

NOTICE**INDUSIND BANK LIMITED**

(CIN: L65191PN1994PLC076333)

Secretarial & Investor Services: 731, Solitaire Corporate Park, 167, Guru Hargovindji Marg, Andheri (East), Mumbai – 400093.

Tel: (022) 6641 2487 / 2483; Fax: (022) 6641 2347,

E-mail ID: investor@indusind.com; Website: www.indusind.com

NOTICE is hereby given that the Twenty-first Annual General Meeting (AGM) of the Members of IndusInd Bank Limited will be held at 2.00 p.m. on Monday, August 17, 2015, in Hotel Le Meridien, Raja Bahadur Mill Road, Pune – 411001, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Bank for the financial year ended March 31, 2015 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on equity shares for the financial year ended March 31, 2015.
3. To appoint Statutory Auditors and fix their remuneration.

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT subject to the provisions of Section 139, 141 and 142 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, applicable provisions of the Banking Regulation Act, 1949 and subject to the approval of the Reserve Bank of India, M/s Price Waterhouse Chartered Accountants LLP, Mumbai Firm Regn. No. (012754N / N500016), be and are hereby appointed as Statutory Auditors of the Bank in place of retiring auditors M/s B S R & Co. LLP, Chartered Accountants, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Bank on a remuneration (including terms of payment) to be fixed by the Board of Directors, based on the recommendation of the Audit Committee, plus Service Tax and such other taxes, as may be applicable, and reimbursement of out-of-pocket expenses in connection with the audit of the Financial Statements of the Bank.”

SPECIAL BUSINESS:**4. Re-appointment of Mr. R. Seshasayee as Part-time Non-executive Chairman of the Bank**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of Section 10-B(1-A) of the Banking Regulation Act, 1949, applicable provisions of the Companies Act, 2013, pursuant to Article 121 of the Articles of Association of the Bank, and subject to approval of the Reserve Bank of India (RBI), consent of the Members be and is hereby accorded for re-appointment of Mr. R. Seshasayee (DIN 00047985) as Part-time Non-executive Chairman of the Bank, not liable to retirement by rotation, for a further period of two years, with effect from July 24, 2015, on such terms and conditions as may be approved by the Reserve Bank of India.”

5. Re-appointment of Mr. Romesh Sobti as Managing Director & CEO

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013, Sections 10A, 35B and other applicable Sections of the Banking

Regulation Act, 1949, relevant references given under the Articles of Association of the Bank and approval of RBI, consent of the Members be and is hereby accorded for re-appointment of Mr. Romesh Sobti (DIN 00031034) as Managing Director and CEO of the Bank, not liable to retirement by rotation, for a period of three years with effect from February 1, 2015, on such terms and conditions as may be decided by the Board of Directors and approved by the Reserve Bank of India;

RESOLVED FURTHER THAT the Board of Directors (including any Committee of the Board) be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as may be deemed necessary or expedient, to give effect to this Resolution.”

6. Re-appointment of Mrs. Kanchan Chitale as Independent Director

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“**RESOLVED THAT** Mrs. Kanchan Chitale (DIN 00007267) who was appointed Director with effect from October 18, 2011 for a term of four years, and is continuing as Independent Director and who meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013, be and is hereby re-appointed as Independent Director in terms of Sections 149 and 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV of the Act and Section 10A(2A) and other applicable provisions of the Banking Regulation Act, 1949, to hold office for another term of four years with effect from October 18, 2015, immediately upon conclusion of her first term of four years.”

7. Re-appointment of Mr. Vijay Vaid as Independent Director

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“**RESOLVED THAT** Mr. Vijay Vaid (DIN 00219709) who was appointed Director with effect from October 18, 2011 for a term of four years, and is continuing as Independent Director and who meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013, be and is hereby re-appointed as Independent Director, in terms of Sections 149 and 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV of the Act and Section 10A(2A) and other applicable provisions of the Banking Regulation Act, 1949, to hold office for another term, with effect from October 18, 2015, up to February 3, 2018, i.e., the date of his attaining the age of 70 years, immediately upon conclusion of his first term of four years.”

8. Appointment of Mr. T. Anantha Narayanan as Independent Director

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Act and Section 10A and other applicable provisions of the Banking Regulation Act, 1949, Mr. T. Anantha Narayanan (DIN 00007227), who was appointed as ‘Additional Director’ of the Bank with effect from April 9, 2015, in the category of ‘Independent Non-Executive’ and in respect of whom the Bank has received Notice under Section 160 of the Act, be and is hereby appointed as ‘Independent Director’ to hold office up to June 23, 2018, in line with the approval received from the Reserve Bank of India”

9. Appointment of Mr. Ranbir Singh Butola as Independent Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Act, Section 10A and other applicable provisions of the Banking Regulation Act, 1949, Mr. Ranbir Singh Butola (DIN 00145895), who was appointed as ‘Additional Director’ of the Bank on January 13, 2015 in the category of ‘Independent Non-Executive’ and in respect of whom the Bank has received Notice under Section 160 of the Act, be and is hereby appointed as ‘Independent Director’ of the Bank, for a term of four years, to hold office up to January 12, 2019”.

10. Appointment of Mr. Yashodhan M. Kale as Non-executive Director

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013, Section 10A and other applicable provisions of the Banking Regulation Act, 1949, Mr. Yashodhan M. Kale (DIN 00013782), who was appointed as ‘Additional Director’ of the Bank on April 16, 2015, in the category of ‘Non-Executive Director’, liable to retire by rotation, and in respect of whom the Bank has received Notice under Section 160 of the Act, be and is hereby appointed as Director of the Bank.

11. Increase in the Authorized Share Capital and alteration of the Capital Clause of the Memorandum of Association of the Bank

To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 13 and 61 and other applicable provisions, if any, of the Companies Act, 2013 and approval of Reserve Bank of India, the Authorized Share Capital of the Bank be and is hereby increased from ₹ 600,00,00,000/- (Rupees Six hundred crores only) divided into 60,00,00,000 Equity Shares of ₹ 10/- each to ₹ 700,00,00,000/- (Rupees Seven hundred crores only) divided into 70,00,00,000 Equity Shares of ₹ 10/- each by creation and issue of 10,00,00,000 Equity Shares of ₹ 10/- each, ranking pari-passu with the existing shares of the Bank;

RESOLVED FURTHER THAT the existing Clause V (Capital Clause) of the Memorandum of Association of the Bank be and is hereby substituted as follows:

- V. The Authorised Share Capital of the Bank is ₹ 700,00,00,000 (Rupees Seven hundred crores only) divided into 70,00,00,000 Equity Shares of ₹ 10/- each, with power to increase or decrease the Share Capital in accordance with the provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT Mr. Romesh Sobti, Managing Director & CEO and Mr. Haresh Gajwani, Company Secretary, be and are hereby authorized to file necessary returns with, the Registrar of Companies, Maharashtra, Pune and to seek approvals from any authority wherever necessary for giving effect to this Resolution.”

12. Alteration of Article 4 of the Articles of Association of the Bank

To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), the existing Article 4 of Articles of Association of the Bank be and is hereby substituted as follows:

4. The Authorised Share Capital of the Bank is ₹ 700,00,00,000 (Rupees Seven hundred crores only) divided into 70,00,00,000 Equity Shares of ₹ 10/- each.

RESOLVED FURTHER THAT Mr. Romesh Sobti, Managing Director & CEO and Mr. Haresh Gajwani, Company Secretary, be and are hereby authorized to file necessary returns with, the Registrar of Companies, Maharashtra, Pune and to seek approvals from any authority wherever necessary for giving effect to this Resolution.”

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

To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and the relevant provisions of the Articles of Association of the Bank, consent of the members be and is hereby accorded to borrowings by the Board of Directors from time to time such sum or sums of monies as they may deem necessary for the purpose of carrying on the business of the Bank, so however, that apart from temporary loans obtained from the bankers in the ordinary course of business and acceptances of deposits of money from public repayable on demand or otherwise and / or temporary loans obtained in the ordinary course of business, whether in India or outside India, the total amount of such borrowings outstanding at any time shall not exceed ₹ 35,000 crores (Rupees Thirty-five thousand crores only), notwithstanding that the monies to be borrowed along with the monies already borrowed by the Bank (including temporary loans, if any, obtained for the purpose of financing expenditure of a capital nature) will exceed the aggregate of the paid up share capital of the Bank and its free reserves.

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

14. Issue of Long Term Bonds / Non-convertible Debentures on Private Placement basis

To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 42 and such other applicable provisions of the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as may be amended from time to time and the relevant references given under Memorandum and Articles of Association of the Bank and other applicable laws, if any, subject to receipt of such other approval(s), consent(s), permission(s), sanction(s) required to be obtained from statutory authorities including but not limited to Reserve Bank of India, consent of the Members of the Bank be and is hereby accorded for borrowings / raising of funds by the Bank in the Indian / foreign currency, by way of issue of securities including but not limited to Bonds and Non-convertible Debentures (NCDs)

i.e. Long-Term Infrastructure Bonds and Subordinated Non-convertible Debentures / Bonds eligible to be included as Additional Tier 1 (AT1) and Tier 2 (T2) Capital of the Bank, up to ₹ 5,000 crores (Rupees Five Thousand crores only) on Private Placement basis, in domestic and / or overseas market, under one or more shelf disclosure document and / or under one or more letters of offer as may be issued by the Bank and in one or more tranches and on such terms and conditions for each series / tranches including the price, coupon, premium, discount, tenor, etc. as deemed fit by the Board during a period of one year from the date of passing of this Resolution within the overall borrowing limits of the Bank, as approved by the Members.

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

By Order of the Board

Sd/-

Haresh K. Gajwani
Company Secretary

Place: Mumbai
Date: June 11, 2015

Registered Office:

2401, Gen. Thimmayya Road
(Cantonment)
Pune – 411 001
Email – investor@indusind.com, Website: www.indusind.com
Phone: (022) 6641 2200, Fax: (022) 6641 2347

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE BANK.**

Proxies submitted on behalf of Companies, Societies, Partnership Firms, etc., must be supported by appropriate Resolution / Authority, as applicable. A person can act as Proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Bank.

In case a Proxy is proposed to be appointed by a member holding more than 10 % of the total share capital of the Bank carrying voting rights, then such Proxy shall not act as a Proxy for any other person or shareholder.

The Proxy Form, in order to be effective, should be lodged with the Bank at its Registered Office not less than 48 hours before the commencement of the meeting.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts in respect of the Resolutions stated at the Item Nos. 3 to 14 is annexed hereto.
3. All documents referred to in the accompanying Notice, Explanatory Statement and terms and conditions of appointment of Independent Directors are open for inspection at the Registered Office of the Bank on all working days except Saturdays, Sundays and Bank Holidays between 11.00 a.m. and 1.00 p.m. up to the date of the AGM.
4. The Register of Directors and Key Managerial Personnel and their Shareholding and other Statutory Registers prescribed under the Companies Act, 2013 and the Certificate from Auditors of the Bank certifying that the ESOP Scheme of the Bank is in compliance with the SEBI Regulations, will be available for inspection at the AGM.

5. The Register of Members and Share Transfer Books of the Bank will remain closed from Tuesday, August 11, 2015 up to Monday, August 17, 2015 (both days inclusive) for determining the entitlement of the shareholders for Dividend on equity shares for FY 2014-15:
 - i) in case of Members holding shares in physical form, whose names appear on the Register of Members of the Bank, at the close of business hours on Monday, August 17, 2015 after giving effect to all the valid transfers in physical form lodged on or before August 10, 2015 with the Bank / or its Registrar and Share Transfer Agent; and
 - ii) in case of Members holding shares in electronic form, to all beneficial owners as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on August 10, 2015.
6. The Dividend would be made payable on or after Thursday, August 20, 2015 to the shareholders whose names appear in the Register of Members on Monday, August 10, 2015.
7. A soft copy of the Notice of AGM along with the copy of Annual Report for FY 2014-15 has been sent to those shareholders who have registered their e-mail IDs with the Bank or whose e-mail IDs have been made available by the Depositories. The aforesaid documents can also be accessed on the Bank's website: www.indusind.com under – Home/ Investors/ Annual Reports. To support the “Green Initiative”, Shareholders who have not registered their email addresses can also register the same along with the contact number by sending details to investor@indusind.com or Link Intime India Pvt. Ltd. to enable the Bank to communicate to them, the information about various developments in the Bank. Shareholders who wish to avail physical copies of the Notice / Annual Report will be provided the same upon request.
8. A brief profile of the Directors seeking appointment / re-appointment is furnished in the Report on Corporate Governance.
9. Members are requested to note that as per Section 205A of the Companies Act, 1956 (corresponding Section 124(5) of the Companies Act, 2013), Dividends unpaid / unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account will be transferred to the Investor Education and Protection Fund (IEPF).

Members are requested to contact Link Intime (India) Private Limited / Bank's Secretarial and Investor Services for obtaining the unclaimed dividends standing to the credit of their account.
10. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and in terms of Clause 35B of the Listing Agreement, the Bank is providing the facility for voting by electronic means, i.e., 'remote e-voting' to all members. In addition to this, the facility for voting through electronic voting system shall also be made available at the AGM, to enable them to cast their vote on the Resolutions mentioned in the accompanying Notice. The Bank has engaged the services of “National Securities Depository Limited” ('NSDL') for providing e-voting facility and enabling the members to cast their vote in a secure manner.

The remote e-voting facility will be available at the link <https://www.evoting.nsdl.com> during the voting period mentioned hereunder:

Commencement of e-voting: From Friday, August 14, 2015 at 9.00 a.m.

End of e-voting: Up to 5.00 p.m. on Sunday, August 16, 2015

Remote e-voting platform shall be disabled by NSDL at 5.00 p.m. on Sunday, August 16, 2015. During the e-voting period, shareholders of the Bank holding shares either in physical form or in dematerialized form as on the Record Date may cast their vote electronically. The Record Date for the purpose of e-voting is Monday, August 10, 2015.

11. Login ID and Password for remote e-voting along with the physical copy of the Notice of the AGM (explaining the process, manner and instructions for remote e-voting) is being sent to the members, who have not registered their e-mail IDs with the Bank or with their respective Depository Participants on or before the Record Date for e-voting, i.e., Monday, August 10, 2015. Those members who have registered their e-mail IDs with the Bank / their respective Depository Participants are being forwarded the Login ID and Password for remote e-voting over e-mail.

Any person, who acquires shares of the Bank and becomes a Member after dispatch of this Notice and holds shares as of the cut-off date, i.e., Monday, August 10, 2015, may obtain Login ID and Password by sending a request to evoting@nsdl.co.in or helpdesk@nsdl.co.in by mentioning Folio No./ DP ID and Client ID. However, those Shareholders already registered with NSDL for e-voting, can use their existing User ID and Password for casting their vote.

12. The Bank has appointed Mr. S.N. Bhandari (C.P. 366), Practising Company Secretary, or failing him Ms Manisha Maheshwari (C.P. 11031), Practising Company Secretary, as 'Scrutinizer', for conducting the remote e-voting process including electronic voting at the AGM in a fair and transparent manner.

13. Instructions for electronic voting at the AGM / remote e-voting are as under:

(i) GENERAL INFORMATION:

- (a) There will be one USER ID for casting vote through remote e-voting for every Client ID No. / Folio No., irrespective of the number of joint-holders.
- (b) Members can opt for only one mode of voting, i.e., either through remote e-voting or electronic voting at the AGM. Members who have cast their vote through remote e-voting may participate in the AGM even after exercising their vote through remote e-voting but shall not be allowed to vote again.
- (c) Corporate and Institutional shareholders shall be entitled to vote through their Authorised Representatives with proof of their authorization / POA.

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

- (a) Members whose email addresses are registered with the Bank / Depository Participant(s), as the case may be, will receive an email from NSDL informing the USER-ID and Password and the following steps are to be followed:
 - (i) Open e-mail and open PDF file, viz., "IBL e-Voting.pdf" with your Client ID or Folio No. as Password. The said PDF file contains your User ID and Password for e-voting. Please note that the Password is an initial Password.
 - (ii) Launch Internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on "Shareholder – Login".
 - (iv) Insert User ID and Password as Initial Password noted in step 2 (a) (i) above. Click "Login".
 - (v) "Password Change" menu appears. Change the Password with new password of your choice, with minimum 8 digits / characters or combination thereof. Note new Password. It is strongly recommended not to share your Password with any other person and take utmost care to keep it confidential.
 - (vi) Home page of "e-Voting" opens. Click on "e-Voting: Active Voting Cycles".
 - (vii) Select "EVEN" (E-Voting Event Number) of IndusInd Bank Limited.

