,070	4.75
		Decrease	20-Jun-2014	(174,243)	(0.01)	114,136,827	4.74
		Decrease	30-Jun-2014	(1,554,676)	(0.07)	112,582,151	4.68
		Decrease	04-Jul-2014	(626,770)	(0.03)	111,955,381	4.65
		Decrease	11-Jul-2014	(376,039)	(0.02)	111,579,342	4.63
		Decrease	25-Jul-2014	(1,057,187)	(0.04)	110,522,155	4.59
		Decrease	01-Aug-2014	(1,639,339)	(0.07)	108,882,816	4.52
		Decrease	22-Aug-2014	(2,512,604)	(0.10)	106,370,212	4.41
		Decrease	29-Aug-2014	(309,310)	(0.01)	106,060,902	4.40
		Decrease	05-Sep-2014	(2,008,341)	(0.08)	104,052,561	4.31

Sl. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		Decrease	12-Sep-2014	(2,249,321)	(0.09)	101,803,240	4.22
		Decrease	19-Sep-2014	(3,209,975)	(0.13)	98,593,265	4.09
		Decrease	30-Sep-2014	(3,121,187)	(0.13)	95,472,078	3.95
		Decrease	03-Oct-2014	(850,000)	(0.04)	94,622,078	3.92
		Decrease	10-Oct-2014	(691,630)	(0.03)	93,930,448	3.89
		Decrease	17-Oct-2014	(727,586)	(0.03)	93,202,862	3.86
		Decrease	24-Oct-2014	(1,943,006)	(0.08)	91,259,856	3.78
		Decrease	31-Oct-2014	(2,683,429)	(0.11)	88,576,427	3.67
		Decrease	07-Nov-2014	(2,442,534)	(0.10)	86,133,893	3.57
		Decrease	14-Nov-2014	(2,495,341)	(0.10)	83,638,552	3.46
		Decrease	21-Nov-2014	(450,401)	(0.02)	83,188,151	3.45
		Decrease	28-Nov-2014	(217,770)	(0.01)	82,970,381	3.44
		Decrease	05-Dec-2014	(65,830)	0.00	82,904,551	3.43
		Decrease	31-Dec-2014	(50,000)	0.00	82,854,551	3.43
		Decrease	09-Jan-2015	(1,545,133)	(0.06)	81,309,418	3.36
		Decrease	16-Jan-2015	(2,511,705)	(0.10)	78,797,713	3.26
		Decrease	23-Jan-2015	(3,119,687)	(0.13)	75,678,026	3.13
		Decrease	30-Jan-2015	(3,346,922)	(0.14)	72,331,104	2.99
		Decrease	06-Feb-2015	(305,201)	(0.01)	72,025,903	2.98
		Decrease	13-Feb-2015	(51,706)	0.00	71,974,197	2.88
		Decrease	20-Feb-2015	(30,000)	0.00	71,944,197	2.87
		Decrease	27-Feb-2015	(83,946)	0.00	71,860,251	2.87
		Decrease	06-Mar-2015	(3,914,961)	(0.16)	67,945,290	2.71
		Decrease	13-Mar-2015	(1,989,019)	(0.08)	65,956,271	2.63
		Decrease	20-Mar-2015	(822,883)	(0.03)	65,133,388	2.60
		Decrease	27-Mar-2015	(1,046,192)	(0.04)	64,087,196	2.56
		At the end of the Year	31-Mar-2015	0	0.00	64,087,196#	2.56
3	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	At the beginning of the Year	31-Mar-2014	43,642,443	1.82	43,642,443	1.82
		Increase	04-Apr-2014	95,089	0.00	43,737,532	1.82
		Increase	11-Apr-2014	96,866	0.00	43,834,398	1.83
		Decrease	18-Apr-2014	(17,534)	0.00	43,816,864	1.83
		Decrease	25-Apr-2014	(78,583)	0.00	43,738,281	1.82
		Decrease	02-May-2014	(149,045)	(0.01)	43,589,236	1.82
		Decrease	09-May-2014	(226,685)	(0.01)	43,362,551	1.81
		Decrease	16-May-2014	(237,063)	(0.01)	43,125,488	1.80
		Decrease	23-May-2014	(80,929)	0.00	43,044,559	1.79
		Increase	30-May-2014	460,675	0.02	43,505,234	1.81
		Increase	06-Jun-2014	253,339	0.01	43,758,573	1.82
		Decrease	13-Jun-2014	(434,177)	(0.02)	43,324,396	1.80
		Decrease	20-Jun-2014	(68,377)	0.00	43,256,019	1.80
		Increase	30-Jun-2014	62,401	0.00	43,318,420	1.80
		Increase	04-Jul-2014	64,443	0.00	43,382,863	1.80
		Increase	11-Jul-2014	21,518	0.00	43,404,381	1.80
		Decrease	18-Jul-2014	(218,814)	(0.01)	43,185,567	1.79

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Sl. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		Increase	25-Jul-2014	110,598	0.01	43,296,165	1.80
		Increase	01-Aug-2014	8,307	0.00	43,304,472	1.80
		Increase	08-Aug-2014	54,341	0.00	43,358,813	1.80
		Increase	14-Aug-2014	47,779	0.00	43,406,592	1.80
		Increase	22-Aug-2014	577,979	0.02	43,984,571	1.82
		Increase	29-Aug-2014	5,941	0.00	43,990,512	1.82
		Increase	05-Sep-2014	260,831	0.01	44,251,343	1.83
		Decrease	12-Sep-2014	(73,262)	0.00	44,178,081	1.83
		Decrease	19-Sep-2014	(38,974)	0.00	44,139,107	1.83
		Increase	30-Sep-2014	165,329	0.01	44,304,436	1.84
		Decrease	03-Oct-2014	(11,765)	0.00	44,292,671	1.84
		Decrease	10-Oct-2014	(51,815)	0.00	44,240,856	1.83
		Decrease	17-Oct-2014	(269,993)	(0.01)	43,970,863	1.82
		Decrease	24-Oct-2014	(363,983)	(0.02)	43,606,880	1.81
		Decrease	31-Oct-2014	(135,789)	(0.01)	43,471,091	1.80
		Increase	07-Nov-2014	13,993	0.00	43,485,084	1.80
		Increase	14-Nov-2014	4,151	0.00	43,489,235	1.80
		Decrease	21-Nov-2014	(53,976)	0.00	43,435,259	1.80
		Decrease	28-Nov-2014	(299,666)	(0.01)	43,135,593	1.79
		Increase	05-Dec-2014	136,674	0.01	43,272,267	1.79
		Decrease	12-Dec-2014	(51,744)	0.00	43,220,523	1.79
		Decrease	19-Dec-2014	(236,273)	(0.01)	42,984,250	1.78
		Decrease	31-Dec-2014	(389,061)	(0.02)	42,595,189	1.76
		Increase	02-Jan-2015	10,841	0.00	42,606,030	1.76
		Increase	09-Jan-2015	37,863	0.00	42,643,893	1.76
		Decrease	16-Jan-2015	(117,614)	(0.01)	42,526,279	1.76
		Decrease	23-Jan-2015	(223,509)	(0.01)	42,302,770	1.75
		Decrease	30-Jan-2015	(647,811)	(0.03)	41,654,959	1.72
		Decrease	06-Feb-2015	(429,685)	(0.02)	41,225,274	1.70
		Decrease	13-Feb-2015	(49,533)	0.00	41,175,741	1.65
		Decrease	20-Feb-2015	(81,473)	0.00	41,094,268	1.64
		Decrease	27-Feb-2015	(10,323)	0.00	41,083,945	1.64
		Increase	06-Mar-2015	79,766	0.00	41,163,711	1.64
		Decrease	13-Mar-2015	(559,882)	(0.02)	40,603,829	1.62
		Decrease	20-Mar-2015	(244,344)	(0.01)	40,359,485	1.61
		Increase	27-Mar-2015	506,685	0.02	40,866,170	1.63
		Increase	31-Mar-2015	163,757	0.01	41,029,927	1.64
		At the end of the Year	31-Mar-2015	0	0.00	41,029,927	1.64
4	PRUDENTIAL ICICI TRUST LTD-SENSEX PRUDENTIAL ICICI EXCHANGE TRADED FUND-SECURITIES	At the beginning of the Year	31-Mar-2014	15,044,718	0.63	15,044,718	0.63
		Increase	04-Apr-2014	756,860	0.03	15,801,578	0.66
		Increase	11-Apr-2014	246,101	0.01	16,047,679	0.67
		Increase	18-Apr-2014	763,077	0.03	16,810,756	0.70
		Increase	25-Apr-2014	1,429,536	0.06	18,240,292	0.76

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Sl. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		Increase	02-May-2014	203,982	0.01	18,444,274	0.77
		Decrease	09-May-2014	(43,066)	0.00	18,401,208	0.77
		Decrease	16-May-2014	(917,301)	(0.04)	17,483,907	0.73
		Decrease	23-May-2014	(295,798)	(0.01)	17,188,109	0.72
		Increase	30-May-2014	2,800,904	0.12	19,989,013	0.83
		Increase	06-Jun-2014	2,922,292	0.12	22,911,305	0.95
		Increase	13-Jun-2014	695,963	0.03	23,607,268	0.98
		Increase	20-Jun-2014	496,600	0.02	24,103,868	1.00
		Increase	30-Jun-2014	44,028	0.00	24,147,896	1.00
		Increase	04-Jul-2014	112,066	0.01	24,259,962	1.01
		Increase	11-Jul-2014	399,432	0.02	24,659,394	1.02
		Increase	18-Jul-2014	1,507,102	0.06	26,166,496	1.09
		Increase	25-Jul-2014	116,383	0.01	26,282,879	1.09
		Increase	01-Aug-2014	71,226	0.00	26,354,105	1.09
		Increase	08-Aug-2014	401,525	0.02	26,755,630	1.11
		Decrease	14-Aug-2014	(644,173)	(0.03)	26,111,457	1.08
		Increase	22-Aug-2014	53,789	0.00	26,165,246	1.09
		Increase	29-Aug-2014	15,136	0.00	26,180,382	1.09
		Decrease	05-Sep-2014	(137,760)	(0.01)	26,042,622	1.08
		Increase	12-Sep-2014	274,984	0.01	26,317,606	1.09
		Increase	19-Sep-2014	96,000	0.00	26,413,606	1.09
		Decrease	30-Sep-2014	(131,828)	(0.01)	26,281,778	1.09
		Increase	03-Oct-2014	81,393	0.00	26,363,171	1.09
		Decrease	10-Oct-2014	(147,040)	(0.01)	26,216,131	1.09
		Increase	17-Oct-2014	118,775	0.01	26,334,906	1.09
		Decrease	24-Oct-2014	(53,328)	0.00	26,281,578	1.09
		Decrease	31-Oct-2014	(283,596)	(0.01)	25,997,982	1.08
		Increase	07-Nov-2014	131,689	0.01	26,129,671	1.08
		Increase	14-Nov-2014	489,363	0.02	26,619,034	1.10
		Increase	21-Nov-2014	262,009	0.01	26,881,043	1.11
		Increase	28-Nov-2014	53,165	0.00	26,934,208	1.12
		Decrease	05-Dec-2014	(428,338)	(0.02)	26,505,870	1.10
		Decrease	12-Dec-2014	(26,791)	0.00	26,479,079	1.10
		Increase	19-Dec-2014	67,497	0.00	26,546,576	1.10
		Increase	31-Dec-2014	251,599	0.01	26,798,175	1.11
		Increase	02-Jan-2015	13,111	0.00	26,811,286	1.11
		Increase	09-Jan-2015	201,933	0.01	27,013,219	1.12
		Decrease	16-Jan-2015	(12,218)	0.00	27,001,001	1.12
		Increase	23-Jan-2015	282	0.00	27,001,283	1.12
		Decrease	30-Jan-2015	(604,345)	(0.03)	26,396,938	1.09
		Increase	06-Feb-2015	405,655	0.02	26,802,593	1.11
		Increase	13-Feb-2015	3,021,927	0.12	29,824,520	1.19
		Decrease	20-Feb-2015	(332,955)	(0.01)	29,491,565	1.18
		Increase	27-Feb-2015	106,444	0.00	29,598,009	1.18
		Decrease	06-Mar-2015	(598,332)	(0.02)	28,999,677	1.16
		Increase	13-Mar-2015	63,647	0.00	29,063,324	1.16

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Sl. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		Decrease	20-Mar-2015	(136,712)	(0.01)	28,926,612	1.16
		Increase	27-Mar-2015	182,401	0.01	29,109,013	1.16
		Increase	31-Mar-2015	719,606	0.03	29,828,619	1.19
		At the end of the Year	31-Mar-2015	0	0.00	29,828,619	1.19
5	GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION A/C GOVERNMENT OF SINGAPORE -E	At the beginning of the Year	31-Mar-2014	37,606,104	1.57	37,606,104	1.57
		Increase	04-Apr-2014	640,251	0.03	38,246,355	1.59
		Decrease	11-Apr-2014	(511,572)	(0.02)	37,734,783	1.57
		Decrease	25-Apr-2014	(803,498)	(0.03)	36,931,285	1.54
		Decrease	02-May-2014	(403,629)	(0.02)	36,527,656	1.52
		Decrease	09-May-2014	(85,853)	0.00	36,441,803	1.52
		Increase	16-May-2014	106,866	0.00	36,548,669	1.52
		Decrease	23-May-2014	(833,806)	(0.04)	35,714,863	1.49
		Decrease	30-May-2014	(1,299,260)	(0.05)	34,415,603	1.43
		Decrease	06-Jun-2014	(3,794,601)	(0.16)	30,621,002	1.27
		Decrease	13-Jun-2014	(151,198)	(0.01)	30,469,804	1.27
		Increase	20-Jun-2014	272,837	0.01	30,742,641	1.28
		Increase	30-Jun-2014	1,344,355	0.06	32,086,996	1.33
		Decrease	04-Jul-2014	(10,310)	0.00	32,076,686	1.33
		Decrease	11-Jul-2014	(147,170)	(0.01)	31,929,516	1.33
		Decrease	18-Jul-2014	(192,996)	(0.01)	31,736,520	1.32
		Decrease	01-Aug-2014	(250,603)	(0.01)	31,485,917	1.31
		Decrease	08-Aug-2014	(154,877)	(0.01)	31,331,040	1.30
		Decrease	14-Aug-2014	(343,501)	(0.01)	30,987,539	1.29
		Decrease	29-Aug-2014	(47,681)	0.00	30,939,858	1.28
		Decrease	05-Sep-2014	(121,580)	(0.01)	30,818,278	1.28
		Decrease	12-Sep-2014	(5,942)	0.00	30,812,336	1.28
		Decrease	30-Sep-2014	(140,328)	(0.01)	30,672,008	1.27
		Increase	03-Oct-2014	27,228	0.00	30,699,236	1.27
		Increase	10-Oct-2014	102,598	0.00	30,801,834	1.28
		Decrease	17-Oct-2014	(3,970)	0.00	30,797,864	1.28
		Increase	24-Oct-2014	72,301	0.00	30,870,165	1.28
		Increase	31-Oct-2014	1,347,826	0.06	32,217,991	1.33
		Increase	07-Nov-2014	509,830	0.02	32,727,821	1.36
		Decrease	14-Nov-2014	(158,482)	(0.01)	32,569,339	1.35
		Decrease	21-Nov-2014	(653,097)	(0.03)	31,916,242	1.32
		Decrease	28-Nov-2014	(1,613,544)	(0.07)	30,302,698	1.26
		Decrease	05-Dec-2014	(174,250)	(0.01)	30,128,448	1.25
		Increase	19-Dec-2014	51,014	0.00	30,179,462	1.25
		Decrease	16-Jan-2015	(1,091,022)	(0.05)	29,088,440	1.20
		Decrease	23-Jan-2015	(8,735)	0.00	29,079,705	1.20
		Decrease	30-Jan-2015	(180,381)	(0.01)	28,899,324	1.20
		Increase	06-Feb-2015	77,091	0.00	28,976,415	1.20
		Increase	13-Feb-2015	16,695	0.00	28,993,110	1.16

Sl. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		Increase	20-Feb-2015	180,668	0.01	29,173,778	1.17
		Increase	27-Mar-2015	198,394	0.01	29,372,172	1.17
		Increase	31-Mar-2015	209,740	0.01	29,581,912	1.18
		At the end of the Year	31-Mar-2015	0	0.00	29,581,912	1.18
6	DB INTERNATIONAL (ASIA) LTD	At the beginning of the Year	31-Mar-2014	27,542,540	1.15	27,542,540	1.15
		Decrease	04-Apr-2014	(219,006)	(0.01)	27,323,534	1.14
		Decrease	11-Apr-2014	(386,720)	(0.02)	26,936,814	1.12
		Decrease	18-Apr-2014	(63,629)	0.00	26,873,185	1.12
		Decrease	25-Apr-2014	(2,174,631)	(0.09)	24,698,554	1.03
		Decrease	02-May-2014	(3,933)	0.00	24,694,621	1.03
		Increase	09-May-2014	13,170	0.00	24,707,791	1.03
		Increase	16-May-2014	165,429	0.01	24,873,220	1.04
		Increase	23-May-2014	7,227	0.00	24,880,447	1.04
		Increase	30-May-2014	313,751	0.01	25,194,198	1.05
		Decrease	06-Jun-2014	(31,576)	0.00	25,162,622	1.05
		Increase	13-Jun-2014	301,901	0.01	25,464,523	1.06
		Decrease	20-Jun-2014	(7,922)	0.00	25,456,601	1.06
		Decrease	30-Jun-2014	(114,751)	(0.01)	25,341,850	1.05
		Decrease	04-Jul-2014	(146,145)	(0.01)	25,195,705	1.05
		Decrease	11-Jul-2014	(130399)	(0.01)	25,065,306	1.04
		Increase	18-Jul-2014	84,481	0.00	25,149,787	1.04
		Decrease	25-Jul-2014	(321,259)	(0.01)	24,828,528	1.03
		Decrease	01-Aug-2014	(220,553)	(0.01)	24,607,975	1.02
		Increase	08-Aug-2014	41,000	0.00	24,648,975	1.02
		Increase	14-Aug-2014	98,768	0.00	24,747,743	1.03
		Increase	22-Aug-2014	95,335	0.00	24,843,078	1.03
		Decrease	29-Aug-2014	(86,795)	0.00	24,756,283	1.03
		Decrease	05-Sep-2014	(127,013)	(0.01)	24,629,270	1.02
		Decrease	12-Sep-2014	(152,358)	(0.01)	24,476,912	1.01
		Decrease	19-Sep-2014	(62,081)	0.00	24,414,831	1.01
		Increase	30-Sep-2014	510,095	0.02	24,924,926	1.03
		Decrease	03-Oct-2014	(359,377)	(0.02)	24,565,549	1.02
		Decrease	10-Oct-2014	(83,070)	0.00	24,482,479	1.01
		Decrease	17-Oct-2014	(58,676)	0.00	24,423,803	1.01
		Decrease	24-Oct-2014	(28,108)	0.00	24,395,695	1.01
		Decrease	31-Oct-2014	(47,655)	0.00	24,348,040	1.01
		Decrease	07-Nov-2014	(23,500)	0.00	24,324,540	1.01
		Increase	14-Nov-2014	151,323	0.01	24,475,863	1.01
		Decrease	21-Nov-2014	(458,059)	(0.02)	24,017,804	1.00
		Decrease	28-Nov-2014	(647,201)	(0.03)	23,370,603	0.97
		Increase	05-Dec-2014	9,622	0.00	23,380,225	0.97
		Increase	12-Dec-2014	2,850	0.00	23,383,075	0.97
		Increase	19-Dec-2014	93,168	0.00	23,476,243	0.97
		Increase	31-Dec-2014	40,466	0.00	23,516,709	0.97
		Decrease	09-Jan-2015	(61,664)	0.00	23,455,045	0.97

Sl. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		Decrease	16-Jan-2015	(48,597)	0.00	23,406,448	0.97
		Increase	23-Jan-2015	93,768	0.00	23,500,216	0.97
		Increase	30-Jan-2015	28,175	0.00	23,528,391	0.97
		Increase	06-Feb-2015	2,496,913	0.10	26,025,304	1.08
		Increase	13-Feb-2015	403	0.00	26,025,707	1.04
		Increase	20-Feb-2015	17,811	0.00	26,043,518	1.04
		Decrease	27-Feb-2015	(52,724)	0.00	25,990,794	1.04
		Decrease	13-Mar-2015	(78,461	0.00	25,912,333	1.03
		Decrease	20-Mar-2015	(56,038)	0.00	25,856,295	1.03
		At the end of the Year	31-Mar-2015	0	0.00	25,856,295	1.03
7	THE GROWTH FUND OF AMERICA	At the beginning of the Year	31-Mar-2014	18,293,408	0.76	18,293,408	0.76
		Increase	24-Oct-2014	537,568	0.02	18,830,976	0.78
		Increase	31-Oct-2014	196,693	0.01	19,027,669	0.79
		Increase	07-Nov-2014	31,242	0.00	19,058,911	0.79
		Increase	14-Nov-2014	1,008,893	0.04	20,067,804	0.83
		Increase	21-Nov-2014	655,710	0.03	20,723,514	0.86
		Increase	28-Nov-2014	2,569,894	0.11	23,293,408	0.97
		At the end of the Year	31-Mar-2015	0	0.00	23,293,408	0.93
8	CAPITAL WORLD GROWTH AND INCOME FUND	At the beginning of the Year	31-Mar-2014	10,922,118	0.46	10,922,118	0.46
		Increase	25-Apr-2014	1,662,000	0.07	12,584,118	0.53
		Increase	23-May-2014	89,506	0.00	12,673,624	0.53
		Increase	30-May-2014	836,729	0.04	13,510,353	0.56
		Increase	06-Jun-2014	2,001,299	0.08	15,511,652	0.64
		Increase	30-Jun-2014	442,742	0.02	15,954,394	0.66
		Increase	04-Jul-2014	272,258	0.01	16,226,652	0.67
		Increase	30-Sep-2014	2,573,075	0.11	18,799,727	0.78
		Increase	10-Oct-2014	682,044	0.03	19,481,771	0.81
		Increase	17-Oct-2014	387,014	0.02	19,868,785	0.82
		Increase	24-Oct-2014	383,703	0.02	20,252,488	0.84
		Increase	28-Nov-2014	620,000	0.03	20,872,488	0.86
		Increase	31-Mar-2015	1,318,815	0.05	22,191,303	0.89
		At the end of the Year	31-Mar-2015	0	0.00	22,191,303	0.89
9	VONTOBEL INDIA FUND	At the beginning of the Year	31-Mar-2014	20,119,773	0.84	20,119,773	0.84
		Increase	04-Jul-2014	344,100	0.01	20,463,873	0.85
		Increase	25-Jul-2014	170,841	0.01	20,634,714	0.86
		Increase	01-Aug-2014	145,910	0.01	20,780,624	0.86
		Increase	08-Aug-2014	29,655	0.00	20,810,279	0.86
		At the end of the Year	31-Mar-2015	0	0.00	20,810,279	0.83
10	RELIANCE CAPITAL TRUSTEE COMPANY LIMITED A/C RELIANCE VISION FUND	At the beginning of the Year	31-Mar-2014	11,748,752	0.49	11,748,752	0.49
		Decrease	04-Apr-2014	(644,215)	(0.03)	11,104,537	0.46
		Decrease	11-Apr-2014	(550,147)	(0.02)	10,554,390	0.44
		Increase	18-Apr-2014	106,259	0.00	10,660,649	0.44
		Decrease	25-Apr-2014	(11,031)	0.00	10,649,618	0.44
		Decrease	02-May-2014	(90)	0.00	10,649,528	0.44
		Increase	09-May-2014	280,250	0.01	10,929,778	0.46

Sl. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		Increase	16-May-2014	23,396	0.00	10,953,174	0.46
		Increase	23-May-2014	187,796	0.01	11,140,970	0.46
		Increase	30-May-2014	290,984	0.01	11,431,954	0.48
		Increase	06-Jun-2014	597,170	0.03	12,029,124	0.50
		Increase	13-Jun-2014	112,366	0.01	12,141,490	0.50
		Decrease	20-Jun-2014	(17,053)	0.00	12,124,437	0.50
		Increase	30-Jun-2014	1,234,884	0.05	13,359,321	0.56
		Increase	04-Jul-2014	80,973	0.00	13,440,294	0.56
		Increase	11-Jul-2014	327,629	0.01	13,767,923	0.57
		Increase	18-Jul-2014	418,785	0.02	14,186,708	0.59
		Increase	25-Jul-2014	391,085	0.02	14,577,793	0.61
		Increase	01-Aug-2014	839,207	0.04	15,417,000	0.64
		Increase	08-Aug-2014	1,080,706	0.05	16,497,706	0.68
		Increase	14-Aug-2014	74,046	0.00	16,571,752	0.69
		Increase	22-Aug-2014	349,243	0.01	16,920,995	0.70
		Increase	29-Aug-2014	92,034	0.00	17,013,029	0.71
		Increase	05-Sep-2014	1,673,694	0.07	18,686,723	0.78
		Increase	12-Sep-2014	392,246	0.02	19,078,969	0.79
		Increase	19-Sep-2014	245,669	0.01	19,324,638	0.80
		Decrease	30-Sep-2014	(18,042)	0.00	19,306,596	0.80
		Decrease	03-Oct-2014	(21)	0.00	19,306,575	0.80
		Increase	10-Oct-2014	185,192	0.01	19,491,767	0.81
		Increase	17-Oct-2014	220,191	0.01	19,711,958	0.82
		Decrease	24-Oct-2014	(247,174)	(0.01)	19,464,784	0.81
		Decrease	31-Oct-2014	(79,803)	0.00	19,384,981	0.80
		Increase	07-Nov-2014	127,347	0.01	19,512,328	0.81
		Increase	14-Nov-2014	60,933	0.00	19,573,261	0.81
		Increase	21-Nov-2014	310,636	0.01	19,883,897	0.82
		Increase	28-Nov-2014	195,303	0.01	20,079,200	0.83
		Increase	05-Dec-2014	71,654	0.00	20,150,854	0.83
		Increase	12-Dec-2014	535,885	0.02	20,686,739	0.86
		Decrease	19-Dec-2014	(350,560)	(0.02)	20,336,179	0.84
		Decrease	31-Dec-2014	(160,610)	(0.01)	20,175,569	0.84
		Increase	02-Jan-2015	1,052	0.00	20,176,621	0.84
		Decrease	09-Jan-2015	(317,946)	(0.01)	19,858,675	0.82
		Decrease	16-Jan-2015	(169,532)	(0.01)	19,689,143	0.81
		Decrease	23-Jan-2015	(133,307)	(0.01)	19,555,836	0.81
		Decrease	30-Jan-2015	(30,690)	0.00	19,525,146	0.81
		Decrease	06-Feb-2015	(70,567)	0.00	19,454,579	0.80
		Increase	13-Feb-2015	1,092,212	0.04	20,546,791	0.82
		Decrease	20-Feb-2015	(559,524)	(0.02)	19,987,267	0.80
		Decrease	27-Feb-2015	(195,519)	(0.01)	19,791,748	0.79
		Increase	06-Mar-2015	232,022	0.01	20,023,770	0.80
		Increase	13-Mar-2015	121,253	0.01	20,145,023	0.80
		Increase	20-Mar-2015	31,389	0.00	20,176,412	0.81
		Increase	27-Mar-2015	185,865	0.01	20,362,277	0.81
		Decrease	31-Mar-2015	(300,955)	(0.01)	20,061,322	0.80
		At the end of the Year	31-Mar-2015	0	0.00	20,061,322	0.80

** Date of transfer has been considered as the date on which the beneficiary position was provided by the Depositories to the Bank.*
Increase = Purchase of shares of the Bank Decrease = Sale of shares of the Bank
 # Does not include 500389 shares held by LIC Nomura Mutual Fund - Unit Linked Insurance Scheme

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(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of Director / KMP	Remarks	Date #	Shareholding at the begining of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares of the Bank	No. of shares	% of total shares of the Bank
1	Aditya Puri	At the beginning of the Year	31-Mar-2014	22,94,044	0.10		
		Increase in shareholding during the year	6- Jun- 2014	4,37,500	0.02	27,31,544	0.11
		At the end of the year	31-Mar-2015	0	0.00	27,31,544	0.11
2	Bobby Parikh	At the beginning of the Year	31-Mar-2014	812	0.00		
		Increase	13-Jun-2014	1,835	0.00	2,647	0.00
		Increase	11-Jul-2014	1,190	0.00	3,837	0.00
		At the end of the year	31-Mar-2015	0	0.00	3,837	0.00
3	Kaizad Bharucha	At the beginning of the Year	31-Mar-2014	7,26,078	0.03		
		Decrease in shareholding during the year	16-May-2014	(18,601)	0.00	7,07,477	0.03
		Decrease in shareholding during the year	23-May-2014	(5,522)	0.00	7,01,955	0.03
		Increase in shareholding during the year	30-May-2014	68,500	0.00	7,70,455	0.03
		Increase in shareholding during the year	06-Jun-2014	69,000	0.00	8,39,455	0.03
		Decrease in shareholding during the year	13-Jun-2014	(25,000)	0.00	8,14,455	0.03
		Increase in shareholding during the year	11-Jul-2014	15,000	0.00	8,29,455	0.03
		At the end of the year	31-Mar-2015	0	0.00	8,29,455	0.03
4	Keki Mistry	At the beginning of the Year	31-Mar-2014	2,91,915	0.01		
		At the end of the year	31-Mar-2015	0	0.00	2,91,915	0.01
5	Paresh Sukthankar	At the beginning of the Year	31-Mar-2014	6,92,655	0.03		
		Decrease in shareholding during the year	23-May-2014	(8,000)	0.00	6,84,655	0.03
		Increase in shareholding during the year	30-May-2014	34,000	0.00	7,18,655	0.03
		Increase in shareholding during the year	06-Jun-2014	10,000	0.00	7,28,655	0.03
		Decrease in shareholding during the year	13-Jun-2014	(27,000)	0.00	7,01,655	0.03
		Decrease in shareholding during the year	20-Jun-2014	(19,000)	0.00	6,82,655	0.03
		Decrease in shareholding during the year	30-Jun-2014	(35,000)	0.00	6,47,655	0.03
		Increase in shareholding during the year	11-Jul-2014	1,00,000	0.00	7,47,655	0.03
		Decrease in shareholding during the year	25-Jul-2014	(40,000)	0.00	7,07,655	0.03
		Increase in shareholding during the year	01-Aug-2014	55,000	0.00	7,62,655	0.03
		Decrease in shareholding during the year	22-Aug-2014	(20,000)	0.00	7,42,655	0.03
		Decrease in shareholding during the year	29-Aug-2014	(5,000)	0.00	7,37,655	0.03
		Decrease in shareholding during the year	05-Sep-2014	(16,000)	0.00	7,21,655	0.03
		Decrease in shareholding during the year	12-Sep-2014	(2,000)	0.00	7,19,655	0.03
		Decrease in shareholding during the year	19-Sep-2014	(11,000)	0.00	7,08,655	0.03
		Decrease in shareholding during the year	30-Sep-2014	(32,000)	0.00	6,76,655	0.03
		Decrease in shareholding during the year	31-Oct-2014	(10,000)	0.00	6,66,655	0.03
		Decrease in shareholding during the year	07-Nov-2014	(6,000)	0.00	6,60,655	0.03
		Decrease in shareholding during the year	06-Mar-2015	(29,000)	0.00	6,31,655	0.03
		Decrease in shareholding during the year	20-Mar-2015	(14,000)	0.00	6,17,655	0.03
		At the end of the year	31-Mar-2015	0	0.00	6,17,655	0.03
6	Renu Karnad	At the beginning of the year	31-Mar-2014	2,94,620	0.01		
		At the end of the year	31-Mar-2015	0	0.00	2,94,620	0.01
7	Sanjay Dongre	At the beginning of the year	31-Mar-2014	74,250	0.00		
		Decrease in shareholding during the year	30-Jun-2014	(5,000)	0.00	69,250	0.00

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Sr. No.	Name of Director / KMP	Remarks	Date #	Shareholding at the begining of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares of the Bank	No. of shares	% of total shares of the Bank
		Decrease in shareholding during the year	08-Aug-2014	(7,000)	0.00	62,250	0.00
		Decrease in shareholding during the year	14-Aug-2014	(16,000)	0.00	46,250	0.00
		Decrease in shareholding during the year	22-Aug-2014	(11,000)	0.00	35,250	0.00
		Increase in shareholding during the year	29-Aug-2014	42,500	0.00	77,750	0.01
		Decrease in shareholding during the year	19-Dec-2014	(15,000)	0.00	62,750	0.00
		Decrease in shareholding during the year	31-Dec-2014	(2,000)	0.00	60,750	0.00
		At the end of the year	31-Mar-2015	0	0.00	60,750	0.00
8	Sashidhar Jagdishan	At the beginning of the year	31-Mar-2014	7,30,194	0.03		
		Decrease in shareholding during the year	23-May-2014	(55,000)	0.00	6,75,194	0.03
		Decrease in shareholding during the year	31-Oct-2014	(60,000)	0.00	6,15,194	0.03
		Decrease in shareholding during the year	20-Feb-2015	(40,000)	0.00	5,75,194	0.02
		At the end of the year	31-Mar-2015	0	0.00	5,75,194	0.02

\# *Date of transfer has been considered as the date on which the beneficiary position was provided by the Depositories to the Bank.*
Increase in shareholding during the year = Allotment of equity shares on exercise of equity stock options.
Decrease in shareholding during the year = Sale of shares of the Bank during the year.

V. INDEBTEDNESS

Indebtedness of the Bank including interest outstanding / accrued but not due for payment: **(₹ crore)**

	Secured Loans excluding deposits	Unsecured Loans (1)	Deposits (2)	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	39,439.0		39,439.0
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	-	329.1		329.1
Total (i+ii+iii)	**-**	**39,768.1**		**39,768.1**
Change in Indebtedness during the financial year				
• Addition	-	6,188.6		6,188.6
• Reduction	-	(444.2)		(444.2)
Net change	**-**	**5,744.4**		**5,744.4**
Indebtedness at the end of the financial year				
i) Principal Amount	-	45,213.6		45,213.6
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	-	298.9		298.9
Total (i+ii+iii)	**-**	**45,512.5**		**45,512.5**

(1) *Movement in long-term subordinated debt is shown on a gross basis.*

(2) *Section 73 (1) of the Companies Act, 2013, states that the provisions of the said Act relating to acceptance of deposits by companies do not apply to a banking company as defined in the Reserve Bank of India Act, 1934. Accordingly, information relating to the Bank's deposits is not disclosed in the table above. As per the applicable provisions of the Banking Regulation Act, 1949, details of the Bank's deposits have been included under Schedule 3 - Deposits in the preparation and presentation of the financial statements of the Bank.*

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹)

Sr. no.	Particulars of Remuneration	Name of Managing Director / Whole Time Director / Manager			Total Amount
		Aditya Puri (Managing Director)	Paresh Sukthankar (Deputy Managing Director)	Kaizad Bharucha (Executive Director)	
1	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	55,544,200	41,806,280	20,007,893	117,358,373
	b) Value of perquisites u/s. 17(2) of Income Tax Act, 1961 except stock options	15,028,947	8,528,242	3,964,164	27,521,353
	c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961.	-	-	-	-
2	Stock option exercised during the year	254,060,625	136,950,350	109,515,405	500,526,380
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profits	-	-	-	-
	- others, specify	-	-	-	-
5	Others *	3,384,640	1,853,517	848,680	6,086,837
	Total (A) **	**73,957,787**	**52,188,039**	**24,820,737**	**150,966,563**
	Ceiling as per the Act^				

^ *Section 198 of the Companies Act, 1956 (which corresponds to the now applicable section 197 of the Companies Act, 2013) does not by virtue of section 35B(2A) of the Banking Regulation Act, 1949, apply to banking companies.*

* *Includes Provident Fund and tax exempted portion of Superannuation.*

** *Does not include the value of the stock option exercised during the year*

B. Remuneration to other Directors

(₹)

Sr. no.	Name of Director	Particulars of Remuneration			Total Amount
		Fees for attending Board / committee meetings	Commission	Others	
	Independent Directors				
1	Mrs. Shyamala Gopinath	700,000	-	741,935	1,441,935
2	Mr. Partho Datta	1,310,000	-	-	1,310,000
3	Dr. Pandit Palande	1,230,000	-	-	1,230,000
4	Mr. Bobby Parikh	1,180,000	-	-	1,180,000
5	Mr. A. N. Roy	730,000	-	-	730,000
6	Mr. C. M. Vasudev (retired wef 26th August, 2014)	340,000	-	-	340,000
7	Mr. Vijay Merchant (retired wef 4th October, 2014)	280,000	-	-	280,000
	Sub Total (i)				**6,511,935**
	Other Non-Executive Directors				
1	Mrs. Renu Karnad	930,000	-	-	930,000
2	Mr. Keki Mistry	890,000	-	-	890,000
	Sub Total (ii)				**1,820,000**
	TOTAL (i + ii)				**8,331,935**
	Overall Ceiling as per the Act^				

Total Managerial Remuneration = (A)+(B) = ₹ 159,298,498

^ *Section 198 of the Companies Act, 1956 (which corresponds to the now applicable section 197 of the Companies Act, 2013) does not by virtue of section 35B(2A) of the Banking Regulation Act, 1949, apply to banking companies.*

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C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR/ WHOLE TIME DIRECTOR / MANAGER

(₹)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Sanjay Dongre (Company Secretary)	Mr. Sashidhar Jagdishan (Chief Financial Officer)	Total
1	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,381,140	16,042,033	24,423,173
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 except stock options	272,189	3,077,734	3,349,923
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2	Stock option exercised during the year	22,284,496	-	22,284,496
3	Sweat Equity	-	-	-
4	Commission			
	-as % of profits	-	-	-
	-others, specify	-	-	-
5	Others*	251,193	356,370	607,563
	Total**	**8,904,522**	**19,476,137**	**28,380,659**

** Includes Provident Fund and tax exempted portion of Superannuation.*
*** Does not include the value of the stock option exercised during the year.*

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of penalties / punishment / compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment			NONE		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NONE		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NONE		
Compounding					

ANNEXURE 4 to the Directors Report

Form No. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil

2. Details of material contracts or arrangement or transactions at arm's length basis

(₹ crore)

(a) Name(s) of the related party	HDB Financial Services Limited						HDFC Securities Limited	Atlas Documentary Facilitators Company Private Limited		HBL Global Private Limited
Nature of relationship	Subsidiary of the Bank						Subsidiary of the Bank	Associate of the Bank		Associate of the Bank
(b) Nature of contracts /arrangements / transactions	Receipt of Deposits	Payment towards collection services availed	Credit facility provided	Interest earned on Credit Facility provided	Syndicator / Arranger	Equity Investment	Receipt of Deposits	Receipt of Deposits	Payment of Back Office Support Service Fees	Payment of Sales Support Service Fees
(c) Duration of the contracts / arrangements/ transactions	Tenor of the Term Deposits range from 184 days to 746 days	5 years	12 months-39 months	12 months-39 months	1 day-9 days	NA	Tenor of the Term Deposits range from 365 days to 1,826 days	Tenor of the Term Deposits range from 7 days to 735 days	5 years	2 years
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Term and current deposits placed with the bank. Outstanding Value: 121.97	Services availed for follow-up and collection of customer dues and claims from insurance companies. Value: 75.70	Term Loans provided. Outstanding Value: 1,006.36	Interest earned. Value: 117.17	Syndication / Arrangement of Non-convertible debentures / bonds. Value: 485	Investment in Rights Issue. Value of transaction: 1,170	Term and current deposits placed with the bank. Outstanding Value : 349.81	Term and current deposits placed with the bank. Outstanding Value : 77.23	Back office support services such as data processing availed by the Bank. Value of transaction: 449.25	Sales support services for loans and third party products provided by the Bank. Value of transaction: 589.33
(e) Date(s) of approval by the Board, if any:	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
(f) Amount paid as advances, if any:	Nil	Security deposit - 9.75	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Security deposit - 13.25

The above mentioned transactions were entered into by the Bank in its ordinary course of business. Materiality threshold is as prescribed in Rule 15(3) of the Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014.

ANNEXURE 5 to the Directors Report

Performance and financial position of subsidiaries and associates of the Bank as on March 31, 2015

(₹ crore)

Name of entity	Net assets as of March 31, 2015		Profit or loss for the year ended March 31, 2015	
	As % of consolidated net assets**	Amount***	As % of consolidated profit or loss	Amount***
Parent:				
HDFC Bank Limited	98.19%	62,009.42	95.58%	10,215.92
Subsidiaries*:				
1. HDFC Securities Limited	0.90%	569.97	1.54%	164.97
2. HDB Financial Services Limited	4.95%	3,125.13	3.27%	349.45
Minority Interest in all subsidiaries	0.26%	161.63	0.13%	14.41

**The subsidiaries are domestic entities*
***Consolidated net assets are total assets minus total liabilities including minority interest*
****Amounts are before inter-company adjustments.*

(₹ crore)

Name of entity	Investment as per equity method as of March 31, 2015		Share of profit or loss for the year ended March 31, 2015	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Associates*:				
1. Atlas Documentary Facilitators Company Private Limited (ADFC) **	0.03%	20.77	0.02%	1.64
2. International Asset Reconstruction Company Private Limited	0.06%	36.92	0.01%	1.60

**The associates are domestic entities*
***Includes proportionate share in HBL Global Private Limited, which is a subsidiary of ADFC*

ANNEXURE 6 to the Directors Report

Disclosures on Remuneration

1. **Ratio of Remuneration of each director to the median employees remuneration for the year**

Designation	Ratio
Managing Director	117:1
Deputy Managing Director	70:1
Executive Director	39:1

Note:

a. *We have considered fixed pay for the computation of ratios as the performance bonus for the previous year for Whole time Directors is subject to RBI approval.*

b. *We have considered all confirmed employees as on March 31, 2015.*

c. *Fixed pay includes - Salary, Allowances, Retiral Benefits as well as value of perquisites excluding ESOPs*

2. **Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any, in the FY**

Designation	% Increase
Managing Director	15.00%
Deputy Managing Director	25.00% *
Executive Director	13.40%
Chief Financial Officer	8.00%
Company Secretary	10.00%

** Increase in salary includes increase given due to elevation to the position of Deputy Managing Director.*

3. **Percentage Increase in the median remuneration of employees in the financial year.**

The percentage increase in the median remuneration of the employees in the financial year was 8.26%.

4. **The number of permanent employees on the rolls of the Bank :**

As of March 31, 2015 the number of permanent employees on the rolls of the bank was 76,286.

5. **Explanation on relationship between average increase in remuneration and the Bank's performance.**

The remuneration for Bank employees is governed by an elaborate and comprehensive Compensation Policy that has been articulated in alignment with the Reserve Bank of India guidelines. The Compensation Policy clearly lays down the principles for determining remuneration.

The Bank's approach is to have a pay for performance culture based on the belief that the performance management system provides a sound basis for assessing performance holistically. The compensation system also takes into account factors like roles, skills / competencies, experience and grade / seniority to differentiate pay appropriately on the basis of contribution, skill and availability of talent. Further, in line with the philosophy of prudent risk taking, remuneration is subject to adjustment against all types of risk.

The average increase in employee remuneration for the year has been 9.38%. The growth of profit (PBT) during the similar period has been 20 %

Note:

Includes employees who were eligible for salary increase in the financial year 2013-2014 and 2014-2015.

6. **Comparison of Remuneration of KMP against performance of the Bank :**

For FY 14 - 15, KMPs were paid approximately 0.09% of the PBT for the year.

Note:
We have considered the fixed annualised salary for Key Managerial Personnel vis-à-vis the profit of the bank.

7. **Variations in the market capitalisation of the Bank, price earnings ratio as at the closing date of the current FY and the previous FY and percentage increase or decrease in market quotations of the shares of the bank in comparison to the rate at which the bank came out with the last public offer.**

	March 31, 2015	March 31, 2014
Market Capitalisation (in ₹ Billion)	2,563.4	1,796.4
Price / Earnings Ratio	24.3	21.1
Percentage Increase / Decrease in market quotations of the shares of the bank in comparison to the rate at which the bank came out with last public offer	2.0%*	122.7%**
Percentage Increase / Decrease in market quotations of the shares of the bank in comparison to the rate at which the bank came out with last public offer (annualised)	14.6%*	18.3%**

** Last Public offer considered for March 31, 2015 was the ADR issue in Feb 2015.*
*** Last Public offer considered for March 31, 2014 was the ADR issue in July 2007.*

8. **Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**

The average percentage increase for Key Managerial Personnel : 14.28%

The average percentage increase for Non Managerial Staff : 9.38%

Note:
The average increase for Key Managerial Personnel includes increase given to Deputy Managing Director on account of elevation.

9. **Comparison of each remuneration of the Key Managerial Personnel against the performance of the bank**

Particulars	% of PBT
Managing Director	0.036
Deputy Managing Director	0.022
Executive Director	0.012
Chief Financial Officer	0.010
Company Secretary	0.005

The above is based on the ratio of Fixed Pay to Profit before tax.

10. **Key Parameters for any variable component of remuneration availed by the Directors**

The variable pay for Directors is based on a comprehensive framework governed by the compensation policy of the Bank framed in accordance with the Reserve Bank of India Guidelines. The variable remuneration is based on multiple parameters:

Computation of Bonus Pool:

The Pool for Bonus is computed based on the profitability of the Bank. The bonus pool is computed as a % of the surplus generated post adjustment for all types of risk as approved by the Nomination and Remuneration Committee of the Board. The variable pay for Wholetime Directors too is part of the aforementioned pool.

Distribution of Variable Pay:

The distribution of Variable Pay is **principally performance linked**. This is based on a comprehensive evaluation of each of the Directors as per the ***Performance Evaluation Framework***. The framework takes into consideration performance against set objectives, performance vis-à-vis peer group and adherence to compliance standards.

Capping and Deferment:

The variable pay of Whole Time Directors is capped at 70% of Fixed Pay. Further in the event variable pay exceeds 50% of fixed pay, 60% would be paid on immediate approval by the Reserve Bank of India. 40% of the Variable Pay will be deferred over a period of 3 years

Malus and Clawback:

In the event there is a deferment of variable pay the deferred portion of variable pay shall be subject to Malus and Clawback subject to the terms and conditions as defined in the Compensation policy of the Bank.

Malus: The Malus clause that governs variable pay is aimed at ensuring withdrawal of the deferred bonus subject to the performance of the bank in the future and as decided and approved by Nomination and Remuneration Committee of the Board.

Clawback: The clawback clause provides for the return of any bonus paid to the Director subject to terms and conditions as may be decided and approved by the Nomination and Remuneration Committee of the Board.

11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director: NA

12. Affirmation that the remuneration is as per the remuneration policy of the company : YES

ANNEXURE 7 to the Directors' Report

SECRETARIAL AUDIT REPORT
For the financial year ended 31st March, 2015
[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Personnel) Rules, 2014]

To

The Members
HDFC Bank Limited
HDFC Bank House,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai - 400 013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate practices by **HDFC Bank Limited** (hereinafter called 'the Bank') for the audit period covering the financial year ended on 31st March, 2015. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of Secretarial Audit; we hereby report that in our opinion, the Bank has, during the audit period generally 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 31st March, 2015 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, Overseas Direct Investment and External Commercial Borrowings;

(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, 1992;

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

  (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and 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 (Merchant Bankers) Regulations, 1992;

  (h) The Securities and Exchange Board of India (Bankers to an Issue) Regulation, 1994

(vi) The Banking Regulation Act, 1949.

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Bank with the Stock Exchanges.

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

During the period under review, provisions of the following regulations were not applicable to the Bank:

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

(ii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

(iii) Secretarial Standards issued by The Institute of Company Secretaries of India related to meetings and minutes (since not approved by Central Government)

We further report that -

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

Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Bank were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

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 the applicable laws, rules, regulations and guidelines.

We further report that -

(i) The Bank has issued 1,87,44,142 equity shares of ₹ 2/- each issued at ₹ 1,067/- each aggregating to ₹ 2,000 crore to qualified institutional buyers.

(ii) The Bank has issued 2,20,00,000 ADR's at a price of US $57.76 aggregating to US $ 1.27 billion equivalent to ₹ 7,873.8 crore underlying 6,60,00,000 equity shares of ₹ 2/- each.

(iii) The Bank has issued, on a private placement basis, 30,000 Senior Unsecured Redeemable Long Term Non-Convertible Bonds of ₹10,00,000 each aggregating to ₹ 3,000 crore in the nature of Debentures.

For BNP & Associates
Company Secretaries

Place: Mumbai
Date: April 23, 2015

Keyoor Bakshi
Partner
FCS 1844 / CP No. 2720

To the Members of HDFC Bank Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **HDFC BANK LIMITED** ("the Bank"), which comprise the Balance Sheet as at 31 March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to banks and the guidelines issued by the Reserve Bank of India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 are 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards, and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors and evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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; the Companies Act, 2013 in the manner so required 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 31 March, 2015 and its profit and its cash flows for the year ended on that date.

Other Matter

The audit of standalone financial statements of the Bank for the year ended 31 March, 2014 was carried out by the previous auditors of the Bank.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Companies Act, 2013 and Section 30 of the Banking Regulation Act, 1949 we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and 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) As explained in paragraph 2 below, the financial accounting systems of the Bank are centralised and therefore, accounting returns are not required to be submitted by the Branches.

(d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.

(e) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(f) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(g) On the basis of the written representations received from the directors as on 31 March, 2015 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 17/C-17 and Schedule 18 Note 15 (b) and Note 15 (c) to the financial statements;

ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Schedule 17/C-17 and Schedule 18 Note 15 to the financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

2. We report that during the course of our audit we have performed select relevant procedures at 26 branches. Since the Bank considers its key operations to be automated, with the key applications largely integrated to the core banking systems, it does not require its branches, to submit any financial returns. Accordingly our audit is carried out centrally at the Head Office and Central Processing Units based on the necessary records and data required for the purposes of the audit being made available to us.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Zubin Shekary
Partner
(Membership No.48814)

Mumbai
April 23, 2015

HDFC BANK
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Balance Sheet

As at March 31, 2015

	Schedule	As at 31-Mar-15	₹ in '000 As at 31-Mar-14
CAPITAL AND LIABILITIES			
Capital	1	**5,012,991**	4,798,101
Reserves and surplus	2	**615,081,174**	429,988,169
Deposits	3	**4,507,956,425**	3,673,374,777
Borrowings	4	**452,135,582**	394,389,918
Other liabilities and provisions	5	**324,844,559**	413,444,042
	Total	**5,905,030,731**	4,915,995,007
ASSETS			
Cash and balances with Reserve Bank of India	6	**275,104,536**	253,456,277
Balances with banks and money at call and short notice	7	**88,209,982**	142,380,101
Investments	8	**1,664,599,477**	1,209,510,703
Advances	9	**3,654,950,312**	3,030,002,712
Fixed assets	10	**31,217,343**	29,399,180
Other assets	11	**190,949,081**	251,246,034
	Total	**5,905,030,731**	4,915,995,007
Contingent liabilities	12	**9,752,339,539**	7,231,549,138
Bills for collection		**223,049,263**	209,430,623
Significant accounting policies and notes to the financial statements	17 & 18		
The schedules referred to above form an integral part of the Balance Sheet.			

As per our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No.: 117365W

Zubin Shekary
Partner
Membership No.: 48814

Mumbai, April 23, 2015

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Aditya Puri
Managing Director

Bobby Parikh
Partho Datta
Pandit Palande
Keki Mistry
Malay Patel
Directors

Paresh Sukthankar
Deputy Managing Director

Kaizad Bharucha
Executive Director

Sanjay Dongre
Executive Vice President (Legal) & Company Secretary

Sashidhar Jagdishan
Chief Financial Officer

Statement of Profit and Loss

For the year ended March 31, 2015

₹ in '000

		Schedule	Year Ended 31-Mar-15	Year Ended 31-Mar-14
I	**INCOME**			
	Interest earned	13	**484,699,044**	411,355,336
	Other income	14	**89,963,521**	79,196,415
		Total	**574,662,565**	490,551,751
II	**EXPENDITURE**			
	Interest expended	15	**260,742,352**	226,528,999
	Operating expenses	16	**139,875,416**	120,421,981
	Provisions and contingencies		**71,885,608**	58,817,010
		Total	**472,503,376**	405,767,990
III	**PROFIT**			
	Net profit for the year		**102,159,189**	84,783,761
	Balance in Profit and Loss account brought forward		**146,541,532**	111,321,846
		Total	**248,700,721**	196,105,607
IV	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		**25,539,798**	21,195,941
	Proposed dividend		**20,051,963**	16,433,495
	Tax (including cess) on dividend		**4,082,107**	2,792,873
	Dividend (including tax / cess thereon) pertaining to previous year paid during the year		**8,411**	48,462
	Transfer to General Reserve		**10,215,919**	8,478,376
	Transfer to Capital Reserve		**2,249,166**	582,710
	Transfer to / (from) Investment Reserve Account		**275,413**	32,218
	Balance carried over to Balance Sheet		**186,277,944**	146,541,532
		Total	**248,700,721**	196,105,607
V	**EARNINGS PER EQUITY SHARE (Face value ₹ 2 per share)**		₹	₹
	Basic		**42.15**	35.47
	Diluted		**41.67**	35.21
	Significant accounting policies and notes to the financial statements	17 & 18		
	The schedules referred to above form an integral part of the Statement of Profit and Loss.			

As per our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No.: 117365W

Zubin Shekary
Partner
Membership No.: 48814

Mumbai, April 23, 2015

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Paresh Sukthankar
Deputy Managing Director

Sanjay Dongre
Executive Vice President (Legal) & Company Secretary

Aditya Puri
Managing Director

Kaizad Bharucha
Executive Director

Sashidhar Jagdishan
Chief Financial Officer

Bobby Parikh
Partho Datta
Pandit Palande
Keki Mistry
Malay Patel
Directors

Cash Flow Statement

For the year ended March 31, 2015

	Year Ended 31-Mar-15	₹ in '000 Year Ended 31-Mar-14
Cash flows from operating activities		
Profit before income tax	**153,287,238**	127,720,506
Adjustments for:		
Depreciation on fixed assets	**6,562,963**	6,716,076
(Profit) / loss on revaluation of investments	**(556,306)**	(65,078)
Amortisation of premia on held to maturity investments	**805,534**	806,470
(Profit) / loss on sale of fixed assets	**(111,598)**	(33,019)
Provision / charge for non performing assets	**18,794,809**	17,526,727
Provision for dimunition in value of investment	**(38,184)**	(41,196)
Floating provisions	**-**	300,000
Provision for standard assets	**2,962,495**	2,212,886
Provision for wealth tax	**7,500**	7,500
Contingency provisions	**589,904**	(2,924,758)
	182,304,355	152,226,114
Adjustments for:		
(Increase) / decrease in investments	**(442,884,162)**	(86,209,196)
(Increase) / decrease in advances	**(647,034,038)**	(650,494,318)
Increase / (decrease) in deposits	**834,581,648**	710,904,931
(Increase) / decrease in other assets	**63,112,673**	(63,728,736)
Increase / (decrease) in other liabilities and provisions	**(94,828,734)**	61,447,568
	(104,748,258)	124,146,363
Direct taxes paid (net of refunds)	**(53,874,446)**	(40,510,341)
Net cash flow (used in) / from operating activities	**(158,622,704)**	83,636,022
Cash flows used in investing activities		
Purchase of fixed assets	**(7,356,260)**	(8,174,144)
Proceeds from sale of fixed assets	**329,189**	127,266
Investment in subsidiaries and / or joint ventures	**(12,415,656)**	(7,865,750)
Net cash used in investing activities	**(19,442,727)**	(15,912,628)

For the year ended March 31, 2015

₹ in '000

	Year Ended 31-Mar-15	Year Ended 31-Mar-14
Cash flows from financing activities		
Money received on exercise of stock options by employees	**9,954,171**	7,232,947
Increase / (decrease) in borrowings (excluding subordinate debt, perpetual debt and upper Tier II instruments)	**61,627,164**	63,760,946
Proceeds from issue of shares under Qualified Institutions Placement and American Depository Receipt offering (net of issue expenses)	**97,227,855**	-
Redemption of subordinated debt	**(4,140,000)**	-
Dividend paid during the year	**(16,492,770)**	(13,134,876)
Tax on dividend	**(2,742,009)**	(2,229,179)
Net cash generated from financing activities	**145,434,411**	55,629,838
Effect of exchange fluctuation on translation reserve	**109,160**	(318,543)
Net increase / (decrease) in cash and cash equivalents	**(32,521,860)**	123,034,689
Cash and cash equivalents as at April 1st	**395,836,378**	272,801,689
Cash and cash equivalents as at March 31st	**363,314,518**	395,836,378

As per our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No.: 117365W

Zubin Shekary
Partner
Membership No.: 48814

Mumbai, April 23, 2015

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Aditya Puri
Managing Director

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Deputy Managing Director

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Executive Director

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Partho Datta
Pandit Palande
Keki Mistry
Malay Patel
Directors

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As at March 31, 2015

		As at 31-Mar-15	As at 31-Mar-14
			₹ in '000
SCHEDULE 1 - CAPITAL			
Authorised capital			
2,75,00,00,000 (31 March, 2014 : 2,75,00,00,000) Equity Shares of ₹ 2/- each		**5,500,000**	5,500,000
Issued, subscribed and paid-up capital			
2,50,64,95,317 (31 March, 2014 : 2,39,90,50,435) Equity Shares of ₹ 2/- each		**5,012,991**	4,798,101
	Total	**5,012,991**	4,798,101
SCHEDULE 2 - RESERVES AND SURPLUS			
I **Statutory reserve**			
Opening balance		**91,104,424**	69,908,483
Additions during the year		**25,539,798**	21,195,941
	Total	**116,644,222**	91,104,424
II **General reserve**			
Opening balance		**34,607,377**	26,129,001
Additions during the year		**10,215,919**	8,478,376
	Total	**44,823,296**	34,607,377
III **Balance in profit and loss account**		**186,277,944**	146,541,532
IV **Share premium account**			
Opening balance		**142,564,095**	135,148,961
Additions during the year		**108,477,413**	7,415,134
Deductions during the year [Refer Schedule 18 (1)]		**(1,510,276)**	-
	Total	**249,531,232**	142,564,095
V **Amalgamation reserve**			
Opening balance		**10,635,564**	10,635,564
Additions during the year		**-**	-
	Total	**10,635,564**	10,635,564
VI **Capital reserve**			
Opening balance		**4,395,885**	3,813,175
Additions during the year		**2,249,166**	582,710
	Total	**6,645,051**	4,395,885
VII **Investment reserve account**			
Opening balance		**208,855**	176,636
Additions during the year		**310,612**	342,831
Deductions during the year		**(35,199)**	(310,612)
	Total	**484,268**	208,855
VIII **Foreign currency translation account**			
Opening balance		**(69,563)**	248,980
Additions / (deductions) during the year		**109,160**	(318,543)
	Total	**39,597**	(69,563)
	Total	**615,081,174**	429,988,169

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As at March 31, 2015

₹ in '000

		As at 31-Mar-15	As at 31-Mar-14
SCHEDULE 3 - DEPOSITS			
A I Demand deposits			
(i) From banks		**16,319,866**	12,169,991
(ii) From others		**719,334,552**	602,710,457
	Total	**735,654,418**	614,880,448
II Savings bank deposits		**1,249,266,089**	1,031,333,207
III Term deposits			
(i) From banks		**18,405,279**	15,422,987
(ii) From others		**2,504,630,639**	2,011,738,135
	Total	**2,523,035,918**	2,027,161,122
	Total	**4,507,956,425**	3,673,374,777
B I Deposits of branches in India		**4,449,045,841**	3,612,313,174
II Deposits of branches outside India		**58,910,584**	61,061,603
	Total	**4,507,956,425**	3,673,374,777
SCHEDULE 4 - BORROWINGS			
I Borrowings in India			
(i) Reserve Bank of India		**-**	-
(ii) Other banks		**14,851,586**	14,937,256
(iii) Other institutions and agencies		**30,000,000**	-
(iv) Upper and lower tier II capital and innovative perpetual debts		**156,299,000**	160,439,000
	Total	**201,150,586**	175,376,256
II Borrowings outside India*		**250,984,996**	219,013,662
	Total	**452,135,582**	394,389,918

**Includes Upper Tier II debt of ₹ 625.00 crore (previous year: ₹ 599.15 crore)*
Secured borrowings included in I & II above: Nil (previous year: Nil)

		As at 31-Mar-15	As at 31-Mar-14
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I Bills payable		**60,853,248**	56,112,013
II Interest accrued		**29,949,880**	25,918,488
III Others *(including provisions)*		**194,323,194**	299,581,788
IV Contingent provisions against standard assets		**15,584,167**	12,605,385
V Proposed dividend *(including tax on dividend)*		**24,134,070**	19,226,368
	Total	**324,844,559**	413,444,042

HDFC BANK
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As at March 31, 2015

		As at 31-Mar-15	₹ in '000 As at 31-Mar-14
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I Cash in hand (including foreign currency notes)		**53,214,928**	38,505,015
II Balances with Reserve Bank of India :			
(a) In current accounts		**219,889,608**	212,951,262
(b) In other accounts		**2,000,000**	2,000,000
	Total	**221,889,608**	214,951,262
	Total	**275,104,536**	253,456,277
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I In India			
(i) Balances with banks :			
(a) In current accounts		**2,316,337**	1,746,554
(b) In other deposit accounts		**21,126,770**	21,201,113
	Total	**23,443,107**	22,947,667
(ii) Money at call and short notice :			
(a) With banks		**2,500,000**	1,000,000
(b) With other institutions		**2,238,499**	15,366,745
	Total	**4,738,499**	16,366,745
	Total	**28,181,606**	39,314,412
II Outside India			
(i) In current accounts		**16,465,876**	40,154,939
(ii) In deposit accounts		**625,000**	2,995,750
(iii) Money at call and short notice		**42,937,500**	59,915,000
	Total	**60,028,376**	103,065,689
	Total	**88,209,982**	142,380,101
SCHEDULE 8 - INVESTMENTS			
A Investments in India in			
(i) Government securities		**1,203,902,956**	946,400,171
(ii) Other approved securities		**-**	-
(iii) Shares		**1,284,423**	1,347,904
(iv) Debentures and bonds		**11,254,750**	27,143,837
(v) Subsidiaries / joint ventures		**27,829,565**	15,413,909
(vi) Others (Units, CDs/CPs, PTCs, security receipts and NABARD deposits)		**409,269,151**	209,989,161
	Total	**1,653,540,845**	1,200,294,982
B Investments outside India in			
Other investments			
(a) Shares		**9,396**	9,396
(b) Debentures and bonds		**11,049,236**	9,206,325
	Total	**11,058,632**	9,215,721
	Total	**1,664,599,477**	1,209,510,703

As at March 31, 2015

₹ in '000

			As at 31-Mar-15	As at 31-Mar-14
C	**Investments**			
	(i) Gross value of investments			
	(a) In India		**1,654,680,731**	1,202,029,358
	(b) Outside India		**11,058,632**	9,215,721
		Total	**1,665,739,363**	1,211,245,079
	(ii) Provision for depreciation			
	(a) In India		**1,139,886**	1,734,376
	(b) Outside India		**-**	-
		Total	**1,139,886**	1,734,376
	(iii) Net value of investments			
	(a) In India		**1,653,540,845**	1,200,294,982
	(b) Outside India		**11,058,632**	9,215,721
		Total	**1,664,599,477**	1,209,510,703

SCHEDULE 9 - ADVANCES

				As at 31-Mar-15	As at 31-Mar-14
A	(i)	Bills purchased and discounted		**155,218,272**	146,469,089
	(ii)	Cash credits, overdrafts and loans repayable on demand		**1,444,755,969**	1,232,781,559
	(iii)	Term loans		**2,054,976,071**	1,650,752,064
			Total	**3,654,950,312**	3,030,002,712

Loans with tenor of less than one year are classified under A (ii) above

				As at 31-Mar-15	As at 31-Mar-14
B	(i)	Secured by tangible assets*		**2,735,499,707**	2,308,167,862
	(ii)	Covered by bank / government guarantees		**63,453,979**	41,688,328
	(iii)	Unsecured		**855,996,626**	680,146,522
			Total	**3,654,950,312**	3,030,002,712

** Including advances against book debts*

				As at 31-Mar-15	As at 31-Mar-14
C	I	Advances in India			
		(i) Priority sector		**1,061,040,411**	896,128,736
		(ii) Public sector		**118,066,442**	124,180,757
		(iii) Banks		**51,278**	1,177,248
		(iv) Others		**2,187,379,246**	1,775,580,461
			Total	**3,366,537,377**	2,797,067,202
C	II	Advances outside India			
		(i) Due from banks		**16,094,350**	7,469,539
		(ii) Due from others			
		(a) Bills purchased and discounted		**1,849,427**	177,402
		(b) Syndicated loans		**14,652,002**	21,134,880
		(c) Others		**255,817,156**	204,153,689
			Total	**288,412,935**	232,935,510
			Total	**3,654,950,312**	3,030,002,712

Advances are net of provisions

HDFC BANK
We understand your world

As at March 31, 2015

₹ in '000

		As at 31-Mar-15	As at 31-Mar-14
SCHEDULE 10 - FIXED ASSETS			
A **Premises** *(including land)*			
Gross block			
At cost on 31 March of the preceding year		**14,169,660**	11,642,619
Additions during the year		**793,539**	2,637,812
Deductions during the year		**(206,256)**	(110,771)
	Total	**14,756,943**	14,169,660
Depreciation			
As at 31 March of the preceding year		**3,337,178**	2,916,893
Charge for the year		**519,617**	501,047
On deductions during the year		**(92,324)**	(80,762)
	Total	**3,764,471**	3,337,178
Net block		**10,992,472**	10,832,482
B **Other fixed assets** *(including furniture and fixtures)*			
Gross block			
At cost on 31 March of the preceding year		**58,341,584**	52,464,978
Additions during the year		**7,807,332**	6,544,363
Deductions during the year		**(819,738)**	(667,757)
	Total	**65,329,178**	58,341,584
Depreciation			
As at 31 March of the preceding year		**39,774,886**	34,159,891
Charge for the year		**6,045,463**	6,218,514
On deductions during the year		**(716,042)**	(603,519)
	Total	**45,104,307**	39,774,886
Net block		**20,224,871**	18,566,698
C **Assets on lease** *(plant and machinery)*			
Gross block			
At cost on 31 March of the preceding year		**4,546,923**	4,546,923
Additions during the year		**-**	-
	Total	**4,546,923**	4,546,923

As at March 31, 2015

₹ in '000

		As at 31-Mar-15	As at 31-Mar-14
Depreciation			
As at 31 March of the preceding year		**4,104,467**	4,104,467
Charge for the year		**-**	-
	Total	**4,104,467**	4,104,467
Lease adjustment account			
As at 31 March of the preceding year		**442,456**	442,456
Charge for the year		**-**	-
	Total	**442,456**	442,456
Unamortised cost of assets on lease		**-**	-
	Total	**31,217,343**	29,399,180

SCHEDULE 11 - OTHER ASSETS

			As at 31-Mar-15	As at 31-Mar-14
I	Interest accrued		**56,319,984**	45,949,256
II	Advance tax / tax deducted at source *(net of provisions)*		**14,935,373**	12,687,606
III	Stationery and stamps		**168,394**	202,985
IV	Non banking assets acquired in satisfaction of claims		-	-
V	Bond and share application money pending allotments		**-**	9,029
VI	Security deposit for commercial and residential property		**4,232,087**	3,728,696
VII	Others*		**115,293,243**	188,668,462
		Total	**190,949,081**	251,246,034

**Includes deferred tax asset (net) of ₹ 1,950.74 crore (previous year: ₹ 1,859.51 crore)*

SCHEDULE 12 - CONTINGENT LIABILITIES

			As at 31-Mar-15	As at 31-Mar-14
I	Claims against the bank not acknowledged as debts - taxation		**8,979,600**	8,309,000
II	Claims against the bank not acknowledged as debts - others		**713,542**	825,707
III	Liability on account of outstanding forward exchange contracts		**6,740,520,896**	4,753,861,196
IV	Liability on account of outstanding derivative contracts		**2,433,779,738**	2,009,620,394
V	Guarantees given on behalf of constituents :			
	- In India		**240,381,176**	210,323,779
	- Outside India		**32,080,401**	35,915,763
VI	Acceptances, endorsements and other obligations		**279,900,503**	192,095,251
VII	Other items for which the Bank is contingently liable		**15,983,683**	20,598,048
		Total	**9,752,339,539**	7,231,549,138

For the year ended March 31, 2015

			Year ended 31-Mar-15	Year ended 31-Mar-14
				₹ in '000
SCHEDULE 13 - INTEREST EARNED				
I	Interest / discount on advances / bills		**371,807,856**	316,869,165
II	Income from investments		**107,056,066**	90,368,457
III	Interest on balance with RBI and other inter-bank funds		**5,170,990**	3,559,920
IV	Others		**664,132**	557,794
		Total	**484,699,044**	411,355,336
SCHEDULE 14 - OTHER INCOME				
I	Commission, exchange and brokerage		**65,842,024**	57,349,490
II	Profit / (loss) on sale of investments (net)		**5,259,706**	1,039,436
III	Profit / (loss) on revaluation of investments (net)		**556,306**	65,078
IV	Profit / (loss) on sale of building and other assets (net)		**111,598**	33,019
V	Profit / (loss) on exchange / derivative transactions (net)		**10,279,548**	14,010,614
VI	Income earned by way of dividends from subsidiaries / associates and / or joint ventures abroad / in India		**325,932**	9,600
VII	Miscellaneous income		**7,588,407**	6,689,178
		Total	**89,963,521**	79,196,415
SCHEDULE 15 - INTEREST EXPENDED				
I	Interest on deposits		**235,138,320**	190,481,554
II	Interest on RBI / inter-bank borrowings		**24,785,390**	35,362,147
III	Other interest		**818,642**	685,298
		Total	**260,742,352**	226,528,999
SCHEDULE 16 - OPERATING EXPENSES				
I	Payments to and provisions for employees		**47,509,591**	41,789,795
II	Rent, taxes and lighting		**10,520,867**	9,233,001
III	Printing and stationery		**3,861,460**	2,731,744
IV	Advertisement and publicity		**1,874,691**	1,435,610
V	Depreciation on bank's property		**6,562,963**	6,716,076
VI	Directors' fees, allowances and expenses		**9,696**	8,226
VII	Auditors' fees and expenses		**14,508**	13,368
VIII	Law charges		**717,718**	793,102
IX	Postage, telegram, telephone etc.		**3,995,952**	4,172,410
X	Repairs and maintenance		**8,499,506**	7,882,522
XI	Insurance		**4,470,026**	3,414,706
XII	Other expenditure*		**51,838,438**	42,231,421
		Total	**139,875,416**	120,421,981

** Includes marketing expenses, professional fees, commission to sales agents, travel and hotel charges, entertainment, registrar and transfer agency fees and system management fees.*

For the year ended March 31, 2015

SCHEDULE 17 - Significant accounting policies appended to and forming part of the financial statements for the year ended March 31, 2015

A BACKGROUND

HDFC Bank Limited ('HDFC Bank' or 'the Bank'), incorporated in Mumbai, India is a publicly held banking company engaged in providing a range of banking and financial services including commercial banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949. The Bank has overseas branch operations in Bahrain, Hong Kong and Dubai.

B BASIS OF PREPARATION

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014) and current practices prevailing within the banking industry in India.

Use of estimates

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

C PRINCIPAL ACCOUNTING POLICIES

1 Investments

Classification:

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into "Held for Trading" ('HFT'), "Available for Sale" ('AFS') and "Held to Maturity" ('HTM') categories (hereinafter called "categories"). Subsequent shifting amongst the categories is done in accordance with the RBI guidelines. Under each of these categories, investments are further classified under six groups (hereinafter called "groups") - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments.

Recording purchase and sale transactions in securities is done following 'Settlement Date' accounting, except in the case of equity shares where 'Trade Date' accounting is followed.

Basis of classification:

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments in the equity of subsidiaries / joint ventures are categorised as HTM in accordance with the RBI guidelines. Investments which are not classified in the above categories are classified under AFS category.

Acquisition cost:

In determining acquisition cost of an investment:

- Brokerage, commission, etc. paid at the time of acquisition are recognised in the Statement of Profit and Loss.
- Broken period interest on debt instruments is recognised in the Statement of Profit and Loss.
- Cost of investments is based on the weighted average cost method.

Disposal of investments:

Profit / Loss on sale of investments under the aforesaid three categories is recognised in the Statement of Profit and Loss. The profit from sale of investment under HTM category, net of taxes and transfer to statutory reserve is appropriated from Statement of Profit and Loss to "Capital Reserve" in accordance with the RBI Guidelines.

Short sale:

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on sale and is classified under 'Other Liabilities'. The short position is marked to market and loss, if any, is charged to the Statement of Profit and Loss while gain, if any, is ignored. Profit / Loss on settlement of the short position is recognised in the Statement of Profit and Loss.

Valuation:

Investments classified under AFS and HFT categories are marked to market as per the RBI guidelines.

Traded investments are valued based on the trades / quotes on the recognised stock exchanges, price list of RBI or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA'), periodically.

The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR') included in the AFS and HFT categories is computed as per the Yield-to-Maturity ('YTM') rates published by FIMMDA.

The valuation of other unquoted fixed income securities (viz. state government securities, other approved securities, bonds and debentures) and preference shares, wherever linked to the YTM rates, is done with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FIMMDA.

Special bonds such as oil bonds, fertilizer bonds etc. which are directly issued by Government of India ('GOI') that do not qualify for SLR are also valued by applying the mark up above the corresponding yield on GOI securities.

Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available or at ₹ 1 as per the RBI guidelines.

Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund.

Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost and stated at acquisition cost.

Security receipts are valued as per the net asset value provided by the issuing Asset Reconstruction Company from time to time.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the six groups, is charged to the Statement of Profit and Loss. The net appreciation, if any, in any of the six groups is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions. The book value of individual securities is not changed after the valuation of investments.

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines. Any diminution, other than temporary, in the value of investments in subsidiaries / joint ventures is provided for.

Non-performing investments are identified and depreciation / provision is made thereon based on the RBI guidelines. The depreciation / provision is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Statement of Profit and Loss until received.

Repo and reverse repo transactions:

In accordance with the RBI guidelines repo and reverse repo transactions in government securities and corporate debt securities (excluding transactions conducted under Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI) are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

In respect of repo transactions under LAF and MSF with RBI, amount borrowed from RBI is credited to investment account and reversed on maturity of the transaction. Costs thereon are accounted for as interest expense. In respect of reverse repo transactions under LAF, amount lent to RBI is debited to investment account and reversed on maturity of the transaction. Revenues thereon are accounted for as interest income.

2 Advances

Classification:

Advances are classified as performing and non-performing based on the RBI guidelines and are stated net of bills rediscounted, specific provisions, interest in suspense for non-performing advances, claims received from Export Credit Guarantee Corporation, provisions for funded interest term loan classified as non-performing advances and provisions in lieu of diminution in the fair value of restructured assets. Interest on non-performing advances is transferred to an interest suspense account and not recognised in the Statement of Profit and Loss until received.

Provisioning:

Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of wholesale and retail advances, subject to the minimum provisioning level prescribed by the RBI.

The specific provision levels for retail non-performing assets are also based on the nature of product and delinquency levels. Specific loan loss provisions in respect of non-performing advances are charged to the Statement of Profit and Loss and included under Provisions and Contingencies. In accordance with RBI guidelines, accelerated provision is made on non-performing advances which were not earlier reported by the Bank as Special Mention Account under "SMA-2" category to Central Repository of Information on Large Credits (CRILC). Accelerated provision is also made on non-performing advances which are erstwhile SMA-2 accounts with Aggregate Exposure (AE) ₹1,000 million or above and Joint Lenders' Forum (JLF) is not formed or they fail to agree upon a common Corrective Action Plan (CAP) within the stipulated time frame.

Recoveries from bad debts written-off are recognised in the Statement of Profit and Loss and included under other income.

In relation to non-performing derivative contracts, as per the extant RBI guidelines, the Bank makes provision for the entire amount of overdue and future receivables relating to positive marked to market value of the said derivative contracts.

The Bank maintains general provision for standard assets including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, and gold in accordance with the guidelines and at levels stipulated by RBI from time to time. In the case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI. Provision for standard assets is included under other liabilities.

Provisions made in excess of the Bank's policy for specific loan loss provisions for non-performing assets and regulatory general provisions are categorised as floating provisions. Creation of floating provisions is considered by the Bank up to a level approved by the Board of Directors. In accordance with the RBI guidelines floating provisions are used up to a level approved by the Board only for contingencies under extraordinary circumstances for making specific provisions for impaired accounts. Floating provisions have been included under other liabilities.

Further to the provisions required to be held according to the asset classification status, provisions are held for individual country exposures (other than for home country exposure). Countries are categorised into risk categories as per Export Credit Guarantee Corporation of India Ltd. ('ECGC') guidelines and provisioning is done in respect of that country where the net funded exposure is one percent or more of the Bank's total assets.

In addition to the above, the Bank on a prudential basis makes provisions on advances or exposures which are not NPAs, but has reasons to believe on the basis of the extant environment or specific information, the possible slippage of a specific advance or a group of advances or exposures or potential exposures. These are classified as contingent provisions and included under other liabilities.

The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advance / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of installments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made. Restructuring of an account is done at a borrower level.

3 Securitisation and transfer of assets

The Bank securitises out its receivables, subject to the Minimum Holding Period ('MHP') criteria and the Minimum Retention Requirements ('MRR') of RBI, to Special Purpose Vehicles ('SPVs') in securitisation transactions. Such securitised-out receivables are de-recognised in the balance sheet when they are sold (true sale criteria being fully met with) and consideration is received by the Bank. Sales / Transfers that do not meet these criteria for surrender of control are accounted for as secured borrowings. In respect of receivable pools securitised-out, the Bank provides liquidity and credit enhancements, as specified by the rating agencies, in the form of cash collaterals / guarantees and / or by subordination of cash flows, not exceeding 20% of the total securitised instruments, in line with RBI guidelines. The Bank also acts as a servicing agent for receivable pools securitised-out.

The Bank also enters into transactions for transfer of standard assets through the direct assignment of cash flows, which are similar to asset-backed securitisation transactions through the SPV route, except that such portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates ('PTCs'), subject to the RBI prescribed MHP criteria and the MRR. The RBI issued addendum guidelines on securitisation of standard assets vide its circular dated May 7, 2012. Accordingly, the Bank does not provide liquidity or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines.

Pursuant to these guidelines, the Bank amortises any profit received in cash for every individual securitisation or direct assignment transaction at the end of every financial year. This amortisation is calculated as the maximum of either of the three parameters stated below:

- the losses incurred on the portfolio, including marked to market losses in case of securitisation transactions, specific provisions, if any, and direct write-offs made on the MRR and any other exposures to the securitisation transaction (other than credit enhancing interest only strip); or
- the amount of unamortised cash profit at the beginning of the year multiplied by the amount of principal amortised during the year as a proportion to the amount of unamortised principal at the beginning of the year; or
- the amount of unamortised cash profit at the beginning of the year divided by residual maturity of the securitisation or the direct assignment transaction.

In relation to securitisation transactions undertaken prior to the aforementioned RBI guidelines, including those undertaken through the direct assignment route, the Bank continues to amortise the profit / premium that arose on account of sale of receivables over the life of the securities sold, in accordance with the RBI guidelines on securitisation of standard assets issued vide its circular dated February 1, 2006.

Any loss arising on account of sale of receivables is recognised in the Statement of Profit and Loss for the period in which the sale occurs in accordance with the said RBI guidelines.

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.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Statement of Profit and Loss. If the sale is for a value higher than the net book value, the excess provision is not reversed but is utilised to meet the shortfall / loss on account of sale of other non-performing advances. The RBI issued new guidelines on sale of non-performing advances on February 26, 2014. In accordance with these guidelines, if the sale of non-performing advances is at a price below the net book value, the shortfall is charged to the Statement of Profit and Loss spread over a period of two years. If the sale is for a value higher than the net book value, the excess provision is credited to the Statement of Profit and Loss in the year the amounts are received.

The Bank invests in PTCs issued by other SPVs. These are accounted for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised based on Effective Interest Rate (EIR) method.

4 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation as adjusted for impairment, if any. Cost includes cost of purchase and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.

Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis. The Bank, pursuant to the Companies Act 2013, has carried out a technical assessment of the useful life of its assets taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use. The estimated useful lives of key fixed assets are given below:

Asset	Estimated useful life as assessed by the Bank	Estimated useful life specified under Schedule II of the Companies Act 2013
Owned premises	61 years	60 years
Automated Teller Machines ('ATMs')	10 years	15 years
Electrical equipment and installations	6 to 10 years	10 years
Office equipment	3 to 6 years	5 years
Computers	3 years	3 years
Modems, routers, switches, servers, network and related IT equipment	3 to 6 years	6 years
Motor cars	4 years	8 years
Furniture and fittings	16 years	10 years

- Improvements to lease hold premises are charged off over the remaining primary period of lease.
- Software and system development expenditure is depreciated over a period of 5 years.
- Point of sale terminals are fully depreciated in the year of purchase.
- For assets purchased and sold during the year, depreciation is provided on pro-rata basis by the Bank.
- Whenever there is a revision of the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

5 Impairment of assets

The Bank assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Statement of Profit and Loss to the extent the carrying amount of assets exceeds their estimated recoverable amount.

6 Transactions involving foreign exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations (representative offices) are translated at the weekly average closing rates and of non-integral foreign operations (foreign branches) at the monthly average closing rates.

Foreign currency monetary items of domestic and integral foreign operations are translated at the closing exchange rates notified by Foreign Exchange Dealers' Association of India ('FEDAI') as at the Balance Sheet date and the resulting net valuation profit or loss arising due to a net open position in any foreign currency is recognised in the Statement of Profit and Loss.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date and the resulting profit / loss arising from exchange differences are accumulated in the Foreign Currency Translation Account until remittance or the disposal of the net investment in the non-integral foreign operations in accordance with AS - 11.

Foreign exchange spot and forward contracts outstanding as at the Balance Sheet date and held for trading, are revalued at the closing spot and forward rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities. The USD-INR rate for valuation of contracts having longer maturities i.e. greater than one year, is implied from MIFOR and LIBOR curves. For other currency pairs, the forward points (for rates / tenors not published by FEDAI) are obtained from Reuters for valuation of the FX deals. As directed by FEDAI to consider P&L on present value basis, the forward profit or loss on the deals are discounted till the valuation date using the discounting yields. The resulting profit or loss on valuation is recognised in the Statement of Profit and Loss. Foreign exchange contracts are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value).

Foreign exchange forward contracts not intended for trading, that are entered into to establish the amount of reporting currency required or available at the settlement date of a transaction, and are outstanding at the Balance Sheet date, are effectively valued at the closing spot rate. The premia or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

Currency future contracts are marked to market daily using settlement price on a trading day, which is the closing price of the respective future contracts on that day. While the daily settlement price is computed on the basis of the last half an hour weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the future contracts or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit / loss is daily settled with the exchange.

Contingent liabilities on account of foreign exchange contracts, currency future contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

7 Derivative contracts

The Bank recognises all derivative contracts (other than those designated as hedges) at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance Sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value). Changes in the fair value of derivatives other than those designated as hedges are recognised in the Statement of Profit and Loss.

Derivative contracts designated as hedges are not marked to market unless their underlying transaction is marked to market. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Statement of Profit and Loss in the relevant period. The Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. Hedge effectiveness is ascertained at the time of the inception of the hedge and periodically thereafter. Gains or losses arising from hedge ineffectiveness, if any, are recognised in the Statement of Profit and Loss.

Contingent liabilities on account of derivative contracts denominated in foreign currencies are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

8 Revenue recognition

Interest income is recognised in the Statement of Profit and Loss on an accrual basis, except in the case of non-performing assets where it is recognised upon realisation as per RBI norms.

Interest income on investments in PTCs and loans bought out through the direct assignment route is recognised at their effective interest rate.

Income on non-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant effective yield basis.

Loan processing fee is recognised as income when due. Syndication / arranger fee is recognised as income when a significant act / milestone is completed.

Gain / loss on sell down of loans is recognised in line with the extant RBI guidelines.

Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

Guarantee commission, commission on letter of credit, annual locker rent fees and annual fees for credit cards are recognised on a straight line basis over the period of contract. Other fees and commission income are recognised when due, except in cases where the Bank is uncertain of ultimate collection.

9 Employee benefits

Employee Stock Option Scheme ('ESOS')

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Bank to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Bank follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any is amortised over the vesting period.

Gratuity

The Bank provides for gratuity to all employees. The benefit vests upon completion of five years of service and is in the form of lump sum payment to employees on resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. The Bank makes contributions to funds administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. In respect of erstwhile Lord Krishna Bank ('eLKB') employees, the Bank makes contribution to a fund set up by eLKB and administered by the Board of Trustees.

The defined gratuity benefit plans are valued by an independent actuary as at the Balance Sheet date using the projected unit credit method as per the requirement of AS-15 (Revised 2005), Employee Benefits, to determine the present value of the defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognised in the Statement of Profit and Loss.

Superannuation

Employees of the Bank, above a prescribed grade, are entitled to receive retirement benefits under the Bank's Superannuation Fund. The Bank contributes a sum equivalent to 13% of the employee's eligible annual basic salary (15% for the whole time directors and for certain eligible erstwhile Centurion Bank of Punjab ('eCBoP') staff) to insurance companies, which administer the fund. The Bank has no liability for future superannuation fund benefits other than its contribution and recognises such contributions as an expense in the year incurred, as such contribution is in the nature of defined contribution.

Provident fund

In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund. The Bank contributes an amount, on a monthly basis, at a determined rate (currently 12% of employee's basic salary). Of this, the Bank contributes an amount equal to 8.33% of employee's basic salary up to a maximum salary level of ₹ 6,500/- per month, to the Pension Scheme administered by the Regional Provident Fund Commissioner ('RPFC'). The balance amount is contributed to a fund set up by the Bank and administered by a Board of Trustees. In respect of eCBoP employees, employer's and employee's share of contribution to Provident Fund till March 2009, was administered by RPFC and from April 2009 onwards, the same is transferred to the fund set up by the Bank and administered by the Board of Trustees. In respect of eLKB employees, the Bank contributes to a fund set up by eLKB and administered by a Board of Trustees. The Bank recognises such contributions as an expense in the year in which it is incurred. Interest payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act 1952 and shortfall, if any, shall be made good by the Bank.

The guidance note on implementing AS-15 (Revised 2005), Employee Benefits, states that benefits involving employer established provident funds, which require interest shortfalls to be provided, are to be considered as defined benefit plans. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note issued in this respect by the Actuary Society of India and provision towards this liability is made.

The overseas branches of the Bank makes contribution to the respective relevant government scheme calculated as a percentage of the employees' salaries. The Bank's obligations are limited to these contributions, which are expensed when due, as such contribution is in the nature of defined contribution.

Leave encashment / Compensated absences

The Bank does not have a policy of encashing unavailed leave for its employees, except for certain eLKB employees under Indian Banks' Association ('IBA') structure. The Bank provides for leave encashment / compensated absences based on an independent actuarial valuation at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation.

Pension

In respect of pension payable to certain eLKB employees under IBA structure, which is a defined benefit scheme, the Bank contributes 10% of basic salary to a pension fund set up by the Bank and administered by the board of trustees and the balance amount is provided based on actuarial valuation as at the Balance Sheet date conducted by an independent actuary.

In respect of certain eLKB employees who had moved to a Cost to Company ('CTC') driven compensation structure and had completed less than 15 years of service, the contribution which was made until then, is maintained as a fund and will be converted into annuity on separation after a lock-in-period of two years. For this category of employees, liability stands frozen and no additional provision is required except for interest as applicable to Provident Fund, which is provided for.

In respect of certain eLKB employees who moved to a CTC structure and had completed service of more than 15 years, pension would be paid on separation based on salary applicable as on the date of movement to CTC structure. Provision thereto is made based on actuarial valuation as at the Balance Sheet date conducted by an independent actuary.

10 Debit and credit cards reward points

The Bank estimates the probable redemption of debit and credit card reward points and cost per point using an actuarial method by employing an independent actuary, which includes assumptions such as mortality, redemption and spends. Provisions for the said reward points are made based on the actuarial valuation report as furnished by the said independent actuary and included in other liabilities.

11 Bullion

The Bank imports bullion including precious metal bars on a consignment basis for selling to its wholesale and retail customers. The imports are typically on a back-to-back basis and are priced to the customer based on an estimated price quoted by the supplier. The Bank earns a fee on such wholesale bullion transactions. The fee is classified under commission income.

The Bank also sells bullion to its retail customers. The difference between the sale price to customers and actual price quoted by supplier is recorded under commission income.

The Bank also deals in bullion on a borrowing and lending basis and the interest paid / received thereon is classified as interest expense / income respectively.

12 Lease accounting

Lease payments including cost escalation for assets taken on operating lease are recognised in the Statement of Profit and Loss over the lease term on a straight-line basis in accordance with the AS-19, Leases.

13 Income tax

Income tax expense comprises current tax provision (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability during the year. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases and operating loss carried forward, if any. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates as at the Balance Sheet date.

Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realised.

14 Earnings per share

The Bank reports basic and diluted earnings per equity share in accordance with AS-20, Earnings Per Share. Basic earnings per equity share has been computed by dividing net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted to equity during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and the dilutive potential equity shares outstanding during the period except where the results are anti-dilutive.

15 Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

16 Segment information

The disclosure relating to segment information is in accordance with the guidelines issued by RBI.

17 Accounting for provisions, contingent liabilities and contingent assets

In accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets, the Bank recognises provisions when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date, supplemented by experience of similar transactions. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

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.

Contingent assets, if any, are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

19 Corporate social responsibility

Spends towards corporate social responsibility, in accordance with Companies Act, 2013 are recognised in the Statement of Profit and Loss.

For the year ended March 31, 2015

SCHEDULE 18 - Notes forming part of the financial statements for the year ended March 31, 2015

Amounts in notes forming part of the financial statements for the year ended March 31, 2015 are denominated in rupees crore to conform to extant RBI guidelines.

1 Capital adequacy

The Bank's capital to risk-weighted asset ratio ('Capital Adequacy Ratio') as on March 31, 2015 is calculated in accordance with the RBI's guidelines on Basel III capital regulations ('Basel III') which were effective April 1, 2013. The phasing in of the minimum capital requirement under Basel III is as follows:

Minimum ratio of capital to risk-weighted assets	As on April 1, 2013	As on March 31,					
		2014	2015	2016	2017	2018	2019
Common equity tier I ratio	4.5%	5.0%	5.5%	5.5%	5.5%	5.5%	5.5%
Capital conservation buffer	-	-	-	0.625%	1.25%	1.875%	2.5%
Tier I capital ratio	6.0%	6.5%	7.0%	7.0%	7.0%	7.0%	7.0%
Total capital adequacy ratio	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%

The Bank's capital adequacy ratio computed under Basel III is given below:

(₹ crore)

Particulars	March 31, 2015	March 31, 2014
Tier I capital	57,722.07	40,654.52
Of which common equity tier I capital	57,722.07	40,654.52
Tier II capital	13,244.22	14,855.55
Total capital	70,966.29	55,510.07
Total risk weighted assets	422,669.92	345,300.85
Capital adequacy ratios under Basel III		
Tier I	13.66%	11.77%
Of which common equity tier I	13.66%	11.77%
Tier II	3.13%	4.30%
Total	**16.79%**	**16.07%**

The Bank has not raised any additional tier I and tier II capital during the years ended March 31, 2015 and March 31, 2014.

Subordinated debt (lower tier II capital), upper tier II capital and innovative perpetual debt instruments outstanding as at March 31, 2015 are ₹ 12,014.00 crore (previous year: ₹ 12,428.00 crore), ₹ 4,040.90 crore (previous year: ₹ 4,015.05 crore) and ₹ 200.00 crore (previous year: ₹ 200.00 crore) respectively.

In accordance with RBI guidelines, banks are required to make Pillar 3 disclosures under Basel III capital regulations. The Bank has made these disclosures which are available on its website at the following link: http://www.hdfcbank.com/aboutus/basel_disclosures/default.htm. These Pillar 3 disclosures have not been subjected to audit.

For the year ended March 31, 2015

Reconciliation of accounting capital and regulatory capital: **(₹ crore)**

Particulars		March 31, 2015	March 31, 2014
(a)	Subscribed capital	501.30	479.81
(b)	Reserves and surplus	61,508.12	42,998.82
(c)	**Accounting capital (a+b)**	**62,009.42**	**43,478.63**
(d)	Innovative perpetual debt	140.00	160.00
(e)	Adjustments:		
	- Deferred tax asset	(1,950.74)	(1,859.51)
	- Investment in subsidiaries	(2,201.41)	(1,057.14)
	- Valuation adjustment for illiquid positions	(222.81)	(45.17)
	- Others	(52.39)	(22.29)
	Total adjustments	**(4,427.35)**	**(2,984.11)**
(f)	Total tier I capital (c+d+e)	57,722.07	40,654.52
(g)	Total tier II capital	13,244.22	14,855.55
	Total regulatory capital (f+g)	**70,966.29**	**55,510.07**

Capital Infusion

Pursuant to the shareholder and regulatory approvals, the Bank on February 10, 2015, concluded a Qualified Institutions Placement (QIP) of 1,87,44,142 equity shares at a price of ₹ 1,067 per equity share aggregating ₹ 2,000 crore and an American Depository Receipt (ADR) offering of 2,20,00,000 ADRs (representing 6,60,00,000 equity shares) at a price of USD 57.76 per ADR, aggregating USD 1,271 million. Pursuant to these issuances, the Bank allotted 8,47,44,142 additional equity shares. Accordingly, share capital increased by ₹ 16.95 crore and share premium increased by ₹ 9,705.84 crore, net of share issue expenses of ₹ 151.03 crore.

During the year ended March 31, 2015, the Bank allotted 2,27,00,740 equity shares (previous year: 1,96,31,405 equity shares) aggregating to face value ₹ 4.54 crore (previous year: ₹ 3.93 crore) in respect of stock options exercised. Accordingly, share capital increased by ₹ 4.54 crore (previous year: ₹ 3.93 crore) and share premium increased by ₹ 990.88 crore (previous year: ₹ 741.51 crore).

Details of movement in the paid-up equity share capital of the Bank are given below: **(₹ crore)**

Particulars	March 31, 2015	March 31, 2014
Opening balance	479.81	475.88
Addition pursuant to QIP / ADR offering	16.95	-
Addition pursuant to stock options exercised	4.54	3.93
Closing balance	501.30	479.81

2 Earnings per equity share

Basic and diluted earnings per equity share have been calculated based on the net profit after taxation of ₹ 10,215.92 crore (previous year: ₹ 8,478.38 crore) and the weighted average number of equity shares outstanding during the year of 2,42,37,77,245 (previous year: 2,39,02,89,717).

Following is the reconciliation between basic and diluted earnings per equity share:

Particulars	For the years ended (₹)	
	March 31, 2015	March 31, 2014
Nominal value per share	2.00	2.00
Basic earnings per share	42.15	35.47
Effect of potential equity shares (per share)	(0.48)	(0.26)
Diluted earnings per share	41.67	35.21

For the year ended March 31, 2015

Basic earnings per equity share have been computed by dividing net profit for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed by dividing the net profit for the year attributable to the equity shareholders by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive. The dilutive impact is on account of stock options granted to employees by the Bank. There is no impact of dilution on the profits in the current year and previous year.

Following is the reconciliation of weighted average number of equity shares used in the computation of basic and diluted earnings per share:

Particulars	For the years ended	
	March 31, 2015	March 31, 2014
Weighted average number of equity shares used in computing basic earnings per equity share	2,42,37,77,245	2,39,02,89,717
Effect of potential equity shares outstanding	2,77,45,406	1,78,49,608
Weighted average number of equity shares used in computing diluted earnings per equity share	2,45,15,22,651	2,40,81,39,325

3 Reserves and Surplus

Draw down from reserves

The Bank has not undertaken any drawdown from reserves during the year ended March 31, 2015 except towards share issue expenses, incurred for the equity raised through the Qualified Institutions Placement (QIP) and American Depository Receipt (ADR) routes, which have been adjusted against the share premium account in terms of section 52 of the Companies Act, 2013. There has been no drawdown from reserves during the year ended March 31, 2014.

Statutory Reserve

The Bank has made an appropriation of ₹ 2,553.98 crore (previous year: ₹ 2,119.59 crore) out of profits for the year ended March 31, 2015 to Statutory Reserve pursuant to the requirements of section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

Capital Reserve

During the year ended March 31, 2015, the Bank appropriated ₹ 224.92 crore (previous year: ₹ 58.27 crore), being the profit from sale of investments under HTM category, net of taxes and transfer to statutory reserve, from Profit and Loss Account to Capital Reserve account.

General Reserve

The Bank has made an appropriation of ₹ 1,021.59 crore (previous year: ₹ 847.84 crore) out of profits for the year ended March 31, 2015 to General Reserve pursuant to provisions of the Companies Act, 2013 for the current year and pursuant to Companies (Transfer of Profits to Reserves) Rules,1975 for the previous year.

Investment Reserve Account

During the year ended March 31, 2015, the Bank has appropriated ₹ 27.54 crore (net) (previous year: ₹ 3.22 crore (net)) from Profit and Loss Account to Investment Reserve Account.

4 Dividend on shares allotted pursuant to exercise of stock options

The Bank may allot equity shares after the Balance Sheet date but before the book closure date pursuant to the exercise of any employee stock options. These equity shares will be eligible for full dividend for the year ended March 31, 2015, if approved at the ensuing Annual General Meeting.

5 Accounting for employee share based payments

The shareholders of the Bank approved grant of equity share options under Plan “C” in June 2005, Plan “D” in June 2007, Plan “E” in June 2010 and Plan “F” in June 2013. Under the terms of each of these Plans, the Bank may issue Equity Stock Options (‘ESOPs’) to employees and whole time directors of the Bank, each of which is convertible into one equity share. All the plans were framed in accordance with the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time.

Plans C, D, E and F provide for the issuance of options at the recommendation of the Nomination & Remuneration Committee at the closing price on the working day immediately preceding the date when options are granted. The price being the closing price of the share on an Indian stock exchange with the highest trading volume as of the working day preceding the date of grant.

Vesting conditions applicable to the options are at the discretion of the Nomination & Remuneration Committee. These options are exercisable on vesting, for a period as set forth by the Nomination & Remuneration Committee at the time of grant. The period in which options may be exercised cannot exceed five years. During the years ended March 31, 2015 and March 31, 2014, no modifications were made to the terms and conditions of ESOPs as approved by the Nomination & Remuneration Committee.

The erstwhile Centurion Bank of Punjab ('eCBoP') had granted stock options to its employees prior to its amalgamation with the Bank. The options were granted under the General ESOP scheme framed in accordance with the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time. The outstanding options granted by eCBoP and the grant price thereof were converted into equivalent HDFC Bank options and prices in the swap ratio of 1:29 i.e. 1 stock option of HDFC Bank for every 29 stock options granted and outstanding of eCBoP as on May 23, 2008, the effective date of the amalgamation, in accordance with clause 9.9 of the scheme of amalgamation of eCBoP with the Bank. The vesting dates for the said stock options granted in various tranches were revised as per clause 9.9 of the Scheme. The aforesaid stock options are exercisable within a period of 5 years from the date of vesting. Options granted under the General ESOP scheme were granted at the market price. The market price was the latest available closing price, prior to the date of meeting of the Board of Directors/Nomination & Remuneration Committee in which options were granted or shares were issued, on the stock exchange on which the shares of the Bank were listed. If the shares were listed on more than one stock exchange, then the stock exchange where there was highest trading volume on the said date was considered.

Method used for accounting for shared based payment plan

The Bank has elected to use intrinsic value method to account for the compensation cost of stock options to employees and whole time directors of the Bank. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

Activity in the options outstanding under the Employee Stock Option Plans

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2015:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	9,24,76,600	556.06
Granted during the year	4,16,59,000	835.50
Exercised during the year	2,27,00,740	438.50
Forfeited / lapsed during the year	24,01,860	744.09
Options outstanding, end of year	10,90,33,000	683.16
Options exercisable	4,18,71,400	537.99

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2014:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	6,54,43,045	417.32
Granted during the year	4,70,60,000	679.99
Exercised during the year	1,89,03,115	382.63
Forfeited / lapsed during the year	11,23,330	583.43
Options outstanding, end of year	9,24,76,600	556.06
Options exercisable	4,61,37,600	431.59

For the year ended March 31, 2015

- Following table summarises the information about stock options outstanding as at March 31, 2015:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	680.00 to 835.50	67,78,000	4.32	692.50
Plan D	680.00	64,02,300	4.26	680.00
Plan E	440.16 to 680.00	5,59,39,700	3.05	573.70
Plan F	835.50	3,99,13,000	5.22	835.50
General ESOP	-	-	-	-

- Following table summarises the information about stock options outstanding as at March 31, 2014:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	680.00	69,52,000	5.21	680.00
Plan D	225.29 to 680.00	1,36,43,900	2.94	490.62
Plan E	440.16 to 680.00	7,14,94,300	3.82	558.33
General ESOP	118.61 to 251.72	3,86,400	0.40	217.13

No options have been granted under Plan F during the year ended March 31, 2014

Fair value methodology

The fair value of options used to compute *proforma* net income and earnings per equity share have been estimated on the dates of each grant using the binomial option-pricing model. The Bank estimates the volatility based on the historical share prices. 4,16,59,000 options were granted during the year ended March 31, 2015 (previous year: 4,70,60,000). The various assumptions considered in the pricing model for the ESOPs granted during the years ended March 31, 2015 and March 31, 2014 were:

Particulars	March 31, 2015	March 31, 2014
Dividend yield	0.82%	0.81% to 0.83%
Expected volatility	24.30% to 32.00%	28.57% to 41.52%
Risk-free interest rate	8.42 % to 8.63 %	8.21% to 9.08%
Expected life of the options	1 to 7 years	1 to 7 years

Impact of fair value method on net profit and Earnings Per Share ('EPS')

Had the compensation cost for the Bank's stock option plans been determined based on the fair value approach, the Bank's net profit and earnings per share would have been as per the *proforma* amounts indicated below:

(₹ crore)

Particulars	March 31, 2015	March 31, 2014
Net profit (as reported)	10,215.92	8,478.38
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	944.47	561.32
Net profit *(proforma)*	9,271.45	7,917.06
	(₹)	(₹)
Basic earnings per share (as reported)	42.15	35.47
Basic earnings per share *(proforma)*	38.25	33.12
Diluted earnings per share (as reported)	41.67	35.21
Diluted earnings per share *(proforma)*	37.82	32.88

6 Other liabilities

- The Bank held contingent provisions towards standard assets amounting to ₹ 1,558.42 crore as on March 31, 2015 (previous year: ₹ 1,260.54 crore). These are included under other liabilities.

- Provision for standard assets is made in accordance with RBI guidelines. Provision for standard assets is made @ 0.25% for direct advances to agriculture and Small and Micro Enterprises (SMEs) sectors, @ 1% for advances to commercial real estate sector and @ 0.75% for advances to commercial real estate - residential housing sector. For all types of restructured standard advances (effective June 1, 2013) provision for standard assets is made @ 5% for a prescribed number of years from the date of restructuring or upgradation as the case may be and for the stock of restructured standard advances outstanding as on May 31, 2013 provision for standard assets is made @ 4.25% (which will be increased to 5% in a phased manner by March 31, 2016). For housing loans offered at a comparatively lower rate of interest in the first few years after which rates are reset at higher rates (teaser rate loans), provision for standard assets is made @ 2% until after one year from the date on which the rates are reset at higher rates. For accounts classified under special mention account "SMA-2" category, provision for standard advances is made @ 5% where the Bank under consortium / multiple banking arrangement has the largest Aggregate Exposure (AE) or second largest AE with aggregate exposure of ₹ 1,000 million or above and Joint Lenders' Forum (JLF) is not formed or the JLF fails to agree upon a common corrective action plan within the stipulated time frame. The Bank maintains general provision for standard assets including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts at levels stipulated by RBI from time to time. In accordance with regulatory guidelines and based on the information made available by its customers to the Bank, for exposures to customers who have not hedged their foreign currency exposures, provision for standard assets is made at levels ranging up to 0.80% depending on the likely loss the entities could incur on account of exchange rate movements. For all other loans and advances provision for standard assets is made @ 0.40%. Provision for standard assets of overseas branches has been made at higher of rates prescribed by the overseas regulator or RBI.

- The Bank has presented gross unrealised gain on foreign exchange and derivative contracts under other assets and gross unrealised loss on foreign exchange and derivative contracts under other liabilities. Accordingly, other liabilities as on March 31, 2015 include unrealised loss on foreign exchange and derivative contracts of ₹ 6,914.10 crore (previous year: ₹ 12,609.15 crore).

7 Unhedged foreign currency exposure

- The Bank has in place a policy and process for managing currency induced credit risk. The credit appraisal memorandum prepared at the time of origination and review of a credit is required to discuss the exchange risk that the customer is exposed to from all sources, including trade related, foreign currency borrowings and external commercial borrowings. It could cover the natural hedge available to the customer as well as other hedging methods adopted by the customer to mitigate exchange risk. For foreign currency loans granted by the Bank beyond a defined threshold the customer will be encouraged to enter into appropriate risk hedging mechanisms with the Bank. Alternatively, the Bank will satisfy itself that the customer has the financial capacity to bear the exchange risk in the normal course of its business and / or has other mitigants to reduce the risk. On a monthly basis, the Bank will review information on the unhedged portion of foreign currency exposures of customers, whose total foreign currency exposure with the Bank exceeds a defined threshold. Based on the monthly review, the Bank will propose suitable hedging techniques to the customer to contain the risk. A Board approved credit risk rating linked limit on unhedged foreign currency position of customers is applicable when extending credit facilities to a customer. The compliance with the limit is assessed by estimating the extent of drop in a customer's annual EBID due to a potentially large adverse movement in exchange rate impacting the unhedged foreign currency exposure of the customer. Where a breach is observed in such a simulation, the customer is advised to reduce its unhedged exposure.

- In accordance with RBI guidelines, provisions held for standard assets and capital maintained by the Bank as at March 31, 2015 in respect of the unhedged foreign currency exposure of customers was ₹ 76.49 crore and ₹ 199.59 crore respectively.

For the year ended March 31, 2015

8 Investments

- **Value of investments:** **(₹ crore)**

Particulars	March 31, 2015	March 31, 2014
Gross value of investments		
- In India	165,468.07	120,202.94
- Outside India	1,105.86	921.57
Provisions for depreciation on investments		
- In India	113.99	173.44
- Outside India	-	-
Net value of investments		
- In India	165,354.08	120,029.50
- Outside India	1,105.86	921.57

- **Movement in provisions held towards depreciation on investments:** **(₹ crore)**

Particulars	March 31, 2015	March 31, 2014
Opening balance	173.44	236.76
Add: Provision made during the year	7.55	62.75
Less: Write-off, write back of excess provision during the year	67.00	126.07
Closing balance	113.99	173.44

Movement in provisions held towards depreciation on investments have been reckoned on a yearly basis

- **Repo transactions**

In accordance with RBI's guidelines, accounting of repo / reverse repo transactions excludes those done with the RBI. Following are the details of the repo / reverse repo transactions deals done during the years ended March 31, 2015 and March 31, 2014:

✓ Details of repo / reverse repo deals (in face value terms) done during the year ended March 31, 2015: **(₹ crore)**

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2015
Securities sold under repo				
1. Corporate debt securities	-	-	-	-
2. Government securities	-	7,719.96	468.30	-
Securities purchased under reverse repo				
1. Corporate debt securities	-	520.40	308.49	211.60
2. Government securities	-	5,420.07	356.74	-

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For the year ended March 31, 2015

✓ Details of repo / reverse repo deals (in face value terms) done during the year ended March 31, 2014: **(₹ crore)**

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2014
Securities sold under repo				
1. Corporate debt securities	-	-	-	-
2. Government securities	-	10,744.77	669.79	-
Securities purchased under reverse repo				
1. Corporate debt securities	-	311.20	19.23	311.20
2. Government securities	-	5,584.48	125.38	-

✓ Outstanding repo and deals with RBI under liquidity adjustment facility / marginal standing facility as of March 31, 2015 were ₹ 5,200.00 crore (previous year: Nil). There were no outstanding reverse repo deals with RBI under liquidity adjustment facility / marginal standing facility as of March 31, 2015 (previous year: ₹ 5,720.00 crore).

- **Non-SLR investment portfolio**

✓ Issuer-wise composition of non-SLR investments as at March 31, 2015: **(₹ crore)**

Sr. No.	Issuer	Amount	Extent of private placement#	Extent of "below investment grade" securities#	Exten t of "unrated" securities#*	Extent of "unlisted" securities#**
1	Public sector undertakings	596.92	596.92	-	-	-
2	Financial institutions	14,918.19	14,918.19	-	-	-
3	Banks	6,240.26	5,604.09	-	-	-
4	Private corporate	19,136.11	18,200.81	-	351.80	152.92
5	Subsidiaries / Joint ventures	2,782.96	2,782.96	-	-	-
6	Others	2,509.19	2,506.19	36.68	-	-
7	Provision held towards depreciation	(113.97)				
	Total	**46,069.66**	**44,609.16**	**36.68**	**351.80**	**152.92**

Amounts reported under these columns above are not mutually exclusive.

* *Excludes investments in equity shares, units of equity oriented mutual funds and deposits with NABARD, SIDBI and NHB under the priority / weaker sector lending schemes in line with extant RBI guidelines.*

** *Excludes investments in equity shares, units of equity oriented mutual funds, pass through certificates, security receipts, commercial paper, certificate of deposits and deposits with NABARD, SIDBI and NHB under the priority / weaker sector lending schemes in line with extant RBI guidelines.*

For the year ended March 31, 2015

✓ Issuer-wise composition of non-SLR investments as at March 31, 2014: **(₹ crore)**

Sr. No.	Issuer	Amount	Extent of private placement#	Extent of "below investment grade" securities#	Extent of "unrated" securities# *	Extent of "unlisted" securities# **
1	Public sector undertakings	75.00	75.00	-	-	-
2	Financial institutions	15,615.17	15,524.42	-	-	-
3	Banks	564.99	1.00	-	-	-
4	Private corporate	7,048.34	6,510.57	-	153.55	159.15
5	Subsidiaries / Joint ventures	1,541.39	1,541.39	-	-	-
6	Others	1,639.60	1,636.60	-	-	-
7	Provision held towards depreciation	(173.44)				
	Total	**26,311.05**	**25,288.98**	**-**	**153.55**	**159.15**

\# *Amounts reported under these columns above are not mutually exclusive.*

* *Excludes investments in equity shares, units of equity oriented mutual funds and deposits with NABARD, SIDBI and NHB under the priority / weaker sector lending schemes in line with extant RBI guidelines.*

** *Excludes investments in equity shares, units of equity oriented mutual funds, pass through certificates, security receipts, commercial paper, certificate of deposits and deposits with NABARD, SIDBI and NHB under the priority / weaker sector lending schemes in line with extant RBI guidelines.*

✓ Non-performing non-SLR investments: **(₹ crore)**

Particulars	March 31, 2015	March 31, 2014
Opening balance	107.38	161.96
Additions during the year	0.49	0.50
Reductions during the year	6.57	55.08
Closing balance	101.30	107.38
Total provision held	**96.14**	**99.96**

- **Details of investments category-wise**

The details of investments held under the three categories viz. Held for Trading (HFT), Available for Sale (AFS) and Held to Maturity (HTM) is as under: **(₹ crore)**

Particulars	As at March 31, 2015				As at March 31, 2014			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Government securities	5,913.40	32,362.64	82,114.26	120,390.30	7,018.48	17,199.86	70,421.68	94,640.02
Other approved securities	-	-	-	-	-	-	-	-
Shares	-	129.38	-	129.38	2.53	133.20	-	135.73
Debentures and bonds	100.00	2,130.40	-	2,230.40	384.00	3,251.02	-	3,635.02
Subsidiary / Joint ventures	-	-	2,782.96	2,782.96	-	-	1,541.39	1,541.39
Others	-	26,108.72	14,818.19	40,926.91	62.36	5,817.36	15,119.19	20,998.91
Total	**6,013.40**	**60,731.14**	**99,715.41**	**166,459.95**	**7,467.37**	**26,401.44**	**87,082.26**	**120,951.07**

For the year ended March 31, 2015

- Other investments as at the Balance Sheet date include the following: **(₹ crore)**

Other Investments	March 31, 2015	March 31, 2014
Certificate of deposits	5,603.08	91.30
Commercial paper	17,822.55	4,177.62
Deposits with NABARD	12,250.50	12,180.41
Deposits with SIDBI and National Housing Bank under the priority / weaker sector lending schemes	2,567.70	2,938.78

- Investments include securities of Face Value (FV) aggregating ₹ 1,563.00 crore (previous year: FV ₹ 1,845.00 crore) which are kept as margin for clearing of securities, of FV ₹ 16,249.30 crore (previous year: FV ₹ 5,693.30 crore) which are kept as margin for Collateralised Borrowing and Lending Obligation (CBLO) and of FV aggregating ₹ 63.25 crore (previous year: FV ₹ 120.35 crore) which are kept as margin for Forex Forward segment – Default Fund with the Clearing Corporation of India Ltd.

- Investments include securities of FV aggregating ₹ 16.00 crore (previous year: FV ₹ 16.00 crore) which are kept as margin with National Securities Clearing Corporation of India Ltd. ('NSCCIL'), of FV aggregating ₹ 13.00 crore (previous year: FV ₹ 13.00 crore) which are kept as margin with MCX - SX Clearing Corporation Ltd., of FV Nil (previous year: FV ₹ 0.30 crore) which are kept as margin with United Stock Exchange for transacting in the currency derivative segment and of FV aggregating ₹ 2.00 crore (previous year: ₹ 2.00 crore) which are kept as margin with Indian Clearing Corporation Limited in the BSE currency derivatives segment.

- Investments having FV aggregating ₹ 34,127.16 crore (previous year: FV ₹ 35,013.64 crore) are kept as margin towards Real Time Gross Settlement (RTGS) and those having FV aggregating ₹ 19,077.83 crore (previous year: ₹ 26,139.39 crore) are kept as margin towards repo transactions with the RBI.

- The Bank has made investments in certain companies wherein it holds more than 25% of the equity shares of those companies. Such investments do not fall within the definition of a joint venture as per AS-27, Financial Reporting of Interest in Joint Ventures and the said accounting standard is thus not applicable. However, pursuant to RBI guidelines, the Bank has classified and disclosed these investments as joint ventures.

- During the year ended March 31, 2015, the aggregate book value of investment sold from, and transferred to / from, HTM category was in excess of 5% of the book value of investments held in HTM category at the beginning of the year. The market value of investments (excluding investments in subsidiaries / joint ventures, deposits with NABARD, SIDBI and National Housing Bank under the priority / weaker sector lending schemes) under HTM category as on March 31, 2015 was ₹ 83,733.68 crore and was higher than the book value thereof as of that date. In accordance with the RBI guidelines, sale from, and transfer to / from, HTM category excludes:

  ✓ one-time transfer of securities permitted to be undertaken by banks at the beginning of the accounting year with approval of the Board of Directors; and

  ✓ sale to the RBI under pre-announced open market operation auctions.