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

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

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

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

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

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

(i) Initial Password in the format given below is provided at the bottom of the Postal Ballot For

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

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

14. In case of any queries, you may refer to the “Frequently Asked Questions” (FAQs) for Shareholders and e-voting User Manual for Shareholders available at the Downloads section of NSDL’s e-voting website: www.evoting.nsdl.com.

15. If you have forgotten your Password, you may reset your Password by using “Forgot User Details / Password” option available on www.evoting.nsdl.com.

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

17. The Chairman shall, at the AGM, at the end of discussion on the Resolutions on which voting is to be held, allow conducting of voting using electronic system with the assistance of scrutinizer for all those members who are present at the AGM and who have not cast their votes by availing the remote e-voting facility.

18. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Bank and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same. The Chairman or the authorised person shall declare the Results of the voting forthwith.

19. The Results of the Voting along with the Scrutinizer’s Report will be announced at 5.00 p.m. on Wednesday, August 19, 2015, at the Corporate Office of the Bank at 8th Floor, Tower 1, One Indiabulls Centre, 841, S.B. Marg, Elphinstone Road, Mumbai - 400 013 and shall thereafter be published in the newspapers.

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

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

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**ITEM NO. 3**

M/s B S R & Co. LLP, Chartered Accountants, Mumbai were appointed as Statutory Auditors of the Bank by the Members at the Seventeenth Annual General Meeting (AGM) of the Bank held on July 15, 2011 and will be completing their term of four years from the date of first appointment at the conclusion of this AGM.

As per the regulations of the Reserve Bank of India, the Auditors cannot be re-appointed for a period beyond four years. Accordingly, it is proposed to appoint M/s Price Waterhouse Chartered Accountants LLP, Mumbai (Firm Regn. No. 012754N/N500016) as the Statutory Auditors of the Bank to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Bank.

M/s Price Waterhouse Chartered Accountants LLP, Mumbai (Firm Regn. No. 012754N/N500016) have confirmed that their appointment, if made, would be within the limits specified under Section 141 of the Companies Act, 2013 and that they are not disqualified from being appointed as Statutory Auditors of the Bank in terms of the applicable provisions of the Act and the Companies (Audit and Auditors) Rules, 2014. Further, their appointment has been approved by the Reserve Bank of India.

The Board of Directors recommend the appointment of M/s Price Waterhouse Chartered Accountants LLP, Mumbai (Firm Regn. No. 012754N/N500016) as the Statutory Auditors of the Bank for Financial Year 2015-16.

None of the Directors, Key Managerial Personnel and their relatives are interested in the Resolution set out at Item No. 3.

ITEM NO. 4

Mr. R. Seshasayee was last re-appointed "Part-time Non-executive Chairman" of the Bank on July 24, 2013 for a period of two years. Mr. Seshasayee's tenure accordingly concludes on July 23, 2015. The Board of Directors had, in their meeting held on March 30, 2015, approved the re-appointment of Mr. Seshasayee as "Part-time Non-executive Chairman" of the Bank, for a further period of two years, with effect from July 24, 2015. Reserve Bank of India have since conveyed their approval for re-appointment of Mr. R. Seshasayee for a further period of two years.

Members are requested to consider Mr. Seshasayee's re-appointment as Part-time Non-executive Chairman of the Bank, for a further period of two years w.e.f. July 24, 2015.

Detailed profile of Mr. R. Seshasayee including Directorship and Committee positions held by him in other companies is provided separately in the Report on Corporate Governance forming part of the Annual Report.

The Board recommends the Resolution set out at Item No. 4 of the accompanying Notice to be passed as Ordinary Resolution by the Members.

No Director other than Mr. R. Seshasayee, Key Managerial Personnel and their relatives are interested in the Resolution set out at Item No. 4.

ITEM NO. 5

The Board of Directors of the Bank had, in their meeting held on April 18, 2013, approved the re-appointment of Mr. Romesh Sobti as Managing Director and CEO of the Bank for a period of three years, with effect from February 1, 2014. Accordingly, the shareholders of the Bank had, in the 19th Annual General Meeting held on June 28, 2013, approved the re-appointment of Mr. Romesh Sobti for a period of three years.

Reserve Bank of India (RBI) had, however, vide their letter dated January 27, 2014, conveyed approval for the re-appointment of Mr. Romesh Sobti as Managing Director and CEO, for a period of one year, viz., from February 1, 2014 to January 31, 2015.

In view of the revision in RBI guidelines, the Board of Directors had, in their meeting held on October 13, 2014, approved the re-appointment of Mr. Romesh Sobti as Managing Director & CEO of the Bank for a period of three years with effect from February 1, 2015, subject to approval of the shareholders. RBI have since conveyed their approval for re-appointment of Mr. Romesh Sobti with effect from February 1, 2015 until January 31, 2018.

Members are requested to consider Mr. Sobti's re-appointment as Managing Director & CEO of the Bank, for a further period of three years, with effect from February 1, 2015.

The Board recommends the Resolution set out at Item No. 5 of the accompanying Notice to be passed as Ordinary Resolution by the Members.

No Director other than Mr. Romesh Sobti, Key Managerial Personnel and their relatives are interested in the Resolution set out at Item No. 5.

ITEM NO. 6

In terms of the requirements of the Companies Act, 2013, approval of the Members had been obtained in the Annual General Meeting of the Bank held on June 27, 2014, for appointment of Mrs. Kanchan Chitale (DIN 00007267) as 'Independent Director' and fixing of her term for four years with effect from the original date of her appointment, viz., October 18, 2011. Accordingly, Mrs. Chitale's term as 'Independent Director' concludes on October 17, 2015.

The Board of Directors had, in their meeting held on May 22, 2015, approved the appointment of Mrs. Chitale as 'Independent Non-Executive Director' for another term of four years with effect from October 18, 2015, subject to approval of the Members at the General Meeting by passing of a Special Resolution.

Mrs. Kanchan Chitale fulfils the criteria of independence specified under the Companies Act.

In terms of Section 149(10) of the Act, an Independent Director shall hold office for a term of up to five consecutive years, but shall be eligible for re-appointment on passing of a Special Resolution by the company and disclosure of such appointment in the Board's Report.

Detailed profile of Mrs. Kanchan Chitale, including Directorships and Committee positions held by her in other companies is provided separately in the Report on Corporate Governance forming part of the Annual Report.

The Board recommends the Resolution set out at Item No. 6 of the accompanying Notice to be passed as a Special Resolution by the Members.

No Director other than Mrs. Kanchan Chitale, Key Managerial Personnel and their relatives are interested in the Resolution set out at Item No. 6.

ITEM NO. 7

In terms of requirements of the Companies Act, 2013, approval of the Members had been obtained in the Annual General Meeting of the Bank held on June 27, 2014, for appointment of Mr. Vijay Vaid (DIN 00219709) as 'Independent Director' and fixing of his term, for four years, with effect from the original date of his appointment, i.e., October 18, 2011. Accordingly, Mr. Vaid's term as 'Independent Director' concludes on October 17, 2015.

The Board of Directors had, in their meeting held on May 22, 2015, approved the appointment of Mr. Vijay Vaid as 'Independent Non-Executive Director' for another term with effect from October 18, 2015, up to February 3, 2018, i.e., the date of his attaining the age of 70 years, being the maximum permissible age limit for a Director, subject to approval of the Members at the General Meeting by passing of a Special Resolution.

Mr. Vijay Vaid fulfils the criteria of independence specified under the Companies Act, 2013.

In terms of Section 149(10) of the Act, an Independent Director shall hold office for a term of up to five consecutive years, but shall be eligible for re-appointment on passing of a Special Resolution by the company and disclosure of such appointment in the Board's Report.

Detailed profile of Mr. Vijay Vaid, including Directorships and Committee positions held by him, in other companies, is provided separately in the Report on Corporate Governance forming part of the Annual Report.

The Board recommends the Resolution set out at Item No. 7 of the accompanying Notice to be passed as a Special Resolution by the Members.

No Director other than Mr. Vijay Vaid, Key Managerial Personnel and their relatives are interested in the Resolution set out at Item No. 7.

ITEM NO. 8

Mr. T. Anantha Narayanan (DIN 00007227) was appointed as 'Independent Director' by the shareholders in the Annual General Meeting (AGM) of the Bank held on June 27, 2014 to hold office up to April 8, 2015, up to his attaining the age of 70 years, i.e., the maximum permissible age limit for a Director prescribed by RBI.

The Board of Directors had, in their meeting held on January 13, 2015, decided that the association of Mr. Anantha Narayanan with the Bank is desirable and considered as necessary at this stage. The Board made a recommendation to make a reference to RBI for continuance of Mr. Anantha Narayanan on the Board of the Bank beyond the date of his last appointment, i.e., June 27, 2014 (date of the last AGM).

Reserve Bank of India have, approved continuance of Mr. T. Anantha Narayanan as 'Independent Non-Executive Director' for a period of four years, with effect from June 24, 2014.

Accordingly, Mr. T. Anantha Narayanan was appointed by the Board as 'Additional Director' with effect from April 9, 2015, in terms of Section 161 (1) of the Companies Act, 2013, in the category of 'Independent Non-Executive' and is continuing as Independent Director. In terms of the aforesaid Section of the Companies Act, 2013, an Additional Director shall hold office up to the date of the next AGM and be eligible for appointment to the office of a Director at any General Meeting in terms of Section 160 of the Companies Act, 2013.

In order to ensure compliance with the provisions of Sections 149 and 152 of the Companies Act, 2013 read with the Rules made thereunder and Schedule IV of the Act, approval of the shareholders for the appointment of Mr. T. Anantha Narayanan as 'Independent Director' is requested for a term as approved by the Reserve Bank of India i.e. up to June 23, 2018, by passing of a Special Resolution.

Mr. T. Anantha Narayanan fulfils the criteria of independence specified under the Companies Act, 2013.

The Bank has received Notice alongwith the requisite deposit from a Member of the Bank proposing the candidature of Mr. Anantha Narayanan as required under Section 160 of the Companies Act, 2013.

Detailed profile of Mr. T. Anantha Narayanan including Directorships and Committee positions held by him in other companies is provided separately in the Report on Corporate Governance forming part of the Annual Report.

The Board recommends the Resolution set out at Item No. 8 of the accompanying Notice to be passed as a Special Resolution by the Members.

No Director other than Mr. T. Anantha Narayanan, Key Managerial Personnel and their relatives are interested in the Resolution set out at Item No. 8.

ITEM NO. 9

Mr. Ranbir Singh Butola was appointed as 'Additional Director' in the category of 'Independent Non-executive' in the meeting of the Board of Directors held on January 13, 2015. In terms of Section 161 of the Companies Act, 2013, an Additional Director shall hold office up to the date of the next AGM and be eligible for appointment to the office of a Director at a General Meeting in terms of Section 160 of the Companies Act, 2013.

Mr. Ranbir S. Butola fulfils the criteria of independence specified under the Companies Act, 2013.

The Bank has received Notice alongwith the requisite deposit from a Member of the Bank proposing the candidature of Mr. Ranbir S. Butola as required under Section 160 of the Companies Act, 2013.

Detailed profile of Mr. Ranbir S. Butola including Directorships and Committee positions held by him in other companies is provided separately in the Report on Corporate Governance forming part of the Annual Report.

The Board recommends the Resolution set out at Item No. 9 of the accompanying Notice for appointment of Mr. Ranbir S. Butola as 'Independent Director' of the Bank, for a term of four years, i.e., up to January 12, 2019, to be passed as an Ordinary Resolution by the Members.

No Director other than Mr. Ranbir S. Butola, Key Managerial Personnel and their relatives are or interested in the Resolution set out at Item No. 9.

ITEM NO. 10

Mr. Yashodhan M. Kale was appointed as 'Additional Director' in the category of 'Non-executive' in the meeting of the Board of Directors held on April 16, 2015. In terms of Section 161 of the Companies Act, 2013, an Additional Director shall hold office up to the date of the next AGM and be eligible for appointment to the office of Director at the General Meeting in terms of Section 160 of the Companies Act, 2013.

The Bank has received Notice along with a requisite deposit from a Member of the Bank proposing the candidature of Mr. Yashodhan M. Kale as required under Section 160 of the Companies Act, 2013.

Detailed profile of Mr. Yashodhan M. Kale including Directorships and Committee positions held by him in other companies is provided separately in the Report on Corporate Governance forming part of the Annual Report.

The Board recommends the Resolution set out at Item No. 10 of the accompanying Notice to be passed as an Ordinary Resolution by the Members.

No Director other than Mr. Yashodhan M. Kale, Key Managerial Personnel and their relatives are interested in the Resolution set out at Item No. 10.

ITEM NOS. 11 and 12

The present Authorized Capital of the Bank is ₹ 600 crores, out of which ₹ 531.19 crores is paid up as on date.

In order to enable the Bank to raise additional long term resources by issue of Equity Shares in the domestic / international markets, the existing Authorised Share Capital may not be sufficient for the purpose. It is therefore considered necessary to increase the Authorised Share Capital of the Bank to ₹ 700 crores from the existing level of ₹ 600 crores, with the consequential alterations in the Capital Clause of the Memorandum of Association as also in the Articles of Association of the Bank as set out at Item Nos. 11 and 12 of the Notice.

Section 12 of the Banking Regulation Act, 1949, necessitates obtaining prior approval of Reserve Bank of India for carrying out any amendments to the Memorandum of Association.

The provisions of the Companies Act, 2013 require seeking approval of the Members for increase in the Authorised Share Capital and for the alteration of Capital Clause of the Memorandum of Association and the Articles of Association of the Bank.

The Board recommends the Resolutions set out at Item Nos. 11 & 12 of the accompanying Notice, to be passed as Special Resolutions by the Members.

The Promoters, Directors and Key Managerial Personnel of the Bank or their relatives are deemed to be interested in the proposed Resolution to the extent of their shareholding in the Bank.

ITEM NO. 13

In terms of Section 180 (1) (c) of the Companies Act, 2013, which corresponds to Section 293(1)(d) of the Companies Act, 1956 read with relevant provisions of the Articles of Association of the Bank, borrowings by the Bank (apart from the deposits accepted in the ordinary course of business by the Bank, temporary loans repayable on demand or within six months from the date of the loan, and temporary loans, if any, obtained from the bankers, other than loans raised for the purpose of financing expenditure of a capital nature) in excess of the paid-up capital of the Bank and its free reserves, require the approval of the Members by way of Special Resolution.

Until date, the Bank has been borrowing funds to meet the business requirements with the consent of the Board of Directors, within the overall limit prescribed under the Companies Act, 2013, by way of issuance of various debt securities (Bonds / Debentures) as permitted by Reserve Bank of India and in accordance with the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, and as permitted under any other applicable laws, from time to time.

Considering the fact that the size of the Balance Sheet and Net worth of the Bank have increased significantly in the last five years and substantial growth in business and operations of the Bank, present and future requirements of capital augmentation for expansion, it is proposed to obtain approval of the Members by way of a Special Resolution in terms of Section 180 (1)(c) of the Companies Act, 2013, total amount of such borrowings outstanding at any time shall not exceed ₹ 35,000 crores (Rupees Thirty-five thousand crores only), notwithstanding that the monies to be borrowed along with the monies already borrowed by the Bank (including temporary loans, if any, obtained for the purpose of financing expenditure of a capital nature) will exceed the aggregate of the paid up share capital of the Bank and its free reserves.

The Bank shall endeavor to maintain a capital structure which would be consistent with its cash flows while optimizing the cost of capital. The Bank shall ensure that the debt equity ratio is within prudent limits.

The Board recommends the passing of the Resolution set out at Item No. 13 of the accompanying Notice as a Special Resolution.

None of the Directors, Key Managerial Personnel and their relatives are interested in the Resolution set out at Item No. 13.

ITEM NO. 14

Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, provides that a company can make private placement of securities subject to the condition that the proposed offer of securities or invitation to subscribe to securities has been previously approved by the shareholders of the company, by means of a Special Resolution, for each of the offers or invitations. In case of offer or invitations for non-convertible debentures, it shall be sufficient if the company passes Special Resolution only once in a year for all the offers or invitations for such debentures on a private placement basis during the year.

The Bank may need to raise additional funds to meet the needs of its growing business requirements including long term capital for pursuing its growth plans. The Bank may also wish to maintain the desired CRAR by issuing Tier 1 and Tier 2 debt instruments and / or other debt instruments.

The Bank has already obtained the approval of Members by way of Postal Ballot on March 27, 2015, for borrowing / raising funds by issuance of debt instruments including but not limited to Non-Convertible Debentures, Bonds (including Bonds forming part of Tier 1 / Tier 2 Capital in accordance with Basel III Capital Regulations prescribed by RBI, Long Term Infrastructure Bonds or such other Bonds as may be permitted by RBI from time to time), up to ₹ 2,000 crores (Rupees Two thousand crores only), in domestic market, on Private Placement basis, in one or more tranches and such approval is valid for a period of one year, i.e., up to March 26, 2016. Pursuant to this, the Bank has raised an amount of ₹ 500 crores (Rupees Five hundred crores only) by way of issue of Senior Unsecured Redeemable Long Term Bonds in the nature of Non-Convertible Debentures to identified parties on a Private Placement basis.

Considering the attractive features of the revised guidelines issued by Reserve Bank of India on issue of Long Term Bonds / Basel III Tier 1 / Tier 2 Bonds and the fact that these Bonds will also assist the Bank in reducing asset-liability mis-matches, the Board of Directors at their meeting held on May 22, 2015 have proposed to obtain the consent of the Members for borrowing / raising funds in Indian / foreign currency by issue of debt instruments, by issuance of up to ₹ 5,000 crores (Rupees Five thousand crores only), in one or more tranches in domestic and / or overseas market, as per the structure and within the limits permitted by Reserve Bank of India and other regulatory authorities, to eligible investors on Private Placement basis, on such terms and conditions as the Board of Directors or any Committee of the Board or such other persons as may be authorized by the Board, from time to time. This would form part of the overall borrowing limits under Section 180(1)(c) of the Companies Act, 2013 as mentioned above, which is to be enhanced to ₹ 35,000 crores (Rupees Thirty-five thousand crores only). The Resolution under Section 42 of Companies Act, 2013 shall be valid for a period of one year from the date of passing of this Resolution.

The debt instruments, in the form of Long Term Infrastructure Bonds / Non-Convertible Debentures (NCDs) (forming part of Tier 1 / Tier 2 Capital in accordance with Basel III Capital Regulations) would be issued by the Bank in accordance with the applicable statutory guidelines, for cash either at par or at premium or at a discount to face value depending upon the prevailing market conditions.

Approval of the shareholders is sought for issue of Long-Term Infrastructure Bonds and Subordinated Non-Convertible Debentures (NCDs) / Bonds eligible to be included as Additional Tier 1 (AT1) and Tier 2 (T2) Capital of the Bank in the domestic market, on Private Placement basis, in one or more tranches under one or more shelf disclosure documents and / or one or more Letters of Offer and on such terms and conditions for each series / tranches including the price, coupon, premium, discount, tenor, etc., as deemed fit by the Board for an amount not exceeding ₹ 5,000 crores (Rupees Five thousand crores only).

The Board recommends the passing of the Resolution set out at Item No. 14 of the accompanying Notice as a Special Resolution.

None of the Directors, Key Managerial Personnel and their relatives are interested in the Resolution set out at Item No. 14.

By Order of the Board

Sd/-

Haresh K. Gajwani
Company Secretary

Place: Mumbai
Date: June 11, 2015

Registered Office:

2401, Gen. Thimmayya Road
(Cantonment)
Pune – 411 001

Email – investor@indusind.com, Website: www.indusind.com
Phone: (022) 6641 2200, Fax: (022) 6641 2347

PROXY FORM

Form No. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L65191PN1994PLC076333

Name of the Company: IndusInd Bank Limited

Registered Office: 2401, General Thimmaya Road (Cantonment), Pune – 411 001

Tel: (022) 6641 2487 / 2483; Fax: (022) 6641 2347,

E-mail ID: investor@indusind.com; Website: www.indusind.com

Name of the Member(s)	:	
Registered Address	:	
E-mail ID	:	
Folio No./Client ID	:	
DP ID	:	

I / We, being the Member(s) of _____ shares of the above named Company, hereby appoint.

1. Name : _____
Address : _____
E-mail ID : _____ or failing him / her
Signature : _____
2. Name : _____
Address : _____
E-mail ID : _____ or failing him / her
Signature : _____
3. Name : _____
Address : _____
E-mail ID : _____ Signature : _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Twenty-first Annual General Meeting of the Bank, to be held at 2.00 p.m. on Monday, August 17, 2015, in Hotel Le Meridien, Raja Bahadur Mill Road, Pune – 411001, Maharashtra and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business	
1.	To receive, consider and adopt the Balance Sheet as at March 31, 2015 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2	To declare Dividend for the year ended March 31, 2015.
3	To appoint Statutory Auditors and fix their remuneration.

Special Business	
4	Ordinary Resolution: Re-appointment of Mr. R. Seshasayee as Part-time Non-executive Chairman of the Bank.
5	Ordinary Resolution: Re-appointment of Mr. Romesh Sobti as Managing Director & CEO.
6	Special Resolution: Re-appointment of Mrs. Kanchan Chitale as Independent Director.
7	Special Resolution: Re-appointment of Mr. Vijay Vaid as Independent Director.
8	Special Resolution: Appointment of Mr. T. Anantha Narayanan as Independent Director.
9	Ordinary Resolution: Appointment of Mr. Ranbir Singh Butola as Independent Director.
10	Ordinary Resolution: Appointment of Mr. Yashodhan M. Kale as Non-executive Director.
11	Special Resolution: Increase in the Authorized Share Capital and alteration of the Capital Clause of the Memorandum of Association of the Bank.
12	Special Resolution: Alteration of Article 4 of the Articles of Association of the Bank
13	Special Resolution: Borrowing of monies pursuant to Sec. 180(1)(c) of the Companies Act, 2013 and other applicable provisions.
14	Special Resolution: Issue of Long Term Bonds / Non-Convertible Debentures on Private Placement basis.

Signed this _____ day of _____ 2015

Signature of shareholder _____

Affix
Revenue
Stamp

Signature of Proxy holder(s) _____

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Bank, not less than 48 hours before the commencement of the Meeting

IndusInd Bank

Digital Banking Powered by **Innovation**



Annual Report
2014-15

Video Call Your Branch
– Anytime, Anywhere



Board of Directors (as at March 31, 2015)

Mr. R. Seshasayee, Chairman
Mr. Ashok Kini
Mrs. Kanchan Chitale
Mr. Vijay Vaid
Mr. T. Anantha Narayanan
Mr. Ranbir Butola
Mr. Yashodhan Kale (appointed on April 16, 2015)
Mr. Romesh Sobti, Managing Director & CEO

Company Secretary

Mr. Haresh K. Gajwani

Auditors

M/s B S R & Co. LLP
Lodha Excelus
1st Floor, Apollo Mills Compound
N. M. Joshi Marg
Mahalakshmi, Mumbai 400 011

Solicitors

M/s Crawford Bayley & Co.
Solicitors & Advocates
State Bank Building
NGN Vaidya Marg
Mumbai – 400 023

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai – 400 078
Tel : 022 25946980 / 25963838
Fax : 022 25946969

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Registered Office

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

Corporate Office

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

Secretarial & Investor Services

731, Solitaire Corporate Park
167, Guru Hargovindji Marg
Andheri (E), Mumbai 400 093
Tel.: 022-66412487

Message from Managing Director

Dear Shareholders,

The Board of Directors and the Management Team are once again privileged to present the Annual Report for the Financial Year 2014-15.

The year 2014-15 was not an easy one for doing business. In fact, it was stressful as the operating environment was pretty weak. Therefore, to post consistent results, all of us had to travel that extra mile to achieve our objectives for the year.

I am very happy to share with you that your Bank witnessed robust growth on all key success parameters, including Net Profit, Operating Profit, Net Interest Income, Fee Income, Return on Assets and Return on Equity. This is why FY 2015 was a special year as it was during this period that your Bank cemented its place as a growth leader.

In FY 2015, we opened 200 new branches and inaugurated 377 ATMs. As on March 31, 2015, IndusInd Bank had 801 branches, and 1,487 ATMs spread across 514 geographical locations of the country.

Our efforts in digitisation of services and our pursuit of introducing market-first products also deserve mention. Indeed, a notable feature of the past year was the launch of the Video Branch - a service which enables the customer to interact with the Bank via a video call. This was a step forward to our ongoing Responsive Innovation theme. Through this service, we have added a new dimension to banking and customer convenience. Our continued focus on understanding customer needs and creating solutions around them has helped create product-led brand building. I'm quite sure that through our sustained efforts over the next three years, we will become what I call a "High Street" brand.

I must also share with you certain other important initiatives by your Bank. With an aim to diversify our loan book and enhance our Diamond Financing Business, the Bank entered into an agreement to acquire Royal Bank of Scotland's Diamond and Jewellery Financing Business in India. This led to a simultaneous Global Partnership Agreement with ABN AMRO Bank N. V. for the same business. This acquisition fits nicely into our strategy of creating scale with profitability in select business segments.

We also entered into a strategic partnership with Jet Airways and launched an exclusive range of Credit Cards, offering rewards in the form of JPMiles on all spends. Another strategic tie-up was with Chelsea Football Club, one of the leading clubs of the English Premier League, to launch a co-branded Credit Card.

Apart from profits, the past year was also marked by accolades and good reviews from our stakeholders. Your Bank won an array of awards for consistent performance for its efforts in CSR, IT, Customer Engagement Service, Innovation and Branding. Business Standard named us as the 'Best Banker of the Year', while Businessworld awarded us with the 'Best Medium - Sized Bank' and the 'Fastest Growing Medium - Sized Bank'. These recognitions have not only made us look forward to the coming year with greater enthusiasm and determination, but have also strengthened our belief in our own abilities and desire to excel.

My address would be incomplete without mentioning two of our most important stakeholders - that is our customers and our employees. I wish to place on record my sincere gratitude for their unwavering commitment towards IndusInd Bank.

I would like to thank each one of you, as well as the central and other regulatory authorities/ agencies for providing continuous support at all times.

I also wish to express my sincere appreciation to my colleagues on the Board for supporting and guiding the management team with their wisdom and experience.

Many thanks and kind regards.

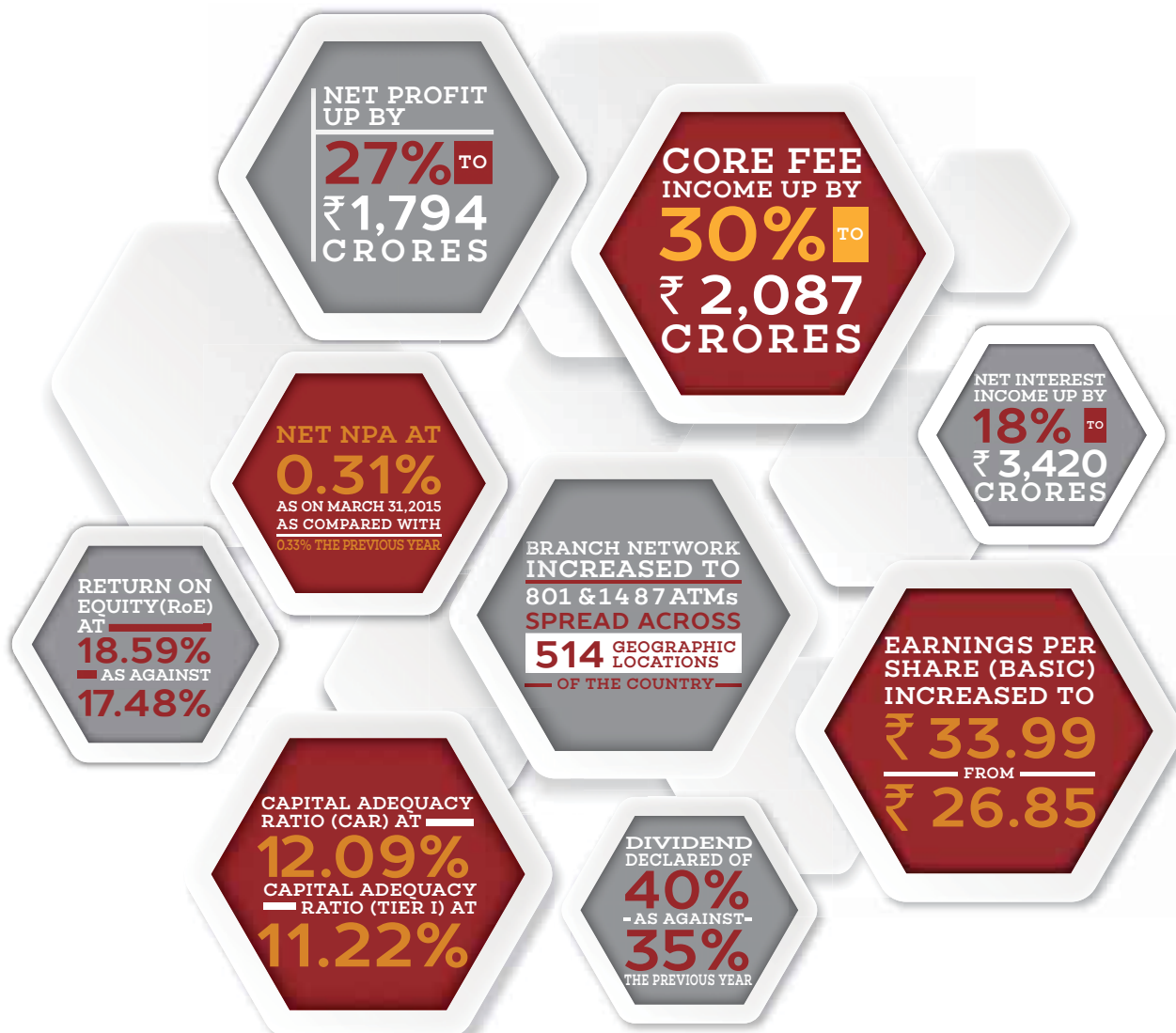


Yours sincerely,

A handwritten signature in black ink, appearing to read 'Romesh Sobti'.