9 Derivatives

- **Forward Rate Agreements (FRA) / Interest Rate Swaps (IRS):** **(₹ crore)**

Sr. No.	Particulars	March 31, 2015	March 31, 2014
i)	The total notional principal of swap agreements	221,218.07	176,666.72
ii)	Total losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	701.72	1,078.83
iii)	Concentration of credit risk arising from swaps*	85.95%	83.76%
iv)	Collateral required by the Bank upon entering into swaps	-	-
v)	The fair value of the swap book	(22.30)	(141.96)

** Concentration of credit risk arising from swaps is with banks as on March 31, 2015 and March 31, 2014.*

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The nature and terms of rupee IRS as on March 31, 2015 are set out below:

Nature	Nos.	Notional principal (₹ crore)	Benchmark	Terms
Trading	18	600.00	INBMK	Fixed receivable v/s floating payable
Trading	15	675.00	INBMK	Floating receivable v/s fixed payable
Trading	4	1,250.00	INCMT	Floating receivable v/s fixed payable
Trading	1	15.00	FIX TO FIX	Fixed receivable v/s fixed payable
Trading	783	69,773.34	OIS	Fixed receivable v/s floating payable
Trading	757	78,003.28	OIS	Floating receivable v/s fixed payable
Trading	304	18,939.00	MIFOR	Fixed receivable v/s floating payable
Trading	259	16,150.00	MIFOR	Floating receivable v/s fixed payable
Trading	13	600.00	MIOIS	Floating receivable v/s fixed payable
Total		**186,005.62**		

The nature and terms of foreign currency IRS as on March 31, 2015 are set out below:

Nature	Nos.	Notional principal (₹ crore)	Benchmark	Terms
Trading	1	36.62	GBP Libor	Fixed receivable v/s floating payable
Trading	1	36.62	GBP Libor	Floating receivable v/s fixed payable
Trading	2	671.90	EURIBOR	Fixed receivable v/s floating payable
Trading	2	671.90	EURIBOR	Floating receivable v/s fixed payable
Trading	84	10,812.94	USD Libor	Fixed receivable v/s floating payable
Trading	151	16,047.63	USD Libor	Floating receivable v/s fixed payable
Trading	3	3,125.00	USD Libor	Fixed receivable v/s floating payable
Trading	7	3,000.00	USD Libor	Floating receivable v/s fixed payable
Total		**34,402.61**		

The nature and terms of foreign currency FRA as on March 31, 2015 are set out below:

Nature	Nos.	Notional principal (₹ crore)	Benchmark	Terms
Trading	2	404.92	USD Libor	Payable FRA
Trading	2	404.92	USD Libor	Receivable FRA
Total		**809.84**		

For the year ended March 31, 2015

The nature and terms of rupee IRS as on March 31, 2014 are set out below:

Nature	Nos.	Notional principal (₹ crore)	Benchmark	Terms
Trading	19	618.00	INBMK	Fixed receivable v/s floating payable
Trading	19	818.00	INBMK	Floating receivable v/s fixed payable
Trading	4	1,250.00	INCMT	Floating receivable v/s fixed payable
Trading	1	35.00	FIX TO FIX	Fixed receivable v/s fixed payable
Trading	709	60,701.82	OIS	Fixed Receivable v/s floating payable
Trading	730	62,634.57	OIS	Floating receivable v/s fixed payable
Trading	279	15,645.00	MIFOR	Fixed receivable v/s floating payable
Trading	181	10,502.00	MIFOR	Floating receivable v/s fixed payable
Trading	13	600.00	MIOIS	Floating receivable v/s fixed payable
Total		**152,804.39**		

The nature and terms of foreign currency IRS as on March 31, 2014 are set out below:

Nature	Nos.	Notional principal (₹ crore)	Benchmark	Terms
Trading	1	9.86	JPY Libor	Fixed receivable v/s floating payable
Trading	1	9.86	JPY Libor	Floating receivable v/s fixed payable
Trading	1	43.90	GBP Libor	Fixed receivable v/s floating payable
Trading	1	43.90	GBP Libor	Floating receivable v/s fixed payable
Trading	2	826.85	EURIBOR	Fixed receivable v/s floating payable
Trading	2	826.85	EURIBOR	Floating receivable v/s fixed payable
Trading	46	3,917.59	USD Libor	Fixed receivable v/s floating payable
Trading	139	11,116.55	USD Libor	Floating receivable v/s fixed payable
Hedging	3	2,995.75	USD Libor	Fixed receivable v/s floating payable
Hedging	9	4,071.22	USD Libor	Floating receivable v/s fixed payable
Total		**23,862.33**		

- **Exchange traded interest rate derivatives** **(₹ crore)**

Sr. No.	Particulars	March 31, 2015	March 31, 2014
i)	The total notional principal amount of exchange traded interest rate derivatives undertaken during the year ended March 31, (instrument-wise): (a) 10 year Government Security Notional Bond	0.40	185.60
ii)	The total notional principal amount of exchange traded interest rate derivatives outstanding as of March 31,	Nil	Nil
iii)	The notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective', as of March 31,	N.A.	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not 'highly effective', as of March 31,	N.A.	N.A.

- **Qualitative disclosures on risk exposure in derivatives**

Overview of business and processes

Derivatives are financial instruments whose characteristics are derived from underlying assets, or from interest and exchange rates or indices. These include forwards, swaps, futures and options. The notional amount of financial instruments such as foreign exchange contracts and derivatives provide a basis for comparison with instruments recognised on the Balance Sheet but do not necessarily indicate the amount of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The following sections outline the nature and terms of the derivative transactions generally undertaken by the Bank.

Interest rate contracts

Forward rate agreements give the buyer the ability to determine the underlying rate of interest for a specified period commencing on a specified future date (the settlement date). There is no exchange of principal and settlement is effected on the settlement date. The settlement amount is the difference between the contracted rate and the market rate prevailing on the settlement date.

Interest rate swaps involve the exchange of interest obligations with the counterparty for a specified period without exchanging the underlying (or notional) principal.

Interest rate caps and floors give the buyer the ability to fix the maximum or minimum rate of interest. The writer of the contract pays the amount by which the market rate exceeds or is less than the cap rate or the floor rate respectively. A combination of interest rate caps and floors is known as an interest rate collar.

Interest rate futures are standardised interest rate derivative contracts traded on a recognised stock exchange to buy or sell a notional security or any other interest bearing instrument or an index of such instruments or interest rates at a specified future date, at a price determined at the time of the contract.

Exchange rate contracts

Forward foreign exchange contracts are agreements to buy or sell fixed amount of currency at agreed rates of exchange on future date. All such instruments are carried at fair value, determined based on either FEDAI rates or on market quotations.

Cross currency swaps are agreements to exchange principal amount denominated in different currencies. Cross currency swaps may also involve the exchange of interest payments on one specified currency for interest payments in another specified currency for a specified period.

Currency options give the buyer, on payment of a premium, the right but not an obligation, to buy or sell specified amount of currency at agreed rates of exchange on or before a specified future date. Option premia paid or received is recorded in Statement of Profit and Loss for rupee options at the expiry of the option and for foreign currency options on premium settlement date.

Currency futures contract is a standardised contract traded on an exchange, to buy or sell a certain underlying asset or an instrument at a certain date in the future, at a specified price. The underlying instrument of a currency future contract is the rate of exchange between one unit of foreign currency and the INR.

Most of the Bank's derivative transactions relate to sales and trading activities. Sale activities include the structuring and marketing of derivatives to customers to enable them to hedge their market risks (both interest rate and exchange risks), within the framework of regulations as may apply from time to time. The Bank deals in derivatives on its own account (trading activity) principally for the purpose of generating a profit from short term fluctuations in price or yields. The Bank also deals in derivatives to hedge the risk embedded in some of its Balance Sheet assets and liabilities.

Constituents involved in derivative business

The Treasury front office enters into derivative transactions with customers and inter-bank counterparties. The Bank has an independent back-office and mid-office as per regulatory guidelines. The Bank has a credit and market risk department that assesses various counterparty risk and market risk limits, within the risk architecture and processes of the Bank.

Derivative policy

The Bank has in place a policy which covers various aspects that apply to the functioning of the derivative business. The derivative business is administered by various market risk limits such as position limits, tenor limits, sensitivity limits and value-at-risk limits that are approved by the Board and the Risk Policy and Monitoring Committee ('RPMC'). All methodologies used to assess credit and market risks for derivative transactions are specified by the market risk unit. Limits are monitored on a daily basis by the mid-office.

The Bank has implemented a Board approved policy on customer suitability & appropriateness to ensure that derivative transactions entered into are appropriate and suitable to the customer's nature of business / operations. Before entering into a derivative deal with a customer, the Bank scores the customer on various risk parameters and based on the overall score level it determines the kind of product that best suits its risk appetite and the customer's requirements.

Classification of derivatives book

The derivative book is classified into trading and hedging book. Classification of the derivative book is made on the basis of the definitions of the trading and hedging books specified in the RBI guidelines. The trading book is managed within the trading limits approved by the RPMC.

Hedging policy

For derivative contracts designated as hedge the Bank documents, at inception, the relationship between the hedging instrument and the hedged item, the risk management objective for undertaking the hedge and the methods used to assess the hedge effectiveness. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge effectiveness is measured by the degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument.

The hedging book consists of transactions to hedge Balance Sheet assets or liabilities. The tenor of hedging instrument may be less than or equal to the tenor of underlying hedged asset or liability. Derivative contracts designated as hedges are not marked to market unless their underlying asset or liability is marked-to-market. In respect of derivative contracts that are marked-to-market, changes in the market value are recognised in the Statement of Profit and Loss in the relevant period. Gain or losses arising from hedge ineffectiveness, if any, are recognised in the Statement of Profit and Loss. Foreign exchange forward contracts not intended for trading, that are entered into to establish the amount of reporting currency required or available at the settlement date of a transaction, and are outstanding at the Balance Sheet date, are effectively valued at the closing spot rate. The premia or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

- **Provisioning, collateral and credit risk mitigation**

The Bank enters into derivative transactions with counter parties based on their business ranking and financial position. The Bank sets up appropriate limits upon evaluating the ability of the counterparty to honour its obligations in the event of crystallisation of the exposure. Appropriate credit covenants are stipulated where required as trigger events to call for collaterals or terminate a transaction and contain the risk.

The Bank, at the minimum, conforms to the RBI guidelines with regard to provisioning requirements. Overdue receivables representing crystallised positive mark-to-market value of a derivative contract are transferred to the account of the borrower and treated as non-performing assets, if these remain unpaid for 90 days or more. Full provision is made for the entire amount of overdue and future receivables relating to positive marked-to-market value of non-performing derivative contracts.

For the year ended March 31, 2015

- **Quantitative disclosure on risk exposure in derivatives** **(₹ crore)**

Sr. No.	Particulars	Currency derivatives		Interest rate derivatives	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
1	Derivatives (notional principal amount)				
	a) Hedging	151.26	872.55	6,125.00	7,066.97
	b) Trading	21,383.65	22,823.62	215,718.07	170,198.90
2	Marked to Market positions				
	a) Asset (+)	533.77	630.57	706.49	1,085.18
	b) Liability (-)	(393.68)	(484.52)	(718.18)	(1,190.63)
3	Credit exposure	1,411.84	1,474.83	2,460.14	2,368.73
4	Likely impact of one percentage change in interest rate (100*PV01)				
	a) On hedging derivatives	0.03	5.93	28.13	3.31
	b) On trading derivatives	0.36	10.10	152.12	130.65
5	Maximum of 100*PV01 observed during the year				
	a) On hedging	6.87	6.98	40.08	142.60
	b) On trading	13.94	11.37	152.12	163.81
6	Minimum of 100*PV01 observed during the year				
	a) On hedging	Nil	5.93	1.18	3.31
	b) On trading	0.36	4.31	77.60	97.02

✓ The notional principal amount of foreign exchange contracts classified as hedging and trading outstanding as on March 31, 2015 amounted to ₹ 21,868.96 crore (previous year: ₹ 26,147.11 crore) and ₹ 652,183.13 crore (previous year: ₹ 449,239.01 crore) respectively.

✓ The notional principal amount of derivatives reflect the volume of transactions outstanding as at the Balance Sheet date and do not represent the amounts at risk.

✓ For the purpose of this disclosure, currency derivatives include currency options purchased and sold and cross currency interest rate swaps.

✓ Interest rate derivatives include interest rate swaps, forward rate agreements and interest rate caps.

✓ The Bank has computed the maximum and minimum of PV01 for the year based on the balances as at the end of every month.

✓ In respect of derivative contracts, the Bank evaluates the credit exposure arising therefrom, in line with RBI guidelines. Credit exposure has been computed using the current exposure method which is the sum of:

(a) the current replacement cost (marked-to-market value including accruals) of the contract or zero whichever is higher; and

(b) the Potential Future Exposure (PFE) is a product of the notional principal amount of the contract and a factor that is based on the grid of credit conversion factors prescribed in RBI guidelines, which is applied on the basis of the residual maturity and the type of contract.

10 Asset quality

- **Movements in NPAs (funded)**

(₹ crore)

Particulars	March 31, 2015	March 31, 2014
(i) Net NPAs to net advances	0.25%	0.27%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	2,989.28	2,334.64
(b) Additions (fresh NPAs) during the year	4,790.12	4,621.79
(c) Reductions during the year:	4,341.02	3,967.15
- Upgradation	1,076.64	1,443.32
- Recoveries (excluding recoveries made from upgraded accounts)	1,413.04	1,042.12
- Write-offs	1,851.34	1,481.71
(d) Closing balance	3,438.38	2,989.28
(iii) Movement of net NPAs		
(a) Opening balance	820.03	468.95
(b) Additions during the year	1,461.31	1,658.65
(c) Reductions during the year	1,385.06	1,307.57
(d) Closing balance	896.28	820.03
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	2,169.25	1,865.69
(b) Additions during the year	3,328.81	2,963.14
(c) Write-off	1,851.34	1,481.71
(d) Write-back of excess provisions	1,104.62	1,177.87
(e) Closing balance	2,542.10	2,169.25

NPAs include all loans, investments and foreign exchange and derivatives that are classified as non-performing by the Bank.

- **Technical or prudential write-offs**

Technical or prudential write-offs refer to the amount of non-performing assets which are outstanding in the books of the branches, but have been written-off (fully or partially) at the head office level. Movement in the stock of technically or prudentially written-off accounts given below:

(₹ crore)

Particulars	March 31, 2015	March 31, 2014
Opening balance of technical / prudential write-offs	-	-
Technical / Prudential write-offs during the year	-	-
Recoveries made from previously technically / prudentially written-off accounts during the year	-	-
Closing balance of technical / prudential write-offs	-	-

- **Floating provisions**

Floating provisions of ₹ 1,523.22 crore (previous year: ₹ 1,835.03 crore) have been included under "Other Liabilities". Movement in floating provision is given below:

(₹ crore)

Particulars	March 31, 2015	March 31, 2014
Opening balance	1,835.03	1,835.03
Provisions made during the year	-	30.00
Drawdown made during the year	(311.81)	(30.00)
Closing balance	1,523.22	1,835.03

Floating provisions have been utilised in accordance with the RBI guidelines.

- **Disclosure on accounts subjected to restructuring for the year ended March 31, 2015:**

(₹ crore, except numbers)

Sr. No.	Type of restructuring		Under Corporate Debt Restructuring (CDR) Mechanism					Under Small & Medium Enterprises (SME) Debt Restructuring Mechanism					Others					Total				
	Asset Classification → / Details ↓		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured accounts as on April 1, 2014*	No. of borrowers	2	-	10	-	12	-	-	-	-	-	4	2	1	-	7	6	2	11	-	19
		Amount outstanding	67.08	-	385.08	-	452.16	-	-	-	-	-	12.64	18.80	7.87	-	39.31	79.72	18.80	392.95	-	491.47
		Provision thereon	-	-	17.83	-	17.83	-	-	-	-	-	0.19	-	0.03	-	0.22	0.19	-	17.86	-	18.05
2	Fresh restructuring during the year #	No. of borrowers	2	-	-	-	2	-	-	-	-	-	4	-	-	-	4	6	-	-	-	6
		Amount outstanding	34.28	-	0.02	-	34.30	-	-	-	-	-	189.16	-	-	-	189.16	223.44	-	0.02	-	223.46
		Provision thereon	2.10	-	-	-	2.10	-	-	-	-	-	15.98	-	-	-	15.98	18.08	-	-	-	18.08
3	Upgradation to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Advances not shown as restructured standard advances at the beginning of the next year^	No. of borrowers	1				1	-				-	-				-	1				1
		Amount outstanding	30.88				30.88	-				-	-				-	30.88				30.88
		Provision thereon	-				-	-				-	-				-	-				-
5	Down gradation of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-2	2	-	-	-	-2	2	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-7.08	+7.08	-	-	-	-7.08	+7.08	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-0.23	+0.23	-	-	-	-0.23	+0.23	-	-	-
6	Write-offs of restructured accounts during the year ##	No. of borrowers	-	-	3	-	3	-	-	-	-	-	-	1	-	-	1	-	1	3	-	4
		Amount outstanding	-	-	148.22	-	148.22	-	-	-	-	-	2.40	16.86	0.13	-	19.39	2.40	16.86	148.35	-	167.61
7	Restructured accounts as on March 31, 2015*	No. of borrowers	3	-	7	-	10	-	-	-	-	-	6	3	1	-	10	9	3	8	-	20
		Amount outstanding	70.48	-	236.88	-	307.36	-	-	-	-	-	192.32	9.02	7.74	-	209.08	262.80	9.02	244.62	-	516.44
		Provision thereon	2.10	-	5.78	-	7.88	-	-	-	-	-	16.02	0.23	1.34	-	17.59	18.12	0.23	7.12	-	25.47

* Excludes the figures of standard restructured advances which do not attract higher provisioning or risk weight.

^ These are restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year.

include ₹ 4.00 crore of additional sanction (2 accounts and provision NIL) to existing restructured accounts in CDR package.

include ₹ 8.69 crore (12 accounts and provision ₹ 11.45 crore) to existing restructured accounts by way of recovery and ₹ 111.27 crore (3 accounts and provision ₹ 5.5 crore) reduction from existing restructured account as CDR package is revoked.

- **Disclosure on accounts subjected to restructuring for the year ended March 31, 2014:**

(₹ crore, except numbers)

Sr. No.	Type of Restructuring		Under Corporate Debt Restructuring (CDR) Mechanism					Under Small & Medium Enterprises (SME) Debt Restructuring Mechanism					Others					Total				
	Asset Classification → / Details ↓		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured accounts as on April 1, 2013*	No. of borrowers	4	1	10	1	16	-	-	-	-	-	3	-	3	1	7	7	1	13	2	23
		Amount outstanding	73.48	47.62	356.97	13.92	491.99	-	-	-	-	-	7.63	-	25.70	2.80	36.13	81.11	47.62	382.67	16.72	528.12
		Provision thereon	1.00	1.00	15.31	0.96	18.27	-	-	-	-	-	0.13	-	0.23	0.06	0.42	1.13	1.00	15.54	1.02	18.69
2	Fresh restructuring during the year #	No. of borrowers	-	-	-	-	-	-	-	-	-	-	3	1	-	-	4	3	1	-	-	4
		Amount outstanding	-	4.01	0.96	-	4.97	-	-	-	-	-	8.39	16.70	-	-	25.09	8.39	20.71	0.96	-	30.06
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	0.02	0.02	-	-	-	0.02
3	Upgradation to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Advances not shown as restructured standard advances at the beginning of the next year^	No. of borrowers	-				-	-				-	-				-	-				-
		Amount outstanding	-				-	-				-	-				-	-				-
		Provision thereon	-				-	-				-	-				-	-				-
5	Down gradation of restructured accounts during the year	No. of borrowers	-	-1	+1+1	-1	-	-	-	-	-	-	-1	+1	-	-	-	-1	-1+1	+1+1	-1	-
		Amount outstanding	-	-51.63	65.55	-13.92	-	-	-	-	-	-	-2.10	+2.10	-	-	-	-2.10	-49.53	+65.55	-13.92	-
		Provision thereon	-	-4.00	+4.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-4.00	+4.00	-	-
6	Write-offs of restructured accounts during the year	No. of borrowers	2	-	1	-	3	-	-	-	-	-	1	-	2	1	4	3	-	3	1	7
		Amount outstanding	6.40	-	38.40	-	44.80	-	-	-	-	-	1.28	-	17.83	2.80	21.91	7.68	-	56.23	2.80	66.71
7	Restructured accounts as on March 31, 2014*	No. of borrowers	2	-	10	-	12	-	-	-	-	-	4	2	1	-	7	6	2	11	-	19
		Amount outstanding	67.08	-	385.08	-	452.16	-	-	-	-	-	12.64	18.80	7.87	-	39.31	79.72	18.80	392.95	-	491.47
		Provision thereon	-	-	17.83	-	17.83	-	-	-	-	-	0.19	-	0.03	-	0.22	0.19	-	17.86	-	18.05

* Excludes the figures of standard restructured advances which do not attract higher provisioning or risk weight.

^ These are restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year.

\# include ₹ 4.97 crore of additional sanction (4 accounts and provision ₹ 5.20 crore) to existing restructured accounts in CDR package.

\## include ₹ 29.56 crore (14 accounts and provision ₹ 7.80 crore) to existing restructured accounts by way of recovery and ₹ 18.25 crore (1 account and provision ₹ 0.59 crore) reduction from existing restructured account as CDR package is revoked.

For the year ended March 31, 2015

- **Details of financial assets sold during the year to securitisation / reconstruction companies (SC / RC) for asset reconstruction are as under:** **(₹ crore)**

Particulars	March 31, 2015	March 31, 2014
Number of accounts	3	4
Aggregate value (net of provisions) of accounts sold to SC/RC	313.59	4.82
Aggregate considerations	296.45	6.13
Additional consideration realised on full redemption of accounts transferred in earlier years	7.86	3.30
Aggregate gain/(loss) over net book value	(17.14)	1.31

Additional consideration realised on full redemption of accounts transferred during the year Nil (previous year: ₹ 6.36 crore).

- **Details of book value of investment in security receipts backed by NPAs:** **(₹ crore)**

Particulars	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Book value of investments in security receipts	219.72	6.09	42.86	45.79	262.58	51.88

- During the years ended March 31, 2015 and March 31, 2014, no non-performing financial assets were sold, excluding those sold to SC/RC.
- During the years ended March 31, 2015 and March 31, 2014, no non-performing financial assets were purchased by the Bank.
- Securitised assets as per books of SPVs sponsored by the Bank:

  There are no SPVs sponsored by the Bank as at March 31, 2015 and as at March 31, 2014.

11 Details of exposures to real estate and capital market sectors, risk category-wise country exposures, single / group borrower exposures, unsecured advances and concentration of deposits, advances, exposures and NPAs

- **Details of exposure to real estate sector**

  Exposure is higher of limits sanctioned or the amounts outstanding as at the year end. **(₹ crore)**

Category	March 31, 2015	March 31, 2014
a) Direct exposure*	**36,278.61**	**29,749.41**
(i) Residential mortgages**	24,678.61	19,683.42
(of which housing loans eligible for inclusion in priority sector advances)	(19,310.94)	(18,541.59)
(ii) Commercial real estate	11,471.80	9,891.67

Category	March 31, 2015	March 31, 2014
(ii) Investments in mortgage backed securities (MBS) and other securitised exposures:		
(a) Residential	128.20	174.32
(b) Commercial real estate	-	-
b) Indirect exposure	**10,007.37**	**7,227.71**
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	10,007.37	7,227.71
Total exposure to real estate sector	**46,285.98**	**36,977.12**

* *Direct exposure includes housing loans eligible for inclusion in priority sector lending ₹ 19,310.94 crore (previous year: ₹ 18,541.59 crore).*

** *includes loans purchased under the direct loan assignment route.*

Of the above, exposure to real estate developers is 0.3 % (previous year: 0.4%) of total advances.

- **Details of capital market exposure**

Exposure is higher of limits sanctioned or the amount outstanding as at the year end. **(₹ crore)**

Sr. No.	Particulars	March 31, 2015	March 31, 2014
(i)	Direct investments made 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	72.61	76.14
(ii)	Advances against shares, bonds, debentures or other securities or on clean basis to individuals for investment in shares (including IPO's / ESOP's), convertible bonds, convertible debentures and units of equity oriented mutual funds	166.37	105.96
(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	1,636.51	1,305.60
(iv)	Advances for any other purposes to the extent secured by 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	30.81	17.90
(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers	6,462.82	4,994.17
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	1,888.90	2,514.09
(vii)	Bridge loans to companies against expected equity flows / issues	-	-
(viii)	Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix)	Financing to stock brokers for margin trading	-	-
(x)	All exposures to venture capital funds (both registered and unregistered)	1.70	1.70
	Total exposure to capital market	**10,259.72**	**9,015.56**

- **Details of risk category wise country exposure** (₹ crore)

Risk category	March 31, 2015		March 31, 2014	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	11,561.34	-	12,346.98	3.97
Low	6,802.22	-	3,316.35	-
Moderately low	123.03	-	4,726.96	-
Moderate	63.62	-	19.82	-
Moderately high	1.67	-	28.48	-
High	0.97	-	-	-
Very High	-	-	-	-
Total	**18,552.85**	**-**	**20,438.59**	**3.97**

- **Details of Single Borrower Limit (SGL), Group Borrower Limit (GBL) exceeded by the Bank**

During the year ended March 31, 2015 the Bank's credit exposures to single borrowers and group borrowers were within the limits prescribed by RBI except in case of Reliance Industries Limited, where the single borrower limits were exceeded. The Board of Directors of the Bank approved the said excess in respect of this exposure, which was within the ceiling of 20% of capital funds. During the year ended March 31, 2014, the Bank's credit exposures to single borrowers and group borrowers were within the limits prescribed by RBI.

- **Unsecured advances**

Advances for which intangible collaterals such as rights, licenses, authority, etc. are charged in favour of the Bank in respect of projects financed by the Bank, are reckoned as unsecured advances under Schedule 9 of the Balance Sheet in line with extant RBI guidelines. There are no such advances outstanding as on March 31, 2015 (previous year: Nil).

- **Inter-bank participation with risk sharing**

The aggregate amount of participation issued by the Bank, reduced from advances as per regulatory guidelines, outstanding as of March 31, 2015 was ₹ 7,600.00 crore (previous year: ₹ 4,450.00 crore).

- **Concentration of deposits, advances, exposures and NPAs**

a) **Concentration of deposits** (₹ crore)

Particulars	March 31, 2015	March 31, 2014
Total deposits of twenty largest depositors	28,137.41	28,211.29
Percentage of deposits of twenty largest depositors to total deposits of the Bank	6.2%	7.7%

b) **Concentration of advances** (₹ crore)

Particulars	March 31, 2015	March 31, 2014
Total advances to twenty largest borrowers	67,842.14	63,659.46
Percentage of advances of twenty largest borrowers to total advances of the Bank	13.1%	13.4%

Advances comprise credit exposure (funded and non-funded credit limits) including derivative transactions computed as per current exposure method in accordance with RBI guidelines.

For the year ended March 31, 2015

c) Concentration of exposure (₹ crore)

Particulars	March 31, 2015	March 31, 2014
Total exposure to twenty largest borrowers / customers	83,922.23	76,011.79
Percentage of exposure of twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	15.0%	15.2%

Exposures comprise credit exposure (funded and non-funded credit limits) including derivative transactions and investment exposure in accordance with RBI guidelines.

d) Concentration of NPAs (₹ crore)

Particulars	March 31, 2015	March 31, 2014
Total gross exposure to top four NPA accounts	348.83	354.73

e) Sector-wise advances (₹ crore)

Sr. No.	Sector	March 31, 2015			March 31, 2014		
		Outstanding total advances	Gross non-performing loans	Percentage of gross non-performing loans to total advances in that sector	Outstanding total advances	Gross non-performing loans	Percentage of gross non-performing loans to total advances in that sector
A	**Priority sector**						
1	Agriculture and allied activities	39,244.74	511.52	1.30%	32,417.32	511.95	1.58%
2	Advances to industries eligible as priority sector lending	18,426.43	280.00	1.52%	18,118.94	345.30	1.91%
3	Services	27,045.25	293.85	1.09%	18,229.64	304.70	1.67%
4	Personal loans	22,182.38	77.54	0.35%	21,478.60	79.61	0.37%
	Sub-total (A)	**106,898.80**	**1,162.91**	**1.09%**	**90,244.50**	**1,241.56**	**1.38%**
B	**Non Priority sector**						
1	Agriculture and allied activities	360.25	8.81	2.45%	417.04	9.32	2.23%
2	Industry	74,595.34	649.16	0.87%	64,449.64	402.35	0.62%
3	Services	92,033.54	923.78	1.00%	65,632.46	534.33	0.81%
4	Personal loans	93,999.91	521.15	0.55%	84,219.57	587.81	0.70%
	Sub-total (B)	**260,989.04**	**2,102.90**	**0.81%**	**214,718.71**	**1,533.81**	**0.71%**
	Total (A) + (B)	**367,887.84**	**3,265.81**	**0.89%**	**304,963.21**	**2,775.37**	**0.91%**

For the year ended March 31, 2015

12 Other fixed assets

Other fixed assets includes amount capitalised relating to software having useful life of five years. Details regarding the same are tabulated below:

(₹ crore)

Particulars	March 31, 2015	March 31, 2014
Cost		
As at March 31 of the previous year	1,282.08	1,093.49
Additions during the year	293.63	188.59
Deductions during the year	(0.06)	-
Total (a)	**1,575.65**	**1,282.08**
Depreciation		
As at March 31 of the previous year	857.49	711.17
Charge for the year	165.40	146.32
On deductions during the year	(0.06)	-
Total (b)	**1,022.83**	**857.49**
Net value as at March 31 (a-b)	**552.82**	**424.59**

13 Other assets

- Other assets include deferred tax asset (net) of ₹ 1,950.74 crore (previous year: ₹ 1,859.51 crore). The break-up of the same is as follows:

(₹ crore)

Particulars	March 31, 2015	March 31, 2014
Deferred tax asset arising out of:		
Loan loss provisions	1,599.07	1,496.42
Employee benefits	114.51	121.60
Others	310.09	300.06
Total (a)	**2,023.67**	**1,918.08**
Deferred tax liability arising out of:		
Depreciation	(72.93)	(58.57)
Total (b)	**(72.93)**	**(58.57)**
Deferred tax asset (net) (a-b)	**1,950.74**	**1,859.51**

- Key items under "Others" in Other assets are as under: **(₹ crore)**

Particulars	March 31, 2015	March 31, 2014
Unrealised gain on foreign exchange and derivative contracts*	7,199.56	13,965.15
Deferred tax assets	1,950.74	1,859.51
Deposits & amounts paid in advance	1,234.97	900.74
Accounts receivable	933.25	2,128.93
Margin for LAF with RBI	200.00	-
Residuary items	10.80	12.52
Total	**11,529.32**	**18,866.85**

**The Bank has presented gross unrealised gain on foreign exchange and derivative contracts under other assets and gross unrealised loss on foreign exchange and derivative contracts under other liabilities.*

For the year ended March 31, 2015

14 Maturity pattern of key assets and liabilities

Assets and liabilities are classified in the maturity buckets as per the guidelines issued by the RBI. (₹ crore)

As at March 31, 2015	1 day	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months to 6 months	Over 6 months to 12 months	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Loans & advances	6,764.59	7,778.78	6,316.87	11,172.07	38,323.22	26,873.66	38,013.90	173,512.31	28,247.41	28,492.22	365,495.03
Investments	34,261.82	3,517.54	5,225.91	4,951.89	13,319.41	9,767.54	16,563.28	39,633.60	6,411.66	32,807.30	166,459.95
Deposits	7,390.14	14,685.74	10,400.51	9,196.91	22,948.57	24,432.11	31,266.55	203,410.51	10,386.61	116,677.99	450,795.64
Borrowings	0.05	1,872.39	1,445.86	1,278.81	7,222.95	1,911.49	2,188.15	14,461.86	2,875.00	11,957.00	45,213.56
Foreign currency assets	2,416.33	4,912.44	1,315.69	4,197.02	7,636.95	4,467.90	2,367.13	18,601.38	1,124.41	232.50	47,271.75
Foreign currency liabilities	731.47	810.48	1,676.86	1,320.11	8,005.42	2,823.16	4,336.73	37,666.57	4,365.14	671.59	62,407.53

(₹ crore)

As at March 31, 2014	1 day	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months to 6 months	Over 6 months to 12 months	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Loans & advances	6,022.49	6,943.89	4,308.40	8,278.80	34,841.80	24,585.12	29,450.83	143,717.35	22,597.09	22,254.50	303,000.27
Investments	19,500.79	3,025.34	2,639.62	2,872.83	5,527.87	9,535.79	7,278.14	35,235.61	6,342.03	28,993.05	120,951.07
Deposits	6,774.10	11,853.43	9,403.92	10,527.24	18,492.97	26,127.75	18,568.22	167,127.92	9,377.39	89,084.54	367,337.48
Borrowings	1,473.91	745.92	119.81	458.95	4,478.22	1,210.06	2,525.06	11,053.00	8,442.91	8,931.15	39,438.99
Foreign currency assets	5,840.51	5,617.07	1,049.39	1,858.85	6,223.78	4,304.94	601.83	16,204.19	1,484.80	169.10	43,354.46
Foreign currency liabilities	613.10	1,048.49	224.77	1,184.84	4,883.09	2,729.69	4,846.39	34,270.24	8,523.87	636.90	58,961.38

15 Provisions, contingent liabilities and contingent assets

Given below is the movement in provisions and a brief description of the nature of contingent liabilities recognised by the Bank.

a) Provision for credit card and debit card reward points (₹ crore)

Particulars	March 31, 2015	March 31, 2014
Opening provision for reward points	150.91	130.07
Provision for reward points made during the year	106.68	100.89
Utilisation / Write back of provision for reward points	(63.76)	(57.72)
Effect of change in rate for accrual of reward points	(40.83)	(22.33)
Effect of change in cost of reward points	47.07	-
Closing provision for reward points	200.07	150.91

b) Provision for legal and other contingencies (₹ crore)

Particulars	March 31, 2015	March 31, 2014
Opening provision	352.61	312.66
Movement during the year (net)	2.30	39.95
Closing provision	354.91	352.61

For the year ended March 31, 2015

c) **Description of contingent liabilities**

Sr. No.	Contingent liability*	Brief description
1	Claims against the Bank not acknowledged as debts - taxation	The Bank is a party to various taxation matters in respect of which appeals are pending. The Bank expects the outcome of the appeals to be favorable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and the provisions of Income Tax Act, 1961.
2	Claims against the Bank not acknowledged as debts - others	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
3	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with inter-bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest / principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments such as foreign exchange contracts and derivatives provide a basis for comparison with instruments recognised on the Balance Sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms.
4	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the Bank's customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
5	Other items for which the Bank is contingently liable	These include: a) Credit enhancements in respect of securitised-out loans; b) Bills rediscounted by the Bank; c) Capital commitments; d) Underwriting commitments

**Also refer Schedule 12 - Contingent liabilities*

16 Business ratios / information

Particulars	March 31, 2015	March 31, 2014
Interest income as a percentage to working funds[1]	9.59%	9.72%
Net interest income as a percentage to working funds	4.43%	4.37%
Non-interest income as a percentage to working funds	1.78%	1.87%
Operating profit[2] as a percentage to working funds	3.44%	3.39%
Return on assets (average)	2.02%	2.00%
Business[3] per employee (₹ in crore)	10.10	8.90
Profit per employee[4] (₹ in crore)	0.10	0.12
Gross non-performing assets to gross advances[5]	0.93%	0.98%
Gross non-performing advances to gross advances	0.89%	0.91%
Percentage of net non-performing assets[6] to net advances[7]	0.25%	0.27%
Provision coverage ratio[8]	73.93%	72.57%

For the year ended March 31, 2015

Definitions of certain items in Business Ratios / Information:

1. *Working funds is the daily average of total assets during the year.*
2. *Operating profit is net profit for the year before provisions and contingencies.*
3. *"Business" is the total of net advances and deposits (net of inter-bank deposits).*
4. *Productivity ratios are based on average employee numbers.*
5. *Gross advances are net of bills rediscounted and interest in suspense.*
6. *Net NPAs are non-performing assets net of interest in suspense, specific provisions, ECGC claims received, provisions for funded interest term loans classified as NPAs and provisions in lieu of diminution in the fair value of restructured assets classified as NPAs.*
7. *Net advances are equivalent to gross advances net of specific loan loss provisions, ECGC claims received, provision for funded interest term loans classified as NPA and provisions in lieu of diminution in the fair value of restructured assets.*
8. *Provision coverage ratio does not include assets written off.*

17 Interest income

Interest income under the sub-head income from investments includes dividend received during the year ended March 31, 2015 on units of mutual funds, equity and preference shares amounting to ₹ 192.58 crore (previous year: ₹ 89.86 crore).

18 Earnings from standard assets securitised-out

There are no Special Purpose Vehicles ('SPV's) sponsored by the Bank for securitisation transactions. During the years ended March 31, 2015 and March 31, 2014, there were no standard assets securitised-out by the Bank.

Form and quantum of services and liquidity provided by way of credit enhancement

The Bank has provided credit and liquidity enhancements in the form of cash collaterals / guarantees / subordination of cash flows etc., to the senior Pass Through Certificates ('PTC's) as well as on loan assignment transactions. The RBI issued addendum guidelines on securitisation of standard assets vide its circular dated May 7, 2012. Accordingly, the Bank does not provide liquidity or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines. The total value of credit enhancement outstanding in the books as at March 31, 2015 was ₹ 345.79 crore (previous year: ₹ 348.28 crore), and liquidity enhancement was ₹ 8.10 crore (previous year: ₹ 8.10 crore). Outstanding servicing liability was ₹ 0.14 crore (previous year: ₹ 0.19 crore).

19 Other income

- **Commission, exchange and brokerage income**
  - ✓ Commission, exchange and brokerage income is net of correspondent bank charges.
  - ✓ Commission income for the year ended March 31, 2015 includes fees of ₹ 454.01 crore (previous year: ₹ 337.56 crore) in respect of life insurance business and ₹ 137.07 crore (previous year: ₹ 116.69 crore) in respect of general insurance business.
- **Miscellaneous income**

  Miscellaneous income includes recoveries from written-off accounts amounting to ₹ 716.33 crore (previous year: ₹ 622.61 crore).

20 Other expenditure

Other expenditure includes outsourcing fees amounting to ₹ 671.38 crore (previous year: ₹ 590.31 crore) and commission paid to sales agents amounting to ₹ 1,305.11 crore (previous year: ₹ 1,003.26 crore), exceeding 1% of the total income of the Bank.

For the year ended March 31, 2015

21 Provisions and contingencies

The break-up of provisions and contingencies included in the Statement of Profit and Loss is given below: **(₹ crore)**

Particulars	March 31, 2015	March 31, 2014
Provision for income tax		
- Current	5,204.03	4,269.41
- Deferred	(91.23)	24.27
Provision for wealth tax	0.75	0.75
Provision for NPAs	1,723.58	1,632.58
Provision for diminution in value of non-performing investments	(3.82)	(4.12)
Provision for standard assets	296.25	221.29
Other provisions and contingencies*	59.00	(262.48)
Total	**7,188.56**	**5,881.70**

**Includes (write-back) / provisions for tax, legal and other contingencies ₹ 36.47 crore (previous year: ₹ (265.33) crore), floating provisions ₹ NIL (previous year: ₹ 30.00 crore), provisions for securitised-out assets ₹ 4.60 crore (previous year: ₹ (26.21) crore) and standard restructured assets ₹ 17.93 crore (previous year: ₹ (0.94) crore).*

22 Employee benefits

Gratuity **(₹ crore)**

Particulars	March 31, 2015	March 31, 2014
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	237.43	206.28
Interest cost	18.24	17.87
Current service cost	50.47	38.88
Benefits paid	(15.99)	(15.42)
Actuarial (gain) / loss on obligation:		
Experience adjustment	4.59	5.87
Assumption change	15.85	(16.05)
Present value of obligation as at March 31	**310.59**	**237.43**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	172.60	130.22
Expected return on plan assets	16.62	12.11
Contributions	48.30	43.82
Benefits paid	(15.99)	(15.42)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	21.35	1.87
Assumption change	-	-
Fair value of plan assets as at March 31	**242.88**	**172.60**

For the year ended March 31, 2015

Particulars	March 31, 2015	March 31, 2014
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	242.88	172.60
Present value of obligation as at March 31	(310.59)	(237.43)
Asset / (liability) as at March 31	**(67.71)**	**(64.83)**
Expenses recognised in Statement of Profit and Loss		
Interest cost	18.24	17.87
Current service cost	50.47	38.88
Expected return on plan assets	(16.62)	(12.11)
Net actuarial (gain) / loss recognised in the year	(0.91)	(12.04)
Net cost	**51.18**	**32.60**
Actual return on plan assets	37.97	13.97
Estimated contribution for the next year	61.64	48.30
Assumptions		
Discount rate	7.9% per annum	9.0% per annum
Expected return on plan assets	8.0% per annum	8.0% per annum
Salary escalation rate	8.0% per annum	8.5% per annum

Experience adjustment **(₹ crore)**

Particulars	Years ended March 31,				
	2015	2014	2013	2012	2011
Plan assets	242.88	172.60	130.22	91.86	66.00
Defined benefit obligation	310.59	237.43	206.28	166.30	136.08
Surplus / (deficit)	(67.71)	(64.83)	(76.06)	(74.44)	(70.08)
Experience adjustment gain / (loss) on plan assets	21.35	1.87	2.00	(0.93)	0.01
Experience adjustment (gain) / loss on plan liabilities	4.59	5.87	2.72	1.25	9.56

Expected rate of return on investments is determined based on the assessment made by the Bank at the beginning of the year with regard to its existing portfolio. Major categories of plan assets as a percentage of fair value of total plan assets as of March 31, 2015 are given below:

Category of plan assets	% of fair value to total plan assets March 31, 2015
Government securities	32.7%
Debenture and bonds	20.5%
Equity shares	38.4%
Others	8.4%
Total	**100.0%**

For the year ended March 31, 2015

Pension (₹ crore)

Particulars	March 31, 2015	March 31, 2014
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	58.89	58.19
Interest cost	4.37	4.84
Current service cost	1.02	0.77
Benefits paid	(7.94)	(8.88)
Actuarial (gain) / loss on obligation:		
Experience adjustment	(0.19)	3.62
Assumption change	1.30	0.35
Present value of obligation as at March 31	**57.45**	**58.89**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	47.99	48.88
Expected return on plan assets	3.60	3.87
Contributions	0.64	0.67
Benefits paid	(7.94)	(8.88)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	(2.38)	3.45
Assumption change	-	-
Fair value of plan assets as at March 31	**41.91**	**47.99**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	41.91	47.99
Present value of obligation as at March 31	(57.45)	(58.89)
Asset / (liability) as at March 31	**(15.54)**	**(10.90)**
Expenses recognised in Statement of Profit and Loss		
Interest cost	4.37	4.84
Current service cost	1.02	0.77
Expected return on plan assets	(3.60)	(3.87)
Net actuarial (gain) / loss recognised in the year	3.48	0.51
Net cost	**5.27**	**2.25**
Actual return on plan assets	1.22	7.33
Estimated contribution for the next year	15.70	9.30
Assumptions		
Discount rate	7.9% per annum	9.0% per annum
Expected return on plan assets	8.0% per annum	8.0% per annum
Salary escalation rate	8.0% per annum	8.5% per annum

For the year ended March 31, 2015

Experience adjustment **(₹ crore)**

Particulars	Years ended March 31				
	2015	2014	2013	2012	2011
Plan assets	41.91	47.99	48.88	51.14	43.35
Defined benefit obligation	57.45	58.89	58.19	56.85	57.38
Surplus / (deficit)	(15.54)	(10.90)	(9.31)	(5.71)	(14.03)
Experience adjustment gain / (loss) on plan assets	(2.38)	3.45	(1.58)	(1.29)	2.85
Experience adjustment (gain) / loss on plan liabilities	(0.19)	3.62	6.12	1.36	18.50

Expected rate of return on investments is determined based on the assessment made by the Bank at the beginning of the year with regard to its existing portfolio. Major categories of plan assets as a percentage of fair value of total plan assets as of March 31, 2015 are given below:

Category of plan assets	% of fair value to total plan assets March 31, 2015
Government securities	7.0%
Debenture and bonds	78.2%
Others	14.8%
Total	**100.0%**

Provident fund

The guidance note on AS-15, Employee Benefits, states that employer established provident funds, where interest is guaranteed are to be considered as defined benefit plans and the liability has to be valued. The Actuary Society of India (ASI) has issued a guidance note on valuation of interest rate guarantees on exempt provident funds. The actuary has accordingly valued the same and the Bank holds a provision of ₹ 0.52 crore as on March 31, 2015 (previous year: ₹ 0.52 crore) towards the present value of the guaranteed interest benefit obligation. The actuary has followed deterministic approach as prescribed by the guidance note.

Assumptions

Assumptions	March 31, 2015	March 31, 2014
Discount rate (GOI security yield)	7.9% per annum	8.9% per annum
Expected guaranteed interest rate	9.0% per annum	9.0% per annum

The Bank does not have any unfunded defined benefit plan. The Bank contributed ₹ 160.02 crore (previous year: ₹ 143.34 crore) to the provident fund and ₹ 53.68 crore (previous year: ₹ 43.22 crore) to the superannuation plan.

Compensated absences

The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the Bank is given below: **(₹ crore)**

Particulars	March 31, 2015	March 31, 2014
Privileged leave	185.75	213.13
Sick leave	38.26	45.29
Total actuarial liability	**224.01**	**258.42**
Assumptions		
Discount rate	7.9% per annum	9.0% per annum
Salary escalation rate	8.0% per annum	8.5% per annum

23 Disclosures on remuneration

Qualitative Disclosures

A. Information relating to the composition and mandate of the Remuneration Committee

Composition of the Remuneration Committee

The Board of Directors of the Bank has constituted the Remuneration Committee (hereinafter, the 'Remuneration Committee') for overseeing and governing the compensation policies of the Bank. The Remuneration Committee is comprised of four independent directors and is chaired by the Chairman of the Board of Directors of the Bank. Further, two members of the Remuneration Committee are also members of the Risk Policy and Monitoring Committee ('RPMC') of the Board.

The Remuneration Committee is comprised of the Chairperson, Mrs. Shyamala Gopinath, Dr. Pandit Palande, Mr. Partho Datta and Mr. Bobby Parikh. Further, Mrs. Shyamala Gopinath and Mr. Partho Dutta are also members of the RPMC.

Mandate of the Remuneration Committee

The primary mandate of the Remuneration Committee is to oversee the implementation of compensation policies of the Bank.

The Remuneration Committee periodically reviews the overall compensation policy of the Bank with a view to attract, retain and motivate employees. In this capacity it is required to review and approve the design of the total compensation framework, including compensation strategy programs and plans, on behalf of the Board of Directors. The compensation structure and pay revision for Whole Time Directors is also approved by the Remuneration Committee. The Remuneration Committee co-ordinates with the RPMC to ensure that compensation is aligned with prudent risk taking.

B. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy

I. Key Features and Objectives of Remuneration Policy

The Bank's Compensation Policy (hereinafter, the 'Policy') is aligned to business strategy, market dynamics, internal characteristics and complexities within the Bank. The ultimate objective of the Policy is to provide a fair and transparent structure that helps in retaining and acquiring the talent pool critical to build competitive advantage and brand equity. The Policy has been designed basis the principles for sound compensation practices in accordance with regulatory requirements and provides a framework to create, modify and maintain appropriate compensation programs and processes with adequate supervision and control.

The Bank's performance management system provides a sound basis for assessing employee performance holistically. The Bank's compensation framework is aligned with the performance management system and differentiates pay appropriately amongst its employees based on degree of contribution, skill and availability of talent owing to competitive market forces by taking into account factors such as role, skills, competencies, experience and grade / seniority.

The compensation structure for both the categories of employees is determined by the Remuneration Committee and ensures that:

(a) the compensation is adjusted for all types of prudent risk taking;

(b) compensation outcomes are symmetric with risk outcomes;

(c) compensation payouts are sensitive to the time horizon of risk; and

(d) the mix of cash, equity and other forms of compensation are aligned with risk.

II. Design and Structure of Remuneration

a) Fixed Pay

The Remuneration Committee ensures that the fixed component of the compensation is reasonable, taking into account all relevant factors including industry practice.

Elements of Fixed Pay

The fixed pay component of the Bank's compensation structure typically consists of elements such as base salary, allowances, perquisites, retirement and other employee benefits. Perquisites extended are in the nature of company car, hard furnishing, company leased accommodation, club membership and such other benefits or allowances in lieu of such perquisites / benefits. Retirement benefits include contributions to provident fund, superannuation fund (for certain job bands) and gratuity. The whole time directors of the Bank are entitled to other post-retirement benefits such as car and medical facilities, in accordance with specified terms of employment as per the policy of the Bank, subject to RBI approval. The Bank also provides pension to certain employees of the erstwhile Lord Krishna Bank (eLKB) under the Indian Banks' Association ('IBA') structure.

Determinants of Fixed Pay

The fixed pay is primarily determined by taking into account factors such as the job size, performance, experience, location, market competitiveness of pay and is designed to meet the following key objectives of:

(a) fair compensation given the role complexity and size;

(b) fair compensation given the individual's skill, competence, experience and market pay position;

(c) sufficient contribution to post retirement benefits; and

(d) compliance with all statutory obligations.

For Whole Time Directors additional dimensions such as prominence of leadership among industry leaders, consistency of the Bank's performance over the years on key parameters such as profitability, growth and asset quality in relation to its own past performance and that of its peer banks would be considered. The quantum of fixed pay for Whole Time Directors is approved by the Remuneration Committee as well as the Board and is subject to the approval of the RBI.

b) Variable Pay

The performance management system forms the basis for variable pay allocation of the Bank. The Bank ensures that the performance management system is comprehensive and considers both, quantitative and qualitative performance measures.

Whole Time Directors

The bonus for Whole Time Directors will not exceed 70% of the fixed pay in a year, thereby ensuring that there is a balance between the fixed and variable pays. The variable pay for Whole Time Directors is approved by the Remuneration Committee as well as the Board and is subject to the approval of the RBI. The variable pay component is paid out subject to the following conditions:

- Where the variable pay constitutes 50% or more of the fixed pay, a portion of the same would be deferred as per the schedule mentioned in the table below:

Portion of variable pay	Timelines
60%	Payable effective April 1 of the financial year immediately following the performance year.
13.33%	Payable effective April 1 of the second financial year following the reference performance year.
13.33%	Payable effective April 1 of the third financial year following the reference performance year.
13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

- The Bank has devised appropriate malus and claw back clauses as a risk mitigant for any negative contributions of the Bank and / or relevant line of business in any year. Under the malus clause the incumbent foregoes the vesting of the deferred variable pay in full or in part. Under the claw back clause the incumbent is obligated to return all the tranches of payout received of bonus amounts pertaining to the relevant performance year

Employees other than Whole Time Directors

The Bank has formulated the following variable pay plans:

- Annual bonus plan

The quantum of variable payout is a function of the performance of the Bank, performance of the individual employee, job band of the employee and the functional category. Basis these key determinants and due adjustment for risk alignment, a payout matrix for variable pay is developed. Market trends for specific businesses / functions along with inputs from compensation surveys may also be used in finalising the payout.

Bonus pools are designed to meet specific business needs therefore resulting in differentiation in both the quantum and the method of payout across functions. Typically higher levels of responsibility receive a higher proportion of variable pay vis-à-vis fixed pay. The Bank ensures that the time horizon for risk is assessed and the deferment period, if any, for bonus is set accordingly. Employees on the annual bonus plan are not part of performance-linked plans. The following is taken into account while administering the annual bonus :

✓ In the event the proportion of variable pay to fixed pay is substantially high (variable pay exceeding 50% of fixed pay), the Bank may devise an appropriate deferment schedule after taking into consideration the nature of risk, time horizon of risk, and the materiality of risk.

✓ In cases of deferment of variable pay the Bank makes an assessment prior to the due date for payment of the deferred portion for any negative contribution. The criteria for negative contribution are decided basis pre-defined financial benchmarks. The Bank has in place appropriate methods for prevention of vesting of deferred variable pay or any part thereof, on account of negative contribution. The Bank also has in place claw back arrangements in relation to amounts already paid in the eventuality of a negative contribution.

- Performance-linked Plans (PLPs)

PLPs are formulated for sales personnel who are given origination / sales targets but have limited impact on risk since credit decisions are exercised independent of the sales function. All PLP payouts are subject to achievement of individual targets enumerated in the respective scorecards of the employees. A portion of the PLP payouts is deferred till the end of the year to provide for any unforeseen performance risks.

Risk, Control and Compliance Staff

The Bank has separated the Risk, Control and Compliance functions from the Business functions in order to create a strong culture of checks and balances thereby ensuring good asset quality and to eliminate any possible conflict of interest between revenue generation and risk management and control. Accordingly, the overall variable pay as well as the annual salary increment of the employees in the Risk, Control and Compliance functions is based on their performance, functional objectives and goals. The Bank ensures that the mix of fixed to variable compensation for these functions is weighted in favour of fixed compensation.

c) Guaranteed Bonus

Guaranteed Bonuses may not be consistent with sound risk management or pay for performance principles of the Bank and therefore do not form an integral part of the general compensation practice.

For critical hiring for some select strategic roles, the Bank may consider granting of a sign-on bonus as a prudent way to avoid loading the entire cost of attraction into the fixed component of the compensation which could have a long term cost implication for the Bank. For such hiring, the sign-on bonus is generally decided by taking into account appropriate risk factors and market conditions.

For hiring at levels of Whole Time Directors / Managing Director a sign-on bonus, if any, is limited to the first year only and is in the form of Employee Stock Options.

d) **Employee Stock Option Plan ('ESOP's)**

The Bank considers ESOPs as a vehicle to create a balance between short term rewards and long term sustainable value creation. ESOPs play a key role in the attraction and retention of key talent. The Bank grants equity share options to its Whole time Directors and other employees above a certain grade. All plans for grant of options are framed in accordance with the SEBI guidelines, 1999 as amended from time to time and are approved by the shareholders of the Bank. These plans provide for the grant of options post approval by the Remuneration Committee.

The grant of options is reviewed and approved by the Remuneration Committee. The number of options granted varies at the discretion of the Remuneration Committee after considering parameters such as the incumbent's grade and performance rating, and such other appropriate relevant factors as may be deemed appropriate by the Remuneration Committee. Equity share options granted to the Whole Time Directors are subject to the approval of the Remuneration Committee, the Board and the RBI.

e) **Severance Pay**

The Bank does not grant severance pay other than accrued benefits (such as gratuity, pension) except in cases where it is mandated by any statute.

f) **Hedging**

The Bank does not provide any facility or fund or permit its Whole Time Directors and employees to insure or hedge their compensation structure to offset the risk alignment effects embedded in their compensation arrangement.

III. Remuneration Processes

Fitment at the time of Hire

Pay ranges of the Bank are set basis the job size, experience, location and the academic and professional credentials of the incumbent.

The compensation of new hires is in line with the existing pay ranges and consistent with the compensation levels of the existing employees of the Bank at similar profiles. The pay ranges are subject to change basis market trends and the Bank's talent management priorities. While the Bank believes in the internal equity and parity as a key determinant of pay it does acknowledge the external competitive pressures of the talent market. Accordingly, there could be certain key profiles with critical competencies which may be hired at a premium and treated as an exception to the overall pay philosophy. Any deviation from the defined pay ranges is treated as a hiring exception requiring approval with appropriate justification.

Increment / Pay Revision

It is the endeavor of the Bank to ensure external competitiveness as well as internal equity without diluting the overall focus on optimising cost. In order to enhance our external competitiveness the Bank participates in an annual salary survey of the banking sector to understand key market trends as well as get insights on relative market pay position compared to peers. The Bank endeavors to ensure that most employees progress to the median of the market in terms of fixed pay over time. This coupled with key internal data indicators like performance score, job family, experience, job grade and salary budget form the basis of decision making on revisions in fixed pay.

Increments in fixed pay for majority of the employee population are generally undertaken effective April 1 every year. However promotions, confirmations and change in job dimensions could also lead to a change in the fixed pay during other times of the year.

The Bank also makes salary corrections and adjustments during the year for those employees whose compensation is found to be below the market pay and who have a good performance track record. However such pay revisions are done on an exception basis.

C. Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks

The Bank takes into account all types of risks in its remuneration processes. The Bank takes into consideration the fact that a portion of the Bank's profits are directly attributable to various types of risks the Bank is exposed to, such as credit risk, market risk, operational risk and other quantifiable risks. Based on the surplus available post adjustment of the cost of capital to cover all such risks and factoring the impact of bonus payout on operating costs an appropriate bonus pool is arrived at.

The Bank also provides for deferment of bonus in the event the proportion of variable pay as compared to fixed pay is substantially high. The Bank has also devised appropriate malus and claw back clauses as a risk mitigant for any negative contributions of the Bank and/or relevant line of business in any year. Under the malus clause, the incumbent foregoes the vesting of the deferred variable pay in full or in part. Under the claw back clause, the incumbent is obligated to return all the tranches of payout received of bonus amounts pertaining to the relevant performance year.

D. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration

Levels of remuneration in the Bank are linked to the performance of the individual employees and the respective business functions. The performance driven pay culture is briefly described below :

Fixed pay

At the conclusion of every financial year the Bank reviews the fixed pay portion of the compensation structure basis merit-based increments and market corrections. These are based on a combination of performance rating, job band and the functional category of the individual employee. For a given job band, the merit increment is directly related to the performance rating. The Bank strives to ensure that most employees progress to the median of the market in terms of fixed pay over time. All other things remaining equal, the correction percentage is directly related to the performance rating of the individual.

Variable pay

Basis the individual performance, role, and function, the Bank has formulated the following variable pay plans :

- **Annual bonus plan**

  The Bank's annual bonus is computed as a multiple of the standardised gross salary for every job band. The bonus multiple is based on performance rating, job band and the functional category of the individual employee. All other things remaining equal, for a given job band, the bonus multiple is directly related to the performance rating. The proportion of variable pay to fixed pay increases with job band. Employees on the annual bonus plan are not part of the PLPs.

- **Performance-linked plans**

  The Bank has formulated PLPs for its sales personnel who are given origination / sales targets. All PLP payouts are subject to the achievement of individual targets enumerated in the respective scorecards of the employees. A portion of the PLP payouts is deferred till the end of the year to provide for any unforeseen performance risks.

E. A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting

Whole Time Directors

The bonus for Whole Time Directors will not exceed 70% of the fixed pay in a year, thereby ensuring that there is a balance between the fixed and variable pay. The variable pay for Whole Time Directors is approved by the Remuneration Committee as well as the Board and is subject to the approval of the RBI. The variable pay component is paid out subject to the following conditions:

- Where the variable pay constitutes 50% or more of the fixed pay, an appropriate portion thereof is deferred and vests as per the schedule mentioned in the table below:

Portion of Variable Pay	Timelines
60%	Payable effective April 1 of the financial year immediately following the performance year.
13.33%	Payable effective April 1 of the second financial year following the reference performance year.
13.33%	Payable effective April 1 of the third financial year following the reference performance year.
13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

- The Bank has devised appropriate malus and claw back clauses as a risk mitigant for any negative contributions of the Bank and / or relevant line of business in any year.

  ✓ Malus clause

  Under the malus clause the incumbent foregoes the vesting of the deferred variable pay in full or in part. In the event there is a deterioration in specific performance criteria (such as criteria relating to profit or asset quality) that are laid down by the Remuneration Committee, then the Remuneration Committee would review the deterioration in the performance taking into consideration the macroeconomic environment as well as internal performance indicators and accordingly decide whether any part of the deferred tranche pertaining to that financial year merits a withdrawal.

  ✓ Claw back clause

  Under the claw back clause the incumbent is obligated to return all the tranches of payout received of bonus amounts pertaining to the relevant performance year. In the event there is any act attributable to the concerned Whole Time Director / Managing Director resulting in an incident of willful and deliberate misinterpretation / misreporting of financial performance (inflating the financials) of the Bank, for a financial year, which comes to light in the subsequent three years, the incumbent is obligated to return all the tranches of payout received of bonus amounts pertaining to the relevant performance year.

The specific criteria on the applicability of malus and claw back arrangements are reviewed by the Remuneration Committee annually.

Employees other than Whole Time Directors

The Bank has formulated the following variable pay plans:

- **Annual bonus plan**

  The quantum of variable payout is a function of the performance of the Bank, performance of the individual employee, job band of the employee and the functional category. Basis these key determinants and due adjustment for risk alignment, a payout matrix for variable pay is developed. Market trends for specific businesses / functions along with inputs from compensation surveys may also be used in finalising the payout.

  Bonus pools are designed to meet specific business needs therefore resulting in differentiation in both the quantum and the method of payout across functions. Typically higher levels of responsibility receive a higher proportion of variable pay vis-à-vis fixed pay. The Bank ensures that the time horizon for risk is assessed and the deferment period, if any, for bonus is set accordingly. Employees on the annual bonus plan are not part of the PLPs. The following is taken into account while administering the annual bonus:

  ✓ In the event the proportion of variable pay to fixed pay is substantially high (typically variable pay exceeding 50% of fixed pay), the Bank may devise an appropriate deferment schedule after taking into consideration the nature of risk, time horizon of risk, and the materiality of risk.

  ✓ In cases of deferment of variable pay the Bank makes an assessment prior to the due date for payment of the deferred portion for any negative contribution. The criteria for negative contribution are decided basis pre-defined financial benchmarks. The Bank has in place appropriate methods for prevention of vesting of deferred variable pay or any part thereof, on account of negative contribution. The Bank also has in place claw back arrangements in relation to amounts already paid in the eventuality of a negative contribution.

- **Performance-linked plans**

  PLPs are formulated for sales personnel who are given origination / sales targets but have limited impact on risk since credit decisions are exercised independent of the sales function. All PLP payouts are subject to the achievement of individual targets enumerated in the respective scorecards of the employees. A portion of the PLP payouts is deferred till the end of the year to provide for any unforeseen performance risks.

F. Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilises and the rationale for using these different forms.

The Bank recognises the importance of variable pay in reinforcing a pay for performance culture. Variable pay stimulates employees to stretch their abilities to exceed expectations.

- **Annual bonus plan**

  These are paid to reward performance for a given financial year. This covers all employees and excludes employees receiving PLP payouts. This is based on performance rating, job band and functional category of the individual.

- **Performance-linked plans**

  These are paid to frontline sales staff for the achievement of specific sales targets but have limited impact on risk as credit decisions are exercised independent of the sales function. Further, it has been the endeavor of the Bank to ensure that the objectives set are based on the principles of a balanced scorecard rather than just the achievement of financial numbers. All PLP payouts are subject to the achievement of individual targets enumerated in the respective scorecards of the employees. A portion of the PLP payouts is deferred till the end of the year to provide for any unforeseen performance risks.

- **Employee stock option plan**

  This is to reward for contribution of employees in creating a long term, sustainable earnings and enhancing shareholder value. Only employees in a certain job band and with a specific performance rating are eligible for Stock Options. Performance is the key criteria for granting stock options.

Quantitative disclosures

The quantitative disclosures cover the Bank's Whole Time Directors and Key Risk Takers. Key Risk Takers are individuals who can materially set, commit or control significant amounts of the Bank's resources, and / or exert significant influence over its risk profile. The Bank's Key Risk Takers include Whole Time Directors, Group Heads, Business Heads directly reporting to the Managing Director and select roles in the Bank's Treasury and Investment Banking functions.

Sr. No.	Subject	March 31, 2015	March 31, 2014
(a)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members	Number of meetings : 5 Remuneration paid : ₹ 0.04 crore	Number of meetings : 7 Remuneration paid : ₹ 0.05 crore
(b) (i)	Number of employees having received a variable remuneration award during the financial year	23 employees	21 employees
(b) (ii)	Number and total amount of sign-on awards made during the financial year	None	None
(b) (iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	None	None
(b) (iv)	Details of severance pay, in addition to accrued benefits, if any	None	None
(c) (i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 1.81 crore.	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 3.02 crore.
(c) (ii)	Total amount of deferred remuneration paid out in the financial year	₹ 1.20 crore	₹ 0.60 crore

For the year ended March 31, 2015

(d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	₹ 34.58 crore (Fixed*) ₹ 10.48 crore (Variable pay pertaining to financial year ended March 31, 2014, in relation to employees where there was no deferment of pay). Deferred variable pay pertaining to financial year ended March 31, 2014: Nil	₹ 32.83 crore (Fixed*) ₹ 9.92 crore (Variable pay pertaining to financial year ended March 31, 2013, in relation to employees where there was no deferment of pay). ₹ 4.53 crore** (Variable pay pertaining to financial year ended March 31, 2013, in relation to employees where there was deferment of pay), of which ₹ 1.81 crore was deferred and ₹ 2.72 crore was non-deferred.
(e) (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 1.81 crore.	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 3.02 crore.
(e) (ii)	Total amount of reductions during the financial year due to ex-post explicit adjustments.	Nil	Nil
(e) (iii)	Total amount of reductions during the financial year due to ex-post implicit adjustments	Nil	Nil

* *Excludes gratuity benefits, since the same is computed at Bank level.*

** *Includes deferred variable pay of ₹ 0.98 crore and non-deferred variable pay of ₹ 1.48 crore approved by the RBI subsequent to March 31, 2014 vide letter dated April 2, 2014.*

Note: 30,42,000 stock options were granted to the Bank's Key Risk Takers during the year ended March 31, 2015 (previous year: 42,41,000).

24 Segment reporting

Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by RBI. The Bank operates in the following segments:

a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending, gains or losses on investment operations and on account of trading in foreign exchange and derivative contracts.

b) Retail banking

The retail banking segment serves retail customers through a branch network and other delivery channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof.

Revenues of the retail banking segment are derived from interest earned on retail loans, interest earned from other segments for surplus funds placed with those segments, subvention received from dealers and manufacturers, fees from services rendered, foreign exchange earnings on retail products etc. Expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

c) **Wholesale banking**

The wholesale banking segment provides loans, non-fund facilities and transaction services to large corporates, emerging corporates, public sector units, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers, interest/fees earned on the cash float arising from transaction services, earnings from trade services and other non-fund facilities and also earnings from foreign exchange and derivative transactions on behalf of customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

d) **Other banking business**

This segment includes income from para banking activities such as credit cards, debit cards, third party product distribution, primary dealership business and the associated costs.

e) **Unallocated**

All items which are reckoned at an enterprise level are classified under this segment. This includes capital and reserves, debt classified as Tier I or Tier II capital and other unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue less interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Interest income is charged by a segment that provides funding to another segment, based on yields benchmarked to an internally approved yield curve or at a certain agreed transfer price rate. Transaction charges are levied by the retail banking segment to the wholesale banking segment for the use by its customers of the retail banking segment's branch network or other delivery channels. Such transaction costs are determined on a cost plus basis. Segment capital employed represents the net assets in that segment.

Geographic segments

The geographic segments of the Bank are categorised as Domestic Operations and Foreign Operations. Domestic Operations comprise branches in India and Foreign Operations comprise branches outside India.

Segment reporting for the year ended March 31, 2015 is given below:

Business segments: (₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	12,871.30	48,814.18	23,185.19	6,201.02	91,071.69
2	Unallocated revenue					8.62
3	Less: Inter-segment revenue					33,614.06
4	Income from operations (1) + (2) - (3)					57,466.25
5	Segment results	585.71	6,228.83	7,504.42	2,486.89	16,805.85
6	Unallocated expenses					1,477.13
7	Income tax expense (including deferred tax)					5,112.80
8	Net profit (5) - (6) - (7)					10,215.92
9	Segment assets	190,609.16	197,144.15	181,325.74	16,995.47	586,074.52
10	Unallocated assets					4,428.56
11	Total assets (9) + (10)					590,503.08
12	Segment liabilities	36,352.78	371,355.13	98,250.45	1,537.93	507,496.29
13	Unallocated liabilities					20,997.36

For the year ended March 31, 2015

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
14	Total liabilities (12) + (13)					528,493.65
15	Capital employed (9) - (12)	154,256.38	(174,210.98)	83,075.29	15,457.54	78,578.23
16	Unallocated (10) - (13)					(16,568.80)
17	Total (15) + (16)					62,009.43
18	Capital expenditure	6.02	587.72	214.09	52.26	860.09
19	Depreciation	5.91	521.71	79.44	49.24	656.30

Geographic segments: (₹ crore)

Particulars	Domestic	International
Revenue	56,493.08	973.17
Assets	558,753.03	31,750.05
Capital expenditure	857.85	2.24

Segment reporting for the year ended March 31, 2014 is given below:

Business segments: (₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	11,786.70	40,804.86	19,645.34	5,033.55	77,270.45
2	Unallocated revenue					2.58
3	Less: Inter-segment revenue					28,217.85
4	Income from operations (1) + (2) - (3)					49,055.18
5	Segment results	412.30	5,685.41	5,940.11	1,920.46	13,958.28
6	Unallocated expenses					1,186.21
7	Income tax expense (including deferred tax)					4,293.67
8	Net profit (5) - (6) - (7)					8,478.40
9	Segment assets	160,537.01	169,135.07	143,652.82	14,333.65	487,658.55
10	Unallocated assets					3,940.97
11	Total assets (9) + (10)					491,599.52
12	Segment liabilities	38,125.60	298,225.26	90,597.43	1,737.86	428,686.15
13	Unallocated liabilities					19,434.72
14	Total liabilities (12) + (13)					448,120.87
15	Capital employed (9) - (12)	122,411.41	(129,090.19)	53,055.39	12,595.79	58,972.40
16	Unallocated (10) - (13)					(15,493.75)
17	Total (15) + (16)					43,478.65
18	Capital expenditure	3.16	860.96	21.75	32.35	918.22
19	Depreciation	6.7	531.85	90.93	42.13	671.61

Geographic segments: (₹ crore)

Particulars	Domestic	International
Revenue	48,304.19	750.99
Assets	461,809.17	29,790.35
Capital expenditure	917.53	0.69

For the year ended March 31, 2015

25 Liquidity coverage ratio

Quantitative information on Liquidity coverage ratio (LCR) is given below: **(₹ crore)**

Sr. No.	Particulars	March 31, 2015	
		Total unweighted value (average)*	**Total weighted value (average)***
	High Quality Liquid Assets		
1	Total High Quality Liquid Assets (HQLA)		71,931.23
	Cash Outflows		
2	Retail deposits and deposits from small business customers, of which:	298,532.79	27,201.35
(i)	Stable deposits	53,038.47	2,651.92
(ii)	Less stable deposits	245,494.32	24,549.43
3	Unsecured wholesale funding, of which:	120,490.90	42,115.36
(i)	Operational deposits (all counterparties)	94,657.70	23,462.23
(ii)	Non-operational deposits (all counterparties)	25,833.20	18,653.13
4	Secured wholesale funding		
5	Additional requirements, of which	208,124.92	160,260.03
(i)	*Outflows related to derivative exposures and other collateral requirement*	148,674.26	148,674.26
(ii)	*Outflows related to loss of funding on debt products*		
(iii)	*Credit and liquidity facilities*	59,450.66	11,585.77
6	Other contractual funding obligation	12,892.37	12,892.37
7	Other contingent funding obligations	37,477.11	1,873.86
8	**Total cash outflows**		**244,342.97**
	Cash Inflows		
9	Secured lending (e.g. reverse repo)	4,271.83	14.69
10	Inflows from fully performing exposures	31,251.60	17,569.84
11	Other cash inflows	162,241.27	155,398.02
12	**Total cash inflows**	**197,764.70**	**172,982.55**
21	**TOTAL HQLA**		**71,931.23**
22	**Total Net Cash Outflows**		**71,360.42**
23	**Liquidity Coverage Ratio (%)**		**100.80%**

* *The average weighted and unweighted amounts are calculated taking their simple average for the months of January 2015, February 2015 and March 2015*

Qualitative disclosure on LCR

The Liquidity Coverage Ratio (LCR) is a global minimum standard for bank liquidity. It aims to ensure that a bank has an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs for a 30 calendar day liquidity stress scenario.

The LCR is calculated by dividing the amount of high quality liquid unencumbered assets (HQLA) by the estimated net outflows over a stressed 30 calendar day period. The net cash outflows are calculated by applying RBI prescribed outflow factors to the various categories of liabilities (deposits, unsecured and secured wholesale borrowings), as well as to undrawn commitments and derivatives-related exposures, partially offset by inflows from assets maturing within 30 days. The average LCR was at 100.80% for the quarter ended March 31, 2015. The average HQLA were ₹ 71,931.23 crore of which government securities constituted about 75%. The outflows related to derivatives exposures (net of cash inflows) / collateral requirements and undrawn commitments constituted about 2% and 5% respectively of average cash outflow of ₹ 244,342.97 crore. Average inflows from assets were ₹ 172,982.55 crore.

A strong and diversified liabilities profile has been a part of the Bank’s growth strategy. The Bank has consistently maintained a robust funding profile with a significant portion of funding through deposits. As of March 31, 2015, the top 20 depositors constituted 6.2% of total deposits.

26 Related party disclosures

As per AS-18, Related Party Disclosure, the Bank's related parties are disclosed below:

Promoter

Housing Development Finance Corporation Limited

Subsidiaries

HDFC Securities Limited

HDB Financial Services Limited

Associates

Atlas Documentary Facilitators Company Private Limited

HBL Global Private Limited

International Asset Reconstruction Company Private Limited

Welfare trust of the Bank

HDB Employees Welfare Trust

Key management personnel

Aditya Puri, Managing Director

Paresh Sukthankar, Deputy Managing Director

Harish Engineer, Executive Director (retired from the services of the Bank effective September 30, 2013)

Kaizad Bharucha, Executive Director (appointed with effect from December 24, 2013)

Related parties to key management personnel

Salisbury Investments Private Limited, Anita Puri, Amit Puri, Amrita Puri, Adishwar Puri, Aarti Sood, Sangeeta Sukthankar, Dattatraya Sukthankar, Shubhada Sukthankar, Akshay Sukthankar, Ankita Sukthankar, Madhavi Lad, Sudha Engineer, Shreematiben Engineer, Nikhil Engineer, Uma Engineer, Mahesh Engineer, Havovi Bharucha, Huzaan Bharucha, Danesh Bharucha, Daraius Bharucha.

In accordance with paragraph 5 of AS - 18, the Bank has not disclosed certain transactions with relatives of key management personnel as they are in the nature of banker-customer relationship.

The significant transactions between the Bank and related parties for year ended March 31, 2015 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of all related party transactions in that category:

- Interest paid: Housing Development Finance Corporation Limited ₹ 7.60 crore (previous year: ₹ 8.83 crore); Atlas Documentary Facilitators Company Private Limited ₹ 4.25 crore (previous year: ₹ 4.15 crore); HDFC Securities Limited ₹2.89 crore (previous year: ₹ 0.65 crore); HDB Financial Services Limited ₹ 1.99 crore (previous year: ₹ 0.67 crore).
- Interest received: HDB Financial Services Limited ₹ 117.17 crore (previous year: ₹ 89.32 crore).
- Rendering of services: Housing Development Finance Corporation Limited ₹ 144.37 crore (previous year: ₹ 130.81 crore).
- Receiving of services: HBL Global Private Limited ₹ 589.50 crore (previous year: ₹ 492.75 crore); Atlas Documentary Facilitators Company Private Limited ₹ 449.50 crore (previous year: ₹ 430.00 crore); Housing Development Finance Corporation Limited ₹ 139.83 crore (previous year: ₹ 85.71 crore).
- Dividend paid: Housing Development Finance Corporation Limited ₹ 269.35 crore (previous year: ₹ 216.27 crore).
- Dividend received: HDB Financial Services Limited ₹ 25.00 crore (previous year: Nil); HDFC Securities Limited ₹ 7.58 crore (previous year: ₹ 0.95 crore).

For the year ended March 31, 2015

The Bank's related party balances and transactions for the year ended March 31, 2015 are summarised as follows: **(₹ crore)**

Items / Related party	Promoter	Subsidiaries	Associates	Key management personnel	Total
Deposits taken	2,203.45 (2,203.45)	471.78 (471.78)	113.06 (113.06)	12.68 (12.68)	2,800.97 (2,800.97)
Deposits placed	0.15 (0.15)	10.52 (10.52)	13.35 (33.45)	2.51 (2.51)	26.53 (46.63)
Advances given	- -	1,006.36 (1,259.54)	25.67 (46.55)	0.95 (0.95)	1,032.98 (1,307.04)
Fixed assets purchased from	-	-	-	-	-
Fixed assets sold to	-	-	-	-	-
Interest paid to	7.60	4.88	4.27	0.99	17.74
Interest received from	-	117.17	4.53	0.02	121.72
Income from services rendered to	144.37	17.22	12.25	-	173.84
Expenses for receiving services from	139.83	77.66	1,039.00	0.71	1,257.20
Equity investments	- -	2,751.77 (2,751.77)	31.19 (31.19)	- -	2,782.96 (2,782.96)
Dividend paid to	269.35	-	-	2.95	272.30
Dividend received from	-	32.58	0.01	-	32.59
Receivable from	14.89 (14.89)	2.39 (2.39)	- (1.30)	- -	17.28 (18.58)
Payable to	19.25 (19.25)	12.63 (20.09)	5.99 (92.45)	- (0.03)	37.87 (131.82)
Guarantees given	0.11 (0.11)	0.05 (0.05)	- -	- -	0.16 (0.16)
Remuneration paid	-	-	-	15.10	15.10
Loans purchased from	8,249.21	-	-	-	8,249.21

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.

Remuneration paid excludes value of employee stock options exercised during the year.

The Bank being an authorised dealer, deals in foreign exchange and derivative transactions with parties which include its promoter. The foreign exchange and derivative transactions are undertaken in line with the RBI guidelines. The notional principal amount of foreign exchange and derivative contracts transacted with the promoter that were outstanding as at March 31, 2015 is ₹ 100.00 crore (previous year: ₹ 250.00 crore). The contingent credit exposure pertaining to these contracts computed in line with the extant RBI guidelines on exposure norms is ₹ 2.80 crore (previous year: ₹ 8.82 crore).

During the year ended March 31, 2015, the Bank purchased securities from HDB Financial Services Limited ₹ 485.00 crore (previous year: ₹ 65.00 crore).

During the year ended March 31, 2015, the Bank paid rent of ₹ 0.66 crore (previous year: ₹ 0.66 crore) to parties related to the Bank's key management personnel in relation to residential accommodation. As at March 31, 2015, the security deposit outstanding was ₹ 3.50 crore (previous year: ₹ 3.50 crore).

The deposit outstanding from HDB Employees Welfare Trust as of March 31, 2015 was ₹ 44.13 crore (previous year: ₹ 45.12 crore). The Bank also paid interest on deposit from HDB Employees Welfare Trust aggregating to ₹ 4.19 crore (previous year: ₹ 4.41 crore).

The Bank's related party balances and transactions for the year ended March 31, 2014 are summarised as follows:

(₹ crore)

Items / Related party	Promoter	Subsidiaries	Associates	Key management personnel	Total
Deposits taken	5,494.84 (5,494.84)	215.67 (215.67)	84.08 (84.15)	10.25 (14.13)	5,804.84 (5,808.79)
Deposits placed	0.15 (0.15)	10.52 (10.52)	33.45 (38.45)	2.30 (2.30)	46.42 (51.42)
Advances given	- -	917.27 (1,002.36)	44.40 (44.70)	0.94 (0.94)	962.61 (1,048.00)
Fixed assets purchased from	-	-	0.01	-	0.01
Fixed assets sold to	-	-	-	0.01	0.01
Interest paid to	8.83	1.32	4.20	0.73	15.08
Interest received from	-	89.32	0.86	0.02	90.20
Income from services rendered to	130.81	16.71	25.70	-	173.22
Expenses for receiving services from	85.71	79.03	922.75	0.50	1,087.99
Equity investments	- -	1,510.20 (1,510.20)	31.19 (31.19)	- -	1,541.39 (1,541.39)
Dividend paid to	216.27	-	-	1.71	217.98
Dividend received from	-	0.95	0.01	-	0.96
Receivable from	12.49 (12.49)	0.89 (2.02)	- -	- -	13.38 (14.51)
Payable to	14.32 (14.32)	17.22 (17.22)	23.05 (90.67)	- -	54.59 (122.21)
Guarantees given	0.11 (0.11)	0.05 (0.05)	- -	- -	0.16 (0.16)
Remuneration paid	-	-	-	11.08	11.08
Loans purchased from	5,556.07	-	-	-	5,556.07

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.

Remuneration paid excludes value of employee stock options exercised during the year.

27 Intra-Group exposure

Intra-Group exposures in accordance with RBI guidelines as on March 31, 2015 are as follows: **(₹ crore)**

Particulars	March 31, 2015
Total amount of intra-group exposures	1,436.10
Total amount of top-20 intra-group exposures	1,436.10
Percentage of intra-group exposures to total exposure of the Bank on borrowers / customers	0.26%
Details of breach of limits on intra-group exposures and regulatory action thereon, if any	Nil

For the year ended March 31, 2015

28 Leases

Operating leases primarily comprise office premises, staff residences and Automated Teller Machines (‘ATM’s), which are renewable at the option of the Bank. The details of maturity profile of future operating lease payments are given below:

(₹ crore)

Period	March 31, 2015	March 31, 2014
Not later than one year	783.02	679.84
Later than one year and not later than five years	2,591.87	2,286.63
Later than five years	1,974.45	1,239.62
Total	**5,349.34**	**4,206.09**
The total of minimum lease payments recognised in the Statement of Profit and Loss for the year	866.97	765.57
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	38.05	74.78
Sub-lease amounts recognised in the Statement of Profit and Loss for the year	16.01	29.70
Contingent (usage based) lease payments recognised in the Statement of Profit and Loss for the year	169.44	133.29

The Bank has sub-leased certain of its properties taken on lease.

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.

29 Transfers to Depositor Education and Awareness Fund (DEAF)

The details of amount transferred during the respective year to DEAF are as under: **(₹ crore)**

Particulars	March 31, 2015
Opening balance of amounts transferred to DEAF	Nil
Add : Amounts transferred to DEAF during the year	94.45
Less : Amounts reimbursed by DEAF towards claims	(2.31)
Closing balance of amounts transferred to DEAF	92.14

30 Penalties levied by the RBI

During fiscal 2015, the RBI levied on the Bank a penalty of ₹ 0.05 crore on the grounds that the Bank failed to exchange information about the conduct of a corporate borrower’s account with other banks at intervals as prescribed in the RBI guidelines on ‘Lending under Consortium Arrangement / Multiple Banking Arrangements’ and the same was paid by the Bank.

During the year ended March 31, 2014, the RBI imposed a penalty of ₹ 4.50 crore on the Bank for certain irregularities and violations discovered by the RBI, viz., non-observance of certain safeguards in respect of arrangement of “at par” payment of cheques drawn by cooperative banks, exceptions in periodic review of risk profiling of account holders, non-adherence to KYC rules for walk-in customers (non-customers) including for sale of third party products, sale of gold coins for cash in excess of ₹ 50,000 in certain cases and non-submission of proper information required by the RBI.

For the year ended March 31, 2015

31 Disclosure for customer complaints / unimplemented awards of Banking Ombudsman

- **Customer complaints**

(A) Customer complaints other than ATM transaction disputes

Particulars	March 31, 2015	March 31, 2014
(a) No. of complaints pending at the beginning of the year	455	2,293
(b) No. of complaints received during the year	72,075	1,23,860
(c) No. of complaints redressed during the year	72,034	1,25,698
(d) No. of complaints pending at the end of the year	496	455

(B) ATM transaction disputes relating to the Bank's customers on the Bank's ATMs

Particulars	March 31, 2015	March 31, 2014
(a) No. of complaints pending at the beginning of the year	159	183
(b) No. of complaints received during the year	11,300	12,586
(c) No. of complaints redressed during the year	11,388	12,610
(d) No. of complaints pending at the end of the year	71	159
(e) Complaints per ten thousand transactions	0.42	0.45

(C) ATM transaction disputes relating to the Bank's customers on other banks' ATMs

Particulars	March 31, 2015	March 31, 2014
(a) No. of complaints pending at the beginning of the year	1,601	1,570
(b) No. of complaints received during the year	82,572	1,27,955
(c) No. of complaints redressed during the year	82,839	1,27,924
(d) No. of complaints pending at the end of the year	1,334	1,601
(e) Complaints per ten thousand transactions	3.91	6.44

(D) Total customer complaints and ATM transaction disputes [total of tables (A), (B) and (C) above]

Particulars	March 31, 2015	March 31, 2014
(a) No. of complaints pending at the beginning of the year	2,215	4,046
(b) No. of complaints received during the year	1,65,947	2,64,401
(c) No. of complaints redressed during the year	1,66,261	2,66,232
(d) No. of complaints pending at the end of the year	1,901	2,215

Note: ATM transaction disputes reported in the above tables are in accordance with RBI guidelines on disclosure of customer complaints.

For the year ended March 31, 2015

- **Awards passed by the Banking Ombudsman (BO)**

Particulars	March 31, 2015	March 31, 2014
(a) No. of unimplemented awards at the beginning of the year	Nil	Nil
(b) No. of awards passed by the BO during the year	Nil	1
(c) No. of awards implemented during the year	Nil	1
(d) No. of unimplemented awards at the end of the year	Nil	Nil

- **Top areas of customer complaints**

The average number of customer complaints per branch, including ATM transaction disputes, was 3.8 per month during the year ended March 31, 2015 (previous year: 6.2 per month). For the year ended March 31, 2015, retail branch banking segment accounted for 76.62% of the total complaints (an increase from 74.19% for the previous year) followed by credit cards at 14.09% of the total complaints (a reduction from 17.22% for the previous year), retail assets at 4.52% of the total complaints (an increase from 4.04% for the previous year), while other segments accounted for 4.77% of total complaints (as against 4.55% in the previous year). The top 10 areas of customer complaints for the year ended March 31, 2015, including ATM transaction disputes, accounted for 1,16,708 complaints and were 70.33% of total complaints as against 1,17,281 complaints which were 67.05% of the total complaints for the year ended March 31, 2014. The top 5 areas of customer complaints on which the Bank is working towards root cause remediation are - 'cash not dispensed or less cash dispensed in the Bank's ATMs', 'statement related - credit cards', 'instant account not activated - personal details not updated', 'delay in closure of account' and 'sales related - credit cards'.

- **Position of BO complaints as per RBI annual report**

As per a report published by the RBI for the year ended June 30, 2014, the number of BO complaints per branch for the Bank was 1.44 (previous year: 1.67). The number of BO complaints other than credit cards per 1,000 accounts was at 0.09 (previous year: 0.11). The number of BO complaints (credit card related) per 1,000 cards was at 0.08 (previous year: 0.08) for the Bank.

32 Disclosure of Letter of Comforts (LoCs) issued by the Bank

The Bank has not issued any Letter of Comfort during the years ended March 31, 2015 and March 31, 2014.

33 Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

34 Overseas assets, NPAs and revenue (₹crore)

Particulars	March 31, 2015	March 31, 2014
Total Assets	31,750.05	29,790.35
Total NPAs	157.44	37.45
Total Revenue	973.17	750.99

35 Off-Balance Sheet SPVs

There are no Off-Balance Sheet SPVs sponsored by the Bank, which need to be consolidated as per accounting norms.

For the year ended March 31, 2015

36 Credit default swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2015 (previous year : Nil).

37 Corporate social responsibility

Operating expenses include ₹ 118.55 crore for the year ended March 31, 2015 towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013.

The Bank has spent 1.2% of its average net profit for the last three financial years as part of its CSR for the year ended March 31, 2015. As a responsible Bank, it has approached the mandatory requirements of CSR spend positively by utilising the reporting year to lay a foundation on which to build and scale future projects and partnerships. The Bank is currently in the process of evaluating strategic avenues for CSR expenditure in order to deliver maximum impact. In the years to come, the Bank will further strengthen its processes as per requirement.

38 Investor education and protection fund

There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank.

39 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

As per our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No.: 117365W

Zubin Shekary
Partner
Membership No.: 48814

Mumbai, April 23, 2015

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Aditya Puri
Managing Director

Paresh Sukthankar
Deputy Managing Director

Kaizad Bharucha
Executive Director

Sanjay Dongre
Executive Vice President (Legal) & Company Secretary

Sashidhar Jagdishan
Chief Financial Officer

Bobby Parikh
Partho Datta
Pandit Palande
Keki Mistry
Malay Patel
Directors

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1 Scope of Application:

Top bank in the group

The Basel III Capital Regulation ('Basel III') is applicable to HDFC Bank Limited (hereinafter referred to as the 'Bank') and its two subsidiaries (HDFC Securities Limited and HDB Financial Services Limited) which together constitute the Group in line with the Reserve Bank of India ('RBI') guidelines on the preparation of consolidated prudential reports.

Accounting and regulatory consolidation

For the purpose of financial reporting, the Bank consolidates its subsidiaries in accordance with Accounting Standard ('AS') 21, Consolidated Financial Statements, on a line-by-line basis by adding together like items of assets, liabilities, income and expenditure. Investments in associates are accounted for by the equity method in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements.

For the purpose of consolidated prudential regulatory reporting, the consolidated Bank includes all group entities under its control, except group companies which are engaged in insurance business and businesses not pertaining to financial services. Details of subsidiaries and associates of the Bank along with the consolidation status for accounting and regulatory purposes are given below:

Name of entity [Country of incorporation]	Included under accounting scope of consolidation	Method of accounting consolidation	Included under regulatory scope of consolidation	Method of regulatory consolidation	Reasons for difference in the method of consolidation	Reasons for consolidation under one of the scope of consolidation
HDFC Securities Limited ('HSL') [India]	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements.	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements.	Not applicable	Not applicable
HDB Financial Services Limited ('HDBFS') [India]	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements.	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements.	Not applicable	Not applicable
HDB Employee Welfare Trust ('HDBEWT') [India]	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements.	No	Not applicable	Not applicable	HDBEWT provides relief to employees and / or their dependents such as medical relief, educational relief. The Bank has no investment in this entity.
Atlas Documentary Facilitators Company Private Limited ('ADFC') [India]	Yes	Accounted for by the equity method in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements.	No	Not applicable	Not applicable	ADFC is a non-financial entity. Bank's investment in ADFC has been risk weighted for capital adequacy purposes.
HBL Global Private Limited ('HBL') [India]	Yes	Accounted for by the equity method in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements.	No	Not applicable	Not applicable	HBL is a non-financial entity. HBL is a subsidiary of ADFC.The Bank has no investment in this entity.
International Asset Reconstruction Company Private Limited ('IARCL') [India]	Yes	Accounted for by the equity method in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements.	No	Not applicable	Not applicable	Bank's investment has been risk weighted for capital adequacy purposes.

Group entities not considered for consolidation under both accounting scope and regulatory scope

There are no group entities that are not considered for consolidation under both the accounting scope of consolidation and regulatory scope of consolidation.

Group entities considered for regulatory scope of consolidation

Regulatory scope of consolidation refers to consolidation in such a way as to result in the assets of the underlying group entities being included in the calculation of consolidated risk-weighted assets of the group. Following is the list of group entities considered under regulatory scope of consolidation. **(₹ million)**

Name of entity [Country of incorporation]	**Principal activity of the entity**	**Total Balance Sheet equity* as of March 31, 2015 (per accounting Balance Sheet)**	**Total Balance Sheet assets as of March 31, 2015 (per accounting Balance Sheet)**
HDFC Securities Limited ('HSL') [India]	Stock broking	₹ 5,699.7 (₹ 4,421.7)	₹ 9,470.0 (₹ 8,587.5)
HDB Financial Services Limited ('HDBFS') [India]	Retail assets financing	₹ 31,251.3 (₹ 16,285.0)	₹ 197,421.3 (₹ 136,894.0)

**Comprised of equity share capital and reserves & surplus*
Figures in brackets denote numbers for the previous year

Capital deficiency in subsidiaries

There is no capital deficiency in the subsidiaries of the Bank as of March 31, 2015 (previous year: Nil).

Investment in insurance entities

As of March 31, 2015, the Bank does not have investment in any insurance entity (previous year: Nil).

Restrictions on transfer of funds within the Group

There are no restrictions or impediments on transfer of funds or regulatory capital within the Group as of March 31, 2015 (previous year: Nil).

2 Capital Adequacy

Assessment of capital adequacy

The Bank has a process for assessing its overall capital adequacy in relation to the Bank's risk profile and a strategy for maintaining its capital levels. The process provides an assurance that the Bank has adequate capital to support all risks inherent to its business and an appropriate capital buffer based on its business profile. The Bank identifies, assesses and manages comprehensively all risks that it is exposed to through sound governance and control practices, robust risk management framework and an elaborate process for capital calculation and planning.

The Bank has a comprehensive Internal Capital Adequacy Assessment Process ('ICAAP'). The Bank's ICAAP covers the capital management policy of the Bank, sets the process for assessment of the adequacy of capital to support current and future activities / risks and a report on the capital projections for a period of 2 to 3 years.

The Bank has a structured management framework in the internal capital adequacy assessment process for the identification and evaluation of the significance of all risks that the Bank faces, which may have a material adverse impact on its business and financial position. The Bank considers the following as material risks it is exposed to in the course of its business and therefore, factors these while assessing / planning capital:

- Credit Risk, including residual risks
- Market Risk
- Operational Risk
- Interest Rate Risk in the Banking book
- Liquidity Risk
- Intraday Risk
- Model Risk
- Credit Concentration Risk
- Business Risk
- Strategic Risk
- Compliance Risk
- Reputation Risk
- Technology Risk
- Counterparty Credit Risk

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The Bank has implemented a Board approved Stress Testing Framework which forms an integral part of the Bank's ICAAP. Stress testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible stressed business conditions. The changes in the levels of credit risk, market risk, liquidity risk and Interest Rate Risk in the Banking Book ('IRRBB') and the changes in the on and off balance sheet positions of the Bank are assessed under assumed "stress" scenarios and sensitivity factors. Typically, these relate, inter alia, to the impact on the Bank's profitability and capital adequacy. Stress tests are conducted on a quarterly basis and the stress test results are put up to the Risk Policy & Monitoring Committee of the Board on a half yearly basis and to the Board annually, for their review and guidance. The Bank periodically assesses and refines its stress tests in an effort to ensure that the stress scenarios capture material risks as well as reflect possible extreme market moves that could arise as a result of business environment conditions. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in the ICAAP.

Capital requirements for credit risk **(₹ million)**

Particulars	**March 31, 2015**	**March 31, 2014**
Portfolios subject to standardised approach	333,587.2	272,864.8
Securitisation exposures	14,831.4	12,477.3
Total	**348,418.6**	**285,342.1**

Capital requirements for market risk **(₹ million)**

Standardised duration approach	**March 31, 2015**	**March 31, 2014**
Interest rate risk	14,434.3	8,377.7
Equity risk	2,088.3	765.5
Foreign exchange risk (including gold)	1,080.1	1,260.0
Total	**17,602.7**	**10,403.2**

Capital requirements for operational risk **(₹ million)**

Particulars	**March 31, 2015**	**March 31, 2014**
Basic indicator approach	34,144.3	28,100.9

Common Equity Tier 1 ('CET1'), Tier 1 and Total capital ratios

The minimum capital requirements under Basel III will be phased-in as per the guidelines prescribed by RBI. Accordingly, the Bank is required to maintain a minimum CET1 capital ratio of 5.5%, a minimum Tier I capital ratio of 7.0% and a minimum total capital ratio of 9.0% as of March 31, 2015. The Bank's position in this regard is as follows:

Particulars	**Standalone**	
	March 31, 2015	**March 31, 2014**
CET1 capital ratio	13.66%	11.77%
Tier I capital ratio	13.66%	11.77%
Total capital ratio	16.79%	16.07%

Particulars	**Consolidated**	
	March 31, 2015	**March 31, 2014**
CET1 capital ratio	13.67%	11.72%
Tier I capital ratio	13.67%	11.72%
Total capital ratio	16.80%	16.00%

Note : Subordinated debt instruments issued by HDBFS have not been considered as eligible capital instruments under the Basel III transitional arrangements.

Disclosures pertaining to composition of capital, including the capital disclosure templates, have been disclosed separately on the Bank's website under the 'Regulatory Disclosures Section'.

3 Credit Risk

Credit Risk Management

Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a Bank's portfolio, losses stem from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions.

Architecture

The Bank has a comprehensive credit risk management architecture. The Board of Directors of the Bank endorses the credit risk strategy and approves the credit risk policies of the Bank. This is done taking into consideration the Bank's risk appetite, derived from perceived risks in the business, balanced by the targeted profitability level for the risks taken up. The Board oversees the credit risk management functions of the Bank. The Risk Policy & Monitoring Committee ('RPMC'), which is a committee of the Board, guides the development of policies, procedures and systems for managing credit risk, towards implementing the credit risk strategy of the Bank. The RPMC ensures that these are adequate and appropriate to changing business conditions, the structure and needs of the Bank and the risk appetite of the Bank. The RPMC periodically reviews the Bank's portfolio composition and the status of impaired assets.

The Bank's Risk Management Group drives credit risk management centrally in the Bank. It is primarily responsible for implementing the risk strategy approved by the Board, developing procedures and systems for managing risk, carrying out an independent assessment of various risks, approving individual credit exposures and monitoring portfolio composition and quality. Within the Risk Management Group and independent of the credit approval process, there is a framework for review and approval of credit ratings. With regard to the Wholesale Banking business, the Bank's risk management functions are centralised. In respect of the Bank's Retail Assets business, while the various functions relating to policy, portfolio management and analytics are centralised, the underwriting function is distributed across various geographies within the country. The risk management function in the Bank is clearly demarcated and independent from the operations and business units of the Bank. The Risk Management Group is not assigned any business targets.

Credit Process

The Bank expects to achieve its earnings objectives and to satisfy its customers' needs while maintaining a sound portfolio. Credit exposures are managed through target market identification, appropriate credit approval processes, post-disbursement monitoring and remedial management procedures.

There are two different credit management models within which the credit process operates - the Retail Credit Model and the Wholesale Credit Model. The Retail Credit Model is geared towards high volume, small transaction sized businesses wherein credit appraisals of fresh exposures are guided by statistical models and are managed on the basis of aggregate product portfolios. The Wholesale Credit Model on the other hand, is relevant to lower volume, larger transaction size, customised products and relies on a judgmental process for the origination, approval and maintenance of credit exposures.

The credit models have two alternatives for managing the credit process - Product Programs and Credit Transactions. In Product Programs, the Bank approves maximum levels of credit exposure to a set of customers with similar characteristics, profiles and / or product needs, under clearly defined standard terms and conditions. This is a cost-effective approach to managing credit where credit risks and expected returns lend themselves to a template-based approach or predictable portfolio behavior in terms of yield, delinquency and write-off. Given the high volume environment, automated tracking and reporting mechanisms are important to identify trends in portfolio behavior early and to initiate timely adjustments. In the case of credit transactions, the risk process focuses on individual customers or borrower relationships. The approval process in such cases is based on detailed analysis and the individual judgment of credit officials, often involving complex products or risks, multiple facilities / structures and types of securities.

The Bank's Credit Policies & Procedures Manual and Credit Programs, where applicable, form the core to controlling credit risk in various activities and products. These articulate the credit risk strategy of the Bank and thereby the approach for credit origination, approval and maintenance. These policies define the Bank's overall credit granting criteria, including the general terms and conditions. The policies / programs typically address areas such as target markets / customer segmentation, qualitative and quantitative assessment parameters, portfolio mix, prudential exposure ceilings, concentration limits, price and non-price terms, structure of limits, approval authorities, exception reporting system, prudential accounting and provisioning norms. They take cognisance of prudent and prevalent banking practices, relevant regulatory requirements, nature and complexity of the Bank's activities, market dynamics etc.

Credit concentration risk arises mainly on account of concentration of exposures under various categories including industry, products, geography, underlying collateral nature and single / group borrower exposures. To ensure adequate diversification of risk, concentration ceilings have been set up by the Bank on different risk dimensions, in terms of borrower / business group, industry and risk grading.

The RPMC sets concentration ceilings and the Risk Management Group monitors exposure level under each dimension and ensures that the portfolio profile meets the approved concentration limits. These concentration ceilings and exposure levels are periodically reported to the Board. The regulatory prudential norms with respect to ceilings on credit exposure to individual borrowers or group of borrowers also ensure that the Bank avoids concentration of exposure.

As an integral part of the credit process, the Bank has a fairly sophisticated credit rating model appropriate to each market segment in Wholesale Credit. The models follow principles similar to those of international rating agencies. In Retail Credit, score cards have been introduced in the smaller ticket, higher volume products like credit cards, two wheeler loans and auto loans. For the other retail products which are typically less granular or have higher ticket sizes, loans are underwritten based on the credit policies, which are in turn governed by the respective Board approved product programs. All retail portfolios are monitored regularly at a highly segmented level.

Management monitors overall portfolio quality and high-risk exposures periodically, including the weighted risk grade of the portfolio and industry diversification. Additional to, and independent of, the internal grading system and the RBI norms on asset classification, the Bank has a labeling system, where individual credits are labeled based on the degree of risk perceived in them by the Bank. Remedial strategies are developed once a loan is identified as an adversely labeled credit.

Definition of Non-Performing Assets

The Bank follows extant guidelines of the RBI on income recognition, asset classification and provisioning. A Non-Performing Asset ('NPA') is a loan or an advance where:

a) Interest and / or installment of principal remain overdue for a period of more than 90 days in respect of a term loan.
b) The account remains 'out of order', in respect of an overdraft / cash credit ('OD' / 'CC'). An account is treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit / drawing power or where there are no credits continuously for 90 days as on the date of balance sheet or credits are not enough to cover the interest debited during the same period.
c) The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
d) The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops.
e) The installment of principal or interest thereon remains overdue for one crop season for long duration crops.
f) Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.
g) The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of RBI's guidelines on securitisation dated February 1, 2006.
h) In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

Any amount due to the Bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the Bank. The Bank will classify an account as NPA if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter. When a particular facility of a borrower has become non-performing, the facilities granted by the Bank to that borrower (whether a wholesale or retail borrower) will be classified as NPA and not the particular facility alone which triggered the NPA classification for that borrower.

Advances against Term Deposits, National Savings Certificates eligible for surrender, Indira Vikas Patras, Kisan Vikas Patras and Life Insurance Policies need not be treated as NPAs, provided adequate margin is available in the accounts. Credit facilities backed by the Central Government though overdue may be treated as NPA only when the Government repudiates its guarantee when invoked. State Government guaranteed advances and investments in State Government guaranteed securities would attract asset classification and provisioning norms if interest and / or principal or any other amount due to the Bank remains overdue for more than 90 days.

A loan for an infrastructure project will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue), unless it is restructured and becomes eligible for classification as 'standard asset' in terms of conditions laid down in the related RBI guidelines. A loan for an infrastructure project will be classified as NPA if it fails to commence commercial operations within two years from the original Date of Commencement of Commercial Operations ('DCCO'), even if it is regular as per record of recovery, unless it is restructured and becomes eligible for classification as 'standard asset' in terms of conditions laid down in the related RBI guidelines.

A loan for a non-infrastructure project (other than commercial real estate exposures) will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue), unless it is restructured and becomes eligible for classification as 'standard asset' in terms of conditions laid down in the related RBI guidelines. A loan for a non-infrastructure project (other than commercial real estate exposures) will be classified as NPA if it fails to commence commercial operations within one year from the original DCCO, even if is regular as per record of recovery, unless it is restructured and becomes eligible for classification as 'standard asset' in terms of conditions laid down in the related RBI guidelines.

A loan for commercial real estate project will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue), or if the project fails to commence commercial operations within one year from the original DCCO or if the loan is restructured.

Non-performing assets are classified into the following three categories:

- **Substandard Assets**

  A substandard asset is one, which has remained NPA for a period less than or equal to 12 months. In such cases, the current net worth of the borrower / guarantor or the current market value of the security charged is not enough to ensure recovery of the dues to the banks in full. In other words, such an asset will have well defined credit weaknesses that jeopardise the liquidation of the debt and are characterised by the distinct possibility that banks will sustain some loss, if deficiencies are not corrected.

- **Doubtful Assets**

  A doubtful asset is one, which remained NPA for a period exceeding 12 months. A loan classified as doubtful has all the weaknesses inherent in assets that were classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.

- **Loss Assets**

  A loss asset is one where loss has been identified by the Bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly. In other words, such an asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

Interest on non-performing assets is not recognised in the profit / loss account until received. Specific provision for non-performing assets is made based on Management's assessment of their degree of impairment subject to the minimum provisioning level prescribed by RBI.

Geographic distribution of gross credit risk exposures **(₹ million)**

Exposure distribution	March 31, 2015			March 31, 2014		
	Fund based	Non-fund based	Total	Fund based	Non-fund based	Total
Domestic	4,061,590.8	613,054.8	4,674,645.6	3,256,859.0	612,754.0	3,869,613.0
Overseas	302,764.7	39,780.3	342,545.0	257,333.9	41,206.0	298,539.9
Total	**4,364,355.5**	**652,835.1**	**5,017,190.6**	**3,514,192.9**	**653,960.0**	**4,168,152.9**

Note: Exposure is comprised of loans & advances including bills re-discounted, lendings, margins, investments in debenture & bonds, commercial papers, equity shares, preference shares, units of mutual funds, certificate of deposits, security receipts, on-balance sheet securitisation exposures purchased or retained, deposits with NABARD, SIDBI & NHB under the priority / weaker section lending schemes, guarantees, acceptances & endorsements, letters of credit and credit equivalent of foreign exchange and derivative exposures.

Industry-wise distribution of exposures **(₹ million)**

Industry	As on March 31, 2015	
	Fund based	Non-fund based
Agriculture and Allied Activities	419,802.1	1,914.0
Automobile & Auto Ancillary	214,802.0	19,961.1
Banks and Financial Institutions	293,928.9	63,962.2
Capital Market Intermediaries	22,403.1	25,056.0
Cement & Products	33,791.1	8,279.7
Chemical and Products	46,021.4	5,493.0
Coal & Petroleum Products	46,122.5	114,667.4
Construction and Developers (Infrastructure)	68,421.1	25,024.1
Consumer Durables	22,157.2	3,977.8
Consumer Loans	479,467.5	17.6
Drugs and Pharmaceuticals	43,409.6	5,630.0
Engineering	90,657.1	49,443.4
Fertilisers & Pesticides	54,067.0	9,983.8
Food and Beverage	127,358.3	7,297.9
Gems and Jewellery	33,880.9	3,822.8
Housing Finance Companies	69,249.3	505.9
Information Technology	22,333.1	13,557.9
Iron and Steel	84,188.3	16,451.6
Media & Entertainment	12,189.0	1,242.1
Mining and Minerals	48,198.3	2,929.0
NBFC / Financial Intermediaries	153,047.0	7,372.3
Non-ferrous Metals	15,425.8	46,529.8
Paper, Printing and Stationery	26,316.4	2,185.1
Plastic & Products	17,887.1	3,007.3
Power	116,540.4	18,894.3
Real Estate & Property Services*	91,775.8	11,189.0
Retail Trade	189,956.3	4,767.2
Road Transportation**	131,402.0	2,676.3
Services	230,564.9	14,857.3
Telecom	50,457.7	28,305.0
Textiles & Garments	68,326.4	10,454.7
Wholesale Trade	314,023.3	32,625.9
Other Retail Assets***	606,666.9	61,547.0
Other Industries****	119,517.7	29,206.6
Total	**4,364,355.5**	**652,835.1**

* *'Details of exposure to real estate sector' as disclosed in the Notes forming part of the Financial Statements is as per RBI guidelines, which includes exposure to borrowers in the real estate industry, investment in home finance institutions, securitisation, etc.*

** *Includes retail commercial vehicle financing.*

*** *Comprises retail assets not elsewhere classified.*

**** *Covers industries such as airlines, fishing, FMCG & personal care, glass & products, leather & products, other non-metallic mineral products, railways, rubber & products, shipping, tobacco & products, wood & products, each of which is less than 0.25% of the total exposure.*

(₹ million)

Industry	As on March 31, 2014	
	Fund based	Non-fund based
Agriculture and Allied Activities	271,383.2	738.7
Automobile & Auto Ancillary	152,871.3	17,306.6
Banks and Financial Institutions	260,701.9	178,281.9
Capital Market Intermediaries	15,653.2	21,198.0
Cement & Products	23,435.7	6,414.8
Chemical and Products	36,385.9	7,646.1
Coal & Petroleum Products	70,996.9	65,033.4
Construction and Developers (Infrastructure)	74,620.8	24,635.3
Consumer Durables	18,083.1	4,605.0
Consumer Loans	412,906.0	162.6
Drugs and Pharmaceuticals	26,978.1	5,769.1
Engineering	69,375.2	39,723.5
Fertilisers & Pesticides	28,947.7	9,422.5
Food and Beverage	103,018.6	6,620.6
Gems and Jewellery	29,541.8	3,667.7
Housing Finance Companies	40,869.7	543.5
Information Technology	17,380.5	10,220.2
Iron and Steel	86,087.2	22,130.3
Mining and Minerals	23,355.2	5,639.5
NBFC / Financial Intermediaries	87,263.9	2,139.3
Non-ferrous Metals	24,358.1	36,664.0
Paper, Printing and Stationery	20,162.3	1,950.2
Plastic & Products	15,145.8	2,555.2
Power	77,149.4	14,747.8
Real Estate & Property Services*	77,791.6	9,930.1
Retail Trade	144,072.0	3,161.8
Road Transportation**	214,766.3	2,411.6
Services	205,264.7	15,355.8
Telecom	33,914.6	15,957.1
Textiles & Garments	51,713.2	10,646.7
Wholesale Trade	234,726.7	27,457.5
Other Retail Assets***	449,284.6	61,967.9
Other Industries****	115,987.7	19,255.7
Total	**3,514,192.9**	**653,960.0**

* *'Details of exposure to real estate sector' as disclosed in the Notes forming part of the Financial Statements is as per RBI guidelines, which includes exposure to borrowers in the real estate industry, investment in home finance institutions, securitisation, etc.*

** *Includes retail commercial vehicle financing.*

*** *Comprises retail assets not elsewhere classified.*

**** *Covers industries such as airlines, fishing, FMCG & personal care, glass & products, leather & products, media & entertainment, other non-metallic mineral products, railways, rubber & products, shipping, tobacco & products, wood & products, each of which is less than 0.25% of the total exposure.*

Exposures to industries (other than retail assets not elsewhere classified) in excess of 5% of total exposure

(₹ million)

Industry	As on March 31, 2015	
	Fund based	Non-fund based
Agriculture and Allied Activities	419,802.1	1,914.0
Banks and Financial Institutions	293,928.9	63,962.2
Consumer Loans	479,467.5	17.6
Wholesale Trade	314,023.3	32,625.9

(₹ million)

Industry	As on March 31, 2014	
	Fund based	Non-fund based
Agriculture and Allied Activities	271,383.2	738.7
Banks and Financial Institutions	260,701.9	178,281.9
Consumer Loans	412,906.0	162.6
Road Transportation	214,766.3	2,411.6
Services	205,264.7	15,355.8
Wholesale Trade	234,726.7	27,457.5

For the purposes of industry-wise classification of Retail Assets, the end use i.e. business purpose or personal use is now taken into consideration. Accordingly, exposures to individual and non-individual borrowers, where the credit facilities are for business purpose, are now being reported under the industry relating to the activity of the borrower. Where the credit facilities are for personal use, the exposure to the individual borrower is classified under Consumer Loans. Previous year's figures have accordingly been re-classified.

Residual contractual maturity breakdown of assets

- **As on March 31, 2015** (₹ million)

Maturity buckets	Cash and balances with RBI	Balances with banks and money at call and short notice	Investments	Advances*	Fixed assets	Other assets	Total
1 to 14 days	109,858.1	65,313.6	434,521.1	211,940.2	-	5,343.6	826,976.6
15 to 28 days	5,818.5	3,008.5	49,518.9	111,981.0	-	25,533.4	195,860.3
29 days to 3 months	10,002.0	2,183.9	133,194.1	389,269.2	-	17,021.6	551,670.8
3 to 6 months	10,229.7	4,075.6	97,675.4	278,388.7	-	9,497.9	399,867.3
6 months to 1 year	12,239.4	9,267.7	165,632.8	398,937.1	-	2,904.2	588,981.2
1 to 3 years	72,573.3	6,057.7	397,093.5	1,794,726.8	-	136,333.3	2,406,784.6
3 to 5 years	2,544.5	-	64,117.0	318,383.9	-	11.7	385,057.1
Above 5 years	51,957.4	134.3	300,973.3	330,452.8	32,249.5	-	715,767.3
Total	**275,222.9**	**90,041.3**	**1,642,726.1**	**3,834,079.7**	**32,249.5**	**196,645.7**	**6,070,965.2**

** Excludes bills re-discounted.*

- **As on March 31, 2014** **(₹ million)**

Maturity buckets	Cash and balances with RBI	Balances with banks and money at call and short notice	Investments	Advances*	Fixed assets	Other assets	Total
1 to 14 days	119,457.9	115,735.1	252,315.9	174,993.1	-	20,841.3	683,343.3
15 to 28 days	3,935.1	1,029.0	28,728.3	82,972.7	-	31,540.7	148,205.8
29 days to 3 months	7,334.5	8,157.3	55,278.7	352,798.8	-	14,374.2	437,943.5
3 to 6 months	12,133.1	872.5	95,433.9	252,613.6	-	7,194.6	368,247.7
6 months to 1 year	6,961.5	11,287.8	72,981.4	307,673.6	-	384.4	399,288.7
1 to 3 years	60,605.5	2,295.5	352,356.1	1,480,040.2	-	182,530.1	2,077,827.4
3 to 5 years	2,093.3	6,058.6	63,423.8	251,150.4	-	38.0	322,764.1
Above 5 years	41,051.3	126.3	275,192.5	251,946.2	30,262.8	-	598,579.1
Total	**253,572.2**	**145,562.1**	**1,195,710.6**	**3,154,188.6**	**30,262.8**	**256,903.3**	**5,036,199.6**

** Excludes bills re-discounted.*

Asset quality **(₹ million)**

Particulars	March 31, 2015	March 31, 2014
NPA ratios		
a) Gross NPAs to gross advances	0.93%	0.98%
b) Net NPAs to net advances	0.26%	0.28%
Amount of Net NPAs		
Gross NPAs	36,019.3	31,007.6
Less: Provisions	26,134.4	22,223.8
Net NPAs	9,884.9	8,783.8
Classification of Gross NPAs		
Sub-standard	18,140.7	15,345.0
Doubtful*		
• Doubtful 1	5,611.9	4,035.2
• Doubtful 2	3,838.5	5,809.9
• Doubtful 3	3,393.9	1,297.2
Loss	5,034.3	4,520.3
Total Gross NPAs	**36,019.3**	**31,007.6**

** Doubtful 1, 2 and 3 categories correspond to the period for which asset has been doubtful viz., up to one year ('Doubtful 1'), one to three years ('Doubtful 2') and more than three years ('Doubtful 3').*

Note: NPAs include all assets that are classified as non-performing.