Romesh Sobti
Managing Director & CEO

Key Business Highlights

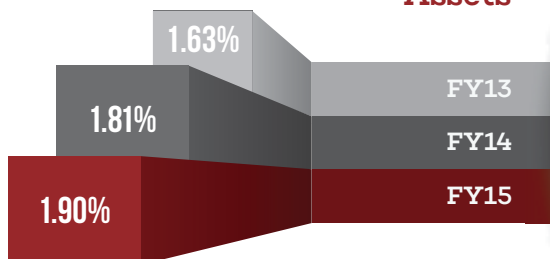


Ratings

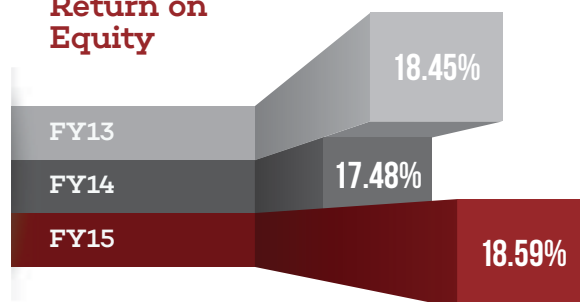
- ICRA AA+ for Lower Tier II subordinate debt program by ICRA
- ICRA AA for Upper Tier II bond program by ICRA
- CRISIL A1+ for certificate of deposit program by CRISIL
- CARE AA+ for Lower Tier II subordinate debt program by CARE
- IND A1+ for Short Term Debt Instruments by India Ratings and Research
- IND AA+ for Lower Tier II subordinate debt program by India Ratings and Research
- IND AA for Upper Tier II bond program by India Ratings and Research
- IND AA+ for Senior bonds program by India Ratings and Research

Consistent delivery over the past 3 years

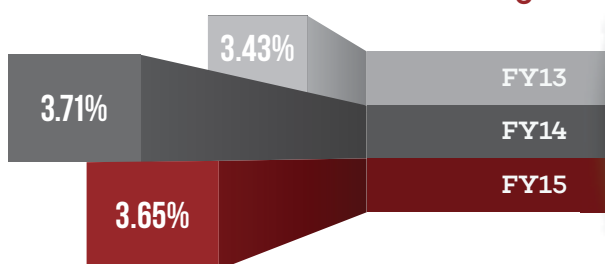
Return on Assets



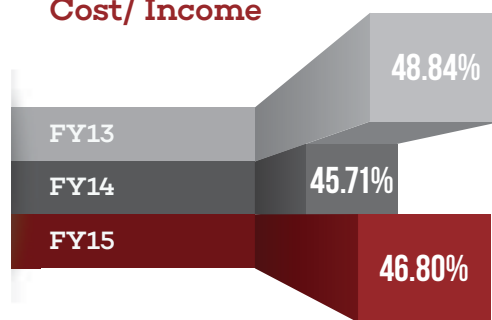
Return on Equity



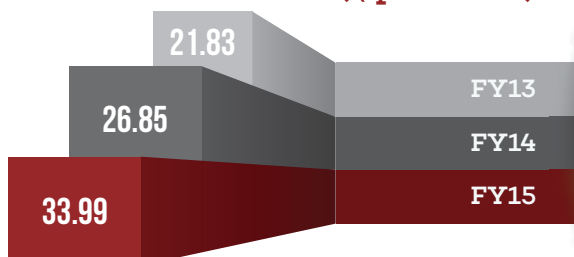
Net Interest Margin



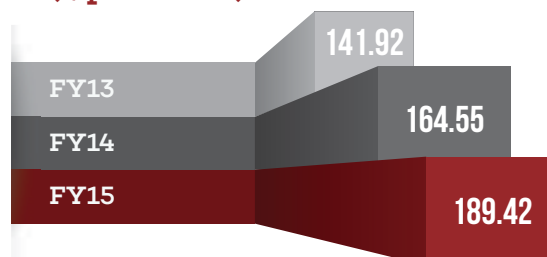
Cost/ Income



**Earnings per Share
(₹ per share)**



**Book Value per Share
(₹ per share)**



Awards & Accolades



'Banker of the Year' awarded to Mr. Romesh Sobti, MD & CEO, at the Business Standard Annual Awards 2014

IndusInd Bank was awarded 'Best Medium - Sized Bank' and 'Fastest Growing Medium - Sized Bank' at BW BUSINESSWORLD - Magna Awards 2015



Ranked 19th in the 'Top 50 Most Valuable Indian Brands 2014' as per the BrandZ Top 50 Ranking powered by WPP Plc & Millward Brown



Ranked 39th in the 'Best Indian Brands 2014' as per the Economic Times & Interbrand Best Indian Brand Study



Project 'IndusInd Bank Partnership Program' declared as Winner for FIPS Awards 2014



'ACI Universal Payment ACI Excellence Award 2014 - Operational Excellence' awarded for Bank's ATM features - Cash-on-Mobile, PIN reset on IVR & Stop Cheque on ATMs



Winner: Excellence in Service Innovation & Highly Commended award: Excellence in Communication and Client On-boarding at Retail Banker International Trailblazer Awards 2015



Overall Excellence in category of 'Best Bank financing the Industry Highest Growth of limits sanctioned' at India Gems and Jewellery Awards 2013-14

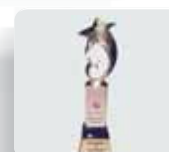


Best Payment Initiatives award (2nd Runner up) at Banking Technology Awards 2015 by Indian Banks' Association (IBA)



Best Branchless Banking Award at BFSI Leadership Summit & Awards 2015

Awarded the 'Top Performer' in Active Accounts (Rising DPs) by NSDL



Talisma Insight 'Excellence in Innovation' award for the implementation of 'Always On' technology from Microsoft that helped building high availability & DR for Talisma application

CSR Awards

Special Commendation at Golden Peacock Award for Sustainability 2014, London

Best CSR Excellence in category protecting the environment by CSR Awards - We Care - Amity Chandigarh

Best Rural Outreach Award at Asian Sustainability Leadership Awards 2014, Dubai

Top CSR Advocates in Asia at Asia Corporate Excellence & Sustainability Awards 2014, Singapore

The Core Executive Team

	<p>Romesh Sobti</p> <p>Managing Director & CEO</p>				
<p>Paul Abraham</p> <p>Chief Operating Officer</p>		<p>Suhail Chander</p> <p>Head - Corporate & Commercial Banking</p>		<p>Sumant Kathpalia</p> <p>Head - Consumer Banking</p>	
	<p>K. S. Sridhar</p> <p>Senior Executive Vice President</p>		<p>Arun Khurana</p> <p>Head - Global Markets Group</p>		<p>S. V. Parthasarathy</p> <p>Head - Consumer Finance</p>
<p>Ramesh Ganesan</p> <p>Head - Transaction Banking</p>		<p>S. V. Zaregaonkar</p> <p>Chief Financial Officer</p>		<p>Sanjeev Anand</p> <p>Deputy Head - Corporate & Commercial Banking</p>	
	<p>Zubin Mody</p> <p>Head - Human Resources</p>		<p>Sanjay Mallik</p> <p>Head - Investor Relations & Strategy</p>		<p>Roopa Satish</p> <p>Head - Corporate, Institutions & Investment Banking</p>
				<p>Ramaswamy Meyyappan</p> <p>Chief Risk Officer</p>	

Creating an edge with Digital Innovations

The Bank's focus during the year 2014-15 was to transform the Bank as high street Brand. To attain this objective, the Bank adopted various initiatives which led to increasing the brand's visibility quotient while ensuring communication with an interesting and innovative marketing approach.

Video Branch Service, 24x7

In a move to digitise the banking experience further for our customers and also continuing with the bank's ongoing theme of Responsive Innovation, we came up with the vision of introducing an innovative service, 'Video Branch' which allows our customers to interact Face-to-Face with their bank branch 24x7 using their desktop, tablet or smart phone. IndusInd Bank customers can now carry out all the transactions which they perform at a bank branch without going to it, right from the comfort of their office or home using the Video Branch App. Digitisation will rule the future banking and this new service is a significant step towards it.

The Bank adopted a well crafted 360-degree integrated marketing approach to propagate the service message featuring noted Bollywood actor, director and singer Farhan Akhtar. The use of a celebrity both enhanced the brand image while heightening the recall of the message. Television, Out-of-Home, Radio, Digital and Cinema were



considered as an integral part of this multimedia advertising campaign. A set of two TV commercials communicated the benefits of this service while media innovations like teaser videos, roadblocks on marquee online properties like LinkedIn, moneycontrol.com and economic times stole the show.

Digital Brand Initiatives

During the year, the Bank expanded its presence in the digital and social ecosystem by activating Twitter and Google+ brand profiles in order to reach out to larger customer segments that are more comfortable and active in social media. Your Bank has

been very active on Facebook throughout the year and stands tall today with more than 2 Lakh fan base on this social platform. Today 60% of our fans are our Bank customers who use Facebook to effectively communicate with the Bank. We have also started communication on our other social channels such as LinkedIn and YouTube and have received very positive and encouraging response from the customers.

Your Bank also conducted various Online Marketing Campaigns (SEO & SEM) to promote various products and services of the Bank on online space and also increase customer engagement level.



Digital initiatives on various online platforms

Digital Branch



First Digital Branch at Metro Station

During the year, the Bank commissioned Rapid Metro station which is named as the 'IndusInd Cybercity'. The Bank has become the first bank in India to have a Metro Station named after it, thus making this an excellent example of transit mode of advertising in the country. At IndusInd Bank Cybercity Station, your Bank launched the first Digital Branch. With this launch; IndusInd Bank has become the first bank in India to have a fully Digital Branch at a metro station.

While digital marketing gathered momentum, the conventional marketing formed the backbone of marketing activity of the Bank. Series of outdoor advertising were planned out throughout the

year at strategic locations to reinforce the brand. Your Bank also carried out short tactical campaigns for the Delhi Development Authority, product specific print campaigns on Investment Banking and new launches in Credit Card division.

Jet Airways & Chelsea Credit Cards

From the stable of Credit Card division, strategic partnership was announced with Jet Airways, India's premier international airline. Your Bank launched exclusive range of Credit Cards, offering rewards in the form of JPMiles on all



spend and other benefits. Other such strategic tie-up was with Chelsea Football Club, the leading club of the English Premier League, to launch a co-branded Credit Card. Considering the exclusivity of the products, the Bank crafted a tailor made marketing campaign in select print and digital media to reach out to its target audience.

Employee Engagements

The Bank acknowledges that no communication is complete without the wholehearted support of its internal stakeholders. Keeping this factor in mind, the vision of the Bank for next three years was emphasised upon by the Core Executive Team of the Bank in a series of highly interactive Employee Roadshows. These were conducted at various locations, including Mumbai, Delhi, Chennai, Bangalore and Kolkata. Other centres like Kochi, Hyderabad, Patna, Bhubaneswar and Guwahati connected through video conferencing. Employees across the country were connected with thought process of the management in shaping the next 3 years of the Bank.

This year, your Bank developed interesting and engaging series of awareness-building e-direct mailers for specific campaigns, which received overwhelming response from the employees. To sensitise the employees about the bold topics like Work Place Safety, Whistle Blower Policy and other employee related issues, series of internal communication were developed and transmitted.



Employee Roadshow

Growing towards a Sustainable Future

Sustainability is an integral part of IndusInd Bank's operations. Your Bank has been efficacious by being responsive to the rapidly evolving environment and adopting a strategy that is both sustainable and innovative giving equal impetus to human capital, financial capital, natural capital and intellectual capital. Initiatives such as My Account My number, Digital Branch, Video Banking, Green IT, Solar ATMs, reduction in paper and energy consumption, and Carbon Disclosure Project (CDP), etc are unique and have received industry wide acclaim and concurrence of shareholders.

Fortifying sustainability in the value chain

With each passing year, your Bank has fortified sustainability practices and disclosures and will continue to adopt a systemic approach which intends to de-risk business, enhancing value of the products and restores the environment.

This year, the Bank has drawn up a CSR policy and constituted a CSR committee of the Board to focus on themes of rural

development and inclusiveness, environmental sustainability and healthcare. While your Bank will continue to fuel the Financial Inclusion and Rural Banking on a continued basis, this year we will forge ahead on commitment to the 'Swachh Bharat Abhiyaan' initiative.



Performing sustainably through Disclosures & Certification

This year, your Bank is a **Carbon Disclosure Project** leader and stands at #12 in India. This is a significant improvement from 59 points in 2013 to 91 points in 2014.

CDP works with investors globally to advance the investment opportunities and reduce the risks posed by climate change by asking the world's largest companies to report their climate strategies, GHG emissions and energy use

through CDP. Your Bank has assured its carbon footprint in accordance with ISO14064.

Green branch certification

This year your Bank achieved LEED Gold Rating for Gurgaon branch from the US Green Building Council. This facility saves 48.29% of potable water by installation of water efficient fixtures and total connected lighting power is 11.37% below ASHRAE standard. The facility provides sufficient supply of fresh air, which exceeds minimum ASHRAE standard.



Your Bank's spend across environmental and social initiatives is 1.07% which is higher than industry standards of financial services sector.



Sustainability reports from last four years



Your Bank continues to publish sustainability reports annually.

Environment Management

Energy: Power saving initiatives across the Bank have been implemented on 13,583 laptops and desktops which have led to 498 MWh of savings and a reduction of 433 tons of carbon emissions.

Your Bank has been aggressive in migrating hardware architecture from physical to virtual servers and has until now virtualised 642 servers resulting in savings of ₹ 27 cr and electricity of ₹ 1.6 cr per year.

Your Bank's fleet of 100 Solar ATMs generated 1,20 MWh of energy translating to commercial energy cost saving of ₹ 7.4 lakhs and DG Power Savings of ₹ 14.6 lakhs. The total carbon mitigated is 1,44,015 Kgs. Our Solar powered facility at Karpakkam generated 51.5 MWh of power and contributes to 9.5% of the total energy demand of the facility.

52 power saving devices were installed at various offices and branches which resulted into savings in electricity of ₹ 34.78 lakhs.

Timers installed at 800 signages aided in electricity savings of 1,872 MWh and cost saving of ₹ 1.49 cr. Your Bank deployed 580 thin clients this year, an increase of 45% from previous year. Continued adoption resulted in savings of 300 KWh per year with a saving of ₹ 2,380 per user per year towards the cost of power.

Paper: Your Bank uses recycled paper for business cards and A4 papers and from this year onwards have also started using bagasse based recyclable paper for envelopes. These initiatives have helped protection of around 550 trees. Around 11,700 Kgs of paper has been recycled through our waste management partners ITC in West and South regions.

E-waste: Your Bank in this year has disposed off

48,434 Kgs of e-waste through 6 government authorised recyclers, which is more than double the amount of previous year.

Sustainable supply chain: In order to ensure that your Bank sources from a reliable and secure supply chain, this year supplier sustainability assessment of the large spend suppliers was initiated. These IT and equipment vendors were assessed on their environment, carbon and resource management practices. It was found that over 75% of responding suppliers measure their carbon footprint, of which 50% have set emission reduction targets. Over 80% of responding suppliers have obtained 3rd party certifications for products such as energy star certifications.



Community Development

IndusInd Swachh

Vidyalaya: Lack of sanitation facilities is a major stumbling block for education programs in rural India. Health issues due to open defecation are one of the main causes of deaths of thousands of

Solar Energy
Saved ₹ 22 lakhs
Carbon Mitigated
1,44,015 Kgs

Power Saving
Devices -
Saved
₹ 34.78 lakhs

Timers in
Signages -
Saved ₹ 1.49 cr
and 1872 MWh
electricity

Thin Computing -
Saved ₹ 2380
per unit per year

Server
Virtualisation-
Saved
₹ 28.60 cr

children each year. In response to Prime Minister's Swachh Vidyalaya Abhiyaan, your Bank will undertake sanitation project with focus on unbanked rural areas. District Kolhapur has been selected wherein the Bank will build, renovate and maintain 31 toilet blocks.

Financial inclusion: This year, your Bank opened new branches at 73 unbanked locations to further the national mission on financial inclusion and to improve access to financial services in remote and marginalised communities. Currently, your Bank partners with 10 Business Correspondents through a branch network of 373 which are exclusive to your Bank covering 10 States, 78 Districts, 13,500 villages and 182 slums. Your Bank has cumulatively sanctioned more than 1.2 million loans aggregating to ~ ₹ 1,850 cr. and have done over 40 Million transactions wherein the portfolio quality is impeccable with a 99.9% on time recovery.

Legal literacy: Women's role in development of their families is fundamental and your Bank believes in their empowerment by providing them legal education and awareness of their Rights. Your Bank has leveraged the relationship with Business Correspondents who primarily work with women self-help



Green Champions Program

groups (SHG) for extending micro finance. As an extension of this engagement, your Bank has partnered with Samhita to execute a programme on Legal Literacy for marginalised women in Madhya Pradesh and Maharashtra. The programme will train and educate 5,000 women in its first phase on legal awareness, domestic violence and gender discrimination followed by the establishment of counseling centres in areas where women have minimal or no recourse to legal aid and counselling services.

Donations: Your Bank has contributed an amount of ₹ 47 lakhs in FY 2014-15 towards organisations that include IndusInd Foundation (Non Profit/Charitable wing of the IndusInd Group, set up to channelise community resources for public good), Sahachari Foundation

(Trust dedicated to the betterment of less privileged in areas of education, socio-economic upliftment, healthcare and promotion of arts), ITIHAAS (A Delhi-based education trust working with over 300 schools in the area of Heritage Education), Uttung Sanskrutik Pariwar Trust (Promotes national awareness on Indian culture and various arts) and other organisations.



Beach clean-up

Workforce initiatives/ Green Champions Program

Green Champions: Your Bank on boarded the fourth batch of the Green Champions this year. Green Champions lead the environmental and social initiatives from the front along with an enthusiastic team of Green Commandos. Green Champions received trainings on biodiversity, CSR programs and they demonstrated important activities in their regions such as community clean-up and biodiversity workshops in 14 cities and the Share2Care initiative.



Your Bank instituted the flagship employee payroll giving program Share2Care.



5 NGOs were selected and inducted Kheti Virasat, Sweccha, Aaranyak, NalandaWay and Samarthanam, each focus on varied themes such as biodiversity conservation, organic farming and working with under privileged children and youth etc. The workforce contributes approx. ₹ 4.5 lakhs to their mission on a monthly basis.

Campaigns

Green revolution: The last quarter marked the break-out of green revolution in which the Green Champions organised kitchen gardening workshops in residential complexes which created awareness towards community greening and biodiversity conservation. Further, your Bank will plant 3,000 trees for the participants as part of an urban afforestation program. The #SelfieWithTrees campaign also saw enthusiasm with over 200 pictures at the Facebook page.