(₹ million)

Particulars	March 31, 2015	March 31, 2014
<u>**Movement of Gross NPAs**</u>		
Opening balance	31,007.6	23,739.2
Additions during the year	51,856.4*	48,756.3
Reductions	(46,844.7)*	(41,487.9)
Closing balance	**36,019.3**	**31,007.6**
<u>**Movement of provisions for NPAs**</u>		
Opening balance	22,223.8	18,829.1
Provisions made during the year	35,380.6	30,936.3
Write-off	(19,914.0)	(15,437.8)
Write-back of excess provisions	(11,556.0)	(12,103.8)
Closing balance	**26,134.4**	**22,223.8**

**Additions to gross NPAs during the year ended March 31, 2015 include a corporate NPA of ₹ 5,656.5 million, of which the domestic exposure of ₹ 4,469.0 million (that was sold to an asset reconstruction company) is reflected in reductions during the same year.*

Non-performing investments **(₹ million)**

Particulars	March 31, 2015	March 31, 2014
Gross non-performing investments	1,048.1	1,108.8
Less: Provisions	976.5	1,014.7
Net non-performing investments	**71.6**	**94.1**

Provision for depreciation on investments **(₹ million)**

Particulars	March 31, 2015	March 31, 2014
Opening balance	1,749.5	2,382.7
Provisions made during the year	75.5	627.5
Write-off	-	(532.0)
Write-back of excess provisions	(670.0)	(728.7)
Closing balance	**1,155.0**	**1,749.5**

Movement in provisions held towards depreciation on investments have been reckoned on a yearly basis.

4 Credit Risk: Portfolios subject to the Standardised Approach

Standardised Approach

The Bank has used the Standardised Approach under the RBI's Basel III capital regulations for its credit portfolio.

For exposure amounts after risk mitigation subject to the standardised approach (including exposures under bills re-discounting transactions, if any), the Bank's outstanding (rated and unrated) in three major risk buckets as well as those that are deducted, are as follows:

(₹ million)

Particulars	March 31, 2015	March 31, 2014
Below 100% risk weight	2,050,063.9	1,812,818.0
100% risk weight	1,806,594.1	1,406,668.2
More than 100% risk weight	1,160,514.2	948,648.3
Deducted	18.4	18.4
Total	**5,017,190.6**	**4,168,152.9**

Note: Exposure includes loans & advances, lendings, margins, investments in debenture & bonds, commercial papers, equity shares, preference shares, units of mutual funds, certificate of deposits, security receipts, on-balance sheet securitisation exposures purchased or retained, deposits with NABARD, SIDBI & NHB under the priority / weaker section lending schemes, guarantees, acceptances & endorsements, letters of credit and credit equivalent of foreign exchange and derivative exposures.

Treatment of undrawn exposures

As required by the regulatory norms, the Bank holds capital even for the undrawn portion of credit facilities which are not unconditionally cancellable without prior notice by the Bank, by converting such exposures into a credit exposure equivalent based on the applicable Credit Conversion Factor ('CCF'). For credit facilities which are unconditionally cancellable without prior notice, the Bank applies a CCF of zero percent on the undrawn exposure.

Credit rating agencies

The Bank is using the ratings assigned by the following domestic external credit rating agencies, approved by the RBI, for risk weighting claims on domestic entities:

- Credit Analysis and Research Limited ('CARE')
- Credit Rating Information Services of India Limited ('CRISIL')
- ICRA Limited ('ICRA')
- India Ratings and Research Private Limited (earlier known as Fitch India)
- Brickwork Ratings India Private Limited ('Brickwork')
- SMERA Ratings Limited ('SMERA')

The Bank is using the ratings assigned by the following international credit rating agencies, approved by the RBI, for risk weighting claims on overseas entities:

- Fitch Ratings
- Moody's
- Standard & Poor's

Types of exposures for which each agency is used

The Bank has used the solicited ratings assigned by the above approved credit rating agencies for all eligible exposures, both on balance sheet and off balance sheet, whether short term or long term, in the manner permitted in the RBI guidelines on Basel III capital regulations. The Bank has not made any discrimination among ratings assigned by these agencies nor has restricted their usage to any particular type of exposure.

Public issue ratings transferred onto comparable assets

The Bank has, in accordance with RBI guidelines on Basel III capital regulations, transferred public ratings on to comparable assets in the banking books in the following manner:

Issue Specific Ratings

- All long term and short term ratings assigned by the credit rating agencies specifically to the Bank's long term and short term exposures respectively are considered by the Bank as issue specific ratings.
- For assets in the Bank's portfolio that have contractual maturity less than or equal to one year, short term ratings accorded by the chosen credit rating agencies are considered relevant. For other assets, which have a contractual maturity of more than one year, long term ratings accorded by the chosen credit rating agencies are considered relevant.
- Long term ratings issued by the chosen domestic credit rating agencies have been mapped to the appropriate risk weights applicable as per the standardised approach. The rating to risk weight mapping furnished below was adopted for domestic corporate exposures, as per RBI guidelines:

Long term rating	AAA	AA	A	BBB	BB & Below	Unrated
Risk weight	20%	30%	50%	100%	150%	100%

- In respect of the issue specific short term ratings the following risk weight mapping has been adopted by the Bank, as provided in the RBI guidelines :

Short term rating equivalent	A1+	A1	A2	A3	A4 & D	Unrated
Risk Weight	20%	30%	50%	100%	150%	100%

- Where multiple issue specific ratings are assigned to the Bank's exposure by the various credit rating agencies, the risk weight is determined as follows:
  - (i) If there is only one rating by a chosen credit rating agency for a particular claim, then that rating is used to determine the risk weight of the claim.
  - (ii) If there are two ratings accorded by chosen credit rating agencies, which map into different risk weights, the higher risk weight is applied.
  - (iii) If there are three or more ratings accorded by chosen credit rating agencies with different risk weights, the ratings corresponding to the two lowest risk weights are referred to and the higher of those two risk weights is applied, i.e., the second lowest risk weight.

Inferred Ratings

- The specific rating assigned by a credit rating agency to a debt or issuance of a borrower or a counterparty (to which the Bank may or may not have an exposure), which the Bank applies to an un-assessed claim of the Bank on such borrower or counterparty is considered by the Bank as inferred ratings.
- In terms of guidelines on Basel III capital regulations, the Bank uses a long term rating as an inferred rating for an un-assessed long term claim on the borrower, where the following conditions are met:
  - (i) The Bank's claim ranks pari passu or senior to the specific rated debt in all respects.
  - (ii) The maturity of the Bank's claim is not later than the maturity of the rated claim.
- The un-assessed long term claim is assigned the risk weight corresponding to an inferred long term rating as given in the table under Issue Specific Ratings.
- For an un-assessed short term claim, the Bank uses a long term or short term rating as an inferred rating, where the Bank's claim ranks pari passu to the specified rated debt.
- Where a long term rating is used as an inferred rating for a short term un-assessed claim, the risk weight corresponding to an inferred long term rating as given in the table under Issue Specific Rating is considered by the Bank.
- Where a short term rating is used as an inferred rating for a short term un-assessed claim, the risk weight corresponding to an inferred short term rating as given in the table under Issue Specific Rating is considered, however with notch up of the risk weight. Notwithstanding the restriction on using an issue specific short term rating for other short term exposures, an unrated short term claim on a counterparty is given a risk weight of at least one level higher than the risk weight applicable to the rated short term claim on that counterparty. If a short term rated facility to a counterparty attracts a 20% or a 50% risk weight, the unrated short term claims to the same counterparty will get a risk weight not lower than 30% or 100% respectively.
- If long term ratings corresponding to different risk weights are applicable for a long term exposure, the highest of the risk weight is considered by the Bank. Similarly, if short term ratings corresponding to different risk weights are applicable for a short term exposure, the highest of the risk weight is considered. However, where both long term and short term corresponding to different risk weights are applicable to a short term exposure, the highest of the risk weight is considered by the Bank for determination of capital charge.
- If a counterparty has a long term exposure with an external long term rating that warrants a risk weight of 150%, all unrated claims on the same counterparty, whether short term or long term, receives a 150% risk weight, unless recognised credit risk mitigation techniques have been used for such claims. Similarly, if the counterparty has a short term exposure with an external short term rating that warrants a risk weight of 150%, all unrated claims on the same counterparty, whether long term or short term, receive a 150% risk weight.

Issuer Ratings

- Ratings assigned by the credit rating agencies to an entity conveying an opinion on the general creditworthiness of the rated entity are considered as issuer ratings.
- Where multiple issuer ratings are assigned to an entity by various credit rating agencies, the risk weight for the Bank's claims are as follows:
  - (i) If there is only one rating by a chosen credit rating agency for a particular claim, then that rating is used to determine the risk weight of the claim.
  - (ii) If there are two ratings accorded by chosen credit rating agencies, which map into different risk weights, the higher risk weight is applied.

(iii) If there are three or more ratings accorded by chosen credit rating agencies with different risk weights, the ratings corresponding to the two lowest risk weights are referred to and the higher of those two risk weights is applied, i.e., the second lowest risk weight.

- The risk weight assigned to claims on counterparty based on issuer ratings are as those mentioned under Issue Specific Ratings.

5 Credit Risk Mitigation: Disclosures for Standardised Approach

Policies and process

The Bank's Credit Policies & Procedures Manual and Product Programs include the risk mitigation and collateral management policy of the Bank. The policy covers aspects on the nature of risk mitigants / collaterals acceptable to the Bank, the documentation and custodial arrangement of the collateral, the valuation approach and periodicity etc.

For purposes of computation of capital requirement for Credit Risk, the Bank recognises only those collaterals that are considered as eligible for risk mitigation in the RBI Basel III guidelines on standardised approach, which are as follows:

- Cash deposit with the Bank
- Gold, including bullion and jewellery
- Securities issued by Central and State Governments
- Kisan Vikas Patra and National Savings Certificates (Kisan Vikas Patra is a safe and long term investment option backed by the Government of India and provides interest income similar to bonds; National Savings Certificates are certificates issued by the Department of Post, Government of India - it is a long term safe savings option for the investor and combines growth in money with reductions in tax liability as per the provisions of the Indian Income Tax Act, 1961)
- Life insurance policies with a declared surrender value of an insurance company which is regulated by the insurance sector regulator
- Debt securities rated at least BBB(-)/PR3/P3/F3/A3
- Units of Mutual Funds, where the investment is in instruments mentioned above

The Bank uses the comprehensive approach in capital assessment. In the comprehensive approach, when taking collateral, the Bank calculates the adjusted exposure to a counterparty for capital adequacy purposes by netting off the effects of that collateral. The Bank adjusts the value of any collateral by a haircut to take into account possible future fluctuations in the value of the security occasioned by market movements.

For purposes of capital calculation, the Bank recognises the credit protection given by the following entities, considered eligible as per RBI guidelines:

- Sovereigns, sovereign entities (including Bank for International Settlements ('BIS'), the International Monetary Fund ('IMF'), European Central Bank and European Community as well as Multi-lateral Development Banks like World Bank Group, IBRD, IFC, Asian Development Bank, African Development Bank, European Bank for Reconstruction & Development, Inter-American Development Bank, European Investment Bank, European Investment Fund, Nordic Investment Bank, Caribbean Development Bank, Islamic Development Bank & Council of Europe Development Bank, Export Credit Guarantee Corporation and Credit Guarantee Fund Trust for Small Industries ('CGTSI'), Credit Guarantee Fund Trust for Low Income Housing ('CRGFTLIH')), banks and primary dealers with a lower risk weight than the counterparty.
- Other entities that are externally rated. This would include credit protection provided by parent, subsidiary and affiliate companies when they have a lower risk weight than the obligor.

The credit risk mitigation taken is largely in the form of cash deposit with the Bank and thus the risk (credit and market) concentration of the mitigants is low.

Exposure covered by financial collateral post haircuts

Total exposure that is covered by eligible financial collateral after the application of haircuts is given below:

(₹ million)

Particulars	March 31, 2015	March 31, 2014
Total exposure covered by eligible financial collateral	400,029.2	371,832.3

Exposure covered by guarantees / credit derivatives

The total exposure for each separately disclosed credit risk portfolio that is covered by guarantees / credit derivatives is given below:

(₹ million)

Particulars	March 31, 2015	March 31, 2014
Total exposure covered by guarantees	17,828.3	10,027.8

6 Securitisation Exposures

Objectives, Policies, Monitoring

The Bank undertakes securitisation / loan assignment transactions with the objective of maximising return on capital employed, managing liquidity, meeting priority sector lending requirements and maximising yield on asset opportunities.

The RBI issued 'Revised Securitisation Guidelines' on May 7, 2012 (hereinafter, the 'revised securitisation guidelines') covering both Securitisation and Loan Assignment transactions separately. The said guidelines define minimum holding period, minimum retention requirements, due diligence, credit monitoring, stress testing requirements etc. For loan assignment transactions, credit enhancement has been disallowed under the revised guidelines.

The Bank undertakes both 'purchase' and 'sale', transactions through both securitisation and loan assignment routes and has Board approved policies for both.

The Bank participates in Securitisation and Loan Assignment transactions in the following roles:

- **Originator / Seller**

  The Bank originates assets in its book and subsequently down-sells them through the securitisation or assignment route.

- **Servicing and Collection agent**

  For sold assets, the Bank undertakes the activity of collections and other servicing activities including preparation of monthly payout reports.

- **Investor**

  The Bank invests in Pass Through Certificates ('PTCs') backed by financial assets originated by third parties for the purposes of holding / trading / maximising yield opportunities and meeting priority sector lending requirements.

- **Assignee**

  The Bank purchases loans through the direct assignment route for purposes of book building and yield optimisation.

- **Liquidity facility provider**

  In case of sale transactions undertaken through the securitisation route, the Bank may also provide liquidity facility. This is a type of credit support used to meet temporary collection mismatches on account of timing differences between the receipt of cash flows from the underlying performing assets and the fulfillment of obligations to the beneficiaries. The Bank may also undertake to be a third party liquidity facility provider for other securitisation transactions.

- **Credit enhancement provider**

  Under the revised securitisation guidelines, the Bank may provide credit enhancement on Securitisation 'sale' transactions undertaken by the Bank / a third party for meeting shortfalls arising on account of delinquencies and prepayment losses in the underlying pool sold. The Bank may also undertake to be a credit enhancement provider for securitisation transactions originated by third parties.

- **Underwriter**

  The Bank may underwrite in whole or part of an issuance of securitised debt instruments, with the intent of selling them at a later stage subject to stipulations under the extant RBI guidelines.

The major risks inherent in Securitisation / Loan Assignment transactions are given below :

- **Credit Risk**

  In case of Securitisation transactions, where credit enhancement is provided by the originator or any third party as permitted under the revised guidelines, the investor bears the loss in case the shortfalls in collections exceed the credit enhancement provided. Where credit enhancement is provided in the form of a corporate guarantee, the investor bears the loss that could arise from default by the guarantor which is also reflected in a downgrade in the rating of the corporate guarantor. In case of Loan Assignment transactions, the assignee bears the loss arising from defaults / delinquencies by the underlying obligors.

- **Market Risk :**

  ✓ **Liquidity Risk**

  This is the risk arising on account of absence of a secondary market, which provides exit options to the investor / participant. This risk would be applicable only in case of securitisation transactions.

  ✓ **Interest Rate Risk**

  This is the mark-to-market risk arising on account of interest rate fluctuations.

- **Prepayment Risk**

  Prepayments in the securitised / assigned pool result in early amortisation and loss of future interest (re-investment risk) to the investor on the amounts.

- **Co-mingling Risk**

  This is the risk arising from co-mingling of funds belong to the investor(s) with those of the originator and / or servicer. This risk occurs when there is a time lag between collection of amounts due from the obligors and payouts made to the investors / assignee.

- **Servicer Risk**

  Servicer risk is the risk arising on account of the inability of a collection and processing agent to collect monies from the underlying obligors and operational difficulties in processing the payments. In long tenor pools, the investor is exposed to the risk of servicer defaulting or discontinuing its operations in totality.

- **Regulatory and Legal Risk**

  These are risks arising on account of non-compliance of transaction structures with the extant regulatory guidelines which may result in higher risk weight and hence higher capital charge being applied on the transaction or the Bank not being able to classify the transactions as priority sector lending. These risks also arise when transactions are not compliant with applicable laws which may result in the transaction being rendered invalid. Conflict between the provisions of the transaction documents and those of the underlying financial facility agreement or non-enforceability of security/ claims due to imperfection in execution of the underlying facility agreements with the borrowers could also lead to an increase in legal risk. Risk could also arise due to issues on interpretation of tax laws leading to changes in scheduled transaction cash flows.

The overall framework for both securitisation and loan assignment transactions is specified in the respective Board approved policies. The said policies define the covenants for evaluation and the key requirements that need to be adhered to for all such transactions such as the Minimum Holding Period ('MHP') and Minimum Retention Requirement ('MRR') stipulations, credit enhancement (for securitisation transactions), structure, rating and accounting treatment. Additionally, for purchase transactions, the Bank examines parameters such as the profile and track record of the originator, the type and nature of underlying assets, pool characteristics, rating & credit enhancement provided (if applicable).

The Bank also has a process for monitoring the performance of all pools purchased under securitisation or the loan assignment route (both prior to as well as post the issuance of the revised securitisation guidelines) basis information received from the servicing agent / trustee. The performance of pools is measured by analysing parameters such as collection ratios, delinquencies, credit enhancement utilisation and level of available credit enhancement (where applicable). The Bank undertakes regular escalation to the Management on performance of pools which show concerning trends. In case of sold pools, a memorandum on transactions undertaken is put up to the Audit & Compliance Committee of the Board on a quarterly basis.

Accounting Policy for securitisation transactions

The Bank securitises out its receivables, subject to the MHP criteria and the MRR of RBI, to Special Purpose Vehicles ('SPVs') in securitisation transactions. Such securitised-out receivables are de-recognised in the balance sheet when they are sold (true sale criteria being fully met with) and consideration is received by the Bank. Sales / transfers that do not meet these criteria for surrender of control are accounted for as secured borrowings. In respect of receivable pools securitised-out, the Bank provides liquidity and credit enhancements, as specified by the rating agencies, in the form of cash collaterals / guarantees and / or by subordination of cash flows, not exceeding 20% of the total securitised instruments, in line with RBI guidelines. The Bank also acts as a servicing agent for receivable pools securitised-out.

The Bank also enters into transactions for transfer of standard assets through the direct assignment of cash flows, which are similar to asset-backed securitisation transactions through the SPV route, except that such portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates ('PTCs'), subject to the RBI prescribed MHP criteria and the MRR. The RBI issued addendum guidelines on securitisation of standard assets vide its circular dated May 7, 2012. Accordingly, the Bank does not provide liquidity or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines.

Pursuant to these guidelines, the Bank amortises any profit received in cash for every individual securitisation or direct assignment transaction at the end of every financial year. This amortisation is calculated as the maximum of either of the three parameters stated below:

- the losses incurred on the portfolio, including marked-to-market losses in case of securitisation transactions, specific provisions, if any, and direct write-offs made on the MRR and any other exposures to the securitisation transaction (other than credit enhancing interest only strip); or
- the amount of unamortised cash profit at the beginning of the year multiplied by the amount of principal amortised during the year as a proportion to the amount of unamortised principal at the beginning of the year; or
- the amount of unamortised cash profit at the beginning of the year divided by residual maturity of the securitisation or the direct assignment transaction.

In relation to securitisation transactions undertaken prior to the aforementioned RBI guidelines, including those undertaken through the direct assignment route, the Bank continues to amortise the profit / premium that arose on account of sale of receivables over the life of the securities sold, in accordance with the RBI guidelines on securitisation of standard assets issued vide its circular dated February 1, 2006.

Any loss arising on account of sale of receivables is recognised in the Statement of Profit and Loss for the period in which the sale occurs in accordance with the said RBI guidelines.

The Bank invests in PTCs issued by other SPVs. These are accounted for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised based on Effective Interest Rate ('EIR') method.

External credit rating agencies

In the banking book, following were the external credit rating agencies involved with the Bank's Securitisation and Loan Assignment transactions:

- Credit Analysis and Research Limited ('CARE')
- Credit Rating Information Services of India Limited ('CRISIL')
- India Ratings and Research Private Limited ('India Ratings')
- ICRA Limited ('ICRA')
- Brickwork Ratings India Private Limited ('Brickwork')

The ratings declared / issued by the above agencies were used to cover the following securitisation and loan assignment exposures:

- Securitised Debt Instruments / PTCs / Purchased assets
- Second loss credit enhancement facilities
- Liquidity facilities

Securitisation exposures in banking book

- Details of securitisation exposures in banking book **(₹ million)**

Particulars	**March 31, 2015**	**March 31, 2014**
Amount securitised out outstanding	1,823.4	2,452.7
Amount securitised during the period	-	-
Losses recognised during the current period for loans exposures securitised earlier	-	-
Amount of assets intended to be securitised within a year*	-	-
Of which amount of assets originated within a year before securitisation		

* *The Bank has made no projection of the assets it intends to securitise-out during the fiscal year beginning April 1, 2015. Securitisation transactions are undertaken on a need basis to meet the objectives articulated under 'Objectives, Policy, Monitoring'.*

- The total amount of exposures securitised and unrecognised gain or losses on sale **(₹ million)**

Exposure type	**March 31, 2015**		**March 31, 2014**	
	Outstanding amount of exposures securitised	**Outstanding unrecognised gain or loss on sale**	**Outstanding amount of exposures securitised**	**Outstanding unrecognised gain or loss on sale**
Auto loans	-	-	4.2	-
Loans against property and rent receivables	324.4	-	476.1	-
Housing loans	1,499.0	-	1,972.4	-
Total	**1,823.4**	**-**	**2,452.7**	**-**

- Aggregate amount of on-balance sheet securitisation exposures retained or purchased **(₹ million)**

Exposure type	**March 31, 2015**	**March 31, 2014**
Commercial vehicle loans	27.0	224.5
Housing loans	239,503.3	190,865.5
Personal loans	-	2.6
Mixed assets*	138.8	749.0
Tractor loans	160.1	984.8
Total	**239,829.2**	**192,826.4**

** includes commercial vehicle / equipment loans, two wheeler loans and tractor loans.*

- Aggregate amount of off-balance sheet securitisation exposures **(₹ million)**

Exposure type	**March 31, 2015**	**March 31, 2014**
Housing loans	1,699.4	1,709.5
Mixed assets*	1,768.6	1,854.3
Total	**3,468.0**	**3,563.8**

**includes auto loans, commercial vehicle loans, two wheeler loans, loans against property and loans against rent receivables.*

- Aggregate amount of securitisation exposures retained or purchased and the associated capital charges, broken down between exposures and further broken down into different risk weight bands for each regulatory capital approach :

(₹ million)

Risk weight bands	Exposure type	March 31, 2015		March 31, 2014	
		Exposure	Capital charge	Exposure	Capital charge
Less than 100%	Housing loans	238,505.7	10,825.4	188,583.7	8,490.6
	Commercial vehicle loans	-	-	221.5	15.0
	Mixed assets*	138.8	5.4	749.0	46.5
	Tractor loans	160.1	10.8	984.8	66.5
At 100%	Housing loans	997.6	89.8	2,281.8	205.4
More than 100%	Commercial vehicle loans	27.0	3.0	3.0	0.3
	Personal loans	-	-	2.6	0.3
	Total	**239,829.2**	**10,934.4**	**192,826.4**	**8,824.6**

**includes commercial vehicle / equipment loans, two wheeler loans and tractor loans*

Securitisation exposures in trading book

- Aggregate amount of exposure securitised-out for which some exposure has been retained and which is subject to market risk approach as of March 31, 2015 was ₹ 64.4 million (previous year: ₹ 3.5 million). The exposure type was commercial vehicle loans.

- Aggregate amount of on-balance sheet securitisation exposures retained or purchased (₹ million)

Exposure type	March 31, 2015	March 31, 2014
Hire purchase receivables	-	6.7
Housing loans	1,282.0	1,743.2
Mixed assets*	9,123.4	7,217.0
Commercial vehicle loans	3,671.6	1,905.5
Tractor loans	6,410.5	3,510.8
Micro finance	3,930.3	1,286.9
Total	**24,417.8**	**15,670.1**

** includes auto loans, commercial vehicle loans, two wheeler loans, loans against property and loans against rent receivables.*

- Off-balance sheet securitisation exposures as of March 31, 2015 was ₹ 438.0 million (previous year: ₹ 172.1 million), which is risk weighted for capital adequacy purposes. The exposure type was commercial vehicle loans.

- Aggregate amount of securitisation exposures retained or purchased, subject to the securitisation framework for specific risk broken down into different risk weight bands :

  ✓ Securitisation exposures broken down into different risk weight bands at book value (₹ million)

Risk weight band	March 31, 2015	March 31, 2014
Less than 100%	24,032.5	15,400.6
At 100%	18.5	266.0
More than 100%	366.8	3.5
Total	**24,417.8**	**15,670.1**

✓ Aggregate amount of capital requirements for securitisation exposures (capital charge) (₹ million)

Risk weight band	March 31, 2015	March 31, 2014
Less than 100%	998.7	517.9
At 100%	2.1	24.0
More than 100%	139.7	0.5
Total	**1,140.5**	**542.4**

7 Market Risk in Trading Book

Market Risk Management Strategies and Processes

The Market Risk management process at the Bank consists of identification and measurement of risks, control measures and reporting systems. It ensures that the risk taking of the Bank's treasury desks and the investment banking department is within the risk appetite encapsulated within the treasury limits package that includes the equity trading limits and specific limits approved by the Board from time to time. The Board approved risk appetite is handed down as limits to the various treasury desks and the investment banking department. The prescribed limits are monitored by the treasury mid office and reported as per the guidelines laid down from time to time. The market risk objective, framework and architecture along with the functions of market risk are detailed in the Board approved Market Risk Policy.

Market Risk Architecture

The market risk process includes the following key participants:

- The Risk Policy &Monitoring Committee ('RPMC') of the Board reviews the Bank's market risk policies, procedures and limits packages and recommends the same for approval to the Board. The Committee supports the Board by supervising the implementation of the risk strategy. The Committee guides the development of policies, procedures and systems for managing risk. It ensures that these are adequate and appropriate to changing business conditions, the structure and needs of the Bank and the risk appetite of the Bank. In addition, it monitors the compliance of the Board approved risk appetite.

- The Market Risk Function covers the assessment of the market risk for treasury portfolio (including positions in the trading book arising from investment banking activity), evaluate / validate methods for monitoring market risk and prescribes control processes. In addition, market risk evaluates the market risk exposure arising from client funding transactions in respect of non-treasury business and prescribe volatility factors for collateral valuation held by the Bank to mitigate exposure on account of such transactions. The Market Risk Function also reviews the valuation models and the mnemonics definition proposed by the Treasury Analytics department. Market risk is managed under the guidance of the RPMC of the Board.

- The Treasury Mid-Office is responsible for the day to day monitoring and reporting of market risk controls, valuations etc. Mid Office reports any limit breaches to the Senior Management. Mid Office also monitors the counterparty risk exposures and maintains the market data as per the Operations Manual of Market Data Cell. The Market Data Cell also verifies the rates submitted by the Treasury Front Office for polling of various benchmarks. The Mid-Office functions for all locations (including overseas branches), is centrally located.

- The Investment Committee oversees and reviews any direct investments in Shares, Convertible Bonds, Convertible Debentures and any other Equity linked instruments.

- Treasury Desks among others include Foreign Exchange, Money Market, Interest Rate Trading, Trading Derivatives, Equities and Precious Metal desks which carry out the basic day to day management of the various portfolios and the underlying market risk within the stipulated market risk limits and other applicable limits, policies and procedures. Treasury desks also participate in the polling of various benchmarks as mandated by the Bank's policy on benchmark submission. The Treasury Advisory Group interacts with Bank's customers and proposes suitable treasury products to the clients to meet the customers' balance sheet hedging requirements.

- Treasury Analytics unit is responsible for model validation and maintenance of the policy laid down for model valuation and validation including prescription for market data sources and mnemonics definitions / conventions, which are further reviewed by Market Risk.

Market Risk Limits Reporting

Types of limits could include position limits, gap limits, tenor and duration limits, PV01 limits, basic risk limits, stop loss trigger level, value-at-risk limits and option Greek limits. In addition, deal size limit is prescribed for foreign exchange contracts traded on trading platforms to avoid fat-finger errors apart from specific position and exposure limits in exchange traded currency and interest rate derivatives. These limits may or may not apply to all portfolios and are appropriately selected as market risk controls in the various limits packages. The market risk limits are measured and monitored by the Mid Office, and subsequently reported to the concerned departments / senior management. Any major variations in the utilisations of the limit are analysed and reviewed with Market Risk prior to circulation of reports. Any breach in the limits is acted upon by Treasury Front Office as per the Board approved processes.

The Bank enters into derivative deals with counterparties based on their financial strength and understanding of derivative products and its risks. In this regard, the Bank has a Customer Suitability and Appropriateness Policy in place. The Bank sets up appropriate counterparty / client limits considering the ability of the counterparty to honor its obligations in the event of crystallisation of the exposure. Appropriate credit covenants are stipulated wherever required to contain risk and to facilitate trigger events such as call for additional collaterals, terminate a transaction, etc. The Bank also books derivative deals to hedge the interest rate / currency risks in borrowings or investments within the ambit of Bank's hedging processes and policies. The Bank has adopted CVA capital charge and provides for incurred CVA losses on the derivative positions.

Market risk capital requirement **(₹ million)**

Standardised duration approach	**March 31, 2015**	**March 31, 2014**
Interest rate risk	14,434.3	8,377.7
Equity risk	2,088.3	765.5
Foreign exchange risk (including gold)	1,080.1	1,260.0
Total	**17,602.7**	**10,403.2**

8 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The way operational risk is managed has the potential to positively or negatively impact a bank's customers, its financial performance and reputation. The Bank has put in place Board approved governance and organisational structure with clearly defined roles and responsibilities to mitigate operational risk arising out of the Bank's business and operations.

Organisational Structure for Managing Operational Risk

The RPMC of the Board reviews and recommends to the Board of Directors the overall operational risk management framework for the Bank. A committee comprised of senior management personnel viz., Operational Risk Management Committee ('ORMC') oversees the implementation of operational risk management framework approved by the Board. The ORMC is headed by the Deputy Managing Director, the Chief Risk Officer, Head - Audit, Head - Operations and senior representatives from relevant business functions. An independent operational risk management department is responsible for the implementation of the framework across the Bank. Board approved operational risk management policy stipulates the roles and responsibilities of employees, business units, operations and support function in managing operational risk.

Risk Measurement and Monitoring

While the day-to-day operational risk management lies with business lines, operations and support functions, the ORMD is responsible for designing tools and techniques for identification and monitoring of operational risk across the Bank consistent with the framework approved by the Board. The ORMD also ensures operational risk exposures are captured and reported to the relevant levels of the management for initiating suitable risk mitigations in order to contain operational risk exposures within acceptable levels. The Internal audit department provides an independent assurance on the effectiveness of governance, risk management and internal controls to achieve risk management and control objectives.

The Bank applies a number of risk management techniques to effectively manage operational risks :

- New products are rolled out after putting in place the required mitigants based on risk assessment and on ensuring required skill sets and technological resources are in place.

- A bottom up risk assessment process, Risk Control Self-Assessment identifies high risk areas so that the Bank can initiate timely remedial measures. This assessment is conducted at half yearly rests to update senior management, of the risk levels across the Bank.
- Key Risk Indicators are employed to alert the Bank on impending problems in a timely manner. These allow monitoring of the control environment as well as operational risk exposures and trigger risk mitigation actions.
- Material operational risk losses are subjected to detailed risk analysis to identify areas of risk exposures and gaps in controls basis which appropriate risk mitigating actions are initiated.
- Bank conducts annual scenario analysis to derive information on hypothetical severe loss situations and use the information for risk management actions, apart from analysing the plausible financial impact.
- Periodic reporting on risk assessment and monitoring is made to the line as well as to senior management to ensure timely actions are initiated at all levels.

Capital Requirement

The Bank has devised an operational risk measurement system compliant with Advanced Measurement Approach (AMA) for estimating operational risk capital charge for the Bank. The Bank has made an application with the RBI for migrating to AMA. Currently the Bank follows the Basic Indicator Approach for estimating operational risk capital.

9 Asset Liability Management ('ALM') Risk Management

ALM risk management process consists of management of Liquidity Risk and Interest Rate Risk in the Banking Book ('IRRBB'). Liquidity risk is the risk that the Bank may not be able to fund increase in assets or meet obligations as they fall due without incurring unacceptable losses. IRRBB refers to the potential adverse financial impact on the Bank's banking book from changes in interest rates. The banking book is comprised of assets and liabilities that are contracted on account of relationship or for steady income and statutory obligations and are generally held till maturity. The Bank carries various assets, liabilities and off-balance sheet items across markets, maturities and benchmarks exposing it to risks from changing interest rates. The Bank's objective is to maintain liquidity risk and IRRBB within tolerable limits.

Structure and Organisation

The ALM risk management process of the Bank operates in the following hierarchical manner:

- **Board of Directors**

  The Board has the overall responsibility for management of liquidity and interest rate risks. The Board decides the strategy, policies and procedures of the Bank to manage liquidity and interest rate risk including setting of risk tolerance / limits and reviewing of stress test results.

- **Risk Policy & Monitoring Committee ('RPMC') of the Board**

  The RPMC is responsible for evaluating the overall risks faced by the Bank including liquidity and interest rate risks. The RPMC also addresses the potential interaction of liquidity risk and interest rate risk with the other risks faced by the Bank.

- **Asset Liability Committee ('ALCO')**

  ALCO is a decision-making unit responsible for ensuring adherence to the risk tolerance / limits set by the Board as well as implementing the liquidity and interest rate risk management strategy of the Bank in line with the Bank's risk management objectives and risk tolerance. The ALCO is also responsible for balance sheet planning from risk-return perspective including strategic management of liquidity and interest rate risks. The role of the ALCO includes the following:

  i. Product pricing for deposits and advances

  ii. Deciding the desired maturity profile and mix of incremental assets and liabilities

  iii. Articulating interest rate view of the Bank and deciding on the future business strategy

iv. Reviewing and articulating funding strategy

v. Ensuring the adherence to the limits set by the Board of Directors

vi. Determining the structure, responsibilities and controls for managing liquidity and interest rate risk

vii. Ensuring operational independence of risk management function

viii. Reviewing stress test results

ix. Deciding on the transfer pricing policy of the Bank

- **ALM Operational Groups**

  Internal ALM operational groups support the ALM organisation.

Risk Measurement Systems and reporting:

Liquidity Risk is measured using flow approach and stock approach. Flow approach involves comprehensive tracking of cash flow mismatches. Stock approach involves measurement of critical ratios in respect of liquidity risk. Analysis of liquidity risk also involves examining how funding requirements are likely to be affected under crisis scenarios. The Bank has a Board approved liquidity stress framework guided by the regulatory instructions. The Bank has an extensive intraday liquidity risk management framework for monitoring intraday positions during the day.

IRRBB is measured and controlled using both Earnings Perspective (Traditional Gap Analysis) and Economic Value Perspective (Duration Gap Analysis). Earnings Perspective measures the sensitivity of net interest income to changes in interest rate over the next 12 months. It involves bucketing of rate sensitive assets, liabilities and off-balance sheet items as per residual maturity / re-pricing date in various time bands and computing change of income under 200 basis points upward and downward rate shocks over a one year horizon. Economic Value Perspective calculates the change in the present value of the Bank's expected cash flows for a 200 basis point upward and downward rate shock. The Bank also undertakes periodic stress testing for its banking book. This provides a measure to assess the Bank's financial standing from extreme but plausible interest rate fluctuations. The stress testing framework is approved by the Board. Periodic risk reports are sent to senior management for review. A risk summary is also presented at ALCO meetings.

Quantification of IRRBB

The increase / decline in earnings and economic value for an upward / downward rate shock of 200 basis points ('bps'), broken down by currency, are as follows:

- **Earnings Perspective (impact on net interest income)** **(₹ million)**

Currency	**March 31, 2015**		**March 31, 2014**	
	If interest rate were to go down by 200 bps	**If interest rate were to go up by 200 bps**	**If interest rate were to go down by 200 bps**	**If interest rate were to go up by 200 bps**
INR	(25,766.0)	25,766.0	(17,513.5)	17,513.5
USD	(1,679.7)	1,679.7	(1,962.7)	1,962.7
Others	13.1	(13.1)	89.3	(89.3)
Total	**(27,432.6)**	**27,432.6**	**(19,386.9)**	**19,386.9**

- **Economic Value Perspective (impact on market value of equity)** **(₹ million)**

Currency	March 31, 2015		March 31, 2014	
	If interest rate were to go down by 200 bps	If interest rate were to go up by 200 bps	If interest rate were to go down by 200 bps	If interest rate were to go up by 200 bps
INR	(8,887.6)	8,887.6	(9,638.4)	9,638.4
USD	(1,571.1)	1,571.1	(1,645.4)	1,645.4
Others	(1,572.8)	1,572.8	(1,706.2)	1,706.2
Total	**(12,031.5)**	**12,031.5**	**(12,990.0)**	**12,990.0**

10 General Disclosures for Exposures Related to Counterparty Credit Risk

Counterparty Credit Risk ('CCR') limits for the banking counterparties are assessed based on an internal model that considers the parameters viz. credit rating and net worth of counterparties, net worth of the Bank and business requirements. In all other cases, CCR limit is approved based on credit assessment process followed by the Bank as per the Credit Policies and Procedures Manual. CCR limits are set on the amount and tenor while fixing the limits to respective counterparties with distinct limits for each type of exposure. Capital for CCR exposure is assessed based on Standardised Approach (both for default risk capital and CVA capital charges).

The Bank has entered into Credit Support Annex ('CSA') agreements with some of the major international counterparty banks. CSA defines the terms or rules under which collateral is posted or transferred between derivative counterparties to mitigate the credit risk arising from "in the money" derivative positions on OTC derivative contracts.

Exposure to Central counterparties arising from over-the-counter derivative trades, exchange traded derivatives transactions and Security Financing Transactions (SFTs), attracts capital charges applicable to central counterparty.
Applicable risk weights for trades, guaranteed by central counterparties, which are recognised as Qualifying Central Counterparty (QCCP) by Reserve Bank of India or SEBI, are comparatively lower than OTC deals.

In India, presently there are four CCPs viz. Clearing Corporation of India (CCIL), National Securities Clearing Corporation Ltd (NSCCL), Indian Clearing Corporation Ltd (ICCL) and MCX-SX Clearing Corporation Ltd (MCX-SXCCL). These CCPs are subjected, on an ongoing basis, to rules and regulations that are consistent with CPSS-IOSCO Principles for Financial Market Infrastructures.

The Bank does not recognise bilateral netting. The derivative exposure is calculated using Current Exposure Method ('CEM'). The balance outstanding as on March 31, 2015 is given below: **(₹ million)**

Particulars	March 31, 2015		March 31, 2014	
	Notional amounts	Current exposure	Notional amounts	Current exposure
Foreign exchange contracts	6,740,520.9	180,594.9	4,753,861.2	207,658.6
Interest rate derivative contracts	2,218,430.7	24,601.4	1,772,658.7	23,687.3
Currency swaps	70,521.9	12,166.9	71,041.3	12,732.3
Currency options	144,827.2	1,951.5	165,920.4	2,016.0
Total	**9,174,300.7**	**219,314.7**	**6,763,481.6**	**246,094.2**

11 Composition of Capital

Disclosures pertaining to composition of capital, including the capital disclosure templates and main features of equity and debt capital instruments are given below. The detailed terms and conditions of equity and debt capital instruments have been disclosed separately on the Bank's website under the 'Regulatory Disclosures Section'. The link to this section is http://www.hdfcbank.com/aboutus/basel_disclosures/default.htm

(₹ million)

	Composition of Capital as at March 31, 2015		Amounts Subject to Pre-Basel III Treatment	Ref No.
	Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	255,032.0		a = a1 + a2
2	Retained earnings	195,166.3		b
3	Accumulated other comprehensive income (and other reserves)	180,476.2		c = c1 + c2 + c3 + c4 + Min (0, c5)
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-		
	Public sector capital injections grandfathered until 1 January 2018	NA		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	-	d
6	**Common Equity Tier 1 capital before regulatory adjustments**	**630,674.5**		
	Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	1,336.9	891.2	
8	Goodwill (net of related tax liability)	1,127.2	751.4	e = e1 + e2
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	-		
10	Deferred tax assets	12,191.9	8,127.9	f
11	Cash-flow hedge reserve	-		
12	Shortfall of provisions to expected losses	-		
13	Securitisation gain on sale	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined-benefit pension fund net assets	-	-	
16	Investments in own shares (if not already netted off paid-in capital on reported Balance Sheet)	-		
17	Reciprocal cross-holdings in common equity	-	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-		
20	Mortgage servicing rights (amount above 10% threshold)	-		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-		
22	Amount exceeding the 15% threshold	-		
23	of which : significant investments in the common stock of financial entities	-		
24	of which : mortgage servicing rights	-		
25	of which : deferred tax assets arising from temporary differences	-		
26	National specific regulatory adjustments	-		
26a	Investments in the equity capital of unconsolidated insurance subsidiaries	-		
26b	Investments in the equity capital of unconsolidated non-financial subsidiaries	-		
26c	Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-		
26d	Unamortised pension funds expenditures	-		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	8,370.6		
28	**Total regulatory adjustments to Common equity Tier 1**	**23,026.5**		

Composition of Capital as at March 31, 2015			Amounts Subject to Pre-Basel III Treatment	Ref No.
29	**Common Equity Tier 1 capital (CET1)**	**607,648.0**		
	Additional Tier 1 capital : instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-		
31	of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-		
32	of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	1,400.0		g
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	of which : instruments issued by subsidiaries subject to phase out	-		
36	**Additional Tier 1 capital before regulatory adjustments**	**1,400.0**		
	Additional Tier 1 capital : regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
41	National specific regulatory adjustments	-		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the Bank	-		
	Regulatory adjustments applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment			
	of which : capital charge for illiquid positions	891.2		
	of which : goodwill on consolidation	751.4		
	of which : deferred tax assets arising from temporary differences	8,127.9		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		
43	**Total regulatory adjustments to Additional Tier 1 capital**	**9,770.6**		
44	**Additional Tier 1 capital (AT1)**	**(8,370.6)**		
44a	**Additional Tier 1 capital reckoned for capital adequacy**	**-**		
45	**Tier 1 capital (T1 = CET1 + AT1) (row 29 + row 44a)**	**607,648.0**		
	Tier 2 capital : instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-		
47	Directly issued capital instruments subject to phase out from Tier 2	106,655.2		h
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-		
49	of which : instruments issued by subsidiaries subject to phase out	-		i
50	Provisions	32,894.9		j = j1 + j2 + j3 + j4
51	**Tier 2 capital before regulatory adjustments**	**139,550.1**		
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-		

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Composition of Capital as at March 31, 2015			Amounts Subject to Pre-Basel III Treatment	Ref No.
53	Reciprocal cross-holdings in Tier 2 instruments	18.4		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
56	National specific regulatory adjustments (56a+56b)	-		
56a	of which : investments in the Tier 2 capital of unconsolidated subsidiaries	-		
56b	of which : shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-		
57	**Total regulatory adjustments to Tier 2 capital**	**18.4**		
58	**Tier 2 capital (T2)**	**139,531.7**		
58a	**Tier 2 capital reckoned for capital adequacy**	**139,531.7**		
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	**-**		
58c	**Total Tier 2 capital admissible for capital adequacy (row 58a + row 58b)**	**139,531.7**		
59	**Total capital (TC = T1 + T2) (row 45+row 58c)**	**747,179.7**		
	Risk Weighted Assets in Respect of Amounts Subject to Pre-Basel III Treatment			
60	**Total risk weighted assets (row 60a +row 60b +row 60c)**	**4,446,283.9**		
60a	of which : total credit risk weighted assets	3,871,317.4		
60b	of which : total market risk weighted assets	195,585.0		
60c	of which : total operational risk weighted assets	379,381.5		
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	13.67%		
62	Tier 1 (as a percentage of risk weighted assets)	13.67%		
63	Total capital (as a percentage of risk weighted assets)	16.80%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	5.50%		
65	of which : capital conservation buffer requirement	0.00%		
66	of which : bank specific countercyclical buffer requirement	-		
67	of which : G-SIB buffer requirement	-		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-		
	National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		

Composition of Capital as at March 31, 2015			Amounts Subject to Pre-Basel III Treatment	Ref No.
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financials	1,332.9		
73	Significant investments in the common stock of financial entities	311.7		
74	Mortgage servicing rights (net of related tax liability)	NA		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	NA		
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	32,894.9		j = j1 + j2 + j3 + j4
77	Cap on inclusion of provisions in Tier 2 under standardised approach	483,914.7		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA		
	Capital instruments subject to phase-out arrangements (only applicable between April 1, 2018 and March 31, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	NA		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA		
82	Current cap on AT1 instruments subject to phase out arrangements	1,400.0		g
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	600.0		
84	Current cap on T2 instruments subject to phase out arrangements	106,655.2		h
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	33,363.8		

Notes to the Template

Row # of template	Particular	(₹ million)
10	Deferred tax associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of deferred tax liability	20,319.8
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	NA
	of which: Increase in Common Equity Tier 1 capital	NA
	of which: Increase in Additional Tier 1 capital	NA
	of which: Increase in Tier 2 capital	NA
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	NA
	(i) Increase in Common Equity Tier 1 capital	NA
	(ii) Increase in risk weighted assets	NA
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in row 44a)	-
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	-
50	Eligible provisions included in Tier 2 capital	32,894.9
	Eligible revaluation reserves included in Tier 2 capital	-
	Total of row 50	32,894.9
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in row 58a)	-

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(₹ million)

Composition of Capital - Reconciliation Requirements Step 1		Balance sheet as in consolidated financial statements as on 31-March-15	Balance sheet under regulatory scope of consolidation as on 31-March-15
A	**Capital and Liabilities**		
i	Paid-up capital	5,013.0	5,013.0
	Reserves & surplus	626,527.7	626,185.4
	Minority interest	1,616.2	999.4
	Total capital	**633,156.9**	**632,197.8**
ii	**Deposits**	**4,502,836.5**	**4,503,277.8**
	of which: Deposits from banks	34,725.1	34,725.1
	of which: Customer deposits	4,468,111.4	4,468,552.7
	of which: Other deposits	-	-
iii	**Borrowings**	**594,782.5**	**594,782.5**
	of which: from RBI	-	-
	of which: From banks	243,017.7	243,017.7
	of which: From other institutions & agencies	87,380.9	87,380.9
	of which: Others	88,534.9	88,534.9
	of which: Capital instruments	175,849.0	175,849.0
iv	**Other liabilities & provisions**	**340,189.3**	**340,182.1**
	Total Capital and Liabilities	**6,070,965.2**	**6,070,440.2**
B	**Assets**		
i	Cash and balances with RBI	275,222.9	275,222.9
	Balance with banks and money at call and short notice	90,041.3	90,041.3
	Total	**365,264.2**	**365,264.2**
ii	**Investments**	**1,642,726.2**	**1,642,252.1**
	of which: Government securities	1,203,903.0	1,203,903.0
	of which: Other approved securities	-	-
	of which: shares	1,446.8	1,313.7
	of which: Debentures & Bonds	22,312.4	22,312.4
	of which: Subsidiaries, Joint Ventures, Associates	576.9	311.9
	of which: Others (including Commercial Papers, Mutual Funds etc.)	414,487.1	414,411.1
iii	**Loans and advances**	**3,834,079.7**	**3,834,079.7**
	of which: to banks	16,145.6	16,145.6
	of which: to customers	3,817,934.1	3,817,934.1
iv	**Fixed assets**	**32,249.4**	**32,249.4**
v	**Other assets**	**194,774.1**	**194,723.2**
	of which:		
	(a) goodwill and intangible assets	-	-
	(b) deferred tax assets	20,319.8	20,319.8
vi	**Goodwill on consolidation**	**1,871.6**	**1,871.6**
vii	**Debit balance in Profit & Loss account**	**-**	**-**
	Total Assets	**6,070,965.2**	**6,070,440.2**

(₹ million)

Composition of Capital - Reconciliation Requirements Step 2		Balance sheet as in consolidated financial statements as on 31-March-15	Balance sheet under regulatory scope of consolidation as on 31-March-15	Ref. No.
A	**Capital and Liabilities**			
i	**Paid-up capital**	**5,013.0**	**5,013.0**	a1
	Reserves & surplus	**626,527.7**	**626,185.4**	
	of which:			
	Share premium	250,019.0	250,019.0	a2
	Balance in Profit & Loss A/c	195,508.6	195,166.3	b
	(a) balance in profit & loss account (relating to associates) not considered under regulatory scope of consolidation	342.3	-	
	Statutory Reserves	118,122.2	118,122.2	c1
	General Reserve	45,073.3	45,073.3	c2
	Amalgamation Reserve	10,635.6	10,635.6	c3
	Capital Reserve	6,645.1	6,645.1	c4
	Investment Reserve Account	484.3	484.3	j1
	Foreign Currency Translation Reserve	39.6	39.6	c5
	Minority interest	**1,616.2**	**999.4**	
	of which considered under capital funds	-	-	d
	Total capital	**633,156.9**	**632,197.8**	
ii	**Deposits**	**4,502,836.5**	**4,503,277.8**	
	of which: Deposits from banks	34,725.1	34,725.1	
	of which: Customer deposits	4,468,111.4	4,468,552.7	
	of which: Other deposits	-	-	
iii	**Borrowings**	**594,782.5**	**594,782.5**	
	of which: from RBI	-	-	
	of which: From banks	243,017.7	243,017.7	
	of which: From other institutions & agencies	87,380.9	87,380.9	
	of which: Others	88,534.9	88,534.9	
	of which: Capital instruments	175,849.0	175,849.0	
	of which:			
	(a) Eligible AT1 capital	-	1,400.0	g
	(b) EligibleT2 capital issued by Bank	-	106,655.2	h
	(c) Eligible T2 capital issued by subsidiaries	-	-	i
iv	**Other liabilities & provisions**	**340,189.3**	**340,182.1**	
	of which :			
	Provisions against standard assets	16,058.6	16,045.4	j2
	Country risk provisions	-	-	j3
	Floating provisions	16,397.6	16,365.2	j4
	Total Capital and Liabilities	**6,070,965.2**	**6,070,440.2**	
B	**Assets**			
i	Cash and balances with RBI	275,222.9	275,222.9	
	Balance with banks and money at call and short notice	90,041.3	90,041.3	
	Total	**365,264.2**	**365,264.2**	
ii	**Investments**	**1,642,726.2**	**1,642,252.1**	
	of which : Government securities	1,203,903.0	1,203,903.0	
	of which : Other approved securities	-	-	
	of which : shares	1,446.8	1,313.7	
	of which : Debentures & Bonds	22,312.4	22,312.4	
	of which : Subsidiaries, Joint Ventures, Associates	576.9	311.9	
	of which goodwill on acquisition of IARC included as part of carrying amount as per AS 23	7.0	7.0	e1
	of which : Others (including Commercial Papers, Mutual Funds etc.)	414,487.1	414,411.1	
iii	**Loans and advances**	**3,834,079.7**	**3,834,079.7**	
	of which: to banks	16,145.6	16,145.6	
	of which: to customers	3,817,934.1	3,817,934.1	
iv	**Fixed assets**	**32,249.4**	**32,249.4**	
v	**Other assets**	**194,774.1**	**194,723.2**	
	of which :			
	(a) goodwill and intangible assets	-	-	
	Out of which :			
	Goodwill	-	-	
	Other intangibles (excluding MSRs)	-	-	
	(b) deferred tax assets	20,319.8	20,319.8	f
vi	**Goodwill on consolidation**	**1,871.6**	**1,871.6**	e2
vii	**Debit balance in Profit & Loss account**	**-**	**-**	
	Total Assets	**6,070,965.2**	**6,070,440.2**	

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Main Features of Regulatory Capital Instruments

Item #	Particulars	Equity Shares	Lower Tier II	Series 1 & 2	Series 3	Series 4	Series 5	Series 6	Series 7	Series 8	Series 1/06	Series 2/06	Series 1/06/UT	Series 2/06/UT	Series 3/06/UT
1	Issuer	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank
2	Unique identifier	INE040 A01026	INE040 A08120	INE040 A08138	INE040 A08146	INE040 A08146	INE040 A08161	INE040 A08179	INE040 A08179	INE040 A08187	INE040 A08153	INE040 A08203	INE040 A08195	INE040 A08211	INE040 A08237
3	Governing laws of the instrument	Applicable Indian statutes and regulatory requirements													
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
5	Post- transitional Basel III rules	Common Equity Tier 1	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible
6	Eligible at solo/group/ group & solo	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group
7	Instrument type	Common Shares	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Upper Tier 2 Capital Instruments	Upper Tier 2 Capital Instruments	Upper Tier 2 Capital Instruments
8	Amount recognised in the regulatory capital (₹ in million as of March 31, 2015)	5,013.0	15.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	257.5	367.1	2,285.2	2,285.2	273.5
9	Par value of instrument (₹ in million)	Not applicable	50.0	2,530.0	700.0	910.0	2,310.0	890.0	1,680.0	3,000.0	1,690.0	2,410.0	3,000.0	3,000.0	359.0
10	Accounting classification	Shareholders' equity	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability
11	Original date of issuance	Various*	04-Feb-04	27-Oct-05	28-Nov-05	05-Dec-05	20-Jan-06	24-Feb-06	24-Feb-06	28-Mar-06	19-May-06	05-Sep-06	05-Jun-06	05-Sep-06	20-Oct-06
12	Perpetual or dated	Perpetual	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	No Maturity	04-May-17	27-Apr-15	28-Jun-15	28-Jun-15	20-Apr-15	24-Oct-15	24-Oct-15	04-Feb-16	19-May-16	05-Sep-16	05-Jun-21	05-Sep-21	20-Oct-21
14	Issuer call subject to prior supervisory approval	No	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Date of call: 05-Jun-16 Tax event: None Regulatory event: None Redemption price: At par	Date of call: 05-Sep-16 Tax event: None Regulatory event: None Redemption price: At par	Date of call: 20-Oct-16 Tax event: None Regulatory event: None Redemption price: At par
16	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Coupons / dividends	Dividend	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon
17	Fixed or floating dividend / coupon	Not applicable	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Not applicable	6.00%	7.50%	7.50%	7.50%	7.75%	8.25%	8.25%	8.60%	8.45%	9.10%	Before call: 8.8% If call not exercised: 9.55%	Before call: 9.2% If call not exercised: 9.95%	Before call: 8.95% If call not exercised: 9.7%
19	Existence of a dividend stopper	Not applicable	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Partially discretionary	Partially discretionary	Partially discretionary

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Series 1/06/IPDI	Series 1/08-09/UT	Series 1/08-09/LT	Series 2/08-09/UT	Series 2/08-09/LT	Series 3/08-09/UT	Series 1/10-11	Series 1/11-12/LT	Series 1/12-13/LT	Series 2/12-13/LT	Series 3/12-13/LT	FCY Debt	Upper Tier II
HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank	HDFC Bank
INE040 A08229	INE040 A08252	INE040 A08245	INE040 A08260	INE040 A08278	INE040 A08286	INE040 A08294	INE040 A08302	INE040 A08310	INE040 A08328	INE040 A08336	Not applicable	INE040 A09011
Applicable Indian statutes and regulatory requirements												
Additional Tier 1	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible
Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group
Perpetual Debt Instruments	Upper Tier 2 Capital Instruments	Tier 2 Debt Instruments	Upper Tier 2 Capital Instruments	Tier 2 Debt Instruments	Upper Tier 2 Capital Instruments	Upper Tier 2 Capital Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Upper Tier 2 Capital Instruments	Upper Tier 2 Capital Instruments
1,400.0	4,402.7	5,255.9	1,523.4	685.5	6,070.9	8,417.0	27,802.8	26,485.0	4,303.7	10,702.2	4,760.7	761.7
2,000.0	5,780.0	11,500.0	2,000.0	1,500.0	7,970.0	11,050.0	36,500.0	34,770.0	5,650.0	14,050.0	6,250.0	1,000.0
Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability
08-Sep-06	26-Dec-08	26-Dec-08	19-Feb-09	19-Feb-09	17-Mar-09	07-Jul-10	12-May-11	13-Aug-12	31-Oct-12	28-Dec-12	21-Nov-06	24-May-07
Perpetual	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
No Maturity	26-Dec-23	26-Dec-18	19-Feb-24	19-Feb-19	17-Mar-24	07-Jul-25	12-May-26	13-Aug-27	31-Oct-22	28-Dec-22	15-Dec-21	23-May-22
Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Date of call: 08-Sep-16 Tax event: None Regulatory event: None Redemption price: At par	Date of call: 26-Dec-18 Tax event: None Regulatory event: None Redemption price: At par"	Not applicable	Date of call: 19-Feb-19 Tax event: None Regulatory event: None Redemption price: At par	Not applicable	Date of call: 17-Mar-19 Tax event: None Regulatory event: None Redemption price: At par	Date of call: 07-Jul-20 Tax event: None Regulatory event: None Redemption price: At par	Date of call: 12-May-21 Tax event: None Regulatory event: None Redemption price: At par	Date of call: 13-Aug-22 Tax event: None Regulatory event: None Redemption price: At par	Date of call: 31-Oct-17 Tax event: None Regulatory event: None Redemption price: At par	Date of call: 28-Dec-17 Tax event: None Regulatory event: None Redemption price: At par	Date of call: 15-Dec-16 Tax event: None Regulatory event: None Redemption price: At par	Date of call: 24-May-17 Tax event: None Regulatory event: None Redemption price: At par
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon
Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Floating	Fixed to floating
Before call: 9.92% If call not exercised: 10.92%	Before call: 10.85% If call not exercised: 11.35%	10.70%	Before call: 9.95% If call not exercised: 10.45%	9.75%	Before call: 9.85% If call not exercised: 10.35%	Before call: 8.7% If call not exercised: 9.2%	9.48%	9.45%	8.95%	9.10%	Before call: LIBOR+1.2% If call not exercised: Libor+2.2%	Before call: 10.84% If call not exercised: 5 Year G Sec Yield +3.5%
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Partially discretionary	Partially discretionary	Mandatory	Partially discretionary	Mandatory	Partially discretionary	Partially discretionary	Mandatory	Mandatory	Mandatory	Mandatory	Partially discretionary	Partially discretionary

Item #	Particulars	Equity Shares	Lower Tier II	Series 1 & 2	Series 3	Series 4	Series 5	Series 6	Series 7	Series 8	Series 1/06	Series 2/06	Series 1/06/UT	Series 2/06/UT	Series 3/06/UT
21	Existence of step-up or other incentive to redeem	No	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes
22	Non-cumulative or cumulative	Non-cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Not applicable	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible
24	If convertible, conversion trigger(s)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
30	Write-down feature	No	No	No	No	No	No	No	No	No	No	No	No	No	No
31	If write-down, write-down trigger(s)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
32	If write-down, full or partial	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
33	If write-down, permanent or temporary	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
34	If write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
35	Position in subordination heirarchy in liquidation (specify instrument type immediately senior to instrument)	Perpetual Debt Instruments	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank
36	Non-compliant transitioned features	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
37	If yes, specify non-compliant features	Not applicable	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features

*Note: Dates of allotment of equity shares are available in section titled 'History of share issues' on the Bank's website at the following link: http://www.hdfcbank.com/htdocs/common/pdf/corporate/historyofshareholding.pdf

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Series 1/06/IPDI	Series 1/08-09/ UT	Series 1/08-09/LT	Series 2/08-09/ UT	Series 2/08-09/LT	Series 3/08-09/ UT	Series 1/10-11	Series 1/11-12/LT	Series 1/12-13/LT	Series 2/12-13/LT	Series 3/12-13/LT	FCY Debt	Upper Tier II
Yes	Yes	No	Yes	No	Yes	Yes	No	No	No	No	Yes	Yes
Non-cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative
Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible	Non convertible
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
No	No	No	No	No	No	No	No	No	No	No	No	No
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and Depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank	All other creditors and depositors of the Bank
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features	No loss absorption features

Independent Auditor's Report

To the Members of HDFC Bank Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **HDFC BANK LIMITED** ("the Bank"), its subsidiaries (the Bank and its subsidiaries together referred to as "the Group") and its associates comprising of the Consolidated Balance Sheet as at 31 March, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's and Board of Directors Responsibility for the Consolidated Financial Statements

The Bank's Management and Board of Directors are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Bank, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Bank has anadequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Management and Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 2 and 3 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act 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 associates as at 31 March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

1. The audit of consolidated financial statements of the Bank for the year ended 31 March, 2014 was carried out by the previous auditors of the Bank whose report has been relied upon by us.