Corporate global markets operations team venerated the sustainability week across all their locations in which every day was dedicated to one theme such as waste segregation, community and beach

clean-up, elderly care, biodiversity protection, #SelfieWithTrees etc. The NGO day was also organised at the corporate office which provided NGOs the direct market-place merchandising opportunity for their artifacts and works of art.

World Environment Day was celebrated across all locations marked with various activities such as film screenings, nature trail, adopt-a-plant and organic food stall.



#SelfieWithTrees



Nature trail

DIRECTORS' REPORT : 2014-15

The Bank's Directors have pleasure in presenting the Twenty-first Annual Report covering business and operations of the Bank, together with the Audited Financial Statements for the year ended March 31, 2015.

The financial performance for the year ended March 31, 2015 is summarized as under:

(₹ in crores)

	As on March 31, 2015	As on March 31, 2014
Deposits	74,134.36	60,502.29
Advances	68,788.20	55,101.84
Operating Profit (before Depreciation and Provisions & Contingencies)	3,225.07	2,694.11
Net Profit	1,793.72	1,408.02

During the year under review, despite a weak growth in the Indian economy and a persistently challenging operating environment, the Bank improved its business, with Deposits growing by 22.53% and Advances by 24.84% over the previous year.

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

Operating Profit (before Depreciation and Provisions & Contingencies) rose by 19.71% to ₹ 3,225.07 crores, as compared to ₹ 2,694.11 crores in the previous year.

The Net Profit of the Bank, after considering all expenses and necessary Provisions & Contingencies, was higher by 27.39% at ₹ 1,793.72 crores as against ₹ 1,408.02 crores in the previous year.

Appropriations

The Directors recommend appropriation of Profit as under:

(₹ in crores)

Operating Profit before Depreciation and Provisions & Contingencies	3,225.07
Less: Depreciation on Fixed Assets	126.85
Less: Provisions & Contingencies inclusive of Income Tax	1,304.50
Net Profit	1,793.72
Profit Brought Forward	2,623.33
Amount available for Appropriation	4,417.05
Transfer to Statutory Reserve	448.43
Transfer to Capital Reserve	12.28
Transfer to Investment Reserve Account	37.16
Proposed Dividend	212.01
Tax on Dividend	43.15
Balance carried over to Balance Sheet	3,664.02
Total Appropriations	4,417.05

Dividend

The Earning Per Share (EPS) of the Bank rose to ₹ 33.99 during the year 2014-15, from ₹ 26.85 in the previous year.

Looking at the overall improvement in performance coupled with the need to conserve capital for continued growth, the Directors recommend a Dividend of ₹ 4.00 per equity share of ₹ 10 each for the year ended March 31, 2015. (Dividend for the year 2013-14 was ₹ 3.50 per equity share of ₹ 10 each).

In terms of the extant laws, the Bank shall pay tax on the amount of Dividend paid, so that the Dividend becomes tax-free in the hands of the shareholders.

During the year, unclaimed dividend pertaining to the financial year 2006-07 was transferred to the Investor Education and Protection Fund (IEPF) after giving due notice to the members whose names were appearing in the list of unpaid recipients.

Financial Performance

Despite benign WPI inflation, softening oil prices in the latter half of the year, and manageable levels of Current Account Deficit, the domestic interest rate scenario remained at elevated levels, especially for Deposits. During the last quarter of the financial year, RBI reduced Repo Rate to 7.50% from 8.00% while CRR was kept unchanged at 4.00% during the year.

The year under review was the first year of new triennial planning cycle for the Bank (Planning Cycle 3, for Financial Years 2015-17) with the theme of 'Intelligent Domination and Specialization' with a strategy to gain 'Market Share with Profitability' through Dominance, Diversification and Differentiation (3D). The Bank continued to leverage its business on the three performance planks of Productivity, Profitability and Efficiency.

Backed by improved volumes, the Total Income of the Bank grew by 19.24% to ₹12,095.84 crores from ₹ 10,144.06 crores.

The healthy rise in profitability was the result of growth in Net Interest Income as well as Non-Interest Income. Net Interest Income improved by 18.32% to ₹ 3,420.28 crores from ₹ 2,890.71 crores, while Non-Interest Income rose to ₹ 2,403.87 crores from ₹ 1,890.53 crores, a rise of 27.15%.

Yield on Advances dropped to 13.12% during the year as against 13.56% in the previous year, even as the Cost of Deposits fell to 7.92% as against 8.17% in the previous year. Net Interest Margin (NIM) dropped to 3.65% during the year, as compared to 3.71% in 2013-14.

Fee and Miscellaneous Income at ₹ 2,403.87 crores, as compared to ₹ 1,890.53 crores in the previous year, showed strong annual growth of 27.15%. Core Fee Income such as commission, exchange, loan processing and account management fees, fees on Investment Banking and distribution of third-party products and earnings from foreign exchange business grew by 29.63% to ₹ 2,086.66 crores from ₹ 1,609.71 crores earned during the previous year.

The Bank expanded its branch network rapidly to reach 801 branches, as against 602 branches at the beginning of the year. Revenue per employee during the year remained steady at ₹ 30 lakhs.

The quality of the Loan Book remained stable, with Net Non-Performing Assets (Net NPAs) at 0.31% as at March 31, 2015 as against 0.33% last year. The Provisioning Coverage Ratio (PCR) stood at 62.61% as compared to 70.35% previous year.

On the Liabilities side, the emphasis continued to be on broad-basing and deepening the deposit franchise. This was facilitated through leveraging the expanded branch network and the pan-India marketing setup, introduction of innovative products and service propositions, sustained promotional campaigns and enabling customers with alternate channels such as Video Branch, Mobile Banking, Internet Banking, ATMs, etc., as well as improving delivery of products online and client engagement through Digital channels. The Bank enhanced customer delight through more than 50 tie-ups in e-Commerce and Cards that also helped to drive spends.

The Bank introduced several new products and services for select client segments through its Consumer Banking, Transaction Banking and Global Markets Groups. The Consumer Banking Group expanded its product range with the launch of Loans Against Credit Card Receivables (LACR), Loans against Securities (LAS), Commercial Cards, Agri Loans, etc. Deeper understanding of client requirements and the ability to put technology to efficient use formed the edifice on which new products and service propositions were built.

The Bank kept up its focus on deepening as well as strengthening the fee-based income streams, resulting in smart growth in Non-Interest Income. Going forward, the Bank plans to upscale the growth momentum through further

enhancements in diverse revenue streams such as foreign exchange business, investment banking, structured trade and treasury products, distribution of third-party products like mutual funds and insurance, international remittances, Bullion operations and Transaction Banking activities, including the Depository business and financing the Commodity Market segment.

Performance of Subsidiary and Associate Company

ALF Insurance Services Pvt. Ltd., the Bank's subsidiary company which was set up to do the business of Insurance Corporate Broking, is currently under voluntary winding up.

IndusInd Marketing and Financial Services Private Limited (IMFS) is an Associate Company of the Bank and is engaged in the business of providing manpower services.

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

During the year under review, no company has become or ceased to be, a subsidiary, a joint venture or an associate company of the Bank.

Share Capital

The Paid-up Share Capital of the Bank as at March 31, 2015 consisted of 52,94,50,209 equity shares of ₹ 10 each.

During the year under review, the Bank allotted 40,03,725 shares pursuant to exercise of Options under its Employees Stock Option Scheme, 2007.

Accordingly, the Paid-up Share Capital and Share Premium Account increased by ₹ 4.00 crores and ₹ 62.25 crores, respectively.

During the year under review, as an efficient housekeeping exercise, the Bank cancelled the shares forfeited till date. Consequently, the moneys collected on forfeited shares amounting to ₹ 0.86 crores, consisting of ₹ 0.19 crores lying in the Share Forfeiture Account and ₹ 0.67 crores lying in the Share Premium Account, were transferred to the Capital Reserve Account.

Debentures

During the year under review, the Bank had issued and allotted 5,000 Rated, Listed, Senior, Unsecured, Redeemable, Non-convertible Bonds in the nature of Debentures for Face Value of ₹ 10,00,000 (Rupees Ten Lakhs only) each, on March 31, 2015 to identified investors on Private Placement basis, for an aggregate amount of ₹ 500 crores.

Details of Debenture Trustees

Trustee I:

Name of Debenture Trustee	: GDA Trusteeship Limited
Address	: 'GDA House', S. No.94/95, Plot No.85, Bhusari Colony : (Right), Kothrud, Pune – 411 038, Maharashtra, India
Email address	: dt@gdatrustee.com

Trustee II:

Name of Debenture Trustee	: IDBI Trusteeship Services Limited
Address	: Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001
Website	: www.idbitrustee.com

Tier II Capital

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

Deposits

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

Capital Adequacy

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

	March 31, 2015	March 31, 2014
i) Capital Adequacy Ratio (CRAR)	12.09%	13.83%
ii) CRAR - Core Equity Tier 1 Capital	11.22%	12.71%
iii) CRAR - Tier 2 Capital	0.87%	1.12%

Credit Ratings

Instruments	Rating	Rating Agency
Lower Tier II Subordinate Debt program	AA+	ICRA
Upper Tier II Bond program	AA	ICRA
Certificates of Deposit	A1+	CRISIL
Lower Tier II Subordinate Debt program	AA+	CARE
Short Term Debt Instruments	A1+	India Ratings and Research
Lower Tier II Subordinate Debt program	AA+	India Ratings and Research
Upper Tier II Bond program	AA	India Ratings and Research
Senior Bonds program	AA+	India Ratings and Research

Directors

The Bank had seven Directors as on March 31, 2015, consisting of five Independent Directors, the Chairman (Non-executive Non-independent), and the Managing Director & CEO.

(a) Independent Non-Executive Directors

In terms of the definition contained in Section 149(6) of the Companies Act, 2013, Clause 49 of the Listing Agreement, and based on the Declarations received in this regard, the following Non-executive Directors are classified as Independent Directors as on March 31, 2015:

- (i) Mr. T. Anantha Narayanan
- (ii) Mr. Ashok Kini
- (iii) Mrs. Kanchan Chitale
- (iv) Mr. Vijay Vaid
- (v) Mr. Ranbir Singh Butola

(b) Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, specified companies are required to have at least one Woman Director in their Board.

Mrs. Kanchan Chitale, who joined the Board on October 18, 2011, is an Independent Director in the Board, and chairs some of the important Committees.

(c) Chairman of the Board

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

Approval of the shareholders is requested for his re-appointment as Part-time Non-executive Chairman of the Bank for a period of 2 years with effect from July 24, 2015.

(d) Managing Director & CEO

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

Shareholders of the Bank had, in the 19th AGM held on June 28, 2013, approved the re-appointment of Mr. Romesh Sobti as the Managing Director & CEO for a period of three years with effect from February 1, 2014. Reserve Bank of India had approved the re-appointment of Mr. Romesh Sobti as Managing Director & CEO of the Bank for a period of one year, upto January 31, 2015.

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

(e) Appointment / Re-appointment / Resignation / Retirement of Directors

Mr. Ranbir Singh Butola (DIN 00145895) was appointed as an 'Additional Director' in the category of 'Independent Non-Executive' by the Board in its meeting held on January 13, 2015, and shall hold office up to the date of the ensuing Annual General Meeting.

In terms of requirements of the Companies Act, 2013, approval of the shareholders is requested for the appointment of Mr. Ranbir S. Butola as an "Independent Non-Executive Director".

Mr. T. Anantha Narayanan (DIN 00007227) was appointed as an 'Independent Non-executive Director' at the AGM of the Bank held on June 27, 2014, for a period up to April 8, 2015, in view of his attaining the age of 70 years, the maximum age limit prescribed by Reserve Bank of India (RBI).

In response to the Bank's request, RBI have conveyed their approval for continuance of Mr. Anantha Narayanan on the Board of the Bank as an 'Independent Non-Executive Director' for a period of four years w.e.f. June 24, 2014.

The Board had accordingly, at its meeting held on March 30, 2015, approved the appointment of Mr. Anantha Narayanan as an 'Additional Director' with effect from April 9, 2015 in the category of "Independent Non-executive Director". In terms of the Companies Act, 2013, Mr. Anantha Narayanan holds office up to the date of the ensuing AGM.

Since Mr. Anantha Narayanan has completed his initial term in the Board of the Bank as Independent Director, in compliance with Section 149 of the Companies Act, 2013, approval of the shareholders is requested, by passing of a Special Resolution for the appointment of Mr. Anantha Narayanan as "Independent Non-executive Director" for another term, as approved by the Reserve Bank of India, i.e., up to June 23, 2018.

Approval of the shareholders was obtained in the Annual General Meeting held on June 27, 2014 for the appointment of **Mrs. Kanchan Chitale** (DIN 00007267) and **Mr. Vijay Vaid** (DIN 00219709) in the category of "Independent Non-executive Director" for a period of four years with effect from the original date of their appointment, viz., October 18, 2011.

The Board had, at its meeting held on April 16, 2015, approved the appointment of Mrs. Kanchan Chitale in the category of "Independent Non-executive Director" with effect from October 18, 2015 for another term of four years, and of Mr. Vijay Vaid in the category of "Independent Non-executive Director" up to February 3, 2018, i.e., the date of his attaining the age of 70 years.

Members are requested to approve the re-appointment of Mrs. Kanchan Chitale and of Mr. Vijay Vaid by passing of Special Resolution in the ensuing Annual General Meeting.

Mr. Ajay Hinduja (DIN 00642192), who had been a member of the Board as 'Non-executive Director' from October 31, 2006, ceased to hold office with effect from October 30, 2014, on completion of the maximum permissible tenure of eight years.

Mr. Yashodhan M. Kale (DIN 00013782), who had been appointed as 'Alternate Director' by Mr. Ajay Hinduja, ceased to hold that position with effect from October 30, 2014.

The Directors wish to place on record their appreciation for the valuable contributions made by Mr. Ajay Hinduja towards the deliberations in the Board Meetings during his tenure, and to Mr. Yashodhan M. Kale, Alternate Director, towards the deliberations in the Board Meetings attended by him in place of Mr. Ajay Hinduja.

Mr. Yashodhan M. Kale (DIN 00013782) was appointed as an 'Additional Director' in the category of 'Non-Independent Non-Executive' by the Board at its meeting held on April 16, 2015, and shall hold office up to the date of the ensuing Annual General Meeting.

In terms of requirements of the Companies Act, 2013, approval of the shareholders is requested for the appointment of Mr. Yashodhan M. Kale as "Non-Independent Non-Executive Director".

Mr. Sushil Chandra Tripathi (DIN 00941922), who was associated with the Bank as 'Independent Non-executive Director' since February 14, 2007, ceased to hold office from February 13, 2015, on completion of the maximum permissible tenure of eight years.

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

Brief profiles of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting has been furnished in the Report on Corporate Governance under the Section titled 'Board of Directors', which forms an integral part of this Report.

The Bank has received notices from Members pursuant to Section 160 of the Companies Act, 2013, signifying their intention to propose the candidature of the respective persons for the office of Director.

Board and Committee Meetings

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

The Board has constituted the Audit Committee with Mr. T. Anantha Narayanan as Chairman and Mrs. Kanchan Chitale, Mr. Ashok Kini and Mr. Ranbir S. Butola as Members. There have not been any instances during the year when recommendations of the Audit Committee were not accepted by the Board.

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

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out annual evaluation of its own performance (Board as a whole), of the Directors individually, of the Chairman, and of the working of its Committees.

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

System for Internal Financial Controls and its Adequacy

The Bank operates in a fully computerized environment with a Core Banking System supported by diverse application platforms for handling special businesses such as Treasury, Trade Finance, Credit Cards, Retail Loans, etc. The process of recording of transactions in each of the application platforms is subject to various forms of controls such as in-built system checks, Maker-Checker authorizations, independent post-transaction reviews, etc. The Financial Statements are prepared based on computer system outputs. Responsibility of preparation of Financial Statements is entrusted to a dedicated unit which is completely independent of business, risk, audit or other functions. This unit does not originate accounting entries except for limited matters such as share capital, taxes and transfers to reserves.

Conservation of energy and technology absorption and foreign exchange earnings and outgo

Considering the nature of activities as an entity in the financial services sector, the provisions of Section 134 (3) of the Companies Act, 2013 and the Rules framed thereunder relating to conservation of energy and technology absorption do not apply to the Bank. The Bank has, however, made optimum use of Information Technology in its operations.