2. We did not audit the financial statements of 2 subsidiaries whose financial statements reflect total assets of ₹ 1,980,381 lacs as at 31 March, 2015, total revenues of ₹ 253,416 lacs and net cash outflows of ₹ 3,320 lacs for the year then ended included in the consolidated financial statements. These financial statements have been audited by other auditors, whose reports have 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 these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

3. The consolidated financial statements also include ₹ 164 lacs for the year ended 31 March, 2015, being the Bank's proportionate share in the profit of 2 associates which has been recognised on the basis of the audited financial statements available with the Bank. These financial statements have been audited by other auditors, whose reports have 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 these associates and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on the reports of the other auditors.

4. The consolidated financial statements also include ₹ 160 lacs for the year ended 31 March, 2015, being the Group's proportionate share in the profit of an associate which has been recognised on the basis of the unaudited financial information available with bank. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

5. The matters specified in sub-section (11) of Section 143 of the Act are not applicable to the Bank and therefore have not been reported on.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) 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 reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Bank as on 31 March, 2015 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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, its associates and jointly controlled entities-Refer Schedule 17/D-17 and Schedule 18 Note 10 (b) and 10 (c) 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 (a) Schedule 17/D-17 and Schedule 18 Note 10 to the consolidated financial statements in respect of such items as it relates to the Group and its associates and (b) the Group's share of net profit in respect of its associates.

   iii. There has been no delay in transferring amounts, where required to be transferred, to the Investor Education and Protection Fund by the Bank and its subsidiary companies and associate companies incorporated in India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Zubin Shekary
Partner
(Membership No.48814)

Mumbai
April 23, 2015

Consolidated Balance Sheet

As at March 31, 2015

	Schedule	As at 31-Mar-15	₹ in '000 As at 31-Mar-14
CAPITAL AND LIABILITIES			
Capital	1	**5,012,991**	4,798,101
Reserves and surplus	2	**626,527,660**	436,868,201
Minority interest	2A	**1,616,274**	1,517,355
Deposits	3	**4,502,836,477**	3,670,803,323
Borrowings	4	**594,782,505**	495,967,176
Other liabilities and provisions	5	**340,189,270**	426,245,464
	Total	**6,070,965,177**	5,036,199,620
ASSETS			
Cash and balances with Reserve Bank of India	6	**275,222,870**	253,572,162
Balances with banks and money at call and short notice	7	**90,041,344**	145,562,120
Investments	8	**1,642,726,093**	1,195,710,628
Advances	9	**3,834,079,720**	3,154,188,602
Fixed assets	10	**32,249,444**	30,262,787
Other assets	11	**196,645,706**	256,903,321
	Total	**6,070,965,177**	5,036,199,620
Contingent liabilities	12	**9,752,785,962**	7,231,729,138
Bills for collection		**223,049,263**	209,430,623
Significant accounting policies and notes to the Consolidated financial statements	17 & 18		
The schedules referred to above form an integral part of the Consolidated Balance Sheet			

As per our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No.: 117365W

Zubin Shekary
Partner
Membership No.: 48814

Mumbai, April 23, 2015

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Paresh Sukthankar
Deputy Managing Director

Sanjay Dongre
Executive Vice President (Legal) & Company Secretary

Aditya Puri
Managing Director

Kaizad Bharucha
Executive Director

Sashidhar Jagdishan
Chief Financial Officer

Bobby Parikh
Partho Datta
Pandit Palande
Keki Mistry
Malay Patel
Directors

Consolidated Statement of Profit and Loss Account

For the year ended March 31, 2015

₹ in '000

		Schedule	Year Ended 31-Mar-15	Year Ended 31-Mar-14
I	**INCOME**			
	Interest earned	13	**506,664,925**	425,550,196
	Other income	14	**95,456,835**	82,975,016
		Total	**602,121,760**	508,525,212
II	**EXPENDITURE**			
	Interest expended	15	**272,884,553**	234,454,516
	Operating expenses	16	**145,775,249**	124,696,542
	Provisions and contingencies		**76,461,474**	61,729,097
		Total	**495,121,276**	420,880,155
III	**PROFIT**			
	Net profit for the year		**107,000,484**	87,645,057
	Less : Minority interest		**144,068**	246,523
	Add : Share in profits of associates		**32,494**	36,316
	Consolidated profit for the year attributable to the Group		**106,888,910**	87,434,850
	Balance in Profit and Loss Account brought forward		**152,074,676**	114,759,351
		Total	**258,963,586**	202,194,201
IV	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		**26,238,698**	21,614,541
	Proposed dividend		**20,051,963**	16,433,495
	Tax (including cess) on dividend		**4,245,374**	2,849,723
	Dividend (including tax/cess thereon) pertaining to previous year paid during the year		**8,411**	48,462
	Transfer to General Reserve		**10,385,919**	8,558,376
	Transfer to Capital Reserve		**2,249,166**	582,710
	Transfer to Investment Reserve Account		**275,413**	32,218
	Balance carried over to Balance Sheet		**195,508,642**	152,074,676
		Total	**258,963,586**	202,194,201
V	**EARNINGS PER EQUITY SHARE (Face value ₹ 2 per share)**		₹	₹
	Basic		**44.10**	36.58
	Diluted		**43.60**	36.31
	Significant accounting policies and notes to the Consolidated financial statements	17 & 18		
	The schedules referred to above form an integral part of the Consolidated Statement of Profit and Loss			

As per our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No.: 117365W

Zubin Shekary
Partner
Membership No.: 48814

Mumbai, April 23, 2015

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Aditya Puri
Managing Director

Bobby Parikh
Partho Datta
Pandit Palande
Keki Mistry
Malay Patel
Directors

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Deputy Managing Director

Kaizad Bharucha
Executive Director

Sanjay Dongre
Executive Vice President (Legal) & Company Secretary

Sashidhar Jagdishan
Chief Financial Officer

Consolidated Cash Flow Statement

For the year ended March 31, 2015

₹ in '000

	Year Ended 31-Mar-15	Year Ended 31-Mar-14
Cash flows from operating activities		
Consolidated profit before income tax	**160,682,894**	131,896,428
Adjustments for:		
Depreciation on fixed assets	**6,804,512**	6,886,804
(Profit) / loss on revaluation of investments	**(556,306)**	(65,078)
Amortisation of premia on held to maturity investments	**805,534**	806,470
(Profit) / loss on sale of fixed assets	**(111,264)**	(33,736)
Provision / charge for non performing assets	**20,377,433**	18,506,221
Provision for dimunition in value of investment	**(38,184)**	(41,196)
Floating provisions	**321,959**	576,750
Provision for standard assets	**3,103,466**	2,343,469
Provision for wealth tax	**7,676**	7,656
Contingency provisions	**590,405**	(2,933,919)
Share in current year's profits of associates	**(32,494)**	(36,316)
	191,955,631	157,913,553
Adjustments for:		
(Increase) / decrease in investments	**(447,194,015)**	(86,770,385)
(Increase) / decrease in advances	**(703,560,180)**	(700,414,983)
Increase / (decrease) in deposits	**832,033,154**	709,885,624
(Increase) / decrease in other assets	**63,318,246**	(66,178,707)
Increase / (decrease) in other liabilities and provisions	**(92,889,220)**	69,761,569
	(156,336,384)	84,196,671
Direct taxes paid (net of refunds)	**(56,473,398)**	(42,090,327)
Net cash flow from operating activities	**(212,809,782)**	42,106,344
Cash flows used in investing activities		
Purchase of fixed assets	**(7,723,564)**	(8,530,884)
Proceeds from sale of fixed assets	**331,066**	130,019
Investment in subsidiaries and / or joint ventures	**(715,656)**	(2,265,750)
Net cash used in investing activities	**(8,108,154)**	(10,666,615)

Consolidated Cash Flow Statement

For the year ended March 31, 2015

₹ in '000

	Year Ended 31-Mar-15	Year Ended 31-Mar-14
Cash flows from financing activities		
Increase in minority interest	**491,482**	402,962
Money received on exercise of stock options by employees	**9,954,171**	7,232,947
Proceeds from issue of shares under Qualified Institutions Placement and American Depository Receipt offering (net of issue expenses)	**97,227,855**	-
Proceeds from issue of upper and lower tier II capital instruments	**5,000,000**	2,300,000
Redemption of subordinated debt	**(4,140,000)**	-
Increase / (decrease) in borrowings (excluding subordinate debt, perpetual debt and upper tier II instruments)	**97,696,829**	98,138,049
Dividend paid during the year	**(16,492,770)**	(13,140,705)
Tax on dividend	**(2,798,859)**	(2,231,791)
Net cash generated from financing activities	**186,938,708**	92,701,462
Effect of exchange fluctuation on translation reserve	**109,160**	(318,543)
Net increase / (decrease) in cash and cash equivalents	**(33,870,068)**	123,822,648
Cash and cash equivalents as at April 1st	**399,134,282**	275,311,634
Cash and cash equivalents as at March 31st	**365,264,214**	399,134,282

As per our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No.: 117365W

Zubin Shekary
Partner
Membership No.: 48814

Mumbai, April 23, 2015

For and on behalf of the Board

Shyamala Gopinath
Chairperson

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Deputy Managing Director

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Keki Mistry
Malay Patel
Directors

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As at March 31, 2015

₹ in '000

		As at 31-Mar-15	As at 31-Mar-14
SCHEDULE 1 - CAPITAL			
Authorised capital			
2,75,00,00,000 (31 March, 2014 : 2,75,00,00,000) Equity Shares of ₹ 2/- each		**5,500,000**	5,500,000
Issued, subscribed and paid-up capital			
2,50,64,95,317 (31 March, 2014 : 2,39,90,50,435) Equity Shares of ₹ 2/- each		**5,012,991**	4,798,101
	Total	**5,012,991**	4,798,101
SCHEDULE 2 - RESERVES AND SURPLUS			
I Statutory reserve			
Opening balance		**91,883,524**	70,268,983
Additions during the year		**26,238,698**	21,614,541
	Total	**118,122,222**	91,883,524
II General reserve			
Opening balance		**34,687,377**	26,129,001
Additions during the year		**10,385,919**	8,558,376
	Total	**45,073,296**	34,687,377
III Balance in profit and loss account		**195,508,642**	152,074,676
IV Share premium account			
Opening balance		**143,051,883**	135,636,749
Additions during the year		**108,477,413**	7,415,134
Deductions during the year [Refer Schedule 18 (1)]		**(1,510,276)**	-
	Total	**250,019,020**	143,051,883
V Amalgamation reserve			
Opening balance		**10,635,564**	10,635,564
Additions during the year		**-**	-
	Total	**10,635,564**	10,635,564
VI Capital reserve			
Opening balance		**4,395,885**	3,813,175
Additions during the year		**2,249,166**	582,710
	Total	**6,645,051**	4,395,885
VII Investment reserve account			
Opening balance		**208,855**	176,636
Additions during the year		**310,612**	342,831
Deductions during the year		**(35,199)**	(310,612)
	Total	**484,268**	208,855
VIII Foreign currency translation account			
Opening balance		**(69,563)**	248,980
Additions / (deductions) during the year		**109,160**	(318,543)
	Total	**39,597**	(69,563)
	Total	**626,527,660**	436,868,201

As at March 31, 2015

			As at 31-Mar-15	As at 31-Mar-14
				₹ in '000
SCHEDULE 2A - MINORITY INTEREST				
Minority interest at the date on which parent subsidiary relationship came into existence			**276,029**	276,029
Subsequent increase			**1,340,245**	1,241,326
		Total	**1,616,274**	1,517,355

Includes reserves of Employee Welfare Trust of ₹ 61.68 crore (previous year ₹ 60.03 crore)

				As at 31-Mar-15	As at 31-Mar-14
SCHEDULE 3 - DEPOSITS					
A	**I**	**Demand deposits**			
		(i) From banks		**16,319,866**	12,169,991
		(ii) From others		**717,067,581**	600,804,871
			Total	**733,387,447**	612,974,862
	II	**Savings bank deposits**		**1,249,266,040**	1,031,326,133
	III	**Term deposits**			
		(i) From banks		**18,405,279**	15,422,987
		(ii) From others		**2,501,777,711**	2,011,079,341
			Total	**2,520,182,990**	2,026,502,328
			Total	**4,502,836,477**	3,670,803,323
B	**I**	**Deposits of branches in India**		**4,443,925,893**	3,609,741,720
	II	**Deposits of branches outside India**		**58,910,584**	61,061,603
			Total	**4,502,836,477**	3,670,803,323

			As at 31-Mar-15	As at 31-Mar-14
SCHEDULE 4 - BORROWINGS				
I	**Borrowings in India**			
	(i) Reserve Bank of India		**-**	-
	(ii) Other banks		**86,817,617**	70,694,514
	(iii) Other institutions and agencies		**87,380,892**	37,520,000
	(iv) Upper and lower Tier II capital and innovative perpetual debts		**169,599,000**	168,739,000
		Total	**343,797,509**	276,953,514
II	**Borrowings outside India***		**250,984,996**	219,013,662
		Total	**594,782,505**	495,967,176

**Includes Upper Tier II debt of ₹ 625.00 crore (previous year : ₹ 599.15 crore)*

Secured borrowings included in I & II above: ₹ 12,591.32 crore (previous year: ₹ 8,922.73 crore)

			As at 31-Mar-15	As at 31-Mar-14
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS				
I	Bills payable		**60,853,248**	56,112,013
II	Interest accrued		**33,697,037**	28,261,198
III	Others (including provisions)		**205,283,077**	309,650,317
IV	Contingent provisions against standard assets		**16,058,571**	12,938,718
V	Proposed dividend (including tax on dividend)		**24,297,337**	19,283,218
		Total	**340,189,270**	426,245,464

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As at March 31, 2015

₹ in '000

		As at 31-Mar-15	As at 31-Mar-14
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I Cash in hand (including foreign currency notes)		**53,333,262**	38,620,900
II Balances with Reserve Bank of India:			
(a) In current accounts		**219,889,608**	212,951,262
(b) In other accounts		**2,000,000**	2,000,000
	Total	**221,889,608**	214,951,262
	Total	**275,222,870**	253,572,162
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I In India			
(i) Balances with banks:			
(a) In current accounts		**2,466,929**	2,102,898
(b) In other deposit accounts		**22,807,540**	24,026,788
	Total	**25,274,469**	26,129,686
(ii) Money at call and short notice:			
(a) With banks		**2,500,000**	1,000,000
(b) With other institutions		**2,238,499**	15,366,745
	Total	**4,738,499**	16,366,745
	Total	**30,012,968**	42,496,431
II Outside India			
(i) In current accounts		**16,465,876**	40,154,939
(ii) In other deposit accounts		**625,000**	2,995,750
(iii) Money at call and short notice		**42,937,500**	59,915,000
	Total	**60,028,376**	103,065,689
	Total	**90,041,344**	145,562,120
SCHEDULE 8 - INVESTMENTS			
A Investments in India in			
(i) Government securities		**1,203,902,956**	946,400,171
(ii) Other approved securities		**-**	-
(iii) Shares		**1,437,392**	1,479,364
(iv) Debentures and bonds		**11,263,150**	27,152,237
(v) Investment in associates*		**576,872**	544,510
(vi) Others (Units, CDs/CPs, PTCs, security receipts and NABARD deposits)		**414,487,091**	210,918,625
	Total	**1,631,667,461**	1,186,494,907
**Includes goodwill of ₹ 0.70 crore (previous year: ₹ 0.70 crore) and capital reserve of ₹ 0.43 crore on account of investment in associates previous year: ₹ 0.43 crore)*			
B Investments outside India in			
Other investments			
(a) Shares		**9,396**	9,396
(b) Debentures and bonds		**11,049,236**	9,206,325
	Total	**11,058,632**	9,215,721
	Total	**1,642,726,093**	1,195,710,628

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As at March 31, 2015

		₹ in '000
	As at 31-Mar-15	As at 31-Mar-14
C Investments		
(i) Gross value of investments		
(a) In India	**1,632,822,496**	1,188,244,432
(b) Outside India	**11,058,632**	9,215,721
Total	**1,643,881,128**	1,197,460,153
(ii) Provision for depreciation		
(a) In India	**1,155,035**	1,749,525
(b) Outside India	**-**	-
Total	**1,155,035**	1,749,525
(iii) Net value of investments		
(a) In India	**1,631,667,461**	1,186,494,907
(b) Outside India	**11,058,632**	9,215,721
Total	**1,642,726,093**	1,195,710,628

SCHEDULE 9 - ADVANCES

A (i) Bills purchased and discounted	**155,218,272**	146,469,089
(ii) Cash credits, overdrafts and loans repayable on demand	**1,444,755,969**	1,232,781,559
(iii) Term loans	**2,234,105,479**	1,774,937,954
Total	**3,834,079,720**	3,154,188,602

Loans with tenor of less than one year are classified under A (ii) above

B (i) Secured by tangible assets*	**2,894,274,719**	2,419,011,548
(ii) Covered by bank / government guarantees	**63,453,979**	41,688,328
(iii) Unsecured	**876,351,022**	693,488,726
Total	**3,834,079,720**	3,154,188,602

** Including advances against book debts*

C I Advances in India		
(i) Priority sector	**1,066,872,841**	898,226,797
(ii) Public sector	**118,066,442**	124,180,757
(iii) Banks	**51,278**	1,177,248
(iv) Others	**2,360,676,224**	1,897,668,290
Total	**3,545,666,785**	2,921,253,092
C II Advances outside India		
(i) Due from banks	**16,094,350**	7,469,539
(ii) Due from others		
a) Bills purchased and discounted	**1,849,427**	177,402
b) Syndicated loans	**14,652,002**	21,134,880
c) Others	**255,817,156**	204,153,689
Total	**288,412,935**	232,935,510
Advances are net of provisions **Total**	**3,834,079,720**	3,154,188,602

HDFC BANK
We understand your world

As at March 31, 2015

₹ in '000

		As at 31-Mar-15	As at 31-Mar-14
SCHEDULE 10 - FIXED ASSETS			
A **Premises** *(including land)*			
Gross block			
At cost on 31 March of the preceding year		**14,443,499**	11,909,072
Additions during the year		**793,539**	2,645,198
Deductions during the year		**(206,256)**	(110,771)
	Total	**15,030,782**	14,443,499
Depreciation			
As at 31 March of the preceding year		**3,343,891**	2,919,159
Charge for the year		**524,195**	505,494
On deductions during the year		**(92,324)**	(80,762)
	Total	**3,775,762**	3,343,891
Net block		**11,255,020**	11,099,608
B **Other fixed assets** *(including furniture and fixtures)*			
Gross block			
At cost on 31 March of the preceding year		**59,825,186**	53,647,265
Additions during the year		**8,219,396**	6,871,088
Deductions during the year		**(894,046)**	(693,167)
	Total	**67,150,536**	59,825,186
Depreciation			
As at 31 March of the preceding year		**40,662,007**	34,904,016
Charge for the year		**6,282,551**	6,384,885
On deductions during the year		**(788,446)**	(626,894)
	Total	**46,156,112**	40,662,007
Net block		**20,994,424**	19,163,179
C **Assets on lease** *(plant and machinery)*			
Gross block			
At cost on 31 March of the preceding year		**4,546,923**	4,546,923
Additions during the year		-	-
	Total	**4,546,923**	4,546,923

HDFC BANK
We understand your world

As at March 31, 2015

₹ in '000

		As at 31-Mar-15	As at 31-Mar-14
	Depreciation		
	As at 31 March of the preceding year	**4,104,467**	4,104,467
	Charge for the year	**-**	-
	Total	**4,104,467**	4,104,467
	Lease adjustment account		
	As at 31 March of the preceding year	**442,456**	442,456
	Charge for the year	**-**	-
	Total	**442,456**	442,456
	Unamortised cost of assets on lease	**-**	-
	Total	**32,249,444**	30,262,787
	SCHEDULE 11 - OTHER ASSETS		
I	Interest accrued	**56,365,672**	45,961,534
II	Advance tax / tax deducted at source (net of provisions)	**15,138,242**	12,807,051
III	Stationery and stamps	**168,394**	202,985
IV	Non banking assets acquired in satisfaction of claims	**-**	-
V	Bond and share application money pending allotment	**-**	9,029
VI	Security deposit for commercial and residential property	**4,339,629**	3,807,941
VII	Others *	**120,633,769**	194,114,781
	Total	**196,645,706**	256,903,321

**Includes deferred tax asset (net) of ₹ 2,031.98 crore (previous year: ₹ 1,918.56 crore) and goodwill of ₹ 187.16 crore (previous year: ₹ 154.85 crore)*

	SCHEDULE 12 - CONTINGENT LIABILITIES		
I	Claims against the bank not acknowledged as debts - taxation	**8,982,200**	8,311,600
II	Claims against the bank not acknowledged as debts - others	**719,342**	831,507
III	Liability on account of outstanding forward exchange contracts	**6,740,520,896**	4,753,861,196
IV	Liability on account of outstanding derivative contracts	**2,433,779,738**	2,009,620,394
V	Guarantees given on behalf of constituents		
	- in India	**240,818,699**	210,495,379
	- outside India	**32,080,401**	35,915,763
VI	Acceptances, endorsements and other obligations	**279,900,503**	192,095,251
VII	Other items for which the Bank is contingently liable	**15,984,183**	20,598,048
	Total	**9,752,785,962**	7,231,729,138

For the year ended March 31, 2015

₹ in '000

			Year Ended 31-Mar-15	Year Ended 31-Mar-14
SCHEDULE 13 - INTEREST EARNED				
I	Interest / discount on advances / bills		**393,346,623**	330,775,141
II	Income from investments		**107,098,509**	90,392,028
III	Interest on balance with RBI and other inter-bank funds		**5,429,360**	3,786,035
IV	Others		**790,433**	596,992
		Total	**506,664,925**	425,550,196
SCHEDULE 14 - OTHER INCOME				
I	Commission, exchange and brokerage		**71,243,564**	60,968,819
II	Profit / (loss) on sale of investments (net)		**5,320,048**	1,002,141
III	Profit / (loss) on revaluation of investments (net)		**556,306**	65,078
IV	Profit / (loss) on sale of building and other assets (net)		**111,264**	33,736
V	Profit / (loss) on exchange / derivative transactions (net)		**10,279,548**	14,008,092
VI	Miscellaneous income		**7,946,105**	6,897,150
		Total	**95,456,835**	82,975,016
SCHEDULE 15 - INTEREST EXPENDED				
I	Interest on deposits		**235,047,802**	190,425,563
II	Interest on RBI / inter-bank borrowings		**24,785,390**	34,468,911
III	Other interest		**13,051,361**	9,560,042
		Total	**272,884,553**	234,454,516
SCHEDULE 16 - OPERATING EXPENSES				
I	Payments to and provisions for employees		**51,626,755**	44,944,724
II	Rent, taxes and lighting		**10,878,565**	9,471,478
III	Printing and stationery		**3,871,910**	2,740,915
IV	Advertisement and publicity		**1,903,378**	1,451,665
V	Depreciation on bank's property		**6,804,512**	6,886,804
VI	Directors' fees, allowances and expenses		**10,871**	8,766
VII	Auditors' fees and expenses		**14,508**	13,368
VIII	Law charges		**717,718**	793,102
IX	Postage, telegram, telephone etc.		**4,162,472**	4,305,680
X	Repairs and maintenance		**8,602,081**	7,987,391
XI	Insurance		**4,476,139**	3,420,379
XII	Other expenditure*		**52,706,340**	42,672,270
		Total	**145,775,249**	124,696,542

** Includes marketing expenses, professional fees, commission to sales agents, travel and hotel charges, entertainment, registrar and transfer agency fees and system management fees.*

For the year ended March 31, 2015

SCHEDULE 17 - Significant accounting policies appended to and forming part of the consolidated fnancial statements for the year ended March 31, 2015

A BACKGROUND

HDFC Bank Limited ('HDFC Bank' or 'the Bank'), incorporated in Mumbai, India is a publicly held banking company engaged in providing a range of banking and financial services including commercial banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949. The Bank has overseas branch operations in Bahrain, Hong Kong and Dubai.

B PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Bank, its subsidiaries and associates, which together constitute the 'Group'.

The Bank consolidates its subsidiaries in accordance with Accounting Standard ('AS') 21, Consolidated Financial Statements, specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014) on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. Capital reserve / goodwill on consolidation represent the difference between the Bank's share in the net worth of the subsidiary and the cost of acquisition at the time of making the investment in the subsidiary. Further, the Bank accounts for investments in associates under equity method of accounting in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014).

C BASIS OF PREPARATION

The consolidated financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014) and current practices prevailing within the banking industry in India. Suitable adjustments are made to align with the format prescribed under the Banking Regulation Act, 1949.

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expense for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

HDB Financial Services Limited is a non-banking financial company and a subsidiary of the Bank. HDFC Securities Limited is a financial services provider along with broking as core product and a subsidiary of the Bank.

The consolidated financial statements present the accounts of HDFC Bank Limited with its following subsidiaries and associates:

Name	Relation	Country of incorporation	Ownership interest**
HDFC Securities Limited	Subsidiary	India	97.9%
HDB Financial Services Limited	Subsidiary	India	97.2%
Atlas Documentary Facilitators Company Private Limited	Associate	India	29.0%
International Asset Reconstruction Company Private Limited	Associate	India	29.4%
HBL Global Private Limited	Associate	India	Nil
HDB Employee Welfare Trust	*	India	

* *The accounts of HDB Employee Welfare Trust, a trust established for providing general welfare measures such as medical relief and educational assistance to the employees of the Bank and their dependants has been entirely consolidated.*

** *Denotes HDFC Bank's direct interest.*

During the year ended March 31, 2015, the Bank purchased 13,50,295 shares of HDFC Securities Limited and thereby increased its stake-holding in HDFC Securities Limited from 89.2% to 98.0%. Further, the shareholding decreased from 98.0% to 97.9% on account of 8,000 stock options exercised by minority stakeholders.

During the year ended March 31, 2015 the shareholding in HDB Financial Services Limited decreased from 97.3% to 97.2% on account of 5,65,800 stock options exercised by minority stakeholders.

The audited financial statements of the subsidiary companies, entity controlled by the Bank, associates and the un-audited financial statements of an associate have been drawn up to the same reporting date as that of the Bank, i.e. March 31, 2015.

D PRINCIPAL ACCOUNTING POLICIES

1 Investments

HDFC Bank Limited

Classification:

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into “Held for Trading” (‘HFT’), “Available for Sale” (‘AFS’) and “Held to Maturity” (‘HTM’) categories (hereinafter called “categories”). Subsequent shifting amongst the categories is done in accordance with the RBI guidelines. Under each of these categories, investments are further classified under six groups (hereinafter called “groups”) - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments.

Recording purchase and sale transactions in securities is done following ‘Settlement Date’ accounting, except in the case of equity shares where ‘Trade Date’ accounting is followed.

Basis of classification:

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category.

Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments in the equity of subsidiaries / joint ventures are categorised as HTM in accordance with the RBI guidelines.

Investments which are not classified in the above categories, are classified under AFS category.

Acquisition cost:

In determining acquisition cost of an investment:

- Brokerage, commission, etc. paid at the time of acquisition, are recognised in the Statement of Profit and Loss.
- Broken period interest on debt instruments is recognised in the Statement of Profit and Loss.
- Cost of investments is based on the weighted average cost method.

Disposal of investments:

Profit / Loss on sale of investments under the aforesaid three categories is recognised in the Statement of Profit and Loss. The profit from sale of investment under HTM category, net of taxes and transfer to statutory reserve is appropriated from Statement of Profit and Loss to “Capital Reserve” in accordance with the RBI Guidelines.

Short sale:

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on sale and is classified under ‘Other Liabilities’. The short position is marked to market, and loss, if any, is charged to the Statement of Profit and Loss while gain, if any, is ignored. Profit / Loss on settlement of the short position is recognised in the Statement of Profit and Loss.

Valuation:

Investments classified under AFS and HFT categories, are marked to market as per the RBI guidelines.

Traded investments are valued based on the trades / quotes on the recognised stock exchanges, price list of RBI or prices declared by Primary Dealers Association of India (‘PDAI’) jointly with Fixed Income Money Market and Derivatives Association (‘FIMMDA’), periodically.

The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR') included in the AFS and HFT categories is computed as per the Yield-to-Maturity ('YTM') rates published by FIMMDA.

The valuation of other unquoted fixed income securities (viz. State Government securities, other approved securities, bonds and debentures) and preference shares, wherever linked to the YTM rates, is done with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FIMMDA.

Special bonds such as oil bonds, fertilizer bonds etc. which are directly issued by Government of India ('GOI') that do not qualify for SLR are also valued by applying the mark up above the corresponding yield on GOI securities.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at ₹ 1 as per the RBI guidelines.

Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund.

Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost and stated at acquisition cost.

Security receipts are valued as per the net asset value provided by the issuing Asset Reconstruction Company from time to time.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the six groups, is charged to the Statement of Profit and Loss. The net appreciation, if any, in any of the six groups is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions. The book value of individual securities is not changed after the valuation of investments.

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines. Any diminution, other than temporary, in the value of investments in subsidiaries / joint ventures is provided for.

Non-performing investments are identified and depreciation / provision is made thereon based on the RBI guidelines. The depreciation / provision is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Statement of Profit and Loss until received.

Repo and reverse repo transactions:

In accordance with the RBI guidelines repo and reverse repo transactions in government securities and corporate debt securities (excluding transactions conducted under Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI) are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

In respect of repo transactions under LAF and MSF with RBI, amount borrowed from RBI is credited to investment account and reversed on maturity of the transaction. Costs thereon are accounted for as interest expense. In respect of reverse repo transactions under LAF, amount lent to RBI is debited to investment account and reversed on maturity of the transaction. Revenues thereon are accounted for as interest income.

HDFC Securities Limited

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

HDB Financial Services Limited

Investments expected to mature after twelve months are taken as non-current / long term investment and stated at cost. Provision is recognised only in case of diminution, which is other than temporary in nature. Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash. All other investment are recognised as current investments / short term and are valued at lower of cost and net realisable value.

Interest on borrowings is recognised in Statement of Profit and Loss on an accrual basis. Costs associated with borrowings are grouped under financial charges along with the interest costs.

HDB Employees Welfare Trust

Long-term investments are stated at cost of acquisition. Provision for diminution is made if such diminution is considered as being other than temporary in nature.

2 Advances

HDFC Bank Limited

Classification:

Advances are classified as performing and non-performing based on the RBI guidelines and are stated net of bills rediscounted, specific provisions, interest in suspense for non-performing advances, claims received from Export Credit Guarantee Corporation, provisions for funded interest term loan classified as non-performing advances and provisions in lieu of diminution in the fair value of restructured assets. Interest on non-performing advances is transferred to an interest suspense account and not recognised in the Statement of Profit and Loss until received.

Provisioning:

Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of wholesale and retail advances, subject to the minimum provisioning level prescribed by the RBI.

The specific provision levels for retail non-performing assets are also based on the nature of product and delinquency levels. Specific loan loss provisions in respect of non-performing advances are charged to the Statement of Profit and Loss and included under Provisions and Contingencies. In accordance with RBI guidelines, accelerated provision is made on non-performing advances which were not earlier reported by the Bank as Special Mention Account under "SMA-2" category to Central Repository of Information on Large Credits (CRILC). Accelerated provision is also made on non-performing advances which are erstwhile SMA-2 accounts with Aggregate Exposure (AE) ₹ 1,000 million or above and Joint Lenders' Forum (JLF) is not formed or they fail to agree upon a common Corrective Action Plan (CAP) within the stipulated time frame.

Recoveries from bad debts written-off are recognised in the Statement of Profit and Loss and included under other income.

In relation to non-performing derivative contracts, as per the extant RBI guidelines, the Bank makes provision for the entire amount of overdue and future receivables relating to positive marked to market value of the said derivative contracts.

The Bank maintains general provision for standard assets including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts and gold in accordance with the guidelines and at levels stipulated by RBI from time to time. In the case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI. Provision for standard assets is included under other liabilities.

Provisions made in excess of the Bank's policy for specific loan loss provisions for non-performing assets and regulatory general provisions are categorised as floating provisions. Creation of floating provisions is considered by the Bank up to a level approved by the Board of Directors. In accordance with the RBI guidelines floating provisions are used up to a level approved by the Board only for contingencies under extraordinary circumstances for making specific provisions for impaired accounts. Floating provisions have been included under other liabilities.

Further to the provisions required to be held according to the asset classification status, provisions are held for individual country exposures (other than for home country exposure). Countries are categorised into risk categories as per Export Credit Guarantee Corporation of India Limited ('ECGC') guidelines and provisioning is done in respect of that country where the net funded exposure is one percent or more of the Bank's total assets.

In addition to the above, the Bank on a prudential basis makes provisions on advances or exposures which are not NPAs, but has reasons to believe on the basis of the extant environment or specific information, the possible slippage of a specific advance or a group of advances or exposures or potential exposures. These are classified as contingent provisions and included under other liabilities.

The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advance / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of installments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made. Restructuring of an account is done at a borrower level.

HDB Financial Services Limited

Classification:

Advances are classified as standard, substandard and doubtful assets as per the Company policy approved by the Board. The rates applied for making provisions on non-performing advances are higher than those required by the relevant RBI guidelines. Interest on non-performing advances is transferred to an interest suspense account and not recognised in the Statement of Profit and Loss until received. Loan assets are recognised on disbursement of loan and in case of new asset financing on the transfer of ownership.

Provisioning:

The Company assesses all receivables for their recoverability and accordingly recognises provision for non performing and doubtful assets as per approved Company policies and guidelines. The Company ensures provisions made are not lower than as stipulated by RBI guidelines.

The Company provides 0.25% on standard assets as stipulated by circular no. DNBS.PD.CC.No.207/03.02.002/2010-11 dated January 17, 2011 issued by RBI under the head "Contingent Provision against Standard Assets". The Company has also made additional provision on standard assets under the head "General Provisions". The rate of general provision is based on management estimate of future expected losses in loan portfolio. The rate of general provision is calculated using "Probability of Default" (PD) and "Loss Given Default" (LGD) on the portfolio.

Loan origination costs:

Brokerage, commission, incentive to employee, etc. paid at the time of acquisition of loans are charged to revenue.

3 Securitisation and transfer of assets

HDFC Bank Limited

The Bank securitises out its receivables subject to the Minimum Holding Period ('MHP') criteria and the Minimum Retention Requirements ('MRR') of RBI, to Special Purpose Vehicles ('SPVs') in securitisation transactions. Such securitised-out receivables are de-recognised in the Balance Sheet when they are sold (true sale criteria being fully met with) and consideration is received by the Bank. Sales / Transfers that do not meet these criteria for surrender of control are accounted for as secured borrowings. In respect of receivable pools securitised-out, the Bank provides liquidity and credit enhancements, as specified by the rating agencies, in the form of cash collaterals / guarantees and / or by subordination of cash flows, not exceeding 20% of the total securitised instruments, in line with RBI guidelines. The Bank also acts as a servicing agent for receivable pools securitised-out.

The Bank also enters into transactions for transfer of standard assets through the direct assignment of cash flows, which are similar to asset-backed securitisation transactions through the SPV route, except that such portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates ('PTC's), subject to the RBI prescribed MHP criteria and the MRR. The RBI issued addendum guidelines on securitisation of standard assets vide its circular dated May 7, 2012. Accordingly, the Bank does not provide liquidity or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines.

Pursuant to these guidelines, the Bank amortises any profit received in cash for every individual securitisation or direct assignment transaction at the end of every financial year. This amortisation is calculated as the maximum of either of the three parameters stated below:

- the losses incurred on the portfolio, including marked to market losses in case of securitisation transactions, specific provisions, if any, and direct write-offs made on the MRR and any other exposures to the securitisation transaction (other than credit enhancing interest only strip); or

- the amount of unamortised cash profit at the beginning of the year multiplied by the amount of principal amortised during the year as a proportion to the amount of unamortised principal at the beginning of the year; or
- the amount of unamortised cash profit at the beginning of the year divided by residual maturity of the securitisation or the direct assignment transaction.

In relation to securitisation transactions undertaken prior to the aforementioned RBI guidelines, including those undertaken through the direct assignment route, the Bank continues to amortise the profit / premium that arose on account of sale of receivables over the life of the securities sold, in accordance with the RBI guidelines on securitisation of standard assets issued vide its circular dated February 1, 2006.

Any loss arising on account of sale of receivables is recognised in the Statement of Profit and Loss for the period in which the sale occurs in accordance with the said RBI guidelines.

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.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Statement of Profit and Loss. If the sale is for a value higher than the net book value, the excess provision is not reversed but is utilised to meet the shortfall / loss on account of sale of other non-performing advances. The RBI issued new guidelines on sale of non-performing advances on February 26, 2014. In accordance with these guidelines, if the sale of non-performing advances is at a price below the net book value, the shortfall is charged to the Statement of Profit and Loss spread over a period of two years. If the sale is for a value higher than the net book value, the excess provision is credited to the Statement of Profit and Loss in the year the amounts are received.

The Bank invests in PTCs issued by other SPVs. These are accounted for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised based on Effective Interest Rate (EIR) method.

HDB Financial Services Limited

- Prior to Issuance of RBI Circular dated August 21, 2012
  - a) On receivables being assigned / securtised, the assets are de-recognised as all the rights, title, future receivables & interest thereof are assigned to the purchaser.
  - b) Gains arising on assignment of receivables will be recognised at the end of the tenure of assignment contract as per the RBI guidelines, while loss, if any is recognised upfront.
- Post Issuance of RBI Circular dated August 21, 2012
  - a) Securitised receivables are de-recognised in the balance sheet when they are sold i.e they meet true sale criteria.
  - b) Gains arising out of securitisation of assets are recognised over the tenure of the securities issued by Special Purpose Vehicle Trust (SPV).
  - c) The excess interest spread on the securitisation transactions are recognised in the Statement of Profit and Loss only when it is redeemed in cash by the SPV after adjusting for overdue receivable. Losses if any, are recognised upfront.

4 Fixed assets and depreciation

HDFC Bank Limited

Fixed assets are stated at cost less accumulated depreciation as adjusted for impairment, if any. Cost includes cost of purchase and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.

Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis. The Bank, pursuant to the Companies Act 2013, has carried out a technical assessment of the useful life of its assets taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use. The estimated useful lives of key fixed assets are given below:

Asset	Estimated useful life as assessed by the Bank	Estimated useful life specified under Schedule II of the Companies Act 2013
Owned premises	61 years	60 years
Automated Teller Machines ('ATMs')	10 years	15 years
Electrical equipment and installations	6 to 10 years	10 years
Office equipment	3 to 6 years	5 years
Computers	3 years	3 years
Modems, routers, switches, servers, network and related IT equipment	3 to 6 years	6 years
Motor cars	4 years	8 years
Furniture and fittings	16 years	10 years

- Improvements to lease hold premises are charged off over the remaining primary period of lease.
- Software and system development expenditure is depreciated over a period of 5 years.
- Point of sale terminals are fully depreciated in the year of purchase.
- For assets purchased and sold during the year, depreciation is provided on pro-rata basis by the Bank.
- Whenever there is a revision of the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

HDFC Securities Limited

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price and expenses directly attributable to bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset are added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements.

Gains or losses arising from disposal or retirement of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" or "Other Expenses", as the case maybe, in the Statement of Profit and Loss in the year of disposal or retirement.

Capital work-in-progress are fixed assets which are not yet ready for their intended use. Such assets are carried at cost comprising direct cost and related incidental expenses.

Depreciation is provided on a pro-rata basis to fully depreciate the assets using the straight-line method over the estimated useful lives of the assets.

For the following categories of assets, depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013

Asset	Estimated useful life
Computer hardware	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Leasehold improvements	Over the remaining period of the lease
Electricals	10 years
Office premises	60 years

For the following categories of assets, the company has assessed useful life based on technical advice, taking into account the nature of the asset, the estimates usage of asset, the operating condition of asset, anticipated technological changes and utility in the business, as below:

Asset	Estimated useful life
Vehicles	4 years
Network & Servers	4 years

- All tangible and intangible assets costing less than ₹ 5,000 individually are fully depreciated in the year of purchase.
- Useful lives are reviewed at each financial year end and adjusted if appropriate.
- Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.
- Cost of an intangible asset includes purchase price, non-refundable taxes and duties and any other directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset is charged to the Statement of Profit and Loss as an expense unless it is probable that such expenditure will enable the intangible asset increase the future benefits from the existing asset beyond its previously assessed standard of performance and such expenditure can be measured and attributed to the intangible asset reliably, in which case, such expenditure is capitalised.
- Expenditure on software development eligible for capitalisation are carried as intangible assets under development where such assets are not yet ready for their intended use.
- Intangible assets are amortised on a straight-line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation method are reviewed at least at each reporting date. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.
- Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss in the year of disposal.

The estimated useful lives of intangible assets used for amortisation are:

Asset	Estimated useful life
Computer software licenses	5 years
Electronic trading platform	5 years
Bombay stock exchange card	10 years

HDB Financial Services Limited

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. The cost of fixed assets comprise purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.

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.

Depreciation is charged over the estimated useful life of the fixed assets on a straight line basis at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013, except for assets as under:

Asset	Estimated useful life as assessed by the company	Estimated useful life under Schedule II of Companies Act, 2013
Motor cars	5 years	8 years

- Improvements to lease hold premises are charged off over the primary period of lease or its useful life, whichever is lower.
- Items costing less than ₹ 5,000/- are fully depreciated in the year of purchase.
- The company has estimated Nil residual value at the end of the useful life for all block of assets.
- For assets purchased and sold during the year, depreciation is being provided on pro-rata basis by the company.

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to bring the same in working condition and the useful life of the same is estimated of 3 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the Statement of Profit and Loss.

5 Impairment of assets

Group

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Statement of Profit and Loss to the extent the carrying amount of assets exceeds their estimated recoverable amount.

6 Transactions involving foreign exchange

HDFC Bank Limited

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations (representative offices) are translated at the weekly average closing rates and of non-integral foreign operations (foreign branches) at the monthly average closing rates.

Foreign currency monetary items of domestic and integral foreign operations are translated at the closing exchange rates notified by Foreign Exchange Dealers' Association of India ('FEDAI') as at the Balance Sheet date and the resulting net valuation profit or loss arising due to a net open position in any foreign currency is recognised in the Statement of Profit and Loss.

Both monetary and non-monetary foreign currency assets and liabilities of non integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date and the resulting profit / loss arising from exchange differences are accumulated in the Foreign Currency Translation Account until remittance or the disposal of the net investment in the non-integral foreign operations in accordance with AS - 11.

Foreign exchange spot and forward contracts outstanding as at the Balance Sheet date and held for trading, are revalued at the closing spot and forward rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities. The USD-INR rate for valuation of contracts having longer maturities i.e. greater than one year is implied from MIFOR and LIBOR curves. For other currency pairs, the forward points (for rates / tenors not published by FEDAI) are obtained from Reuters for valuation of the FX deals. As directed by FEDAI to consider P&L on present value basis, the forward profit or loss on the deals are discounted till the valuation date using the discounting yields. The resulting profit or loss on valuation is recognised in the Statement of Profit and Loss. Foreign exchange contracts are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value).

Foreign exchange forward contracts not intended for trading, that are entered into to establish the amount of reporting currency required or available at the settlement date of transaction and are outstanding at the Balance Sheet date, are effectively valued at the closing spot rate. The premia or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract.

Currency futures contracts are marked to market daily using settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed on the basis of the last half an hour weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contract or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit / loss is daily settled with the exchange.

Contingent liabilities on account of foreign exchange contracts, currency future contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

7 Derivative contracts

HDFC Bank Limited

The Bank recognises all derivative contracts (other than those designated as hedges) at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance Sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value). Changes in the fair value of derivatives other than those designated as hedges are recognised in the Statement of the Profit and Loss.

Derivative contracts designated as hedges are not marked to market unless their underlying transaction is marked to market. In respect of derivative contracts that are marked to market, changes in the market value are recognised in Statement of Profit and Loss in the relevant period. The Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. Hedge effectiveness is ascertained at the time of the inception of the hedge and periodically thereafter. Gains or losses arising from hedge ineffectiveness, if any, are recognised in the Statement of Profit and Loss.

Contingent Liabilities on account of derivative contracts denominated in foreign currencies are reported at closing rates of exchange notified by FEDAI at the Balance Sheet date.

8 Revenue recognition

HDFC Bank Limited

- Interest income is recognised in the Statement of Profit and Loss on an accrual basis, except in the case of non-performing assets where it is recognised upon realisation as per RBI norms.
- Interest income on investments in PTCs and loans bought out through the direct assignment route is recognised at their effective interest rate.
- Income on non-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant effective yield basis.
- Loan processing fee is recognised as income when due. Syndication / Arranger fee is recognised as income when a significant act / milestone is completed.
- Gain / Loss on sell down of loans is recognised in line with the extant RBI guidelines.
- Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.
- Guarantee commission, commission on letter of credit, annual locker rent fees and annual fees for credit cards are recognised on a straight line basis over the period of contract. Other fees and commission income is recognised when due, except in cases where the Bank is uncertain of ultimate collection.

HDFC Securities Limited

- Income from services rendered as a brokerage is recognised upon rendering of the services.
- Commissions are recorded on a trade date basis as the securities transaction occurs.
- Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract.
- Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant or as the case may be, issue of the insurance policy to the applicant.
- Commissions and fees recognised as aforesaid are exclusive of service tax, securities transaction tax, stamp duties and other levies by SEBI and stock exchanges.
- Interest is earned on delayed payments from clients and amounts funded to them as well as term deposits with banks.
- Interest income is recognised on a time proportion basis taking into account the amount outstanding from customers or on the financial instrument and the rate applicable.
- Dividend income is recognised when the right to receive the dividend is established.

HDB Financial Services Limited

- Interest income is recognised in the Statement of Profit and Loss on an accrual basis. In case of Non Performing Assets (NPA) interest income is recognised upon realisation as per the RBI Guidelines. Interest accrued and not realised before the classification of the asset as an NPA is reversed and credited to the interest suspense account.
- Income from BPO services and other financial charges are recognised on an accrual basis, except in case of cheque bouncing charges, late payment charges, foreclosure charges and application money, which are accounted as and when received.
- Upfront / Processing fees are recovered and recognised at the time of disbursement of loan.
- Income from dividend is recognised in the Statement of Profit and Loss when the right to receive is established.

HDB Employees Welfare Trust

- Income is recognised on accrual basis.

9 Employee benefits

HDFC Bank Limited

Employee Stock Option Scheme ('ESOS')

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Bank to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Bank follows the intrinsic value method to account for its stock-based employee's compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any is amortised over the vesting period.

Gratuity

The Bank provides for gratuity to all employees. The benefit vests upon completion of five years of service and is in the form of lump sum payment to employees on resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. The Bank makes contributions to funds administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. In respect of erstwhile Lord Krishna Bank ('eLKB') employees, the Bank makes contribution to a fund set up by eLKB and administered by the Board of Trustees.

The defined gratuity benefit plans are valued by an independent actuary as at the Balance Sheet date using the projected unit credit method as per the requirement of AS-15 (Revised 2005), Employee Benefits to determine the present value of the defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognised in the Statement of Profit and Loss.

Superannuation

Employees of the Bank, above a prescribed grade, are entitled to receive retirement benefits under the Bank's Superannuation Fund. The Bank contributes a sum equivalent to 13% of the employee's eligible annual basic salary (15% for the whole time directors and for certain eligible erstwhile Centurion Bank of Punjab ('eCBoP') staff) to insurance companies, which administer the fund. The Bank has no liability for future superannuation fund benefits other than its contribution and recognises such contributions as an expense in the year incurred, as such contribution is in the nature of defined contribution.

Provident fund

In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund. The Bank contributes an amount, on a monthly basis, at a determined rate (currently 12% of employee's basic salary). Of this, the Bank contributes an amount equal to 8.33% of employee's basic salary up to a maximum salary level of ₹ 6,500/- per month, to the Pension Scheme administered by the Regional Provident Fund Commissioner ('RPFC'). The balance amount is contributed to a fund set up by the Bank and administered by the Board of Trustees. In respect of eCBoP employees, employer's and employee's share of contribution to Provident Fund till March 2009, was administered by RPFC and from April 2009 onwards, the same is transferred to fund set up by the Bank and administered by the Board of Trustees. In respect of eLKB employees, the Bank contributes to a fund set up by eLKB and administered by the Board of Trustees. The Bank recognises such contributions as an expense in the year in which it is incurred. Interest payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Bank.

The guidance note on implementing AS-15 (Revised 2005), Employee Benefits, states that benefits involving employer established provident funds, which require interest shortfalls to be provided, are to be considered as defined benefit plans. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note issued in this respect by the Actuarial Society of India and provision towards this liability is made.

The overseas branches of the bank makes contributions to the respective relevant government scheme calculated as a percentage of the employees' salaries. The Bank's obligations are limited to these contributions, which are expensed when due, as such contribution is in the nature of defined contribution.

Leave encashment / Compensated absences

The Bank does not have a policy of encashing unavailed leave for its employees, except for certain eLKB employees under Indian Banks Association ('IBA') structure. The Bank provides for leave encashment / compensated absences based on an independent actuarial valuation at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation.

Pension

In respect of pension payable to certain eLKB employees under IBA structure, which is a defined benefit scheme, the Bank contributes 10% of basic salary to a pension fund set up by the Bank and administered by the Board of Trustees and the balance amount is provided based on actuarial valuation as at the Balance Sheet date conducted by an independent actuary.

In respect of certain eLKB employees who had moved to a Cost to Company ('CTC') driven compensation structure and had completed less than 15 years of service, the contribution which was made until then, is maintained as a fund and will be converted into annuity on separation after a lock-in-period of two years. For this category of employees, liability stands frozen and no additional provision is required except for interest as applicable to Provident Fund, which is provided for.

In respect of certain eLKB employees who moved to a CTC structure and had completed service of more than 15 years, pension would be paid on separation based on salary applicable as on the date of movement to CTC structure. Provision thereto is made based on actuarial valuation as at the Balance Sheet date conducted by an independent actuary.

HDFC Securities Limited

Short term

Short term employee benefits include salaries and performance incentives. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or informal obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. These costs are recognised as an expense in the Statement of Profit and Loss at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

Long term

The Company offers its employees long term benefits by way of defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the National Pension Scheme, Employees' Provident Fund, Family Pension Fund and Superannuation Fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

Defined-benefit plans

Expenses for defined-benefit gratuity plan are calculated as at the Balance Sheet date by an independent actuary in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. The fair values of the plan assets are deducted in determining the net liability. When the fair value of plan assets exceeds the commitments computed as aforesaid, the recognised asset is limited to the net total of any cumulative past service costs and the present value of any economic benefits available in the form of reductions in future contributions to the plan. Actuarial losses or gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Other employee benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be availed in twelve months immediately following the year in which the employee has rendered service are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits.

Where there are restrictions on availment of such accrued benefit or where the availment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

Share-based payment transactions

Equity settled stock options granted under the Company's Employee Stock Option Schemes are accounted for as per the accounting treatment prescribed by the guidance note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The intrinsic value of the option being excess of fair value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the unamortised portion.

HDB Financial Services Limited

Long term employee benefits

Gratuity

The Company provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on resignation, retirement or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to fund administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The defined benefit plan are valued by an independent external actuary as at the Balance Sheet date using the projected unit credit method to determine the present value of defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognised in the Statement of Profit and Loss.

Provident fund

In accordance with the applicable law, all employees of the Company are entitled to receive benefits under the Provident Fund Act, 1952. The Company contributes an amount, on a monthly basis, at a determined rate (currently 12% of employee's basic salary) to the Pension Scheme administered by the Regional Provident Fund Commissioner (RPFC) and the Company has no liability for future provident fund benefits other than its annual contribution. Since it is a defined contribution plan, the contributions are accounted for on an accrual basis and recognised in the Statement of Profit and Loss.

Compensated absences

The Company does not have a policy of encashment of unavailed leaves for its employees but are permitted to carry forward subject to a prescribed maximum days. The Company provides for compensated absences in accordance with AS-15 (Revised 2005) Employee Benefits issued by Insititute of Chartered Accountants of India. The provision is based on an independent external actuarial valuation at the Balance Sheet date.

10 Debit and credit cards reward points

HDFC Bank Limited

The Bank estimates the probable redemption of debit and credit card reward points and cost per point using an actuarial method by employing an independent actuary, which includes assumptions such as mortality, redemption and spends. Provisions for the said reward points are made based on the actuarial valuation report as furnished by the said independent actuary and included in other liabilities.

11 Bullion

HDFC Bank Limited

The Bank imports bullion including precious metal bars on a consignment basis for selling to its wholesale and retail customers. The imports are typically on a back-to-back basis and are priced to the customer based on an estimated price quoted by the supplier. The Bank earns a fee on such wholesale bullion transactions. The fee is classified under commission income.

The Bank also sells bullion to its retail customers. The difference between the sale price to customers and actual price quoted by supplier is recorded under commission income.

The Bank also deals in bullion on a borrowing and lending basis and the interest paid / received thereon is classified as interest expense / income respectively.

12 Lease accounting

Group

Lease payments including cost escalation for assets taken on operating lease are recognised in the Statement of Profit and Loss over the lease term on a straight-line basis in accordance with the AS-19, Leases.

13 Income tax

Group

Income tax expense comprises current tax provision (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability during the year. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases and operating loss carried forward, if any. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates as at the Balance Sheet date.

Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realised.

14 Earnings per share

Group

The Group reports basic and diluted earnings per equity share in accordance with AS-20, Earnings Per Share. Basic earnings per equity share has been computed by dividing net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted to equity during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and the dilutive potential equity shares outstanding during the period except where the results are anti-dilutive.

15 Share issue expenses

HDFC Bank Limited

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

16 Segment information

Group

The segmental classification to the respective segments is in accordance with the guidelines issued by RBI.

17 Accounting for provisions, contingent liabilities and contingent assets

Group

In accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets, the Group recognises provisions when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date, supplemented by experience of similar transactions. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Group; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

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.

Contingent assets, if any, are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

18 Cash and cash equivalents

Group

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

19 Corporate social responsibility

Group

Spends towards corporate social responsibility, in accordance with Companies Act, 2013 are recognised in the Statement of Profit and Loss.

For the year ended March 31, 2015

SCHEDULE 18 - Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Amounts in notes forming part of the financial statements for the year ended March 31, 2015 are denominated in rupee crore to conform to extant RBI guidelines.

1 Capital Infusion

Pursuant to the shareholder and regulatory approvals, the Bank on February 10, 2015, concluded a Qualified Institutions Placement (QIP) of 1,87,44,142 equity shares at a price of ₹ 1,067 per equity share aggregating ₹ 2,000 crore and an American Depository Receipt (ADR) offering of 2,20,00,000 ADRs (representing 6,60,00,000 equity shares) at a price of USD 57.76 per ADR, aggregating USD 1,271 million. Pursuant to these issuances, the Bank allotted 8,47,44,142 additional equity shares. Accordingly, share capital increased by ₹ 16.95 crores and share premium increased by ₹ 9,705.84 crores, net of share issue expenses of ₹ 151.03 crores.

During the year ended March 31, 2015, the Bank allotted 2,27,00,740 equity shares (previous year: 1,96,31,405 equity shares) aggregating to face value ₹ 4.54 crore (previous year: ₹ 3.93 crore) in respect of stock options exercised. Accordingly, share capital increased by ₹ 4.54 crore (previous year: ₹ 3.93 crore) and share premium increased by ₹ 990.88 crore (previous year: ₹ 741.51 crore).

Details of movement in the paid-up equity share capital of the Bank are given below: **(₹ crore)**

Particulars	March 31, 2015	March 31, 2014
Opening balance	479.81	475.88
Addition pursuant to QIP/ADR offering	16.95	-
Addition pursuant to stock options exercised	4.54	3.93
Closing balance	501.30	479.81

2 Earnings per equity share

Basic and Diluted earnings per equity share have been calculated based on the consolidated profit attributable to the Group of ₹ 10,688.89 crore (previous year: ₹ 8,743.49 crore) and the weighted average number of equity shares outstanding during the year of 2,42,37,77,245 (previous year: 2,39,02,89,717)

Following is the reconciliation between basic and diluted earnings per equity share:

Particulars	For the year ended (₹)	
	March 31, 2015	March 31, 2014
Nominal value per share	2.00	2.00
Basic earnings per share	44.10	36.58
Effect of potential equity shares (per share)	(0.50)	(0.27)
Diluted earnings per share	43.60	36.31

Basic earnings per equity share have been computed by dividing net profit for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed by dividing the net profit for the year attributable to the equity shareholders by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive. The dilutive impact is on account of stock options granted to employees by the Bank. There is no impact of dilution on the profits in the current year and previous year.

Following is the reconciliation of weighted average number of equity shares used in the computation of basic and diluted earnings per share:

Particulars	For the year ended	
	March 31, 2015	March 31, 2014
Weighted average number of equity shares used in computing basic earnings per equity share	2,42,37,77,245	2,39,02,89,717
Effect of potential equity shares outstanding	2,77,45,406	1,78,49,608
Weighted average number of equity shares used in computing diluted earnings per equity share	2,45,15,22,651	2,40,81,39,325

3 Reserves and Surplus

Drawdown from reserves

The Bank has not undertaken any drawdown from reserves during the year ended March 31, 2015 except towards share issue expenses, incurred for the equity raised through the Qualified Institutions Placement (QIP) and American Depository Receipt (ADR) routes, which have been adjusted against the share premium account in terms of Section 52 of the Companies Act, 2013. There has been no drawdown from reserves during the year ended March 31, 2014.

Statutory Reserve

The Group has made an appropriation of ₹ 2,623.87 crore (previous year: ₹ 2,161.45 crore) out of profits for the year ended March 31, 2015 to Statutory Reserve pursuant to the extant of statutory and regulatory requirements.

Capital Reserve

During the year ended March 31, 2015, the Bank appropriated ₹ 224.92 crore (previous year: ₹ 58.27 crore), being the profit from sale of investments under HTM category, net of taxes and transfer to statutory reserve, from Profit and Loss Account to Capital Reserve Account.

General Reserve

The Group has made an appropriation of ₹ 1,038.59 crore (previous year: ₹ 855.84 crore) out of profits for the year ended March 31, 2015 to General Reserve pursuant to provisions of the Companies Act, 2013 for the current year and pursuant to Companies (Transfer of Profits to Reserves) Rules,1975 for the previous year.

Investment Reserve Account

During the year ended March 31, 2015, the Bank has appropriated ₹ 27.54 crore (net) (previous year: ₹ 3.22 crore (net)) from Profit and Loss Account to Investment Reserve Account.

4 Dividend on shares allotted pursuant to exercise of stock options

The Bank may allot equity shares after the Balance Sheet date but before the book closure date pursuant to the exercise of any employee stock options. These equity shares will be eligible for full dividend for the year ended March 31, 2015, if approved at the ensuing Annual General Meeting.

5 Accounting for employee share based payments

HDFC Bank Limited

The shareholders of the Bank approved grant of equity share options under Plan "C" in June 2005, Plan "D" in June 2007, Plan "E" in June 2010 and Plan "F" in June 2013. Under the terms of each of these Plans, the Bank may issue Equity Stock Options ('ESOPs') to employees and whole time directors of the Bank, each of which is convertible into one equity share. All the plans were framed in accordance with the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time.

Plans C, D, E and F provide for the issuance of options at the recommendation of the Compensation Committee at the closing price on the working day immediately preceding the date when options are granted, the price being the closing price of the share on an Indian stock exchange with the highest trading volume as of the working day preceding the date of grant.

Vesting conditions applicable to the options are at the discretion of the Compensation Committee. These options are exercisable on vesting, for a period as set forth by the Compensation Committee at the time of grant. The period in which options may be exercised cannot exceed five years. During the years ended March 31, 2015 and March 31, 2014, no modifications were made to the terms and conditions of ESOPs as approved by the Nomination & Remuneration Committee.

The erstwhile Centurion Bank of Punjab ('eCBoP') had granted stock options to its employees prior to its amalgamation with the Bank. The options were granted under the General ESOP Scheme framed in accordance with the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time. The outstanding options granted by eCBoP and the grant price thereof were converted into equivalent HDFC Bank options and prices in the swap ratio of 1:29 i.e. 1 stock option of HDFC Bank for every 29 stock options granted and outstanding of eCBoP as on May 23, 2008, the effective date of the amalgamation, in accordance with Clause 9.9 of the scheme of amalgamation of eCBoP with the Bank. The vesting dates for the said stock options granted in various tranches were revised as per Clause 9.9 of the Scheme. The aforesaid stock options are exercisable within a period of 5 years from the date of vesting. Options granted under the General ESOP scheme were granted at the market price. The market price was the latest available closing price, prior to the date of meeting of the Board of Directors/ Nomination & Remuneration Committee in which options were granted or shares were issued, on the stock exchange on which the shares of the Bank were listed. If the shares were listed on more than one stock exchange, then the stock exchange where there was highest trading volume on the said date was considered.

Method used for accounting for shared based payment plan

The Bank has elected to use intrinsic value method to account for the compensation cost of stock options to employees and whole time directors of the Bank. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

Activity in the options outstanding under the Employee Stock Option Plans

- Activity in the options outstanding under the various employee stock options plans as at March 31, 2015:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	9,24,76,600	556.06
Granted during the year	4,16,59,000	835.50
Exercised during the year	2,27,00,740	438.50
Forfeited / Lapsed during the year	24,01,860	744.09
Options outstanding, end of year	10,90,33,000	683.16
Options exercisable	4,18,71,400	537.99

- Activity in the options outstanding under the various employee stock options plans as at March 31, 2014:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	6,54,43,045	417.32
Granted during the year	4,70,60,000	679.99
Exercised during the year	1,89,03,115	382.63
Forfeited / Lapsed during the year	11,23,330	583.43
Options outstanding, end of year	9,24,76,600	556.06
Options exercisable	4,61,37,600	431.59

- Following table summarises the information about stock options outstanding as at March 31, 2015:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	680.00 to 835.50	67,78,000	4.32	692.50
Plan D	680.00	64,02,300	4.26	680.00
Plan E	440.16 to 680.00	5,59,39,700	3.05	573.70
Plan F	835.50	3,99,13,000	5.22	835.50
General ESOP	-	-	-	-

- Following table summarises the information about stock options outstanding as at March 31, 2014:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	680.00	69,52,000	5.21	680.00
Plan D	225.29 to 680.00	1,36,43,900	2.94	490.62
Plan E	440.16 to 680.00	7,14,94,300	3.82	558.33
General ESOP	118.61 to 251.72	3,86,400	0.40	217.13

No options have been granted under Plan F during the year ended March 31, 2014

Fair Value methodology

The fair value of options used to compute proforma net income and earnings per equity share have been estimated on the dates of each grant using the binomial option-pricing model. The Bank estimates the volatility based on the historical share prices. 4,16,59,000 options were granted during the year ended March 31, 2015 (previous year : 4,70,60,000). The various assumptions considered in the pricing model for the ESOPs granted during the year ended March 31, 2015 and March 31, 2014 were:

Particulars	**March 31, 2015**	**March 31, 2014**
Dividend yield	0.82%	0.81% to 0.83%
Expected volatility	24.30% to 32.00%	28.57% to 41.52%
Risk - free interest rate	8.42 % to 8.63 %	8.21% to 9.08%
Expected life of the option	1 to 7 years	1 to 7 years

Impact of fair value method on net profit and earnings per share ('EPS')

Had the compensation cost for the Bank's stock option plans been determined based on the fair value approach, the Bank's net profit and earnings per share would have been as per the proforma amounts indicated below:

(₹ crore)

Particulars	**March 31, 2015**	**March 31, 2014**
Net Profit (as reported)	10,215.92	8,478.38
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock based compensation expense determined under fair value based method *(proforma)*	944.47	561.32
Net Profit *(proforma)*	9,271.45	7,917.06
	(₹)	(₹)
Basic earnings per share (as reported)	42.15	35.47
Basic earnings per share *(proforma)*	38.25	33.12
Diluted earnings per share (as reported)	41.67	35.21
Diluted earnings per share *(proforma)*	37.82	32.88

HDFC Securities Limited

The Shareholders of the Company approved a stock option scheme (viz. ESOS-001) in February 2010 ("Company Options"). Under the terms of the scheme, the Company issues stock options to employees, whole time director, managing director and directors of the Company, each of which is convertible into one equity share.

Scheme ESOS-001 provides for the issuance of options at the recommendation of the Compensation Committee of the Board of Directors (the "Compensation Committee") at a price of ₹ 135/- per share, being the fair market value of the share arrived by a category 1 merchant banker.

Such options vest at definitive dates, save for specific incidents, prescribed in the scheme as framed / approved by the Compensation Committee. Such options are exercisable for a period following the vesting at the discretion of the Compensation Committee, subject to a maximum of two years from the date of vesting.

Method used for accounting for shared based payment plan

The Company uses the Intrinsic Value method to account for the compensation cost of stock options to employees of the Company.

For the year ended March 31, 2015

Activity in the options outstanding under the Employee Stock Option Plan

- Activity in the options outstanding under the Employees Stock Options Plan as at March 31, 2015:

Particulars	Company options	Weighted average exercise price (₹)
Options outstanding, beginning of year	8,700	135.00
Granted during the year	-	-
Exercised during the year	8,000	135.00
Forfeited / Lapsed during the year	700	135.00
Options outstanding, end of year	-	-
Options Exercisable	-	-

- Activity in the options outstanding under the Employees Stock Options Plan as at March 31, 2014:

Particulars	Company options	Weighted average exercise price (₹)
Options outstanding, beginning of year	122,900	135.00
Granted during the year	-	-
Exercised during the year	111,150	135.00
Forfeited during the year	600	-
Lapsed during the year	2,450	135.00
Options outstanding, end of year	8,700	135.00
Options Exercisable	8,700	135.00

- Following table summarises the information about stock options outstanding as at March 31, 2015:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of unvested options (in years)	Weighted average exercise price (₹)
Company Options	-	-	-	-

- Following table summarises the information about stock options outstanding as at March 31, 2014:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of unvested options (in years)	Weighted average exercise price (₹)
Company Options	135.00	8,700	0.89	135.00

Impact of fair value method on net profit and EPS

Had compensation cost for the Company's stock option plans been determined based on the fair value approach, the Company's net profit and earnings per share would have been as per the proforma amounts indicated below:

(₹ crore)

Particulars	March 31, 2015	March 31, 2014
Net Profit (as reported)	164.97	78.44
Add : Stock - based employee compensation expense included in net income	-	-
(Less) / Add : Stock - based compensation expense determined under fair value based method *(proforma)*	-	0.02
Net Profit *(proforma)*	164.97	78.46
	(₹)	(₹)
Basic and diluted earnings per share (as reported)	106.60	51.00
Basic and diluted earnings per share *(proforma)*	106.60	51.02

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HDB Financial Services Limited

In accordance with resolution approved by the shareholders, the company has reserved shares, for issue to employees through ESOP scheme. On the approval of compensation committee, each ESOP scheme is issued. The Compensation Committee has approved stock option schemes ESOS-4 in October, 2010 and ESOS-5 on July 27, 2011 and ESOS-6 on June 11, 2012 and ESOS-7 on July 19, 2013. Under the term of the schemes, the Company may issue stock options to employees and directors of the Company, each of which is convertible into one equity share.

Such options vest at a definitive date, save for specific incidents, prescribed in the scheme as framed / approved by the Compensation Committee. Such options are exercisable for a period following vesting at the discretion of the Compensation Committee, subject to a maximum of two years from the date of vesting.

Method used for accounting for shared based payment plan

The Company uses intrinsic value to account for the compensation cost of stock options to employees of the Company.

Activity in the options outstanding under the Employee Stock Option Plans

- Activity in the options outstanding under the Employee Stock Option Plan as at March 31, 2015:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	21,51,700	49.17
Granted during the year	-	-
Exercised during the year	5,65,800	46.42
Forfeited / Lapsed during the year	1,48,650	45.54
Options outstanding, end of year	14,37,250	50.62

- Activity in the options outstanding under the Employee Stock Option Plan as at March 31, 2014:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	9,03,750	28.23
Granted during the year	16,45,000	56.00
Exercised during the year	2,93,000	24.66
Forfeited / Lapsed during the year	1,04,050	44.36
Options outstanding, end of year	21,51,700	49.17

- Following table summarises the information about stock options outstanding as at March 31, 2015:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
ESOS - 4	17.50	6,400	0.50	17.50
ESOS - 5	25.00	7,000	1.07	25.00
ESOS - 6	31.00	2,90,650	2.16	31.00
ESOS - 7	56.00	11,33,200	2.28	56.00

- Following table summarises the information about stock options outstanding as at March 31, 2014:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
ESOS - 4	17.50	22,800	1.42	17.50
ESOS - 5	25.00	50,800	2.44	25.00
ESOS - 6	31.00	4,90,100	2.91	31.00
ESOS - 7	56.00	15,88,000	3.10	56.00

For the year ended March 31, 2015

Impact of fair value method on net profit and EPS

Had compensation cost for the Company's stock option plans been determined based on the fair value approach, the Company's net profit and earnings per share would have been as per the proforma amounts indicated below:

(₹ crore)

Particulars	**March 31, 2015**	**March 31, 2014**
Net Profit (as reported)	349.45	209.26
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	1.45	1.26
Net Profit *(proforma)*	348.00	208.00
	(₹)	(₹)
Basic earnings per share (as reported)	6.63	4.32
Basic earnings per share *(proforma)*	6.60	4.29
Diluted earnings per share (as reported)	6.63	4.32
Diluted earnings per share *(proforma)*	6.60	4.29

Group

Impact of fair value method on net profit and EPS of the Group

Had compensation cost for the stock option plans outstanding been determined based on the fair value approach, the Group's net profit and earnings per share would have been as per the proforma amounts indicated below:

(₹ crore)

Particulars	**March 31, 2015**	**March 31, 2014**
Net Profit (as reported)	10,688.89	8,743.49
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	945.92	562.56
Net Profit *(proforma)*	9,742.97	8,180.93
	(₹)	(₹)
Basic earnings per share (as reported)	44.10	36.58
Basic earnings per share *(proforma)*	40.20	34.23
Diluted earnings per share (as reported)	43.60	36.31
Diluted earnings per share *(proforma)*	39.74	33.97

6 Other liabilities

- The Bank has presented gross unrealised gain on foreign exchange and derivative contracts under other assets and gross unrealised loss on foreign exchange and derivative contracts under other liabilities. Accordingly, other liabilities as at March 31, 2015 include unrealised loss on foreign exchange and derivative contracts of ₹ 6,914.10 crore (previous year: ₹ 12,609.15 crore).
- Other liabilities include deferred tax liability (net) of ₹ 0.45 crore (previous year: Nil) relating to HDFC Securities Limited. The breakup of the same is as follows:

(₹ crore)

Particulars	**March 31, 2015**	**March 31, 2014**
Deferred tax asset arising out of:		
Employee Benefits	1.04	0.81
Others	0.17	0.17
Total (a)	**1.21**	**0.98**
Deferred tax liability arising out of:		
Depreciation	(1.66)	(0.89)
Total (b)	**(1.66)**	**(0.89)**
Deferred tax (liability) / asset, net	**(0.45)**	**0.09**

For the year ended March 31, 2015

7 Investments

- Investments include securities of Face Value (FV) aggregating ₹ 1,563.00 crore (previous year: FV ₹ 1,845.00 crore) which are kept as margin for clearing of securities, of FV ₹ 16,249.30 crore (previous year: FV ₹ 5,693.30 crore) which are kept as margin for Collateralised Borrowing and Lending Obligation (CBLO) and of FV aggregating ₹ 63.25 crore (previous year: FV ₹ 120.35 crore) which are kept as margin for Forex Forward segment - Default Fund with the Clearing Corporation of India Ltd.
- Investments include securities of FV aggregating ₹ 16.00 crore (previous year: FV ₹ 16.00 crore) which are kept as margin with National Securities Clearing Corporation of India Ltd. ('NSCCIL'), of FV aggregating ₹ 13.00 crore (previous year: FV ₹ 13.00 crore) which are kept as margin with MCX - SX Clearing Corporation Ltd., of FV Nil (previous year: FV ₹ 0.30 crore) which are kept as margin with United Stock Exchange for transacting in the currency derivative segment and of FV aggregating ₹ 2.00 crore (previous year: ₹ 2.00 crore) which are kept as margin with Indian Clearing Corporation Limited in the BSE currency derivatives segment.
- Investments having FV aggregating ₹ 34,127.16 crore (previous year: FV ₹ 35,013.64 crore) are kept as margin towards Real Time Gross Settlement (RTGS) and those having FV aggregating ₹ 19,077.83 crore (previous year: ₹ 26,139.39 crore) are kept as margin towards repo transactions with the RBI.

8 Other fixed assets

Other fixed assets include amounts capitalised relating to software having useful life of five years. Details regarding the same are tabulated below:

(₹ crore)

Particulars	March 31, 2015	March 31, 2014
Cost		
As at March 31 of the previous year	1,311.52	1,120.92
Additions during the year	298.06	190.60
Deductions during the year	(0.06)	-
Total (a)	**1,609.52**	**1,311.52**
Depreciation		
As at March 31 of the previous year	881.25	732.95
Charge for the year	168.26	148.30
On deductions during the year	(0.06)	-
Total (b)	**1,049.45**	**881.25**
Net value as at March 31 (a-b)	**560.07**	**430.27**

9 Other assets

Other assets include deferred tax asset (net) of ₹ 2,031.98 crore (previous year: ₹ 1,918.56 crore). The break-up of the same is as follows:

(₹ crore)

Particulars	March 31, 2015	March 31, 2014
Deferred tax asset arising out of:		
Loan loss provisions	1,679.06	1,513.97
Employee Benefits	115.18	122.87
Others	310.09	340.74
Total (a)	**2,104.33**	**1,977.58**
Deferred tax liability arising out of:		
Depreciation	(72.35)	(59.02)
Total (b)	**(72.35)**	**(59.02)**
Deferred tax asset (net) (a-b)	**2,031.98**	**1,918.56**

For the year ended March 31, 2015

10 Provisions, contingent liabilities and contingent assets

Given below is the movement in provisions and a brief description of the nature of contingent liabilities recognised by the Bank.

a) Provision for credit card and debit card reward points **(₹ crore)**

Particulars	March 31, 2015	March 31, 2014
Opening provision for reward points	150.91	130.07
Provision for reward points made during the year	106.68	100.89
Utilisation / Write back of provision for reward points	(63.76)	(57.72)
Effect of change in rate for accrual of reward points	(40.83)	(22.33)
Effect of change in cost of reward points	47.07	-
Closing provision for reward points	200.07	150.91

b) Provision for legal and other contingencies **(₹ crore)**

Particulars	March 31, 2015	March 31, 2014
Opening provision	352.61	312.66
Movement during the year (net)	2.30	39.95
Closing provision	354.91	352.61

c) Description of contingent liabilities

Sr. No.	Contingent liability*	Brief description
1	Claims against the Group not acknowledged as debts - taxation	The Group is a party to various taxation matters in respect of which appeals are pending. The Group expects the outcome of the appeals to be favorable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and the provisions of Income Tax Act, 1961.
2	Claims against the Group not acknowledged as debts - others	The Group is a party to various legal proceedings in the normal course of business. The Group does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial conditions, results of operations or cash flows.
3	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with inter-bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest / principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments such as foreign exchange contracts and derivatives provide a basis for comparison with instruments recognised on the Balance Sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms.
4	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the Bank's customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
5	Other items for which the Group is contingently liable	These include: a) Credit enhancements in respect of securitised-out loans; b) Bills rediscounted by the Bank; c) Capital commitments; d) Underwriting commitments

**Also refer Schedule 12 - Contingent Liabilities*

For the year ended March 31, 2015

11 Commission, exchange and brokerage income

Commission, exchange and brokerage income is net of correspondent bank charges.

12 Provisions and contingencies

The break-up of 'Provisions and contingencies' included in the Statement of Profit and Loss is given below:

(₹ crore)

Particulars		March 31, 2015	March 31, 2014
Provision for income tax	- Current	5,492.37	4,446.06
	- Deferred	(112.97)	0.09
Provision for wealth tax		0.77	0.77
Provision for NPAs		1,868.20	1,730.52
Provision for diminution in value of non performing investments		(3.82)	(4.12)
Provision for standard assets		310.35	234.35
Other provisions and contingencies*		91.25	(234.78)
	Total	**7,646.15**	**6,172.89**

**Includes (write-back) / provisions for tax, legal and other contingencies ₹ 36.52 crore (previous year: ₹ (265.30) crore), floating provisions ₹ 32.20 crore (previous year: ₹ 57.67 crore), provisions for securitised-out assets ₹ 4.60 crore (previous year: ₹ (26.21) crore) and standard restructured assets ₹ 17.93 crore (previous year: ₹ (0.94) crore).*

13 Employee benefits

Gratuity **(₹ crore)**

Particulars	March 31, 2015	March 31, 2014
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	242.71	209.82
Interest cost	18.68	18.17
Current service cost	52.21	40.17
Benefits paid	(16.31)	(15.62)
Actuarial (gain) / loss on obligation:		
Experience adjustment	4.84	6.30
Assumption change	16.24	(16.13)
Present value of obligation as at March 31	**318.37**	**242.71**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	176.20	132.60
Expected return on plan assets	16.97	12.33
Contributions	50.00	45.06
Benefits paid	(16.31)	(15.61)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	21.27	1.82
Assumption change	-	-
Fair value of plan assets as at March 31	**248.13**	**176.20**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	248.13	176.20
Present value of obligation as at March 31	318.37	242.71
Asset / (liability) as at March 31	**(70.24)**	**(66.51)**
Expenses recognised in Statement of Profit and Loss		
Interest cost	18.68	18.17
Current service cost	52.21	40.17

For the year ended March 31, 2015

Particulars	March 31, 2015	March 31, 2014
Expected return on plan assets	(16.59)	(12.33)
Net actuarial (gain) / loss recognised in the year	(0.20)	(11.65)
Net Cost	**54.10**	**34.36**
Actual return on plan assets	38.25	14.14
Estimated contribution for the next year	66.17	50.10
Assumptions (HDFC Bank Limited)		
Discount rate	7.9% per annum	9.0% per annum
Expected return on plan assets	8.0% per annum	8.0% per annum
Salary escalation rate	8.0% per annum	8.5% per annum
Assumptions (HDFC Securities Limited)		
Discount rate	8.0% per annum	9.0% per annum
Expected return on plan assets	8.0% per annum	8.7% per annum
Salary escalation rate	7.0% per annum	7.0% per annum
Assumptions (HDB Financial Services Limited)		
Discount rate	7.8% per annum	8.8% per annum
Expected return on plan assets	8.0% per annum	8.0% per annum
Salary escalation rate	5.0% per annum	5.0% per annum

Experience adjustment **(₹ crore)**

Particulars	Years ended March 31,				
	2015	2014	2013	2012	2011
Plan assets	248.13	176.20	132.60	93.32	66.51
Defined benefit obligation	318.37	242.71	209.82	168.60	137.63
Surplus / (Deficit)	(70.24)	(66.51)	(77.22)	(75.28)	(71.12)
Experience adjustment gain / (loss) on plan assets	21.27	1.82	2.00	(0.95)	-
Experience adjustment (gain) / loss on plan liabilities	4.84	6.30	2.61	1.22	9.94

Expected rate of return on investments is determined based on the assessment made by the Group at the beginning of the year with regard to its existing portfolio. Major categories of plan assets as a percentage of fair value of total plan assets as at March 31, 2015 are given below:

Category of Plan Assets	HDFC Bank Limited	HDFC Securities Limited	HDB Financial Services Limited
Government securities	32.7%	48.0%	3.1%
Debenture and bonds	20.5%	32.0%	29.7%
Equity shares	38.4%	9.0%	-
Others	8.4%	11.0%	67.2%
Total	**100.0%**	**100.0%**	**100.0%**

Pension **(₹ crore)**

Particulars	March 31, 2015	March 31, 2014
Reconciliation of opening and closing balance of the		
Present value of the defined benefit obligation		
Present value of obligation as at April 1	58.89	58.19
Interest cost	4.37	4.84
Current service cost	1.02	0.77
Benefits paid	(7.94)	(8.88)
Actuarial (gain) / loss on obligation:		
Experience adjustment	(0.19)	3.62
Assumption change	1.30	0.35

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For the year ended March 31, 2015

Particulars	March 31, 2015	March 31, 2014
Present value of obligation as at March 31	**57.45**	**58.89**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	47.99	48.88
Expected return on plan assets	3.60	3.87
Contributions	0.64	0.67
Benefits paid	(7.94)	(8.88)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	(2.38)	3.45
Assumption change	-	-
Fair value of plan assets as at March 31	**41.91**	**47.99**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	41.91	47.99
Present value of obligation as at March 31	(57.45)	(58.89)
Asset / (liability) as at March 31	**(15.54)**	**(10.90)**
Expenses recognised in Statement of Profit and Loss		
Interest cost	4.37	4.84
Current service cost	1.02	0.77
Expected return on plan assets	(3.60)	(3.87)
Net actuarial (gain) / loss recognised in the year	3.48	0.51
Net cost	**5.27**	**2.25**
Actual return on plan assets	1.22	7.33
Estimated contribution for the next year	15.70	9.30
Assumptions		
Discount rate	7.9% per annum	9.0% per annum
Expected return on plan assets	8.0% per annum	8.0% per annum
Salary escalation rate	8.0% per annum	8.5% per annum

Experience adjustment **(₹ crore)**

Particulars	Years ended March 31,				
	2015	**2014**	**2013**	**2012**	**2011**
Plan assets	41.91	47.99	48.88	51.14	43.35
Defined benefit obligation	57.45	58.89	58.19	56.85	57.38
Surplus / (Deficit)	(15.54)	(10.90)	(9.31)	(5.71)	(14.03)
Experience adjustment gain / (loss) on plan assets	(2.38)	3.45	(1.58)	(1.29)	2.85
Experience adjustment (gain) / loss on plan liabilities	(0.19)	3.62	6.12	1.36	18.50

Expected rate of return on investments is determined based on the assessment made by the Bank at the beginning of the year with regard to its existing portfolio. Major categories of plan assets as a percentage of fair value of total plan assets as at March 31, 2015 are given below:

Category of Plan Assets	% of fair value to total plan assets
Government securities	7.0%
Debenture and bonds	78.2%
Others	14.8%
Total	**100.0%**

Provident fund

The guidance note on AS-15, Employee Benefits, states that employer established provident funds, where interest is guaranteed are to be considered as defined benefit plans and the liability has to be valued. The Actuary Society of India (ASI) has issued a guidance note on valuation of interest rate guarantees on exempt provident funds. The actuary has accordingly valued the same and the Bank holds a provision of ₹ 0.52 crore as on March 31, 2015 (previous year: ₹ 0.52 crore) towards the present value of the guaranteed interest benefit obligation. The actuary has followed Deterministic approach as prescribed by the guidance note.

Assumptions:

Particulars	March 31, 2015	March 31, 2014
Discount rate (GOI security yield)	7.9% per annum	8.9% per annum
Expected guaranteed interest rate	9.0% per annum	9.0% per annum

The Bank does not have any unfunded defined benefit plan. The Bank contributed ₹ 172.49 crore (previous year: ₹ 153.11 crore) to the provident fund and ₹ 53.68 crore (previous year: ₹ 43.22 crore) to the superannuation plan.

Compensated absences

The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the Group as at March 31, 2015 is given below: **(₹ crore)**

Particulars	March 31, 2015	March 31, 2014
Privileged leave	189.68	216.04
Sick leave	38.66	45.60
Total actuarial liability	228.34	261.64
Assumptions (HDFC Bank Limited)		
Discount rate	7.9% per annum	9.0% per annum
Salary escalation rate	8.0% per annum	8.5% per annum
Assumptions (HDFC Securities Limited)		
Discount rate	8.0% per annum	9.0% per annum
Salary escalation rate	7.0% per annum	7.0% per annum
Assumptions (HDB Financial Services Limited)		
Discount rate	7.8% per annum	8.8% per annum
Salary escalation rate	5.0% per annum	5.0% per annum

14 Segment Reporting

Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by RBI. The Group operates in the following segments:

(a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending, gains or losses on investment operations and on account of trading in foreign exchange and derivative contracts.

(b) Retail banking

The retail banking segment of the Bank serves retail customers through a branch network and other delivery channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof.

Revenues of the retail banking segment are derived from interest earned on retail loans, interest earned from other segments for surplus funds placed with those segments, subvention received from dealers and manufacturers, fees from services rendered, foreign exchange earnings on retail products etc. Expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

(c) Wholesale banking

The wholesale banking segment provides loans, non-fund facilities and transaction services to large corporates, emerging corporates, public sector units, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers, interest / fees earned on the cash float arising from transaction services, earnings from trade services and other non-fund facilities and also earnings from foreign exchange and derivative transactions on behalf of customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

(d) Other banking business

This segment includes income from para banking activities such as credit cards, debit cards, third party product distribution, primary dealership business and the associated costs. This segment also includes Bank's subsidiaries.

(e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes capital and reserves, debt classified as Tier I or Tier II capital and other unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue less interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Interest income is charged by a segment that provides funding to another segment, based on yields benchmarked to an internally approved yield curve or at a certain agreed transfer price rate. Transaction charges are levied by the retail-banking segment to the wholesale banking segment for the use by its customers of the retail banking segment's branch network or other delivery channels. Such transaction costs are determined on a cost plus basis. Segment capital employed represents the net assets in that segment.

Geographic segments

The geographic segments of the Bank are categorised as Domestic Operations and Foreign Operations. Domestic Operations comprise branches in India and Foreign Operations comprise branches outside India.

Segment reporting for the year ended March 31, 2015 is given below:

Business segments: **(₹ crore)**

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	12,871.30	48,814.18	23,185.19	8,946.94	93,817.61
2	Unallocated revenue					8.63
3	Less: Inter-segment revenue					33,614.06
4	Income from operations (1) + (2) - (3)					60,212.18
5	Segment results	585.71	6,228.83	7,504.42	3,237.61	17,556.57
6	Unallocated expenses					1,477.12
7	Income tax expense (including deferred tax)					5,379.40
8	Net profit (5) - (6) - (7) (net profit before minority interest and earnings from associates)					10,700.05
9	Segment assets	190,609.16	197,144.15	181,325.74	33,588.91	602,667.96

For the year ended March 31, 2015

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
10	Unallocated assets					4,428.56
11	Total assets (9) + (10)					607,096.52
12	Segment liabilities	36,352.78	371,355.13	98,250.45	16,825.11	522,783.47
13	Unallocated liabilities					20,997.36
14	Total liabilities (12) + (13)					543,780.83
15	Capital employed (9) - (12)	154,256.38	(174,210.98)	83,075.29	16,763.80	79,884.49
16	Unallocated (10) - (13)					(16,568.80)
17	Total (15) + (16)					63,315.69
18	Capital expenditure	6.02	587.72	214.09	93.46	901.29
19	Depreciation	5.91	521.71	79.44	73.39	680.45

Geographic segments: **(₹ crore)**

Particulars	Domestic	International
Revenue	59,239.01	973.17
Assets	575,346.47	31,750.05
Capital expenditure	899.05	2.24

Segment reporting for the year ended March 31, 2014 is given below:

Business segments: **(₹ crore)**

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	11,786.70	40,804.86	19,645.34	6,830.88	79,067.78
2	Unallocated revenue					2.59
3	Less: Inter-segment revenue					28,217.85
4	Income from operations (1) + (2) - (3)					50,852.52
5	Segment results	412.30	5,685.41	5,940.11	2,359.05	14,396.87
6	Unallocated expenses					1,186.20
7	Income tax expense (including deferred tax)					4,446.16
8	Net profit (5) - (6) - (7) (net profit before minority interest and earnings from associates)					8,764.51
9	Segment assets	160,537.01	169,135.07	143,652.82	26,323.10	499,648.00
10	Unallocated assets					3,971.96
11	Total assets (9) + (10)					503,619.96
12	Segment liabilities	38,125.60	298,225.26	90,597.43	12,918.58	439,866.87
13	Unallocated liabilities					19,434.72
14	Total liabilities (12) + (13)					459,301.59
15	Capital employed (9) - (12)	122,411.41	(129,090.19)	53,055.39	13,404.52	59,781.13
16	Unallocated (10) - (13)					(15,462.76)
17	Total (15) + (16)					44,318.37
18	Capital expenditure	3.16	860.96	21.75	65.76	951.63
19	Depreciation	6.70	531.85	90.93	59.20	688.68

Geographic segments: **(₹ crore)**

Particulars	Domestic	International
Revenue	50,101.53	750.99
Assets	473,829.61	29,790.35
Capital expenditure	950.94	0.69

15 Related party disclosures

As per AS-18, Related Party Disclosure, the Bank's related parties are disclosed below:

Promoter

Housing Development Finance Corporation Limited

Associates

Atlas Documentary Facilitators Company Private Limited

HBL Global Private Limited

International Asset Reconstruction Company Private Limited

Key management personnel

Aditya Puri, Managing Director

Paresh Sukthankar, Deputy Managing Director

Harish Engineer, Executive Director (retired from the services of the Bank effective September 30, 2013)

Kaizad Bharucha, Executive Director (appointed with effect from December 24, 2013)

Related parties to key management personnel

Salisbury Investments Private Limited, Anita Puri, Amit Puri, Amrita Puri, Adishwar Puri, Aarti Sood, Sangeeta Sukthankar, Dattatraya Sukthankar, Shubhada Sukthankar, Akshay Sukthankar, Ankita Sukthankar, Madhavi Lad, Sudha Engineer, Shreematiben Engineer, Nikhil Engineer, Uma Engineer, Mahesh Engineer, Havovi Bharucha, Huzaan Bharucha, Danesh Bharucha, Daraius Bharucha.

In accordance with paragraph 5 of AS-18, the Bank has not disclosed certain transactions with relatives of key management personnel as they are in the nature of banker-customer relationship.

The significant transactions between the Bank and related parties for year ended March 31, 2015 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of all related party transactions in that category:

- Interest paid: Housing Development Finance Corporation Limited ₹ 7.60 crore (previous year: ₹ 8.83 crore); Atlas Documentary Facilitators Company Private Limited ₹ 4.25 crore (previous year: ₹ 4.15 crore).
- Interest received: International Asset Reconstruction Company Private Limited ₹ 4.53 crore (previous year: ₹ 0.86 crore).
- Rendering of services: Housing Development Finance Corporation Limited ₹ 144.37 crore (previous year: ₹ 130.81 crore)
- Receiving of services: HBL Global Private Limited ₹ 589.50 crore (previous year: ₹ 492.75 crore); Atlas Documentary Facilitators Company Private Limited ₹ 449.50 crore (previous year: ₹ 430.00 crore); Housing Development Finance Corporation Limited ₹ 139.83 crore (previous year: ₹ 85.71 crore).
- Dividend paid: Housing Development Finance Corporation Limited ₹ 269.35 crore (previous year: ₹ 216.27 crore).

For the year ended March 31, 2015

The Group's related party balances and transactions for the year ended March 31, 2015 are summarised as follows:

(₹ crore)

Items / related party	Promoter	Associates	Key management personnel	Total
Deposits taken	2,203.45 (2,203.45)	113.06 (113.06)	12.68 (12.68)	2,329.19 (2,329.19)
Deposits placed	0.15 (0.15)	13.35 (33.45)	2.51 (2.51)	16.01 (36.11)
Advances given	- -	25.67 (46.55)	0.95 (0.95)	26.62 (47.50)
Fixed assets purchased from	-	-	-	-
Fixed assets sold to	-	-	-	-
Interest paid to	7.60	4.27	0.99	12.86
Interest received from	-	4.53	0.02	4.55
Income from services rendered to	144.37	12.25	-	156.62
Expenses for receiving services from	139.83	1,039.00	0.71	1,179.54
Equity investments	- -	31.19 (31.19)	- -	31.19 (31.19)
Dividend paid to	269.35	-	2.95	272.30
Dividend received from	-	0.01	-	0.01
Receivable from	14.89 (14.89)	- (1.30)	- -	14.89 (16.19)
Payable to	19.25 (19.25)	5.99 (92.45)	- (0.03)	25.24 (111.73)
Guarantees given	0.11 (0.11)	- -	- -	0.11 (0.11)
Remuneration paid	-	-	15.10	15.10
Loans purchased from	8,249.21	-	-	8,249.21

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.

Remuneration paid excludes value of employee stock options exercised during the year.

The Bank being an authorised dealer, deals in foreign exchange and derivative transactions with parties which include its promoter. The foreign exchange and derivative transactions are undertaken in line with the RBI guidelines. The notional principal amount of foreign exchange and derivative contracts transacted with the promoter that were outstanding as at March 31, 2015 is ₹ 100.00 crore (previous year: ₹ 250.00 crore). The contingent credit exposure pertaining to these contracts computed in line with the extant RBI guidelines on exposure norms is ₹ 2.80 crore (previous year: ₹ 8.82 crore).

During the year ended March 31, 2015, the Bank paid rent of ₹ 0.66 crore (previous year: ₹ 0.66 crore) to parties related to the Bank's key management personnel in relation to residential accommodation. As at March 31, 2015, the security deposit outstanding was ₹ 3.50 crore (previous year: ₹ 3.50 crore).

For the year ended March 31, 2015

The Group's related party balances and transactions for the year ended March 31, 2014 are summarised as follows:

(₹ crore)

Items / related party	Promoter	Associates	Key management personnel	Total
Deposits taken	5,494.84 (5,494.84)	84.08 (84.15)	10.25 (14.13)	5,589.17 (5,593.12)
Deposits placed	0.15 (0.15)	33.45 (38.45)	2.30 (2.30)	35.90 (40.90)
Advances given	- -	44.40 (44.70)	0.94 (0.94)	45.34 (45.64)
Fixed assets purchased from	-	0.01	-	0.01
Fixed assets sold to	-	-	0.01	0.01
Interest paid to	8.83	4.20	0.73	13.76
Interest received from	-	0.86	0.02	0.88
Income from services rendered to	130.81	25.70	-	156.51
Expenses for receiving services from	85.71	922.75	0.50	1,008.96
Equity investments	- -	31.19 (31.19)	- -	31.19 (31.19)
Dividend paid to	216.27	-	1.71	217.98
Dividend received from	-	0.01	-	0.01
Receivable from	12.49 (12.49)	- -	- -	12.49 (12.49)
Payable to	14.32 (14.32)	23.05 (90.67)	- -	37.37 (104.99)
Guarantees given	0.11 (0.11)	- -	- -	0.11 (0.11)
Remuneration paid	-	-	11.08	11.08
Loans purchased from	5,556.07	-	-	5,556.07

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.

Remuneration paid excludes value of employee stock options exercised during the year.

16 Leases

Operating leases primarily comprise office premises, staff residences and Automated Teller Machines (ATMs), which are renewable at the option of the Bank. The details of maturity profile of future operating lease payments are given below:

(₹ crore)

Particulars	March 31, 2015	March 31, 2014
Not later than one year	807.72	697.83
Later than one year and not later than five years	2,676.05	2,351.28
Later than five years	2,023.02	1,271.06
Total	**5,506.79**	**4,320.17**
The total of minimum lease payments recognised in the Statement of Profit and Loss for the year	889.93	780.73
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	38.07	74.78
Sub-lease amounts recognised in the Statement of Profit and Loss for the year	16.02	29.70
Contingent (usage based) lease payments recognised in the Statement of Profit and Loss for the year	169.44	133.29

For the year ended March 31, 2015

The Bank has sub-leased certain of its properties taken on lease.

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.

17 Penalties levied by the RBI

During fiscal 2015, the RBI levied on the Bank a penalty of ₹ 0.05 crore on the grounds that the Bank failed to exchange information about the conduct of a corporate borrower's account with other banks at intervals as prescribed in the RBI guidelines on 'Lending under Consortium Arrangement / Multiple Banking Arrangements' and the same was paid by the Bank.

During the year ended March 31, 2014, the RBI imposed a penalty of ₹ 4.50 crore on the Bank for certain irregularities and violations discovered by the RBI, viz., non-observance of certain safeguards in respect of arrangement of "at par" payment of cheques drawn by cooperative banks, exceptions in periodic review of risk profiling of account holders, non-adherence to KYC rules for walk-in customers (non-customers) including for sale of third party products, sale of gold coins for cash in excess of ₹ 50,000 in certain cases and non-submission of proper information required by the RBI.

18 Small and micro industries

HDFC Bank Limited

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

HDFC Securities Limited

On the basis of the information available with the Company and the intimation received from 'suppliers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 there are no amounts unpaid, to the said suppliers, as at March 31, 2015 (previous year: Nil).

HDB Financial Services Limited

As per the confirmation received from the suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006, the amount unpaid as at March 31, 2015 was Nil (previous year: Nil).

19 Additional disclosure

Additional statutory information disclosed in the separate financial statements of the Bank and subsidiaries have 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 Statements.

20 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

As per our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No.: 117365W

Zubin Shekary
Partner
Membership No.: 48814

Mumbai, April 23, 2015

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Paresh Sukthankar
Deputy Managing Director

Sanjay Dongre
Executive Vice President (Legal) & Company Secretary

Aditya Puri
Managing Director

Kaizad Bharucha
Executive Director

Sashidhar Jagdishan
Chief Financial Officer

Bobby Parikh
Partho Datta
Pandit Palande
Keki Mistry
Malay Patel
Directors

Form AOC - 1: Pursuant to the first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statements of subsidiaries, associate companies and joint ventures

Part A: Subsidiaries

(₹ crore)

Sr. No.	Name of the subsidiary	HDFC Securities Limited	HDB Financial Services Limited
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting period of the subsidiary is the same as that of the holding company i.e. April 1, 2014 to March 31, 2015	Reporting period of the subsidiary is the same as that of the holding company i.e. April 1, 2014 to March 31, 2015
2.	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Not applicable as this is a domestic subsidiary	Not applicable as this is a domestic subsidiary
3.	Share capital	15.48	699.47
4.	Reserves & surplus	554.49	2,425.66
5.	Total assets	947.00	19,742.13
6.	Total liabilities	377.03	16,617.00
7.	Investments	83.59	433.43
8.	Turnover	417.00	2,527.26
9.	Profit before taxation	250.74	530.28
10.	Provision for taxation	85.77	180.83
11.	Profit after taxation	164.97	349.45
12.	Proposed dividend (including tax thereon)	37.27	58.99
13.	% of shareholding	97.9%	97.2%

Notes:

1. There are no subsidiaries that are yet to commence operations.
2. No subsidiaries were liquidated or sold during the year.

Part B: Associate Companies and Joint Ventures

(₹ crore)

Sr. No.	Name of Associates / Joint Ventures	Atlas Documentary Facilitators Company Private Limited (ADFC)	International Asset Reconstruction Company Private Limited
1.	Latest audited Balance Sheet Date	March 31, 2015	March 31, 2014*
2.	Shares of associate / joint ventures held by the company on the year end:		
	Number of shares	130,500	16,175,507
	Amount of investment in associates / joint venture	0.02	31.17
	Extent of holding %	29.0%	29.4%
3.	Description of how there is significant influence	Extent of equity holding in the associate company exceeds 20%	Extent of equity holding in the associate company exceeds 20%
4.	Reason why the associate / joint venture is not consolidated	Not applicable	Not applicable
5.	Net worth attributable to the Bank's shareholding	21.20**	35.68*
7.	Profit / Loss for the year:		
	i. Considered in consolidated financial statements	1.64**	1.60*
	ii. Not considered in consolidated financial statements	4.07**	3.87*

* *Unaudited financial statements drawn up to March 31, 2015 have been considered for the purpose of the consolidated financial statements for the year ended March 31, 2015.*

** *Includes proportionate share in HBL Global Private Limited, which is a subsidiary of ADFC.*

Notes:

1. There are no joint ventures as per Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures.
2. There are no associates or joint ventures that are yet to commence operations.
3. No associates or joint ventures were liquidated or sold during the year.

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Paresh Sukthankar
Deputy Managing Director

Sanjay Dongre
Executive Vice President (Legal) & Company Secretary

Aditya Puri
Managing Director

Kaizad Bharucha
Executive Director

Sashidhar Jagdishan
Chief Financial Officer

Bobby Parikh
Partho Datta
Pandit Palande
Keki Mistry
Malay Patel
Directors

Mumbai, April 23, 2015

CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To The Members of

HDFC Bank Limited

We have examined the compliance of conditions of corporate governance by HDFC Bank Limited ('the Bank') for the year ended 31 March 2015, as stipulated in Clause 49 of the Listing Agreement executed by the Bank with the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE') [together referred to as the 'Stock Exchanges']. 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 the compliance of the conditions of the 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 stipulated in the above mentioned Listing Agreement.

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.

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For BNP Associates
Company Secretaries

Keyoor Bakshi
Partner
FCS 1844 / CP no. 2720

Place: Mumbai
Date: April 23, 2015

[Report on Corporate Governance pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges and forming a part of the report of the Board of Directors]

PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Bank believes in adopting and adhering to the best recognized corporate governance practices and continuously benchmarking itself against each such practice. The Bank understands and respects its fiduciary role and responsibility towards its shareholders and strives hard to meet their expectations. The Bank believes that best board practices, transparent disclosures and shareholder empowerment are necessary for creating shareholder value.

The Bank has infused the philosophy of corporate governance into all its activities. The philosophy on corporate governance is an important tool for shareholder protection and maximization of their long term values. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, sustainability etc. serve as the means for implementing the philosophy of corporate governance in letter and spirit.

BOARD OF DIRECTORS

The composition of the Board of Directors of the Bank (“Board”) is governed by the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949 and the listing requirements of the Indian Stock Exchanges where the securities issued by the Bank are listed. The Board has eleven (11) Directors as on March 31, 2015. All Directors, other than Mr. Aditya Puri, Mr. Paresh Sukthankar and Mr. Kaizad Bharucha, are non-executive directors. The Bank has five (5) independent directors and six (6) non-independent directors.

None of the Directors on the Board is a member of more than ten (10) Committees and Chairman of more than five (5) Committees across all the companies in which he / she is a Director. As required by the listing agreement all the Directors have made necessary disclosures regarding Committee positions occupied by them in other companies.

Mr. Keki Mistry, Mrs. Renu Karnad, Mr. Malay Patel, Mr. Aditya Puri, Mr. Paresh Sukthankar and Mr. Kaizad Bharucha are non-independent Directors on the Board.

Mrs. Shyamala Gopinath, Dr. Pandit Palande, Mr. Partho Datta, Mr. Bobby Parikh and Mr. A. N. Roy are independent directors on the Board.

Mr. Keki Mistry and Mrs. Renu Karnad represent Housing Development Finance Corporation Limited (HDFC Ltd) on the Board of the Bank.

None of the directors is related to each other.

COMPOSITION AND PROFILE OF THE BOARD OF DIRECTORS

The composition and profile of the Directors of the Bank as on March 31, 2015 is as under:

Mrs. Shyamala Gopinath

Mrs. Shyamala Gopinath holds a Master’s Degree in Commerce and is a CAIIB. Mrs. Gopinath has over 39 years of experience in financial sector policy formulation in different capacities at RBI. As Deputy Governor of RBI for seven years and member of the Board, Mrs. Gopinath had been guiding and influencing the national policies in the diverse areas of financial sector regulation and supervision, development and regulation of financial markets, capital account management, management of government borrowings, forex reserves management and payment and settlement systems.

During 2001-03, Mrs. Gopinath worked as senior financial sector expert in the then Monetary Affairs and Exchange Department of the International Monetary Fund (Financial Institutions Division). She was responsible for preparing the accompanying document to the Guidelines on Foreign Exchange Reserve Management detailing country practices. Mrs. Gopinath was a member of the FSAP missions to Tanzania, Nigeria, Hungary and Poland and the Foreign Exchange and Reserve Management team to Turkey and Kosovo.

Mrs. Gopinath was actively involved in managing India’s balance of payments crisis in 1991, the fall out of the Asian and the Russian crisis, nuclear sanctions against India, Kargil war with Pakistan and the transmission of the recent financial crisis to Indian financial system and the markets.

Mrs. Shyamala Gopinath is a Director on the Board of Clearing Corporation of India Limited, Clearcorp Dealing Systems (India) Limited, Tata Elxsi Limited, Indian Oil Corporation Limited, Ernst and Young Global U.K, NDDB Dairy Services, E.I.D-Parry (India) Limited and Vodafone India Limited.

Mrs. Gopinath is the Chairperson of the Audit Committee, Remuneration Committee and Shareholders’/ Investors’ Grievance Committee of Indian Oil Corporation Ltd. Mrs. Gopinath is the Chairperson of the Audit Committee and Corporate Social Responsibility Committee of Tata Elxsi Ltd. Mrs. Gopinath is a member of the Audit Committee of The Clearing Corporation of India Ltd, Clearcorp Dealing Systems (India) Ltd, E.I.D Parry (India) Ltd and Vodafone India Ltd. Mrs. Gopinath is a member of Remuneration Committee of Tata Elxsi Ltd, a member of Nomination Committee of Directors of Clearing Corporation of India Ltd and a member of Compensation and Nomination Committee of E.I.D Parry (India) Ltd. Mrs. Gopinath is a member of the Corporate Social Responsibility Committee of Clearing Corporation of India Ltd, Clearcorp Dealing Systems (India) Ltd and Vodafone India Ltd.

Mrs. Gopinath does not hold any shares in the Bank as on March 31, 2015.

Mr. Aditya Puri

Mr. Aditya Puri holds a Bachelor’s degree in Commerce from Punjab University and is an Associate Member of the Institute of Chartered Accountants of India.

Prior to joining the Bank, Mr. Puri was the Chief Executive Officer of Citibank, Malaysia from 1992 to 1994.

Mr. Puri has been the Managing Director of the Bank since September 1994. Mr. Puri has nearly 40 years of experience in the banking sector in India and abroad.

Mr. Puri has provided outstanding leadership as the Managing Director and has contributed significantly to enable the Bank scale phenomenal heights under his stewardship. The numerous awards won by Mr. Puri and the Bank are a testimony to the tremendous credibility that Mr. Puri has built for himself and the Bank over the years.

The Bank has made good and consistent progress on key parameters like balance sheet size, total deposits, net revenues, earnings per share and net profit during Mr. Puri's tenure.

The rankings achieved by the Bank amongst all Indian banks with regard to market capitalization, profit after tax and balance sheet size remain amongst the top 10.

During his tenure Mr. Puri has led the Bank through two major mergers in the Indian banking industry i.e. merger of Times Bank Limited and Centurion Bank of Punjab Limited with HDFC Bank Limited. The subsequent integrations have been smooth and seamless under his inspired leadership.

Mr. Puri is not on the Board of Directors of any other company.

Mr. Puri holds 27,31,544 equity shares in the Bank as on March 31, 2015.

Mr. Keki Mistry

Mr. Keki Mistry has obtained a Bachelor's Degree in Commerce from the Mumbai University. Mr. Mistry is a Fellow Member of the Institute of Chartered Accountants of India.

Mr. Mistry started his career with The Indian Hotels Company Limited, one of the largest chains of hotels in India.

In the year 1981, Mr. Mistry joined Housing Development Finance Corporation Limited (HDFC Ltd). Mr. Mistry was inducted on to the Board of Directors of HDFC Ltd as an Executive Director in the year 1993 and was elevated to the post of Managing Director in November 2000. In October 2007, Mr. Mistry was appointed as Vice Chairman & Managing Director of HDFC Ltd and became the Vice Chairman & CEO in January 2010. Mr. Mistry is a Director on the Board of Directors of HDFC Asset Management Company Limited, HDFC Standard Life Insurance Company Limited, HDFC ERGO General Insurance Company Limited, GRUH Finance Limited, Sun Pharmaceutical Industries Limited, Greatship (India) Limited, Torrent Power Limited and HCL Technologies Limited. Mr. Mistry is also member on the India Advisory Board at Price Waterhouse Coopers and Director of Griha Investments, Mauritius, CDC Group, London, Griha Pte Ltd, Singapore and the H T Parekh Foundation. Mr. Mistry is the Chairman of the Audit Committee of Sun Pharmaceuticals Industries Limited, Greatship (India) Limited, and Torrent Power Limited. Mr. Mistry is a member of the Audit Committee of HDFC Standard Life Insurance Company Limited, HDFC ERGO General Insurance Company Limited, HDFC Asset Management Company Limited, GRUH Finance Limited and HCL Technologies Ltd.

Mr. Mistry is a member of the Nomination & Remuneration Committee of GRUH Finance Limited and Greatship (India) Limited. Mr. Mistry is the Chairman of the Selection Committee of Greatship (India) Limited.

Mr. Mistry holds 291,915 equity shares in the Bank as on March 31, 2015.

Mrs. Renu Karnad

Mrs. Renu Karnad is a law graduate and also holds a Master's Degree in Economics from Delhi University. Mrs. Karnad is a Parvin Fellow-Woodrow Wilson School of International Affairs, Princeton University, U.S.A.

Mrs. Karnad joined HDFC Ltd. in 1978. After spending two decades in various positions Mrs. Karnad was inducted on to the Board as Executive Director in 2000 and was further elevated to the post of Managing Director with effect from January 1, 2010.

Over the years, Mrs. Karnad has to her credit, numerous awards and accolades, known for her wit and diplomacy, Mrs. Karnad has always had a humane approach towards solving complex issues.

Mrs. Karnad is a Director on the Board of Directors of BOSCH Limited, GRUH Finance Limited, HDFC Asset Management Company Limited, HDFC ERGO General Insurance Company Limited, HDFC Standard Life Insurance Company Limited, Indraprastha Medical Corporation Limited, EIH Limited, ABB India Limited, Feedback Infrastructure Services Private Limited, Lafarge India Private Limited, H T Parekh Foundation, HDFC PLC, Maldives, WNS Holdings Limited, HIREF International LLC, HIREF International Fund II Pte Limited and HIF International Fund Pte Limited.

Mrs. Karnad is the Chairperson of the Audit Committee of BOSCH Limited and a member of its Investor Grievance Committee, Investment Sub Committee and Property Sub Committee. Mrs. Karnad is a member of the Audit Committee of HDFC ERGO General Insurance Company Limited. Mrs. Karnad is the Chairperson of Risk Management Committee of HDFC Life Insurance Company Limited. Mrs. Karnad is also a member of the Investment Committee, Compensation Committee, Compensation-ESOS Committee, Committee of Directors of GRUH Finance Limited and a member of Customer Service Committee and Risk Management Committee of HDFC Asset Management Company Limited. Mrs. Karnad is the Chairperson of Corporate Social Responsibility Committee and a member of Nomination and Remuneration Committee of ABB India Ltd. Mrs. Karnad holds 294,620 equity shares in the Bank as on March 31, 2015.

Dr. Pandit Palande

Dr. Pandit Palande has a Ph.D. degree in Business Administration and has completed an Advanced Course in Management from the Oxford University and the Warwick University in UK.

Dr. Palande has worked as a Director of School of Commerce and Management for 20 years in Yashwantrao Chavan Maharashtra Open University ("YCMOU"). Dr. Palande is a former Pro-Vice Chancellor of YCMOU, for two terms continuously.

Dr. Palande has extensive experience in the areas of business administration, management and agriculture.

Presently Dr. Palande is the Vice Chancellor of BRA, Bihar University, Muzzafarpur.

Dr. Palande is not a member / Chairman of the Board of Directors of any other company.

Dr. Palande does not hold equity shares in the Bank as on March 31, 2015.

Mr. Partho Datta

Mr. Partho Datta is an Associate Member of the Institute of Chartered Accountants of India. Mr. Datta joined Indian Aluminum Company Limited (INDAL) and was with INDAL and its parent company in Canada for 25 years and held positions as Treasurer, Chief Financial Officer and Director Finance during his tenure. Thereafter, Mr. Datta joined the Chennai based Murugappa Group as the head of Group Finance and was a member of the Management Board of the Group, as well as Director in several Murugappa Group companies. Post retirement from the Murugappa Group, Mr. Datta was an advisor to the Central Government appointed Board of Directors of Satyam Computers Services Limited during the restoration process and has also been engaged in providing business / strategic and financial consultancy on a selective basis.