The Bank has voluntarily taken steps towards conservation of energy and technology absorption, the details of which are highlighted in the Management Discussion and Analysis Report, which forms part of this Report. Details of foreign exchange earnings and outgo are also mentioned in the section on Management Discussion and Analysis.

Risk Management

The Bank has an integrated Risk Management Department, independent of business functions, covering Credit Risk, Market Risk, Assets-Liabilities Management (ALM), Operational Risk, and Information Security Risk functions.

Risk Management functions in the Bank have been aligned with best industry practices, and are being enhanced progressively, adapting to dynamic business environment and market conditions.

The Bank has implemented "Internal Capital Adequacy Assessment Process" (ICAAP) in line with Basel III requirements. The Bank has set up a Board-level Committee, viz., "Risk Management Committee" to examine risk policies and procedures developed by the Bank and to monitor adherence to various risk parameters and prudential limits by different operating departments.

More details on Risk Management framework / models adopted by the Bank are given in the section on 'Management Discussion and Analysis'.

Vigilance Mechanism

In compliance with RBI guidelines, the Bank has in place a "Whistle Blower Policy" since 2009. The Board of Directors of the Bank have constituted a Board-level Committee, viz., the Vigilance Committee, which conducts overview of cases of vigilance nature on the part of employees of the Bank. The Committee meets at least twice a year.

During the year under review, in compliance with provisions of the Companies Act, 2013, the Board of Directors have reviewed the Whistle Blower Policy of the Bank so as to make it compliant with the Regulations.

The current Whistle Blower Policy of the Bank is available on the website of the Bank at the undermentioned link:

http://www.indusind.com/content/dam/indusind/PDF/wbp_final_draft1.pdf

Auditors

M/s B S R & Co. LLP, Chartered Accountants, Statutory Auditors of the Bank, who have audited the accounts of the Bank for the year 2014-15, will retire at the conclusion of the ensuing Annual General Meeting. They have been associated with the Bank as Statutory Auditors for the past four financial years and are not eligible for re-appointment in accordance with RBI's policy of rotation and resting. The Board places on record its appreciation of the professional services rendered by M/s B S R & Co. LLP during their association with the Bank.

M/s Price Waterhouse Chartered Accountants LLP (PW), Mumbai (Firm's Regn. No. (012754N / N500016)) are proposed to be appointed as the Statutory Auditors for audit of the accounts of the Bank for FY 2015-16. Members are requested to consider the appointment of M/s Price Waterhouse Chartered Accountants LLP, as the Statutory Auditors of the Bank to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at remuneration to be decided by the Board of Directors based on the recommendations of the Audit Committee. Their appointment is subject to the approval of the Reserve Bank of India. A certificate has been received from M/s Price Waterhouse, Chartered Accountants LLP to the effect that their appointment, if made, would be within the limits prescribed under Section 141 of the Companies Act, 2013.

Independent Auditor's Report

M/s B S R & Co.LLP, Chartered Accountants, have audited the accounts of the Bank for the year 2014-15 and their Report is annexed. There is no qualification in the Auditor's Report.

Secretarial Audit

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank has appointed Mr. S. N. Bhandari of M/s Bhandari & Associates, Company Secretaries in Practice (CP. No. 366), to undertake Secretarial Audit. The Secretarial Audit Report submitted by M/s Bhandari & Associates is furnished at Annexure II, and forms an integral part of this Report.

The Secretarial Audit Report submitted by M/s Bhandari & Associates for FY 2014-15 does not contain any qualification, reservation or adverse remark.

Material events that have happened after the Balance Sheet date:

On April 10, 2015, the Bank entered into an agreement with Royal Bank of Scotland N.V. to acquire on a 'slump sale' basis its Diamond and Jewellery financing business in India, of approximately ₹ 4,500 crores in size, along with related deposit portfolio, subject to certain regulatory approvals. The process of taking over of the business is under way and until ownership of the loans-transfer takes place, the day-to-day management of the loan portfolio will remain with Royal Bank of Scotland N.V. Once the formalities related to the transaction are completed, the business will be integrated with that of the Bank, and the advances and related deposit portfolio of the Bank will increase to the extent of acquisition.

Other than the above, there are no material changes and commitments affecting the financial position of the Bank, which have occurred between the end of the Financial Year 2014-15 to which the Balance Sheet relates and the date of this Report.

Statutory Disclosures

Information, wherever required under the Banking Regulation Act, 1949 or the Companies Act, 2013 as applicable to the Bank, has been laid out in the Schedules attached and forms part of the Balance Sheet and the Profit and Loss Account.

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

Employees Stock Option Scheme

The Bank had instituted an Employee Stock Option Scheme (ESOS – 2007) to enable its employees, including Whole-time Directors, to participate in the future growth of the Bank. Under the Scheme, Options can be granted, which upon exercise could give rise to the issuance of a number of shares upto 7% of the issued equity capital of the Bank from time to time. The eligibility and number of Options to be granted to an employee is determined on the basis of criteria laid down in the Scheme and is approved by the Compensation Committee of the Board of Directors.

An aggregate of 3,45,67,700 Options, comprising 6.53% of the Bank's equity capital, have been granted under the Scheme. Statutory disclosures as required by SEBI Guidelines on Employee Stock Options are given at Annexure IV to this Report.

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

Directors' Responsibility Statement

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

- (i) that in the preparation of the Annual Accounts for the year ended March 31, 2015, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- (ii) that such accounting policies as mentioned in the notes to the Financial Statements have been selected and applied consistently and that judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at March 31, 2015 and of the profit of the Bank for the year ended on that date;
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities;
- (iv) that the Annual Financial Statements have been prepared on a 'going concern' basis;
- (v) that proper internal financial controls were in place and that the financial controls were adequate and operating effectively;
- (vi) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013, are included in this Report as Annexure V and form an integral part of this Report.

Particulars of Employees

The Bank had 19,121 employees on its rolls as on March 31, 2015.

The information containing particulars of employees pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office / Secretarial and Investor Services Office of the Bank during business hours on working days of the Bank up to the date of the ensuing Annual General Meeting. Any Member interested in obtaining a copy thereof, may write to the Company Secretary at the Secretarial and Investor Services Office for the same.

Remuneration Policy

The Board of Directors has, on the recommendations of the HR & Remuneration Committee framed a policy in relation to remuneration of Directors, Key Management Personnel and Senior Management of the Bank.

The detailed remuneration Policy of the Bank is given under "Disclosure on Remuneration" at Note no. 12.5 of the notes forming of the Financial Statements and forms an integral part of this Report.

Particulars of Loans, Guarantees or Investments outstanding

Details of Loans, Guarantees and Investments made by the Bank are given in the Notes to Financial Statements.

Corporate Social Responsibility

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

In terms of the requirements of Section 135 of the Companies Act, 2013 and CSR Rules 2014, the Bank has set up a Board-level CSR Committee to look after the CSR initiatives of the Bank. The Committee is headed by Mrs. Kanchan

Chitale as Chairperson, with Mr. Ashok Kini, Mr. Vijay Vaid and Mr. Romesh Sobti as Members.

The Bank has also framed the CSR Policy and strategy that will guide and govern the Bank's activities in focus areas namely, rural development and inclusiveness, environmental sustainability, preventive healthcare and other areas of special interest.

During the year under review, the Bank has committed to Prime Minister's Swachh Bharat Abhiyan and worked towards financial inclusion and legal literacy. The CSR initiatives / projects undertaken by the Bank are largely in accordance with Schedule VII of the Companies Act, 2013.

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

Related Party Transactions

All transactions entered with 'Related Parties' during the year under review were on 'arm's length basis' and in the 'ordinary course of business' and therefore do not attract the provisions of Section 188 of the Companies Act 2013. Further, there are no materially significant Related Party Transactions during the year with any of the Related Parties viz., Promoters, Directors and Key Management Personnel or other related entities which may have a potential conflict with the interest of the Bank at large.

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

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

Business Responsibility Report (BRR)

The Securities and Exchange Board of India, vide their circular dated August 13, 2012 have mandated top 100 listed entities, based on their market capitalization on BSE Limited and National Stock Exchange of India Ltd., to include the 'Business Responsibility Report' (BRR) as part of the Annual Report.

In view of the above and in compliance with Clause 55 of the Listing Agreement with Stock Exchanges, the Business Responsibility Report of the Bank has been enclosed as Annexure VII to this Report, and forms an integral part of this Report.

Corporate Governance

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance practices followed by the Bank, together with a Certificate from Practising Company Secretary confirming compliance, forms an integral part of this Report.

A copy of Certificate issued by M/s Bhandari & Associates is attached as Annexure VIII to this Report.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report as required under Clause 49 of the Listing Agreement, forms part of the Annual Report.

Significant and Material Orders passed by the Regulators or Courts

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

Awards and Accolades

During the year under review, your Bank has received many awards and accolades for excellence in managing the Risk, Information Technology and for innovations, etc. Mr. Romesh Sobti, Managing Director and CEO received 'Banker of the Year' award from "Business Standard", a leading financial newspaper.

Brief details of various awards are covered under Management Discussion and Analysis Report.

Cautionary Statement

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

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

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

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

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

The Bank received 6 complaints of sexual harassment during the financial year 2014-15, status of the same is as under.

No. of cases received during the year	No. of cases closed during the year	No. of cases pending for investigation at the end of the year
6	5	1

Acknowledgements

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

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

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

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

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 22, 2015

Sd/-
R. Seshasayee
Chairman

ANNEXURE I TO THE DIRECTORS' REPORT

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

Part "A": Subsidiaries

The Bank did not have any subsidiary, in operation, during the year ended March 31, 2015. Hence, information in this regard is NIL.

Notes:

- Names of subsidiaries which are yet to commence operations -

ALF Insurance Services Private Limited

ALF Insurance Services Private Limited (ALFIS), a wholly owned subsidiary of the Bank, did not commence operations pending regulatory approvals. Consequent to a resolution passed by its Board of Directors in March 2011 for voluntary winding up, ALFIS has appointed a Liquidator under the provisions of the Companies Act, 1956. The process of winding up is currently under way.

- Names of subsidiaries which have been liquidated or sold during the year.

NIL

Part "B": Associates and Joint Ventures

Name of Associate Company		IndusInd Marketing and Financial Services Private Limited
1	Latest audited Balance Sheet date	31 st March 2015
2	Shares of Associate held by the company on the year end	
	No.	3,000
	Amount of Investment in Associate / Joint Venture	₹ 30,000
	Extend of Holding %	30%
3	Description of how there is significant influence	30% of total Share Capital of the investee company is held by the Bank
4	Reason why the associate is not consolidated	In terms of the MCA notification dated October 14, 2014, preparation of consolidated financial statement shall not be required by a company which does not have a subsidiary or subsidiaries but has one or more associate companies or joint ventures or both, for the financial year 2014-15.
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	Total Net worth of the associate company – ₹ 3,08,60,378 30% of Net worth attributable to the Bank – ₹ 92,58,113
6	Profit / Loss for the year	
	i. Considered in Consolidation	Nil
	ii. Not Considered in Consolidation	₹ 33,59,213

Notes:

- Names of associates or joint ventures which are yet to commence operations.

NIL

- Names of associates or joint ventures which have been liquidated or sold during the year.

NIL

ANNEXURE II TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

(Form No. MR-3)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
IndusInd Bank Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IndusInd Bank Limited** having (CIN: L65191PN1994PLC076333) (hereinafter called "the Bank"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on **31st March, 2015** 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. The Bank does not have any Overseas Direct Investment and External Commercial Borrowings during the financial year.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 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 Securities and Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009# ; and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998# ;

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

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

vi. The Banking Regulation Act, 1949.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.#
- ii. The Listing Agreements entered into by the Bank with Stock Exchange(s);

#Not applicable for the period under review.

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

We further report that -

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive 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.

The Bank has provided notice(s) to all the directors for the Board meeting(s) exceeding seven days in advance. However, agenda and the detailed notes on agenda were circulated in less than seven days in advance. The Bank has a reasonable system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Bank had issued and allotted 5,000 Rated, Listed, Senior Unsecured Redeemable, Non-Convertible Bonds in the nature of Debentures of the face value of ₹ 10,00,000 each aggregating to ₹ 500 Crores on a private placement basis after obtaining approval of the members through postal ballot on 27th March, 2015.

For Bhandari & Associates

S. N. Bhandari
Company Secretaries
FCS No: 761; CP No. : 366

Mumbai, May 22, 2015

Note:

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

Annexure 'A' to the Secretarial Audit Report

To,
The Members,
IndusInd Bank Limited

Our Secretarial Audit Report for the Financial Year ended on March 31, 2015 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For Bhandari & Associates

S. N. Bhandari
Company Secretaries
FCS No: 761; CP No. : 366

Mumbai, May 22, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

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

- The ratio of the remuneration of each Director to the median remuneration of the employees of the Bank for the financial year is given below:

Name	Ratio
Romesh Sobti (Managing Director & CEO)	131x

All Directors, except Managing Director & CEO are "Non-executive" and receive remuneration only by way of Sitting Fees for attending the meetings of the Board and of the Committees of the Board.

- The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the financial year:

Name	Percentage
Romesh Sobti (Managing Director & CEO)	7%%
S. V. Zaregaonkar (Chief Financial Officer)	11.1%
Haresh Gajwani (Company Secretary)	10.3%

- The percentage increase in the median remuneration of employees in the financial year:

The median of fixed remuneration of the employees in the financial year was increased by around 7.6%. The calculation of % increase in median of fixed remuneration of employees is made only for those employees who were eligible and received increments in the financial year.

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

There were 19,121 employees on the rolls of the Bank as on March 31, 2015.

- The explanation on the relationship between average increase in remuneration and performance of the Bank;

Average increase in remuneration of employees of the Bank for FY 2014-15 is based on:

- Annual financial performance of the Bank
- RBI Compensation guidelines for Whole Time Directors / Chief Executive Officers / Risk Takers and Control function staff.
- Market trends and Industry benchmarks
- Objective of rewarding and retaining critical talent / high performers.

Accordingly, average increase in fixed remuneration of employees is 9.2%. The calculation of % increase in fixed remuneration is calculated only for those employees who were eligible and received increments in FY 2014-15.

- Comparison of the remuneration of the Key Managerial Personnel (KMPs) against the performance of the Bank:

For FY 2014-15, KMPs were paid approx 0.4% of the Profit After Tax for the year.

- Comparison of each remuneration of the Key Managerial Personnel against the performance of the Bank:

The comparison of remuneration of each of the KMPs against the performance of the Bank is as under:

Particulars	% of PAT for FY 2014 - 15
- Managing Director & CEO	0.25%
- Chief Financial Officer	0.12%
- Company Secretary	0.03%

- Variations in the market capitalisation of the Bank, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Bank in comparison to the rate at which the bank came out with the last public offer in case of listed companies:

The Market Capitalization of the Bank has increased from ₹ 26,369.53 crores as of March 31, 2014 to ₹ 46,909.29 crores as of March 31, 2015. Over the same period, the price to earnings ratio moved from 18.69x to 26.07x. The Bank's stock price as at March 31, 2015, has increased by 1,868.89% to ₹ 886.00 over the last public offering, i.e. IPO in November 1997, at the price of ₹ 45 per share.

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

- All employees in the Bank are classified under Managerial Role, viz., Top Management, Senior Management, Middle Management and Junior Management, etc. Hence, this section is Not Applicable to the Bank.

- The details of the key parameters for any variable components of remuneration availed by the Directors:

Other than Managing Director & CEO, all other Directors are entitled to Sitting Fees and reimbursement of expenses incurred on travelling and accommodation for attending the meetings of the Board and of the Committees thereof, as may be decided by the Board from time to time and do not receive remuneration in any form from the Bank.

The variable component of the remuneration for Managing Director & CEO is based on the following parameters:

- Annual performance on Bank's business objectives approved at the beginning of the financial year by the Board of Directors.
- Bank's financial performance and profitability
- The variable component of the remuneration is based on the Bank's compensation policy designed as per the RBI guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Risk Takers and Control function staff.

- The Ratio of the remuneration of highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:

Managing Director & CEO is the only Executive Director on the Board of the Bank, and draws remuneration from the Bank, subject to approval of the shareholders of the Bank and Reserve Bank of India.

No employee of the Bank was in receipt of remuneration in excess of the Managing Director & CEO during the year. Hence, this section is not applicable to the Bank.

- Affirmation that the remuneration is as per the Remuneration Policy of the Bank.

Yes, it is as per the Remuneration Policy.