Mr. Datta is a Director of Peerless Funds Management Company Limited, IRIS Business Services Limited, Endurance Technologies Private Limited and Peerless General Finance and Investment Company Limited. Mr. Datta is the Chairman of the Audit Committee and a member of Investment Committee, Business Plan Monitoring Committee and Nomination & Remuneration Committee of Peerless Funds Management Company Limited. Mr. Datta is also a member of the Audit Committee of Endurance Technologies Private Limited. Mr. Datta is a member of the Audit Committee, the Nomination & Remuneration Committee and the CSR Committee of IRIS Business Services Limited.

Mr. Datta has rich and extensive experience in various financial and accounting matters including financial management.

Mr. Datta is one of the financial experts on the Audit Committee of the Board.

Mr. Datta does not hold any equity shares in the Bank as on March 31, 2015.

Mr. Bobby Parikh

Mr. Bobby Parikh has a Bachelor's degree in Commerce from the Mumbai University and has qualified as a Chartered Accountant in 1987. Mr. Parikh is a Senior Partner with BMR & Associates LLP and leads its financial services practice. Prior to joining BMR & Associates LLP, Mr. Parikh was the Chief Executive Officer of Ernst & Young in India and held that responsibility until December 2003. Mr. Parikh worked with Arthur Andersen for over 17 years and was its Country Managing Partner, until the Andersen practice combined with that of Ernst & Young in June 2002.

Over the years, Mr. Parikh has had extensive experience in advising clients across a range of industries. India has witnessed significant deregulation and a progressive transformation of its policy framework. An area of focus for Mr. Parikh has been to work with businesses, both Indian and multinational, in interpreting the implications of the deregulation as well as the changes to India's policy framework, to help businesses better leverage opportunities that have become available and to address challenges that resulted from such changes.

Mr. Parikh has led teams that have advised clients in the areas of entry strategy (MNCs into India and Indian companies into overseas markets), business model identification, structuring a business presence, mergers, acquisitions and other business reorganizations.

Mr. Parikh works closely with regulators and policy formulators, in providing inputs to aid in the development of new regulations and policies, and in assessing the implications and efficacy of these and providing feedback for action. Mr. Parikh led the Financial Services industry practice at Arthur Andersen and then also at Ernst & Young, and has advised a number of banking groups, investment banks, brokerage houses, fund managers and other financial services intermediaries in establishing operations in India, mergers and acquisitions and in developing structured financial products, besides providing tax and business advisory and tax reporting services.

Mr. Parikh has been a member of a number of trade and business associations and their management or other committees, as well as on the advisory or executive boards of non-Governmental and not-for-profit organizations.

Mr. Parikh is a Director of BMR Business Solutions Private Limited, Taxand Advisors Private Limited, BMR Advisors Pte Limited, BMR Global Services Pvt Limited, Aviva Life Insurance Company India Limited, Green Infra Limited, Green Infra Wind Ventures Limited, Indostar Capital Finance Limited, Birla Sun Life Asset Management Company Limited and a designated partner of BMR & Associates LLP.

Mr. Parikh is the Chairman of the Audit Committee and a Member of the Investment Committee, Asset Liability Management Committee, Remuneration Committee, With Profits Committee and the CSR Committee of Aviva Life Insurance Company India Limited. Mr. Parikh is the Chairman of the Audit Committee and a member of the Compensation Committee of Green Infra Limited. Mr. Parikh is the Chairman of the Audit Committee and Member of Risk Management Committee, Compensation and Nomination Committee of Indostar Capital Finance Limited.

Mr. Parikh holds 3837 equity shares in the Bank as on March 31, 2015.

Mr. A. N. Roy

Mr. A. N. Roy is an M. A., M. Phil and is a distinguished retired civil servant. During his long career of 38 years in the Indian Police Service (IPS), Mr. Roy held with great distinction a range of assignments, including some of the most prestigious, challenging and sensitive ones, both in the state of Maharashtra and Government of India, including Commissioner of Police, Mumbai and DGP, Maharashtra before retiring in the year 2010.

Mr. Roy's areas of specialisation include policy planning, budget, recruitment, training and other finance and administration functions in addition to all operational matters.

A firm believer in technology in Police for providing solutions to a variety of complex problems or citizen facilitation and as 'force-multiplier', Mr. Roy brought in technology in a very big way in the Police department with full co-operation and support of the entire IT Industry. Mr. Roy also held the position of Director General of the Anti-Corruption Bureau, in which capacity Mr. Roy initiated a policy document on vigilance matters for Government of Maharashtra.

Mr. Roy has wide knowledge and experience of security and intelligence matters at the state and national level. Having handled multifarious field and staff assignments, Mr. Roy has a rich and extensive experience of functioning of the government at various levels and of problem solving.

Mr. Roy is a Director on the Board of India Ventures Advisors Private Limited, Glaxo SmithKline Pharmaceuticals Limited, Bharat Heavy Electricals Limited, Mayar Infrastructure Development Private Limited and The Skills Academy Private Limited. Mr. Roy is a member of the Senior Executives Compensation Committee and Corporate Social Responsibility Commmittee of Glaxo Smithkline Pharmaceuticals Limited. Mr. Roy is the Chairman of the Audit Committee of Bharat Heavy Electricals Ltd. Mr. Roy is also a Director of Vandana Foundation, a non-profit company under Section 8 of the Companies Act, 2013.

Mr. Roy does not hold equity shares in the Bank as on March 31, 2015.

Mr. Paresh Sukthankar

Mr. Sukthankar completed his graduation from Sydenham College, Mumbai and holds a Bachelor of Commerce (B.Com) degree from University of Mumbai. He has done his Masters in Management Studies (MMS) from Jamnalal Bajaj Institute (Mumbai). Mr. Sukthankar has also completed the Advanced Management Program (AMP) from the Harvard Business School.

Mr. Sukthankar has been with the Bank since its inception in 1994 and has rich experience in areas such as Risk Management, Finance, Human Resources, Investor Relations and Corporate Communications etc.

Prior to joining the Bank, Mr. Sukthankar worked in Citibank for around 9 years, in various departments including corporate banking, risk management, financial control and credit administration. Mr. Sukthankar has been a member of various Committees formed by Reserve Bank of India and Indian Banks' Association.

Mr. Sukthankar is not a member / Chairman of the Board of Directors of any other company.

Mr. Sukthankar holds 617,655 equity shares in the Bank as on March 31, 2015.

Mr. Kaizad Bharucha

Mr. Kaizad Bharucha has a Bachelor of Commerce degree from University of Mumbai. He has been associated with the Bank since 1995. In his current position as Executive Director, he is responsible for Wholesale Banking covering areas of Corporate Banking, Emerging Corporate Group, Business Banking, Capital Markets & Commodities Business, Agri Lending, Investment Banking, Financial Institutions & Government Business and Department for Special Operations.

In his previous position as Group Head - Credit & Market Risk, he was responsible for the Risk Management activities in the Bank viz., Credit Risk, Market Risk, Debt Management, Risk Intelligence and Control functions.

Mr. Bharucha has been a career banker with over 28 years of banking experience. Prior to joining the Bank, he worked in SBI Commercial and International Bank in various areas including Trade Finance and Corporate Banking.

He has represented HDFC Bank as a member of the working group constituted by the Reserve Bank of India to examine the role of Credit Information Bureau and on the sub-committee with regard to adoption of the Basel II guidelines.

Mr. Bharucha has previously been a Director on the Board of International Asset Reconstruction Company Pvt. Ltd.

Mr. Bharucha is a Director on the Boards of HDB Financial Services Ltd and HBL Global Pvt. Ltd. Mr. Bharucha is also a member of Asset Liability Committee, Risk Committee, Audit Committee, Share Allotment Committee, Debenture Allotment Committee and Bond Allotment Committee of HDB Financial Services Ltd.

He holds 829,455 equity shares in the Bank as on March 31, 2015.

Mr. Malay Patel

Mr. Malay Patel is a Major in Engineering (Mechanical) from Rutgers University, Livingston, NJ, USA, and an A.A.B.A. in business from Bergen County College, Fairlawn, NJ, USA. He is a director on the Board of Eewa Engineering Company Private Limited, a company in the plastics / packaging industry with exports to more than 50 countries. He has been involved in varied roles such as export / import, procurement, sales and marketing, etc in Eewa Engineering Company Private Limited. Mr. Malay Patel has special knowledge and practical experience in matters relating to small scale industries in terms of Section 10-A (2 a) of the Banking Regulation Act, 1949.

Mr. Malay Patel does not hold any shares in the Bank as on March 31, 2015.

BOARD MEETINGS

During the year under review, ten (10) Board Meetings were held. The meetings were held on April 22, 2014, May 16, 2014, May 19, 2014, June 25, 2014, July 15, 2014, July 21, 2014, October 21, 2014, January 28, 2015, February 14, 2015 and March 31, 2015.

Details of attendance at the Board Meetings held during the year under review, directorship, membership and chairmanship in other companies for each director of the Bank are as follows:

Name of Director	*Attendance at Board Meetings*	*Directorships*	*Memberships*	*Chairmanships*
Shyamala Gopinath*[1]	3	6	7	3
Renu Karnad	8	9	3	1
Keki Mistry	8	9	8	3
Bobby Parikh	8	5	3	3
Partho Datta	10	3	3	1
A. N. Roy	7	2	1	1
Dr. Pandit Palande	8	-	-	-
Aditya Puri	8	-	-	-
Paresh Sukthankar	10	-	-	-
Kaizad Bharucha	8	1	-	-
Malay Patel*[2]	-	-	-	-
C. M. Vasudev*[3]	5	NA	NA	NA
Vijay Merchant*[4]	6	NA	NA	NA

1. Mrs. Shyamala Gopinath assumed office as Chairperson w.e.f. January 2, 2015.

2. Mr. Malay Patel has been appointed as an additional Director w.e.f. March 31, 2015

3. Mr. C. M. Vasudev ceased to be a director w.e.f. August 26, 2014.

4. Mr. Vijay Merchant ceased to be a director w.e.f. October 04, 2014.

Note: For the purpose of considering the limit of the Directorships and limits of Committees on which the 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 are excluded. Further Chairmanship / Membership only of the Audit Committee and the Stakeholders Relationship Committee have been considered.

ATTENDANCE AT LAST AGM

All the directors of the Bank who were on the Board of the Bank as on the date of previous Annual General Meeting held on June 25, 2014 attended the Annual General Meeting, except Mr. Bobby Parikh.

REMUNERATION OF DIRECTORS

Managing Director and other Executive Directors:

The details of the remuneration paid to Mr. Aditya Puri, Managing Director; Mr. Paresh Sukthankar, Deputy Managing Director and Mr. Kaizad Bharucha, Executive Director during the year 2014-15 are as under: (Amount in ₹)

Particulars	**Mr. Aditya Puri**	**Mr. Paresh Sukthankar**	**Mr. Kaizad Bharucha**
Basic	2,73,72,000	1,46,12,640	62,38,997
Allowances and Perquisites	1,82,11,144	1,37,18,570	1,03,97,210
Provident Fund	32,84,640	17,53,517	7,48,680
Superannuation	41,05,800	21,91,896	9,35,850
Performance Bonus	2,09,84,203 #	1,99,11,416 #	65,00,000
Number of Stock Options granted	5,20,000	3,90,000	2,60,000

 # Note: Please note that the performance bonus paid during the financial year 2014-15 to Mr. Puri and Mr. Sukthankar includes payments as under:

Particulars	**Mr. Aditya Puri**	**Mr. Paresh Sukthankar**
Bonus for financial year 2013-2014	1,54,80,150	92,37,255
Deferred Bonus tranches for earlier financial years	55,04,053	1,06,74,161 *

** Bonus for financial year 2012-13 was also paid in financial year 2014-15, pursuant to the RBI approval for the same.*

The remuneration of Mr. Aditya Puri, Mr. Paresh Sukthankar and Mr. Kaizad Bharucha as above has been approved by the Reserve Bank of India (RBI).

The Bank provides for gratuity in the form of lump-sum payment on retirement or on death while in employment or on termination of employment of an amount equivalent to 15 (Fifteen) days basic salary payable for each completed year of service.

The Bank makes annual contributions to funds administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The Bank accounts for the liability for future gratuity benefits based on an independent external actuarial valuation carried out annually.

Perquisites (evaluated as per Income Tax Rules, 1962 wherever applicable and at actual cost to the Bank otherwise) such as the benefit of the Bank's furnished accommodation, gas, electricity, water and furnishings, club fees, personal accident insurance, use of car and telephone at residence, medical reimbursement, leave and leave travel concession and other benefits like provident fund, superannuation and gratuity are provided in accordance with the rules of the Bank in this regard.

No sitting fees are paid to Mr. Puri, Mr. Sukthankar and Mr. Bharucha for attending meetings of the Board and / or its Committees.

Mrs. Shyamala Gopinath, Chairperson

During the year, Mrs. Shyamala Gopinath was paid remuneration of ₹ 741,935. Mrs. Gopinath is also paid sitting fees for attending Board and Committee meetings. The remuneration of the Chairperson has been approved by the Reserve Bank of India.

DETAILS OF REMUNERATION / SITTING FEES PAID TO DIRECTORS

All the non-executive directors other than the Chairperson receive remuneration only by way of sitting fees for each meeting of the Board and its various committees. No stock options are granted to any of the non-executive directors.

From April 1, 2014 to December 31, 2014

Sitting Fees @ ₹ 20,000/- per meeting were paid for attending each meeting of the Board and various Committees except for Stakeholder's Relationship Committee for which sitting fees @ ₹ 10,000/- per meeting were paid to the Directors until December, 2014.

From January 1, 2015 onwards

Pursuant to the provisions of Companies Act, 2013 Directors are now paid sitting fees @ ₹ 50,000 and ₹ 100,000 for attending Committee & Board meetings respectively w.e.f. January, 2015.

The details of sitting fees paid to non-executive directors during the year for attending meetings of the Board and its various committees are as under:

Name of the Director	Sitting Fees (₹)
Mrs. Shyamala Gopinath	7,00,000
Mrs. Renu Karnad	9,30,000
Mr. Keki Mistry	8,90,000
Mr. Bobby Parikh	11,80,000
Mr. Partho Datta	13,10,000
Mr. A. N. Roy	7,30,000
Dr. Pandit Palande	12,30,000
Mr. Vijay Merchant	2,80,000
Mr. C. M. Vasudev	3,40,000

COMPOSITION OF COMMITTEES OF DIRECTORS AND ATTENDANCE AT THE MEETINGS

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Bank. These Committees monitor the activities falling within their terms of reference. Some of the Committees of the Board were reconstituted during the year.

The Board's Committees are as follows:

Audit Committee

The Audit Committee of the Bank comprises Mrs. Shyamala Gopinath, Dr. Pandit Palande, Mr. Bobby Parikh and Mr. Partho Datta. The Committee is chaired by Mrs. Shyamala Gopinath. Mr. Sanjay Dongre, the Company Secretary of the Bank, acts as the secretary of the Committee.

The Committee met eight (8) times during the year.

The meetings of the Committee were held on April 21, 2014, June 25, 2014, July 14, 2014, July 21, 2014, October 20, 2014, January 28, 2015, February 14, 2015 and March 31, 2015. The terms of reference of the Audit Committee are in accordance with Clause 49 of the Listing Agreement entered into with the Stock Exchanges in India and include the following:

a) Overseeing the Bank's financial reporting process and ensuring correct, adequate and credible disclosure of financial information;

b) Recommending appointment and removal of external auditors and fixing of their fees;

c) Reviewing with management the annual financial statements before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements;

d) Reviewing the adequacy of the Audit and Compliance functions, including their policies, procedures, techniques and other regulatory requirements; and

e) Any other terms of reference as may be included from time to time in the Companies Act, 2013 and Clause 49 of the listing agreement.

The Board has also adopted a Charter for the Audit Committee in accordance with certain United States regulatory standards as the Bank's securities are also listed on the New York Stock Exchange.

Nomination and Remuneration Committee

The Nomination and Compensation Committees were amalgamated to form the Nomination and Remuneration Committee for recommending the appointment of directors on the Board of the Bank and to review the overall compensation structure and policies of the Bank. The Nomination and Remuneration Committee scrutinizes the nominations of the directors with reference to their qualifications and experience, for identifying 'Fit and Proper' persons, to assess competency of the persons and to review compensation levels of the Bank's employees vis-à-vis other banks and the banking industry in general.

The following are the criteria to assess competency of the persons nominated :

- Academic qualifications,
- Previous experience,
- Track record; and
- Integrity of the candidates.

For assessing the integrity and suitability, features like criminal records, financial position, civil actions undertaken to pursue personal debts, refusal of admission to and expulsion from professional bodies, sanctions applied by regulators or similar bodies and previous questionable business practice are considered.

The Bank's compensation policy provides a fair and consistent basis for motivating and rewarding employees appropriately according to their job profile / role size, performance, contribution, skill and competence.

Mrs. Shyamala Gopinath, Dr. Pandit Palande, Mr. Partho Datta and Mr. Bobby Parikh are the members of the Committee as on March 31, 2015. Mr. Bobby Parikh is the Chairman of the Committee.

All the members of the Committee are independent directors.

The Committee met twice during the year.

The meetings of the Committee were held on October 20, 2014 and March 31, 2015.

Nomination Committee

The Nomination Committee of the Bank which had Mr. C. M. Vasudev, Mr. Partho Datta and Dr. Pandit Palande as its members met twice during the year. The meetings of the Committee were held on April 21, 2014 and August 23, 2014.

Compensation Committee

The Compensation Committee of the Bank which had Mr. C. M. Vasudev, Mr. Partho Datta, Dr. Pandit Palande and Mr. Bobby Parikh as its members met thrice during the year. The meetings of the Committee were held on June 25, 2014, July 21, 2014 and September 15, 2014.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee, earlier named as the Investor Grievance (Share) Committee approves and monitors transfer, transmission, splitting and consolidation of shares and considers requests for dematerialization of shares. Allotment of shares to the employees on exercise of stock options granted under the various Employees Stock Option Schemes which are made in terms of the powers delegated by the Board in this regard, are placed before the Committee for ratification. The Committee also monitors redressal of complaints from shareholders relating to transfer of shares, non-receipt of Annual Report, dividends etc.

The Committee consists of Mr. A. N. Roy, Mrs. Renu Karnad, Mr. Aditya Puri and Mr. Paresh Sukthankar. The Committee is chaired by Mr. A. N. Roy. The powers to approve share transfers and dematerialization requests have been delegated to executives of the Bank to avoid delays that may arise due to non-availability of the members of the Committee. Mr. Sanjay Dongre, Executive Vice President (Legal) and the Company Secretary of the Bank is the Compliance Officer responsible for expediting the share transfer formalities.

As on March 31 2015, 36 instruments of transfer for 9745 equity shares were pending for transfer and these have since been processed. The details of the transfers are reported to the Board from time to time.

During the year ended March 31 2015, 2886 complaints were received from the shareholders. The Bank had attended to all the complaints. 3 complaints remained pending as on March 31, 2015. Besides, 6803 letters were received from the shareholders relating to change of address, nomination requests, email id and contact details updation, IFSC / MICR code updation, ECS / NECS Mandates, claim of shares from Unclaimed Suspense account, queries relating to the annual reports, sub-division of shares of face value of ₹ 10/- each to ₹ 2/- each and amalgamation, request for revalidation of dividend warrants and other investor related matters. These letters have also been responded to.

The Committee met five (5) times during the year. The meetings of the Committee were held on April 22, 2014, July 15, 2014, October 21, 2014, January 28, 2015 and March 31, 2015.

Risk Policy and Monitoring Committee

The Risk Policy and Monitoring Committee has been formed as per the guidelines of Reserve Bank of India on Asset Liability Management / Risk Management Systems. The Committee develops Bank's credit and market risk policies and procedures, verifies adherence to various risk parameters and prudential limits for treasury operations and reviews its risk monitoring system. The Committee also ensures that the Bank's credit exposure to any one group or industry does not exceed the internally set limits and that the risk is prudentially diversified.

The Committee consists of Mrs. Renu Karnad, Mrs. Shyamala Gopinath, Mr. Partho Datta, Mr. Aditya Puri and Mr. Paresh Sukthankar. The Committee is chaired by Mrs. Renu Karnad.

The Committee met five (5) times during the year.

The meetings of the Committee were held on April 22, 2014, June 25, 2014, July 15, 2014, October 21, 2014 and January 28, 2015.

Credit Approval Committee

The Credit Approval Committee approves credit exposures, which are beyond the powers delegated to executives of the Bank. This facilitates quick response to the needs of the customers and speedy disbursement of loans.

As on March 31, 2015, the Committee consists of Mr. Bobby Parikh, Mr. Keki Mistry, Mr. Aditya Puri and Mr. Kaizad Bharucha.

The Committee met nine (9) times during the year.

The meetings of the Committee were held on May 9, 2014, June 25, 2014, July 15, 2014, September 22, 2014, October 21, 2014, December 16, 2014, January 28, 2015, February 14, 2015 and March 31, 2015.

Premises Committee

The Premises Committee approves purchases and leasing of premises for the use of Bank's branches, back offices, ATMs and residence of executives in accordance with the guidelines laid down by the Board.

As on March 31, 2015 the Committee consists of Mrs. Renu Karnad, Dr. Pandit Palande and Mr. Aditya Puri.

The Committee met six (6) times during the year. The meetings of the Committee were held on April 22, 2014, June 25, 2014, July 15, 2014, October 21, 2014, January 28, 2015 and March 31, 2015. The Committee is chaired by Mrs. Renu Karnad.

Fraud Monitoring Committee

Pursuant to the directions of the RBI, the Bank has constituted a Fraud Monitoring Committee, exclusively dedicated to the monitoring and following up of cases of fraud involving amounts of ₹ 1 crore and above.

The objectives of this Committee are the effective detection of frauds and immediate reporting of the frauds and actions taken against the perpetrators of frauds to the concerned regulatory and enforcement agencies. The terms of reference of the Committee are as under:

a. Identify the systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same;

b. Identify the reasons for delay in detection, if any and report to top management of the Bank and RBI;

c. Monitor progress of Central Bureau of Investigation / Police Investigation and recovery position;

d. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time;

e. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls; and

f. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

The members of the Committee are Mrs. Shyamala Gopinath, Dr. Pandit Palande, Mr. Partho Datta, Mr. A. N. Roy, Mr. Keki Mistry and Mr. Aditya Puri.

The Committee met four (4) times during the year. The meetings of the Committee were held on April 22, 2014, July 14, 2014, October 20, 2014 and January 28, 2015. Mrs. Shyamala Gopinath is the Chairperson of the Committee.

Customer Service Committee

The Customer Service Committee monitors the quality of services rendered to the customers and also ensures implementation of directives received from the RBI in this regard. The terms of reference of the Committee are to formulate comprehensive deposit policy incorporating the issues arising out of the demise of a depositor for operation of his account, the product approval process, the annual survey of depositor satisfaction and the triennial audit of such services.

The members of the Committee are Mrs. Shyamala Gopinath, Dr. Pandit Palande, Mr. A. N. Roy, Mr. Keki Mistry and Mr. Aditya Puri.

The Committee met four (4) times during the year. The meetings of the Committee were held on April 22, 2014, July 14, 2014, October 20, 2014 and January 28, 2015.

Corporate Social Responsibility (CSR) Committee

The Board has constituted a CSR Committee with the following terms of reference:

- To formulate the Bank's CSR Strategy, Policy and Goals
- To monitor the Bank's CSR policy and performance
- To review the CSR projects / initiatives from time to time
- To ensure legal and regulatory compliance from a CSR viewpoint
- To ensure reporting and communication to stakeholders on the Bank's CSR

The members of the CSR Committee are Mrs. Renu Karnad, Mr. Partho Datta, Mr. Bobby Parikh, Mr. Aditya Puri and Mr. Paresh Sukthankar.

The Committee met four (4) times during the year.

The meetings of the Committee were held on April 21, 2014, July 15, 2014, October 21, 2014 and March 31, 2015

Review Committee for Willful Defaulters' Identification

The Board has constituted a Review Committee for Willful Defaulters Identification on January 28, 2015 to review the orders passed by the Committee of Executives for Identification of Willful Defaulters and provide the final decision with regard to identified willful defaulters. Mrs. Shyamala Gopinath, Mr. Aditya Puri, Mr. Bobby Parikh, Mr. Partho Datta and Mr. A. N. Roy are the members of the Committee. The Committee is chaired by Mrs. Shyamala Gopinath or Mr. Aditya Puri in her absence. No meetings of the Committee were held during the year

Review Committee for Non-Cooperative Borrowers

The Board has constituted on March 31, 2015 a Review Committee to review matters related to Non-Cooperative Borrowers which are handled by the Internal Committee of Executives appointed for this purpose. Mrs. Shyamala Gopinath, Mr. Aditya Puri, Mr. Bobby Parikh, Mr. Partho Datta and Mr. A. N. Roy are the members of the Committee. The Committee is chaired by Mrs. Shyamala Gopinath or Mr. Aditya Puri in her absence. No meetings of the Committee were held during the year.

COMPOSITION OF COMMITTEES OF DIRECTORS AND ATTENDANCE AT THE COMMITTEE MEETINGS

Audit Committee
[Total eight meetings held]

Name	No. of meetings attended
Mrs. Shyamala Gopinath *3	3
Mr. Bobby Parikh	6
Dr. Pandit Palande	7
Mr. Partho Datta	8
Mr. C. M. Vasudev *1	3
Mr. Vijay Merchant #*2	1

Mr. Vijay Merchant had been appointed as a member for one meeting for fulfilling the requirement of quorum.

Risk Policy & Monitoring Committee
[Total five meetings held]

Name	No. of meetings attended
Mrs. Renu Karnad	5
Mrs. Shyamala Gopinath *3	1
Mr. Paresh Sukthankar	5
Mr. Partho Datta	5
Mr. Aditya Puri	4
Mr. C. M. Vasudev *1	3

Compensation Committee
[Total three meetings held]

Name	No. of meetings attended
Mr. C. M. Vasudev *1	1
Mr. Partho Datta	3
Dr. Pandit Palande	2
Mr. Bobby Parikh	2

Credit Approval Committee
[Total nine meetings held]

Name	No. of meetings attended
Mr. Bobby Parikh	7
Mr. Keki Mistry	9
Mr. Vijay Merchant *2	4
Mr. Aditya Puri	6
Mr. Kaizad Bharucha	9

Stakeholders Relationship Committee
[Total five meetings held]

Name	No. of meetings attended
Mr. A. N. Roy	4
Mrs. Renu Karnad	5
Mr. Aditya Puri	4
Mr. Paresh Sukthankar	5

Premises Committee
[Total six meetings held]

Name	No. of meetings attended
Mrs. Renu Karnad	6
Dr. Pandit Palande	6
Mr. Vijay Merchant *2	3
Mr. Aditya Puri	5

Customer Service Committee
[Total four meetings held]

Name	No. of meetings attended
Mrs. Shyamala Gopinath *3	1
Mr. Aditya Puri	3
Dr. Pandit Palande	4
Mr. A. N. Roy	3
Mr. Keki Mistry	4
Mr. C. M. Vasudev *1	2

Nomination and Remuneration Committee
[Total two meetings held]

Name	No. of meetings attended
Mrs. Shyamala Gopinath *3	1
Mr. Partho Datta	2
Dr. Pandit Palande	2
Mr. Bobby Parikh	2

Fraud Monitoring Committee
[Total four meetings held]

Name	No. of meetings attended
Mr. Aditya Puri	3
Mrs. Shyamala Gopinath *3	1
Dr. Pandit Palande	4
Mr. Partho Datta	4
Mr. A. N. Roy	3
Mr. Keki Mistry	4
Mr. C. M. Vasudev *1	2

Corporate Social Responsibility Committee
[Total four meetings held]

Name	No. of meetings attended
Mrs. Renu Karnad	3
Mr. Partho Datta	4
Mr. Bobby Parikh	4
Mr. Aditya Puri	3
Mr. Paresh Sukthankar	4

Nomination Committee
[Total two meetings held]

Name	No. of meetings attended
Mr. C. M. Vasudev *1	1
Mr. Partho Datta	2
Dr. Pandit Palande	2

1. Mr. C. M. Vasudev ceased to be a director w.e.f. August 26, 2014.

2. Mr. Vijay Merchant ceased to be a director w.e.f. October 04, 2014.

3. Mrs. Shyamala Gopinath assumed office as Chairperson w.e.f. January 2, 2015.

OWNERSHIP RIGHTS

Certain rights that a shareholder in a company enjoys:

- To transfer the shares and receive the share certificates upon transfer within the period prescribed in the Listing Agreement.
- To receive notice of general meetings, annual report, the balance sheet and profit and loss account and the auditors' report. To attend and speak in person, at general meetings
- To appoint proxy to attend and vote at the general meetings. In case the member is a body corporate, to appoint a representative to attend and vote at the general meetings of the company on its behalf.
- Proxy can vote on a poll. In case of vote on poll, the number of votes of a shareholder is proportionate to the number of equity shares held by him.
- As per Banking Regulation Act, 1949, the voting rights on a poll of a shareholder of a banking company are capped at 10% of the total voting rights of all the shareholders of the banking company. In terms of the Banking Laws Amendment Act, 2012, the Banking Regulation Act, 1949 has been amended to provide that the Reserve Bank of India would have the powers to increase in a phased manner the ceiling on voting rights from 10% to 26%. The amendment is effective from January 18, 2013.
- To demand poll along with other shareholder(s) who collectively hold 2,50,000 shares or are not less than 1/10th of the total voting power in respect of any resolution.
- To requisition an extraordinary general meeting of any company by shareholders who collectively hold not less than 1/10th of the total paid-up capital of the Bank.
- To move amendments to resolutions proposed at general meetings
- To receive dividend and other corporate benefits like rights, bonus shares etc. as and when declared / announced.
- To inspect various registers of the company, minute books of general meetings and to receive copies thereof after complying with the procedure prescribed in the Companies Act, 2013.
- To make nomination in respect of shares held by the shareholder.

The rights mentioned above are prescribed in the Companies Act, 2013 and Banking Regulation Act, 1949, wherever applicable, and should be followed only after careful reading of the relevant sections. These rights are not necessarily absolute.

GENERAL BODY MEETINGS

(During the three previous financial years)

The 18th, 19th and 20th Annual General Meetings of the Bank were held at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020 at 2.30 p.m. on July 13, 2012, June 27, 2013 and June 25, 2014 respectively. No special resolution was passed at the 18th Annual General Meeting. One special resolution was passed at the 19th Annual General Meeting and eight special resolutions were passed at the 20th Annual General Meeting.

POSTAL BALLOT

Details of resolutions passed through Postal Ballot:

The Bank sent Postal Ballot notice dated November 7, 2014 to the members seeking their approval through Postal Ballot for passing the following resolutions:

Resolution No : 1 Issue of long term Bonds / Non-Convertible debenture on a private placement basis.

Resolution No : 2 Appointment of Mrs. Shyamala Gopinath as Chairperson of the Bank

The Bank had appointed V. V. Chakradeo & Co., Company Secretaries as the scrutinizer for conducting the Postal Ballot process. Accordingly, the postal Ballot was conducted by the scrutinizer and a report submitted to the Chairman. The results of the voting conducted through Postal Ballot are as under:

RESOLUTION NO : 1

Particulars	Number of postal ballot Papers (Physical & Electronic)	Number of votes	% to valid votes
Total postal ballot forms and e-votes received	4,712	1,29,76,33,759	-
Less: Number of invalid Postal Ballot Forms	252	6,46,865	-
Net valid postal ballot Forms and e- votes	4,460	1,29,69,86,894	100
Votes cast in favor of the resolution	4,307	1,29,69,20,901	99.99
Votes cast against the resolution	153	65,993	0.01

RESOLUTION NO : 2

Particulars	Number of Postal Ballot Papers (Physical & Electronic)	Number of Votes	% to Valid Votes
Total postal ballot forms and e-votes received	4,712	1,29,76,33,759	-
Less: Number of invalid Postal Ballot Forms	312	37,07,965	-
Net valid postal ballot Forms and e-votes	4,400	1,29,39,25,794	100
Votes cast in favor of the resolution	4,214	1,29,34,51,001	99.96
Votes cast against the resolution	186	4,74,793	0.04

Both the resolutions were passed with overwhelming majority.

DISCLOSURES

Material Subsidiary

The Bank has 2 subsidiaries namely; HDB Financial Services Limited and HDFC Securities Limited, neither of which qualifies to be a material subsidiary i.e. the net worth of each subsidiary does not exceed 20% of the consolidated net worth of the holding company in the immediately preceding accounting year nor has either subsidiary generated 20% of the consolidated income of the company during the previous financial year. Hence, the Bank has not formulated a policy on material subsidiary

Related Party Transaction

During the year, the Bank has not entered into any materially significant transactions with the promoters, directors, the management, subsidiaries or relatives of the Directors, which could have a potential conflict of interest between the Bank and these parties, other than the transactions entered into in the normal course of business. Transactions with related parties entered into by the Bank in the normal course of business were placed before the Audit Committee. There were no material individual transactions with related parties, which were not in the normal course of business, nor were there any material transactions with related parties or others, which were not on an arm's length basis. Details of related party transactions entered into during the year ended March 31, 2015 are given in Schedule 18, Note 26 forming part of 'Notes to Accounts'. The Bank has in put in place a policy to deal with related party transactions and the same has been uploaded on the Bank's web-site https://www.hdfcbank.com/htdocs/common/pdf/policy_on_dealing_with_related_party_transactions.pdf

Accounting Treatment

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014) and current practices prevailing within the banking industry in India.

There are no deviations from the statutory provisions.

Remuneration and Selection criteria for Directors

The relevant details are furnished in the Report of the Board of Directors.

Appointment / Resignation of Director

During the year two directors of your Bank have ceased to hold office as directors. Mr. C M Vasudev ceased to be an Independent Director and Part-Time Chairman of the Bank at the close of business hours on August 26, 2014 on completion of his term. Mr. Vijay Merchant ceased to be an Independent Director of the Bank at the close of business hours on October 4, 2014 on attaining 70 years of age. Mrs. Shyamala Gopinath who was inducted as an Independent director assumed office as part time non-executive Chairperson of the Bank on January 2, 2015 and Mr. Malay Patel was appointed as an additional director on the Board of Directors of the Bank on March 31, 2015.

Familiarization of Directors

A majority of the directors of the Bank have been associated with the Bank for more than 3 years and have in depth understanding of the business model, business processes and business environment of the Bank. Each director has special knowledge or practical experience in various areas as required in terms of the provisions of Section 10-A (2) (a) of the Banking Regulation Act, 1949. Familiarisation of the non-executive directors with the activities of the Bank is an ongoing process. Regulatory updates which have an impact on the financial results of the Bank are presented to the Board / Audit Committee every quarter along with the financial results. A gist of important circulars/guidelines issued by RBI is placed at every meeting. The Bank has adopted a Stress Testing Policy to monitor various types of risks associated with the business and the stress testing results showing impact on capital adequacy for various business risk scenarios are presented to the Risk Policy and Monitoring Committee and the Board every quarter. During the year separate presentations were also made to the Board and its Committees on Companies Act, 2013, Related Party Transactions, Information Security Landscape, Customer Service Surveys, Implementation of Basel II recommendations, etc. Nomination of Directors for various seminars / training sessions conducted externally is also done as and when required.

Strictures and Penalties

During the financial year 2014-15, the RBI carried out a scrutiny of a corporate borrower's accounts maintained with 12 banks, including HDFC Bank. The RBI had issued show cause notices to these banks in March 2014 and based on its assessment, the RBI in its press release dated July 25, 2014, levied penalties totaling ₹ 1.5 crore on the 12 banks. The RBI levied a penalty of ₹ 0.05 crore on HDFC Bank on the grounds that the Bank failed to exchange information about the conduct of the corporate borrower's account with other banks at intervals as prescribed in the RBI guidelines on 'Lending under Consortium Arrangement / Multiple Banking Arrangements'. The penalty has since been paid.

During the current year, the FIU has imposed a penalty of ₹ 26 lakhs in 26 cases reported by Cobrapost.com, stating that there was a failure in the Bank's internal mechanism for detecting and reporting attempted suspicious transactions. The Bank has filed an appeal before the Appellate Tribunal, Prevention of Money Laundering Act at New Delhi against the impugned order stating that there were only roving enquiries made by the reporters of Cobrapost.com and there were no instances of any attempted suspicious transactions. The hearing of the appeal is in progress.

During 2013-14 a www.Cobrapost.com release claimed to have carried out a sting operation named "Operation Red Spider" on banks over a period of several months. The allegations made in the release indicated that banks including HDFC Bank could assist in channelizing vast amounts of black money into the regular banking system as laundered white money. The Bank had immediately engaged the services of M/s Amarchand & Mangaldas and Suresh A. Shroff & Co., to coordinate and advise the Bank on legal issues in respect of the potential allegations posted by Cobrapost.com. M/s Deloitte Touche Tohmatsu India Pvt. Ltd was appointed by the said firm to carry out an independent forensic investigation Further, Reserve Bank of India have also conducted a special scrutiny into the matter. The scrutiny did not bring out any incident of money laundering. However certain irregularities/violations were found by the RBI with respect to adherence to KYC for walk-in customers for sale of third party insurance products, arrangement of at-par payments of cheques drawn by co-operative banks, exceptions in risk profiling in some cases, sale of gold coins against cash in excess of INR 50,000/- in few cases etc. Based on its assessment, the RBI imposed a monetary penalty of INR 4.5 crore on the Bank in June 2013, which has since been paid. In the light of the observations / violations reported by RBI, the Bank has taken steps to further strengthen its controls and processes in the said areas including discontinuation of sale of third party products and gold to non-customers and further tightening the process with respect to arrangement with co-operative banks and risk profiling of customers.

There were no penalties levied upon the Bank by any regulatory authority during the year 2012-13.

Other than the above, no penalties or strictures were imposed on the Bank by any of the Stock Exchanges or any statutory authority on any matter relating to capital markets, during the last three (3) years.

COMPLIANCE WITH MANDATORY REQUIREMENTS

The Bank has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India.

PERFORMANCE EVALUATION

The Bank has put in place a mechanism for performance evaluation of the Directors. The details of the same have been included in the Director's Report.

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

a) Board of Directors

The Bank maintains the expenses relating to the office of non-executive Chairperson of the Bank and reimburses all the expenses incurred in performance of her duties. Pursuant to Section 10-A(2A) of the Banking Regulation Act, 1949, none of the directors, other than the Chairman and/or whole-time directors, is permitted to hold office continuously for a period exceeding 8 (eight) years. All the independent directors of the Bank possess requisite qualifications and experience which enable them to contribute effectively to the Bank.

b) Shareholder's Rights

The Bank publishes its results on its website at www.hdfcbank.com which is accessible to the public at large. Besides, the same are also available on www.corpfiling.co.in. A half-yearly declaration of financial performance including summary of the significant events is presently not being sent separately to each household of shareholders. The Bank's results for each quarter are published in an English newspaper having a wide circulation and in a Marathi newspaper having a wide circulation in Maharashtra. Hence, half-yearly results are not sent to the shareholders individually.

c) Audit Qualifications

During the period under review, there is no audit qualification in the Bank's financial statements. The Bank continues to adopt best practices to ensure regime of unqualified financial statements.

d) Separate posts of Chairman and Managing Director / CEO

Mrs. Shyamala Gopinath is the Chairperson of the Bank and Mr. Aditya Puri is the Managing Director of the Bank.

e) Reporting of Internal Auditor

The Internal Auditor of the Bank reports directly to the Audit Committee of the Bank.

SHAREHOLDERS HOLDING MORE THAN 1 % OF THE SHARE CAPITAL OF THE BANK AS AT MARCH 31, 2015

Sr No.	Name of the Shareholder	No. of Shares held	% to share capital
1	JP Morgan Chase Bank, NA (*)	473004657	18.87
2	Housing Development Finance Corporation Limited	393211100	15.69
3	HDFC Investments Limited	150000000	5.98
4	Euro Pacific Growth Fund	96200435	3.84
5	Life Insurance Corporation and its subsidiaries	64587585	2.58
6	ICICI Prudential Life Insurance Company Ltd	41029927	1.64
7	ICICI Prudential Focused Bluechip Equity Fund	29828619	1.19
8	Government Of Singapore	29581912	1.18
9	DB International (Asia) Ltd	25856295	1.03

* One (1) American Depository Share (ADS) represents Three (3) underlying equity shares of the Bank

DISTRIBUTION OF SHAREHOLDINGS AS AT MARCH 31, 2015

Share Range From	Share Range To	No. of Shares held	% of share capital	No. of Holders	% of No. of Holders
1	2500	99864523	3.98	430598	97.54
2501	5000	17956585	0.72	4973	1.13
5001	10000	15398704	0.61	2170	0.49
10001	15000	9883517	0.39	790	0.18
15001	20000	7812316	0.31	444	0.10
20001	25000	7616867	0.30	336	0.08
25001	50000	25383100	1.01	709	0.16
50001	100000	31271561	1.25	438	0.10
100001	and above	2291308144	91.43	999	0.22
		2506495317	**100.00**	**441457**	**100.00**

374277 folios comprising of 2487391846 equity shares forming 99.24 % of the share capital are in demat form.

67180 folios comprising of 19103471 equity shares forming 0.76 % of the share capital are in physical form.

CATEGORIES OF SHAREHOLDERS AS AT MARCH 31, 2015

Promoters (*)	543216100	21.67
ADS and GDRs (#)	473004657	18.87
Foreign Institutional Investors & Qualified Foreign Investor	816388762	32.57
Overseas Corporate Bodies, Foreign Bodies, Foreign National and Non Resident Indians	7341714	0.29
Financial Institutions, Banks, Mutual Funds and Central Government	174539374	6.96
Life Insurance Corporation and its subsidiaries	64587585	2.58
General Insurance Corporation and its subsidiaries	4627671	0.18
Indian Companies	216396827	8.63
Others	206392627	8.23
TOTAL	**2506495317**	**100.00**

(*) None of the equity shares held by the Promoter Group are under pledge.

JP Morgan Chase Bank is the Depository for both the ADS (461559012 underlying equity shares) & GDRs (11445645 underlying equity shares).

GLOBAL DEPOSITORY RECEIPTS ("GDRs")

The monthly high and low quotation of the Bank's GDRs traded on Luxembourg Stock Exchange are as under: **(in US$)**

Month	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
High	6.189	6.992	7.087	7.169	6.993	7.165	7.428	7.696	7.665	8.855	8.763	8.742
Low	5.921	5.954	6.755	6.765	6.486	6.939	6.913	7.307	7.242	7.414	8.377	8.014

2 GDRs represent one underlying equity share of the Bank.

HDFC BANK
We understand your world

SHARE PRICE / CHART

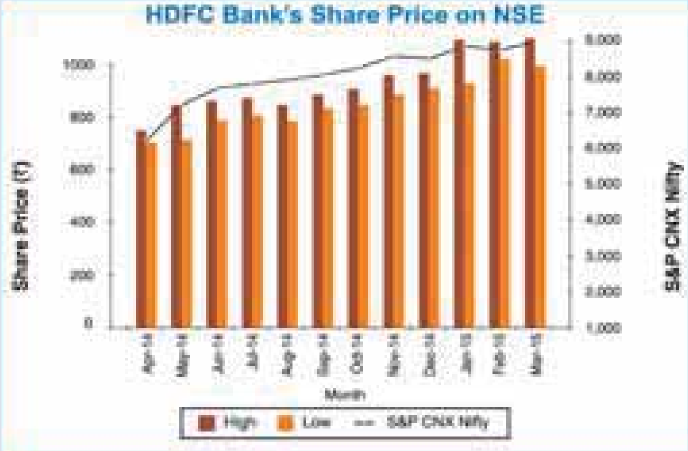
The monthly high and low quotation of Bank's equity shares traded on Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE) during FY 2014-15 and its performance vis-à-vis BSE SENSEX and S&P CNX NIFTY respectively is as under:

Bombay Stock Exchange Limited			
Month	High (₹)	Low (₹)	Sensex Closing
April 2014	754.00	707.50	22417.80
May 2014	852.35	712.20	24217.34
June 2014	856.00	795.00	25413.78
July 2014	861.00	808.55	25894.97
August 2014	853.00	792.00	26638.11
September 2014	880.00	839.00	26630.51
October 2014	914.15	854.00	27865.83
November 2014	965.45	893.35	28693.99
December 2014	973.85	916.45	27499.42
January 2015	1099.70	932.00	29182.95
February 2015	1093.15	1030.55	29361.50
March 2015	1105.00	1002.55	27957.49

Source : www.bseindia.com

National Stock Exchange of India Limited			
Month	High (₹)	Low (₹)	Nifty Closing
April 2014	753.55	707.30	6840.80
May 2014	854.00	711.45	7367.10
June 2014	856.00	793.50	7656.40
July 2014	860.70	807.15	7830.60
August 2014	852.80	791.40	7954.35
September 2014	879.80	838.60	8173.90
October 2014	914.60	854.10	8322.20
November 2014	965.90	893.00	8588.25
December 2014	973.95	916.00	8564.40
January 2015	1100.60	936.25	8952.35
February 2015	1093.00	1030.00	8895.30
March 2015	1109.30	1002.10	8996.25

Source : www.nseindia.com



The monthly high and low quotation and the volume of Bank's American Depository Shares (ADS) traded on New York Stock Exchange (NYSE) during FY 2014-15.

New York Stock Exchange Limited			
Month	Highest (US$)	Lowest (US$)	Monthly Volume
April 2014	41.66	39.27	22919800
May 2014	47.31	39.71	28645600
June 2014	48.75	45.48	18077400
July 2014	49.82	46.10	18115300
August 2014	50.29	45.56	16015800
September 2014	51.67	46.35	18232100
October 2014	52.54	45.56	17080000
November 2014	54.74	50.85	17617000
December 2014	53.11	47.60	17185600
January 2015	62.10	49.32	23765500
February 2015	62.17	55.72	34178500
March 2015	63.97	57.19	22407900

Note: Other than the stock options granted to the employees of the Bank which will result in an addition to the equity capital of the Bank on the exercise of the stock options and subsequent allotment of equity shares, the Bank has no outstanding warrants or other convertible instruments as on March 31, 2015 which could have an impact on the equity capital of the Bank.

FINANCIAL CALENDAR [April 01, 2015 to March 31, 2016]	
Board Meeting for Consideration of accounts	April 23, 2015
Dispatch of Annual Reports	June 22, 2015 to June 27, 2015
Book Closure for 21st Annual General Meeting	July 4, 2015 to July 21, 2015 (both days inclusive)
Last date of receipt of proxy forms	July 19, 2015
Date, Time and Venue of 21st AGM	July 21, 2015 at 2.30 p.m.; Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020
Dividend Declaration Date	July 22, 2015
Probable date of payment of dividend	Electronic : July 22, 2015 onwards Physical : July 27, 2015 onwards
Board Meeting for considering unaudited results for first three quarters of FY 2015-16	Within 25 days of the end of each quarter.

CODE OF CONDUCT

The Bank has framed and adopted a Code of Conduct, which is approved by the Board. The Code is applicable to all directors and senior management personnel of the Bank. This Code has been posted on the Bank's website www.hdfcbank.com. All the Directors and senior management personnel have affirmed compliance with the Code of Conduct / Ethics as approved and adopted by the Board.

LISTING

Listing on Indian Stock Exchanges :

The equity shares of the Bank are listed at the following Stock Exchanges and the annual fees for 2015-16 have been paid :

Sr. No.	NAME AND ADDRESS OF THE STOCK EXCHANGE	STOCK CODE
1.	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 023.	500180
2.	The National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Bandra Kurla Complex, Mumbai 400 051.	HDFCBANK

Names of Depositories in India for dematerialisation of equity shares (ISIN No. INE040A01026)

- National Securities Depository Limited (NSDL)
- Central Depository Services (India) Limited (CDSL)

International Listing :

Sr. No.	Security description	Name & Address of the International Stock Exchange	Name & Address of Depository
1	The American Depository Shares **(ADS)** (CUSIP No. 40415F101)	The New York Stock Exchange (Ticker - HDB) 11, Wall Street, New York, N.Y. 10005	J P Morgan Chase Bank, N.A. 4, New York Plaza, 12th Floor, New York, NY 10004
2	Global Depository Receipts (GDRs) (ISIN/ Trading Code : US40415F2002)	Luxembourg Stock Exchange **Postal Address :** Societe De La Bourse De Luxembourg Societe Anonyme, 35A Boulevard Joseph II L-1840 Luxembourg. **Mailing Address :** B.P. 165, L - 2011, Luxembourg	J P Morgan Chase Bank, N.A. 4, New York Plaza, 12th Floor, New York, NY 10004

The Depository for ADS and GDRs is represented in India by: J. P. Morgan Chase Bank N.A., India Sub Custody, J P Morgan Chase Bank NA, 6th Floor, Paradigm "B" Wing, Behind Toyota Showroom, Mindspace, Malad (West), Mumbai - 400 064.

SHARE TRANSFER PROCESS

The Bank's shares which are in compulsory dematerialised (demat) list are transferable through the depository system. Shares in physical form are processed by the Registrars and Share Transfer Agents, Datamatics Financial Services Limited and approved by the Stakeholders' Relationship Committee of the Bank or authorised officials of the Bank. The share transfers are generally processed within a period of fifteen (15) days from the date of receipt of the transfer documents by Datamatics Financial Services Limited.

MEANS OF COMMUNICATION

The quarterly and half-yearly unaudited / audited financial results are published in Business Standard in English and Mumbai Sakal / Navshakti in Marathi (regional language). The results are also displayed on the Bank's web-site at www.hdfcbank.com. The shareholders can visit the Bank's web-site for financial information, shareholding information, dividend policy, key shareholders' agreements, if any, Memorandum and Articles of Association of the Bank, etc. The web-site also gives a link to www.sec.gov where the investors can view statutory filings of the Bank with the Securities and Exchange Commission, USA.

The information relating to the Bank's financial results and shareholding pattern are posted with Corporate Filing & Dissemination System (Corpfiling) at www.corpfiling.co.in through the Stock Exchanges.

Quarterly results, press releases and presentations etc. are regularly displayed on the Bank's web-site.

CODE FOR PREVENTION OF INSIDER TRADING

The Bank has adopted a share dealing code for the prevention of insider trading in the shares of the Bank. The share dealing code, inter alia, prohibits purchase / sale of shares of the Bank by employees while in possession of unpublished price sensitive information in relation to the Bank.

DEBENTURE TRUSTEES

SEBI vide circular number CIR/IMD/CDF/18/2013 dated October 29, 2013 requires companies, which have listed their debt securities, to disclose the names of their debenture trustees with contact details in their annual report. The following are the debenture trustees for the privately placed bonds of the Bank.

1. **IDBI Trusteeship Services Ltd,** Asian Building, Ground Floor, 17 R Kamani Marg, Ballard Estate Mumbai 400001. Tel : 022-40807000
2. **Axis Trustee Services Limited,** Axis House, 2nd Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli Mumbai 400025. Tel : 022-24255215/16
3. **IL&FS Trust Company Limited,** The IL&FS Financial Centre, Plot C-22/G Block, Bandra Kurla Complex, Bandra East Mumbai 400051. Tel : 022-26593112

SHAREHOLDERS' HELPDESK

Share transfers, dividend payments and all other investor related activities are attended to and processed at the office of Registrars and Transfer Agents.

For lodgement of transfer deeds and any other documents or for any grievances / complaints, shareholders / investors may contact at the following address :

Mr. C. R. Rao / Ms. Manisha Parkar / Mr. Tukaram Thore

Datamatics Financial Services Ltd, Plot No. B 5, Part B Crosslane, MIDC, Marol, Andheri (East), Mumbai 400 093,

Tel : +91-022- 66712213-14
Fax : +91-022 - 28213404; E-mail : hdinvestors@dfssl.com

Counter Timings : 10:00 a.m. to 4:30 p.m.
(Monday to Friday except public holidays)

For the convenience of investors, transfers up to 500 shares and complaints from investors are accepted at the Bank's Office at 2nd Floor, Trade House, Senapati Bapat Marg, Kamala Mills Compound, Lower Parel (West), Mumbai 400 013.

Shareholders' Helpdesk Timings : 10:30 a.m. to 3.30 p.m. Between Monday to Friday (except on Bank holidays)
Telephone : +91-022-2498 8484 Extn : 3458 & 3463 Fax : 2496 5235
Email : shareholder.grievances@hdfcbank.com

Queries relating to the Bank's operational and financial performance may be addressed to :

shareholder.grievances@hdfcbank.com

Name of the Compliance Officer of the Bank : Mr. Sanjay Dongre, Executive Vice President (Legal) & Company Secretary
Telephone : +91-022-24988484 Extn : 3473

BANKING CUSTOMER HELPDESK

In the event of any queries / complaints, banking customers can directly approach the Branch Manager or can call/write to the Bank using the following contact details :

Call at: Our customer care (Phone Banking) numbers.

Location wise list of customer care numbers are available at:

http://www.hdfcbank.com/personal/find-your-nearest/find-phone-banking

Write to:

HDFC Bank Ltd., New Building, "A" Wing, 2nd Floor,
26-A Narayan Property, Chandivali Farm Road, Off Saki Vihar Road, Chandivali, Andheri (East), Mumbai - 400 072.
Email : support@hdfcbank.com

Contact us online:

Fill up the "Complaint Form" available at the following website link :

https://leads.hdfcbank.com/applications/webforms/apply/complaint_form.asp

For grievances other than Shareholder grievances please send your communication to the following email addresses :

Depository Services : dphelp@hdfcbank.com
Retail Banking / ATM / Debit Cards / Mutual Fund : support@hdfcbank.com
Loans; Advances / Advance against shares: loansupport@hdfcbank.com
Credit Cards : customerservices. cards@hdfcbank.com

PLANT LOCATIONS

The Bank does not have plants. However, the Bank has 4,014 branches in 2,464 cities / towns as on March 31, 2015. The locations of the branches are also displayed on the Bank's website.

COMPLIANCE CERTIFICATE OF THE AUDITORS

The Secretarial Auditors have certified that the Bank has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to the Annual Report.

The Certificate from the Secretarial Auditors will be sent to the Stock Exchanges along with the Annual Report of the Bank.

On behalf of the Board of Directors

Shyamala Gopinath
Chairperson

Mumbai, April 23, 2015

DECLARATION

I confirm that for the year under review, all directors and senior management have affirmed their adherence to the provisions of the Code of Conduct.

Aditya Puri
Managing Director

Mumbai, April 23, 2015

A) DIVIDENDS:

Receipt of Dividends through Electronic mode :

Securities and Exchange Board of India (SEBI) has vide Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 directed that Listed Companies shall mandatorily make all payments to Investors, including Dividend to shareholders, by using any Reserve Bank of India (RBI) approved electronic mode of payment Viz. ECS, LECS (Local ECS), RECS (Regional ECS), NECS (National ECS), NEFT etc.

In order to receive the dividend without loss of time, all the eligible shareholders holding shares in demat mode are requested to update with their respective Depository Participants before 3rd July, 2015 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 as directed by RBI in the Bank Account electronically. Updation of E - Mail IDs and Mobile No(s) will enable sending communication relating to credit of dividend, unencashed dividend etc.

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 No(s) to the Registrar and Share Transfer Agents Viz. Datamatics Financial Services Limited, having address at Plot No. B 5, Part B Crosslane, MIDC, Marol, Andheri (E), Mumbai-400 093, before 6th July, 2015 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.

Various modes for making payment of Dividends under Electronic mode :

In case the shareholder has updated the complete and correct Bank account details (including 9 digit MICR Code and 11 digit IFSC code) before the Book Closure fixed for the purpose of payment of dividend, then the Bank shall make the payment of dividend to such shareholder under any one of the following modes :

1. National Electronic Clearing Service (NECS)
2. National Electronic Fund Transfer (NEFT)
3. Direct credit in case the bank account is with HDFC Bank Limited.

In case dividend payment by electronic mode is returned or rejected by the corresponding bank due to some reason, then the Bank will issue a dividend warrant and print the Bank account details available on its records on the said dividend warrant to avoid fraudulent encashment of the warrants.

The Register of Members and the Share Transfer Books shall remain closed from 4th July, 2015 to 21st July, 2015 (both days inclusive) for the purpose of dividend.

Unclaimed Dividends

As per the applicable provisions of the Companies Act, the Bank is statutorily required to transfer to the Investor Education & Protection Fund (IEPF) all dividends remaining unclaimed for a period of 7 (Seven) years from the date they became due for payment. Once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank or the IEPF. Dividends for and up to the financial year ended 31st March 2007 have already been transferred to the IEPF and the dividend for the financial year 31st March, 2008 is in the process of being transferred to IEPF. The details of unclaimed dividends for the financial year 2007-08 onwards and the last date for claiming such dividends are given below :

Dividend for the year ended	Date of Declaration of dividend	Last date for claiming dividend
31st March, 2008	10th June, 2008	9th June, 2015
31st March, 2009	14th July, 2009	13th July, 2016
31st March, 2010	30th June, 2010	29th June, 2017
31st March, 2011	6th July, 2011	5th July, 2018
31st March, 2012	13th July, 2012	12th July, 2019
31st March, 2013	27th June, 2013	26th June, 2020
31st March, 2014	25th June, 2014	24th June, 2021

B) SHARES LYING IN UNCLAIMED SUSPENSE ACCOUNT

Particulars	Records	Shares
Opening Balance as on 1st April, 2014	13629	2396940
Add transfer during the year 2014-2015	0	0
Less Claim received and shares transferred	301	124925
Closing balance as on 31st March, 2015	**13328**	**2272015**