Note:

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

ANNEXURE IV TO THE DIRECTORS' REPORT

Statutory Disclosures Regarding ESOPs (Forming part of the Directors' Report for the year ended March 31, 2015)

Particulars	ESOP 2007 (As at March 31, 2014)	Options Granted on May 15, 2014	Options Granted on June 2, 2014	Options Granted on July 9, 2014	Options Granted on October 13, 2014	Options Granted on January 17, 2015	Options Granted on February 23, 2015	Options Granted on March 30, 2015
1 No. of options granted	34,567,700	65,500	3,269,500	33,000	74,500	47,500	48,000	11,000
2 No. of options surrendered (cancelled)	1,459,834	12,000	82,500	3,000	2,500	-	-	-
3 Pricing Formula	Options granted at market price, except some options granted on July 18, 2008, January 28, 2010, February 7, 2011 and January 29, 2014 at discount to market price.							
4 No. of options Vested	27,551,851	-	-	-	-	-	-	-
5 No. of options Exercised	17,453,069	-	-	-	-	-	-	-
6 No. of shares arising as a result of exercise of options	17,453,069	-	-	-	-	-	-	-
7 Options Lapsed	NIL	-	-	-	-	-	-	-
8 Variation in terms of ESOP	N.A.	-	-	-	-	-	-	-
9 Money realised by exercise of options (₹ In Lakhs)	17,428	-	-	-	-	-	-	-
10 Total No. of Options in force	12,105,797	53,500	3,187,000	30,000	72,000	47,500	48,000	11,000
11 Employee-wise details of options granted to:								
(a) Key managerial personnel i.e MD & CEO and SEVPs	17,461,000	-	-	-	-	-	-	-
(b) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year.	2,610,000	-	1,025,000	-	-	-	-	-
(c) Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant.	Nil	-	-	-	-	-	-	-
12) Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of option, calculated as per Accounting Standard (AS) 20- "Earning Per Share"	The Diluted EPS of the Bank calculated after considering the effect of potential equity shares arising on account of exercise of options is ₹ 33.41							

Particulars	ESOP 2007 (As at March 31, 2014)	Options Granted on May 15, 2014	Options Granted on June 2, 2014	Options Granted on July 9, 2014	Options Granted on October 13, 2014	Options Granted on January 17, 2015	Options Granted on February 23, 2015	Options Granted on March 30, 2015
13 Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	The Bank has charged ₹ 3.48 crores to the Profit and Loss account being the intrinsic value of stock options granted for the year ended March 31, 2015. Had the Bank adopted the Black Scholes model based fair valuation, compensation cost for the year ended March 31, 2015, would have increased by ₹ 59.54 crores and the proforma profit after tax would have been lower by ₹ 39.31 crores. On a proforma basis, the basic and diluted earnings per share would have been ₹ 33.25 and ₹ 32.68, respectively.							
14 Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	<p>The weighted average market price of options exercised during the year is ₹ 623.19</p> <p>Grants whose Exercise Price equals market price:</p> <p>The weighted average exercise price of options granted during the year is ₹ 545.74</p> <p>The weighted average fair value of options granted during the year is ₹ 228.99</p> <p>Grants whose Exercise price is less than market price:</p> <p>The weighted average exercise price of options granted during the year is ₹ NIL</p> <p>The weighted average fair value of options granted during the year is ₹ NIL</p>							
15 A description of the method and significant assumptions used during the year to estimate the fair value of Options, including the following weighted-average information:	The fair value has been calculated using the Black Scholes Option Pricing model.							
Risk Free Interest Rate		8.78%	8.68%	8.72%	8.47%	7.76%	7.76%	7.77%
Expected Life		4.51	4.51	4.51	4.51	4.51	4.51	4.51
Expected Volatility		39.18%	38.98%	38.22%	37.10%	36.28%	36.39%	36.43%
Dividend Yield		0.99%	0.99%	0.99%	0.99%	0.99%	0.99%	0.99%
Price of the underlying share in the market at the time of option grant.		537.05	533.95	551.10	623.25	831.85	876.80	880.75

Particulars	ESOP 2007 (As at March 31, 2014)	Options Granted on May 15, 2014	Options Granted on June 2, 2014	Options Granted on July 9, 2014	Options Granted on October 13, 2014	Options Granted on January 17, 2015	Options Granted on February 23, 2015	Options Granted on March 30, 2015
Table "A" Any other employee who receives a grant in any one year of Options amounting to 5% or more of the Options granted during the year								
Name	Number of Options granted:							
Ramaswamy Meyyappan			225,000					
Paul Abraham			200,000					
Kalpathi Sridhar			200,000					
Sumant Kathpalia			200,000					
Sumant Kathpalia			200,000					
Note to "Table A"								
33% of these Options will vest on			2/6/2015					
33% of these Options will vest on			2/6/2016					
34% of these Options will vest on			2/6/2017					

ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 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

CIN	L65191PN1994PLC076333
Registration Date	January 31, 1994
Name of the Company	IndusInd Bank Limited
Category / Sub-Category of the Company	Private Sector Bank
Address of the Registered office and contact details	2401 General Thimmayya Road, Cantonment, Pune – 411001 Tel. No.: 020 - 30461600/601/602/603 Fax No.: 020 – 2634 3241 Email: investor@indusind.com Website: www.indusind.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	LINK INTIME INDIA PRIVATE LIMITED C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 Tel No.: 022 – 2594 6980 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. Principal business activities of the company

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

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

III. Particulars of holding, subsidiary and associate companies

Sl. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	ALF Insurance Services Private Limited Add: No. 115 & 116 G N Chetty Road, T. Nagar, Chennai – 600 017, Tamil Nadu	U67200TN2003PTC050551	Subsidiary (Under liquidation)	100	2(87)
2	IndusInd Marketing and Financial Services Private Limited Add: No.115 & 116 G N Chetty Road, T Nagar, Chennai – 600017, Tamil Nadu	U67190TN2002PTC048590	Associate	30	2(6)

IV. Share holding 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. Promoter									
(1) Indian									
a) Individual / HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other..	0	0	0	0	0	0	0	0	0
Sub-total (A) (1):-	0	0	0	0	0		0	0	0
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	79899984	0	79899984	15.21	79899984	0	79899984	15.09	-0.11
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	79899984	0	79899984	15.21	79899984	0	79899984	15.09	-0.11
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	79899984	0	79899984	15.21	79899984	0	79899984	15.09	-0.11
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	25413921	3150	25417071	4.84	39610787	3150	39613937	7.48	2.64
b) Banks / FI	1923325	562	1923887	0.37	1188049	562	1188611	0.22	-0.14
c) Central Govt	0	0	0	0	50	0	50	0.00	0.00
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	11870930	0	11870930	2.26	6852422	0	6852422	1.29	-0.96
g) FIs	227417505	0	227417505	43.28	210236093	0	210236093	39.71	-3.57
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	266625681	3712	266629393	50.74	257887401	3712	257891113	48.71	-2.03

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	69264874	238994	69503868	13.23	64465290	204707	64669997	12.21	-1.01
ii) Overseas	376000	1101100	1477100	0.28	376000	1101000	1477000	0.28	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	20661084	8159295	28820379	5.48	21050210	7358783	28408993	5.37	-0.12
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	7897228	268159	8165387	1.55	8320832	238159	8558991	1.63	0.07
c) Others (specify)									
Clearing Member	1475820	0	1475820	0.28	448792	0	448792	0.09	-0.20
Non Resident Indians (REPAT)	1465637	1055700	2521337	0.48	1310204	992500	2302704	0.44	-0.04
Non Resident Indians (NON REPAT)	1553193	27400	1580593	0.30	2480898	25900	2506798	0.48	0.18
Foreign Portfolio Investor (Corporate)	0	0	0	0	17767313	0	17767313	3.38	3.38
Directors / Relatives	353800	0	353800	0.07	100580	0	100580	0.02	-0.05
Trusts	336459	0	336459	0.06	735580	0	735580	0.14	0.08
SUB TOTAL:(B) (2)	103384095	10850648	114234743	21.74	117055699	9921049	126976748	24.03	2.29
Total Public Shareholding (B)=(B)(1)+ (B)(2)	370009776	10854360	380864136	72.48	374943100	9924761	384867861	73.25	0.76
C. Shares held by Custodian for GDRs & ADRs	64682364	0	64682364	12.31	64682364	0	64682364	12.31	0.00
Grand Total (A+B+C)	514592124	10854360	525446484	100.00	519525448	9924761	529450209	100.00	0.00

ii) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total share	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	IndusInd International Holdings Ltd.	60399984	11.49	0	60399984	11.41	0	-0.09
2.	IndusInd Limited	19500000	3.71	0	19500000	3.68	0	-0.03
	Total	79899984	15.21	0	79899984	15.09	0	-0.11

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

Sl. No.		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	At the beginning of the year	79899984	15.21	79899984	15.09
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	No change during the year*			
3	At the end of the year	79899984	15.21	79899984	15.09

* The Shareholding of Promoters has not changed in absolute terms. The variation in terms of percentage is due to increase in paid up share capital of the Bank on account of allotment of shares pursuant to exercise of options under the ESOP scheme during the year ended March 31, 2015.

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
1	Bridge India Fund	22263458	4.24	22263458	4.21
2	Afrin Dia	16165000	3.08	15005666	2.83
3	Ga Global Investments Limited	25894839	4.93	12776391	2.41
4	Goldman Sachs Investments (Mauritius) I Ltd	15295985	2.91	10280795	1.94
5	ICIC Prudential Life Insurance Company Ltd	7885269	1.5	8462134	1.6
6	Hinduja Group Limited	7839117	1.48	8249117	1.56
7	Franklin Templeton Mutual Fund A/C Franklin India Bluechip Fund	7138144	1.35	8036749	1.52
8	Franklin Templeton Investment Funds	5319928	1.01	7606520	1.44
9	IDL Speciality Chemicals Limited	8798000	1.67	7281000	1.38
10	Morgan Stanley Asia (Singapore) PTE	0	0	7052241	1.33

Note: The shares of the Bank are traded on a daily basis and hence the date wise increase / decrease in shareholding is not indicated. Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	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	T. Anantha Narayanan, Director	580	0.00	580	0.00
	At the End of the year (or on the date of separation, if separated during year (31-03-2015)	N.A.	N.A.	580	0.00
2	Romesh Sobti, Managing Director & CEO	3,50,000	0.07	3,50,000	0.07
	Less - 23.04.2014 Market Sale	(-) 1,05,000	0.02	2,45,000	0.05
	Less - 09.05.2014 Market Sale	(-) 45,000	0.01	2,00,000	0.04
	Less - 15.05.2014 Market Sale	(-) 50,000	0.01	1,50,000	0.03
	Less - 16.05.2014 Market Sale	(-) 50,000	0.01	1,00,000	0.02
	Add - 22.07.2014 ESOP Allotment	1,70,000	0.03	2,70,000	0.05
	Less - 25.08.2014 Market Sale	20,000	0.00	2,50,000	0.05
	Less - 28.08.2014 Market Sale	30,000	0.01	2,20,000	0.04
	Less - 12.11.2014 Market Sale	80,000	0.02	1,40,000	0.03
	Less - 13.11.2014 Market Sale	20,000	0.00	1,20,000	0.02
	Less - 28.02.2015 Market Sale	20,000	0.00	1,00,000	0.02
	At the End of the year (or on the date of separation, if separated during year (31-03-2015)	N.A.	N.A.	1,00,000	0.02
3	S. V. Zaregaonkar, Chief Financial Officer	4,150	0.00	4,150	0.00
	Less - 13.05.2014 Market Sale	3,000	0.00	1,150	0.00
	Less - 16.05.2014 Market Sale	1,000	0.00	150	0.00
	At the End of the year (or on the date of separation, if separated during year (31-03-2015)	N.A.	N.A.	150	0.00
4	Haresh K. Gajwani, Company Secretary	1,800	0.00	1,800	0.00
	Less - 22.04.2014 –Market Sale	1,800	0.00	0	0.00
	Less - 09.05.2014 – ESOP Allotment	3,000	0.00	3,000	0.00
	Less - 09.05.2014 – Market Sale	3,000	0.00	0	0.00
	At the end of the year (or on the date of separation, if separated during year (31-03-2015)	N.A.	N.A.	NIL	NIL

V. Indebtedness:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in crores

Particulars	Secured loans excluding deposits	Unsecured loans *	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i. Principal Amount		8,877		75,264
ii. Interest due but not paid		176		533
iii. Interest accrued but not due				
Total (i+ii+iii)		9,053		75,797
Net Change in Indebtedness during the financial year		2,656		19,408
Indebtedness at the end of the financial year:				
i. Principal Amount		11,638		94,752
ii. Interest due but not paid		71		453
iii. Interest accrued but not due		-		-
Total (i+ii+iii)		11,709		95,205

* The Bank is governed by the Banking Regulation Act, 1949 and duly licensed by RBI to operate as a Scheduled Commercial Bank in India, the entire amount of client deposits and other borrowings are shown under "Unsecured Loans".

VI. Remuneration of directors and Key Managerial Personnel :
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

in ₹

Sr. No.	Particulars of Remuneration	Mr. Romesh Sobti, Managing Director & CEO
1	Gross Salary	
	a. Salary as per provisions contained in Section 17(1) of IT Act, 1961	430,21,375
	b. Value of perquisites under Section 17(2) of IT Act, 1961	90,54,848
	c. Profits in lieu of salary under Section 17(3) of IT Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- As % of profit	
	- Others	
5	Others, please specify	18,35,079
6	Total	5,39,11,302
7	Ceiling as per the Companies Act, 2013 %	

Total of Remuneration does not include Stock Options

% In terms of the provisions of the Companies Act, 2013, the Remuneration payable to Managing Director & CEO shall not exceed 5% of the net profit of the Bank. The remuneration paid to MD & CEO is well within the said limit.

B. Remuneration to other directors:

Non-executive Directors receive remuneration only by way of Sitting Fee for attending the meetings of the Board and of various Board Committees. As per the Bank's policy, no Stock Options were granted to the Non-executive Directors.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

in ₹

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	Total
1.	Gross salary	52,52,198	2,05,18,525	2,57,70,723
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	Value of perquisites u/s 17(2) Income-tax Act, 1961	53,621	9,40,717	9,94,338
	Profits in lieu of salary under section 17(3) Income tax Act, 1961			
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify			
5.	Others, please specify	2,09,798	6,87,000	8,96,798
	Total	55,15,617	2,21,46,242	2,76,61,859

(Remuneration details does not include Stock Options)


VII. Penalties / Punishment/ Compounding of offences

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

ANNEXURE VI TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Sr. No.	Particulars
1	A brief outline of the Bank's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects.
	Remarks
	<p>The Bank's CSR Policy</p> <p>CSR Mission Statement</p> <p>At IndusInd Bank, we believe that 'Good Ecology is Good Economics'. We will continue to create value for all our stakeholders and emerge as a 'Best-in-Class' Bank that is committed to sustainable economic growth. We will ensure that the Bank's business grows consistently and responsibly, benefitting those we directly serve while also promoting the well-being of our employees, our natural environment and the community at large.</p> <p>Guiding Principles</p> <p>We recognize our on-going commitment to engage with our stakeholders to be a crucial and powerful tool for the way we conduct business. We will pursue a process of continuous improvement of our CSR policy and practices. Our vision is to be trusted, valued and respected for our financial, environmental and social performance. We will be guided by the principles outlined in the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGSEE) and the UN Global Compact as listed below:</p> <ol style="list-style-type: none"> Strengthen our governance framework with ethics, transparency and accountability Provide value to consumers through effective stakeholder engagement Promote gender equality, diversity and wellbeing of all employees Respect the protection of internationally proclaimed human rights Engage with Government and Trade & Industry Associations on national and international platforms Build inclusive, healthy and sustainable communities Undertake initiatives to promote greater environmental responsibility Communicate our CSR objectives and goals to all internal and external stakeholders. <p>The Bank's CSR projects, CSR Committee of the board and relevant details can be viewed at the web link-</p> <p>http://www.indusind.com/content/csr-home/our-approach/csr-policy.html</p>

Sr. No.	Particulars
	<p>Focus Areas</p>  <div> <div> <p>Rural Development & Inclusiveness</p> <ul style="list-style-type: none"> • Financial Literacy • Livelihood Development • Education for All (Primary & Secondary) </div> <div> <p>Environmental Sustainability</p> <ul style="list-style-type: none"> • Climate Change - GHG mitigation • Renewable Energy & Clean Technology • Biodiversity Protection </div> <div> <p>Preventive Healthcare</p> <ul style="list-style-type: none"> • Access to cheap & reliable healthcare • Air & Water Quality • Education about health and hygiene • Healthcare research </div> <div> <p>Areas of Special Interest</p> <ul style="list-style-type: none"> • Armed Forces • Preference to the areas where the Bank operates. • Environmental education </div> </div>
2	The composition of the CSR Committee is as under:
	<ol style="list-style-type: none"> 1. Mrs. Kanchan Chitale (Chairperson) 2. Mr. Ashok Kini 3. Mr. Vijay Vaid 4. Mr. Romesh Sobti (Managing Director & CEO)
3	<p>Average Net Profit of the Bank for last three financial years.</p> <p>₹ 1,632.45 crores</p>
4	<p>Prescribed CSR Expenditure (Two per cent of the amount as in item 3 above)</p> <p>₹ 32.64 crores</p>
5	<p>Details of CSR spent during the financial year:</p> <ol style="list-style-type: none"> a) Total amount to be spent for the financial year – ₹ 32.64 crores b) Amount unspent ₹ 15.11 crores c) Manner in which the amount was spent during the financial year is detailed below:

Sr. No.	CSR project or activities identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ in Lakhs)	Amount spent on the projects or programs Sub - heads: (1)Direct expenditure on projects or programs (2) Overheads (₹ in Lakhs)	Cumulative expenditure up to to the reporting period (₹ in Lakhs)	Amount spent: Direct or through implementing Agency
1	2	3	4	5	6	7	8
1.	Swachh Vidyalaya Abhiyaan	Rural Development & Inclusiveness, Preventive Healthcare	Kolhapur District, Maharashtra	100.00	9.50	9.50	Through Implementing Agency
2.	Legal Literacy Programme for Women	Rural Development & Inclusiveness	Bhopal and Sagar Districts, Madhya Pradesh	20.00	-	-	Through Implementing Agency
3.	Rehabilitation of street children addicted to drugs	Preventive Healthcare & Imparting of Vocational Skills	Saphale, Maharashtra	48.00	48.00	48.00	Through implementing partner
4.	Pradhan Mantri Jan Dhan Yojana	Rural Development & Inclusiveness	PAN India Initiatives	97.00	97.00	97.00	Direct
5.	CSR Department Internal Capacity Building	Not Applicable	Not Applicable	22.00	22.00	22.00	Direct
6.	Green Champion Programme	Environmental Sustainability and Awareness Creation	PAN India Initiative	9.00	9.00	9.00	Direct
7.	CSR Capacity Building, developing the Bank's CSR Strategy and Policy	Environmental Sustainability	Mumbai, Maharashtra	14.00	14.00	14.00	Through Implementing Agency
8.	Facilitating livelihood Of Villages in buffer areas of forests in Melghat region	Environmental Sustainability and Nature Conservation	Amravati, Maharashtra	50.00	3.00	3.00	Through Implementing Agency
9.	Urban afforestation programme to conserve and protect urban biodiversity	Environmental Sustainability and Nature Conservation	Mumbai, Maharashtra	6.00	6.00	6.00	Through implementation partner

Sr. No.	CSR project or activities identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ in Lakhs)	Amount spent on the projects or programs Sub - heads: (1)Direct expenditure on projects or programs (2) Overheads (₹ in Lakhs)	Cumulative expenditure up to to the reporting period (₹ in Lakhs)	Amount spent: Direct or through implementing Agency
10.	Solar installation/ operations on ATMs.	Environmental sustainability	PAN India	43.00	22.00	22.00	Through Implementation partner
11.	Green branch	Environmental sustainability	Gurgaon, India	118.00	118.00	118.00	Through various implementation partners
12.	Communication of bank's CSR policy and initiatives through the Hum Aur Hariyali Online channel	Awareness & capacity building	PAN India	2.00	2.00	2.00	Directly through Implementation partner Indigo Systems & technology Pvt Ltd
13.	Environment Sustainability	Environmental conservation with a clear road map on adopting Green IT practices and technology.	PAN India	1086.00	1086.00	1086.00	Through various implementation partners
14.	Contribution to various social causes	Preventive Healthcare & Imparting of Vocational Skills	PAN India	56.00	56.00	56.00	Through various implementation partners
15.	Energy conservation through installation of timers in signage pan India.	Environmental Sustainability	PAN India	7.00	7.00	7.00	Through various implementation partners
16.	Energy conservation through usage of thin client desktop.	Environmental Sustainability	PAN India	Ongoing	107.00	107.00	Through various implementation partners
17.	Additional 23 unbanked rural branches for FY over and above regulatory requirement	Rural Development & Inclusiveness	PAN India	Ongoing	147.00	147.00	Through various implementation partners
	Total				1753.50	1753.50	

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

This year, Bank has invested in developing the necessary institutional machinery to undertake and implement activities in line with Schedule VII and Section 135 of the Companies Act, 2013. Even before the Act become applicable, the Bank has been supporting various environmental and social concerns, many of these wherever possible have been aligned to meet the provisions of the Act. This year, the Bank has been able to spend 54% of the outlay.

7. A Responsibility Statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Bank.

This note describes the CSR policy, focus areas and projects that the Bank has undertaken in the Financial Year 2014-2015 and I hereby acknowledge that this is in compliance with the CSR Policy and objectives.

Romesh Sobti
Managing Director & CEO
Mumbai, May 22, 2015

Kanchan Chitale
Chairperson - CSR Committee

ANNEXURE VII TO THE DIRECTORS' REPORT

Business Responsibility Report (As per SEBI Circular CIR/CFD/DIL/8/2012 of August 13, 2012)

Section A: General Information about the Company		
1.	Corporate Identity Number (CIN) of the Company	L65191PN1994PLC076333
2.	Name of the Company	IndusInd Bank Limited
3.	Registered address	2404, Gen. Thimmayya Road, (Cantonment), Pune – 411001.
4.	Website	www.indusind.com
5.	E-mail id	csrsupport@indusind.com
6.	Financial Year reported	April 1, 2014 – March 31, 2015
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Banking
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	All banking and para banking services including accepting of deposits such as Savings Accounts, Current Accounts, Fixed Deposits, and granting of loans to various segments including industries / business and retail Loans to individuals, etc.
9.	Total number of locations where business activity is undertaken by the Company.	801 branches across India, Corporate Office, Back Offices and Representative Offices.
	i. Number of International Locations (Provide details of major 5)	Representative Offices at Dubai, Abu Dhabi and London
	ii. Number of National Locations	801 branches across India, Corporate Office and Back Offices.
10.	Markets served by the Company – Local / State / National / International	All
Section B: Financial Details of the Company		
1.	Paid up Capital (INR)	- ₹ 529.45 crore
2.	Total Turnover (INR)	- ₹ 1,42,922.56 crore (Total Business)
3.	Total profit after taxes (INR)	- ₹ 1793.72 crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (%).	a.) During FY 2014-15, the Bank reached out to around 1.7 million households from the Base of the Pyramid (BoP) Segment, both through Direct and Indirect channels, spread across 25 States and 395 Districts. Out of the same, the Bank has directly reached out to about 718,000 clients spread across 10 States and 79 Districts covering more than 13,300 villages and 180 slums. Majority of the areas are from under banked districts and districts which rank low on the CRISIL Financial Inclusion Index. 100% of these loans were to Women organised in Joint Liability Groups (JLG); various international studies have shown that such loans extended along with other financial services in a responsible manner would help improve the quality of lives and help empower women over a period of time. It is the Bank's endeavour to deepen the engagement with these clients to help them move out of poverty and improve their standard of living in a sustainable manner.

		<p>b.) In terms of socio-economic composition, 70% of the population belong to Backward Communities with SC / ST categories, constituting 32% by number and amount. 100% of these loans were to women organised in Joint Liability Groups and around 40% of the loans were to Agri and Agri- Allied sectors, with balance towards Micro Enterprises (Manufacturing, Trade and Service). The activities covered under the Agri and Agri- Allied sector includes, Vegetable Cultivation, Release of land mortgaged with Money lenders, Borewell digging, Pump-set, Land Development, Livestock Loans – Buffalo, Cows, Sheep rearing, Kitchen poultry units, etc. and the activities covered under the Micro Enterprises sector includes, Saree Trading, Fruits business, Kirana stores, Snacks stores, Roadside Dhabhas, Cycle repair shops, Tea Stalls, Agarbathi making, Tailoring, etc. In the process, the Bank has touched more than 1200+ activities thus covering virtually every aspect of clients at the BoP segment.</p> <p>About 55% of the loans are for amounts below ₹ 15,000.</p> <p>c.) During the year, the Bank also opened 73 branches in unbanked centres (where there are no Scheduled Commercial Banks present).</p> <p>The Bank has spent ₹ 17.53 crore on various social and environmental activities during the year 2014-15 which is 0.98% of the Net Profit.</p>
	<p>List of activities in which expenditure in 4 above has been incurred:-</p> <p>a.</p> <p>b.</p> <p>c.</p>	<p>Activities include:</p> <p>a. Energy conservation</p> <p>b. Renewable Energy</p> <p>c. Environment</p> <p>d. Social Spends</p> <p>e. Arts & Culture</p>
Section C: Other Details		
1.	Does the Company have any Subsidiary Company/ Companies?	Yes. Currently under voluntary liquidation.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	Not applicable.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].	Not applicable.

Section D: BR Information

1.	Details of Director/Directors responsible for BR	
	a) Details of the Director/Director responsible for implementation of the BR policy/policies	
	DIN Number	00031034
	Name	Mr. Romesh Sobti
	Designation	Managing Director & CEO
	b) Details of the BR head:	
	DIN Number (if applicable)	----
	Name	Mr. Adwait Hebbar
	Designation	Head - Corporate Services
	Telephone number	91.22.61069280
	e-mail id	adwait.hebbar@indusind.com

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

S. No	Questions	Business Ethics	Product Responsibility	Wellbeing of employees	Stakeholder engagement	Human Rights	Environment	Public Policy	Inclusive Growth and Equitable Development	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Policies are in line with Reserve Bank of India, Ministry of Corporate Affairs (MCA) guidelines and other regulations / guidelines as applicable.								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y

S. No	Questions	Business Ethics	Product Responsibility	Wellbeing of employees	Stakeholder engagement	Human Rights	Environment	Public Policy	Inclusive Growth and Equitable Development	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
6.	Indicate the link for the policy to be viewed online?	Policies are uploaded on the Bank's Intranet. Policies related to Points P7 & P9 are available on the Bank's website. http://www.indusind.com/content/csr-home/our-approach/csr-policy.html http://www.indusind.com/content/home/footer/customer-care/grievance-redressal.html								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y	Y	Y	Y	Y	-	Y
8.	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	-	Y	-	Y	-	-	-	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	-	N	N	Y

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

		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

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

Section E: Principle-wise performance

Principle 1

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

Policy relating to ethics, bribery and corruption covers the Bank, as also the Suppliers / Contractors / Others, and is embedded in the Bank's Human Resources Policy, Code of Conduct and Discipline, Employee Service Rules, Outsourcing Agreements with the vendors / contractors, etc.

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

No complaints were received with respect to ethics,.

Principle 2

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

Not Applicable

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

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

Not Applicable.

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

Not Applicable

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

The Bank endeavors to buy environment-friendly products even if these are slightly expensive.

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

Information Technology vendors as well as other equipment vendors were assessed on the basis of environment-friendliness, carbon footprint and resource management practices. It was found that of the 75% responding suppliers who measure their carbon footprint, 50% have set emission reduction targets and over 80% of responding suppliers have obtained 3rd party certifications for products such as energy star certifications.

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

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

Not Applicable.

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

The Bank is committed to dispose electronic and toxic waste through authorized e-waste vendors. In 2014-15, the Bank has disposed 48,434 kgs. of e-waste. In a continued effort to recycle waste paper, the Bank has also tied up with ITC Ltd. at a few centers through their 'Wealth Out of Waste' (WOW) - waste paper collection arrangement.

Principle 3

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

Total number of employees is 19,121.

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

Total number of employees hired on temporary / contractual/casual basis is 1,817.

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

Number of permanent women employees is 3,111.

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

Number of permanent employees with disabilities is 5.

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

There is no employee association in the Bank.

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

Not Applicable.

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

S. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	6	1
3	Discriminatory employment	Nil	Nil

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

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

Total Employee Strength	No. of programs	Total no. of participants	Total Man hrs. achieved	Average Man hrs. per participant	Average Man days achieved
19,121	1,091	92,196	5,23,510	32	4

Fire Evacuation Drill & Work Place Safety E-Learning:

Number of Offices & branches covered	No. of sessions/live demonstration	Total no. of participants including E-learning module on Workplace Safety & Security	Total Man hrs. achieved	Average Man hrs. per participant
Corporate, Zonal, Regional & Back Offices: 21 Branches: 110 branches	121	3,991	1,313	3

Principle 4

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

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes.

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

Inclusive Banking Group adopts collaborative approach by partnering with suitable intermediaries / institutions for offering the FI products and services in a phased manner, with strong risk management systems and controls. The program was initiated with micro-credit and has been expanded to basic savings accounts. The target segment is 100% women. The business model involves thorough interaction with the member's household, visit to their houses and business place to assess the level of economic activity. The lending methodology involves forming Joint Liability Group through which the members are closely aligned with each other and share each other's responsibilities. These groups also enhance the member connect with each other, share their issues/concerns, etc., for collective addressing. The program has an embedded component of financial literacy which educates the members on various components of financial services being offered. The member interaction keeps happening as frequent as a week to a month.

Principle 5

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

The Policy is applicable to the Bank.

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

The Bank has not received any complaints pertaining to human rights.

Principle 6

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

While the policy related to Principle 6 is applied across the Bank, our endeavor is to empanel the vendors who are engaged in following best environment practices.

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

Given the nature of the Bank's business, we have undertaken initiatives and sustainable practices within the Bank, such as:

Green IT:

Power saving initiatives were implemented across the Bank on 13,583 laptops and desktops. These steps have resulted in reduction of 433 tons of carbon emissions. The Bank has also been aggressive in migrating hardware architecture from physical to virtual servers - 642 servers have been virtualized on 63 physical servers.

ATM's with Solar Panels:

Through the installation of 100 Solar ATMs, the Bank not only successfully generated 1,20,296 kwh of solar energy, but also mitigated 1,44,015 kg of Carbon.

Solar-powered premises:

51.5 mwh of energy was generated through Solar installation at the Bank's owned premises at Karapakkam, Chennai, which contributed to 9.5% of the total energy demand.

Power-saving Devices:

52 Power-saving devices were installed at various offices and branches of the Bank, and Timers were installed at 800 signages which aided in saving electricity and mitigating carbon emission. The Bank deployed 580 thin clients this year - an increase of 45% from the previous year. Continued adoption of thin clients resulted in savings of 300 kwh. per client when compared with Standard Desktop Computers.

Paper conservation:

The Bank uses recycled paper for business cards and has replaced regular A4 papers with eco-friendly paper made from Bagasse. This year onwards, the Bank has started using bagasse based recycled paper for envelopes as well. These initiatives have saved around 550 trees. The Bank has recycled around 11,700 kgs of paper in West and South regions through its Waste Management partners, ITC.

E-waste:

The Bank has disposed-off 48,434 kgs of E-waste through authorized recycle vendors who follow environment norms laid down by the Government. This is more than double the amount done in the previous year.

Sustainable Supply Chain:

In order to ensure sourcing of equipment from a reliable and secure supply chain, the Bank has initiated a supplier sustainability assessment of the large spend suppliers. IT vendors and equipment vendors were assessed on their environment, carbon footprint and resource management practices. It was found that over 75% of responding suppliers measure their carbon footprint, out of which 50% have set emission reduction targets. Over 80% of responding suppliers have obtained 3rd party certifications for products such as, energy star certifications.

LED Lighting:

LED lights are being installed at new branches to reduce power consumption.

3. **Does the company identify and assess potential environmental risks? Y/N**
Not Applicable
4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**
Not Applicable
5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for web page etc.**
Yes, the Bank has set up a LEED 'Gold certified' Green Branch in Gurgaon. The details are available in the Annual Report under the caption 'Growing towards a sustainable future'.
6. **Are the Emissions / Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**
Not Applicable.
7. **Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year**
Not Applicable.

Principle 7

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

Yes. Few major ones are as under:

- a. Confederation of Indian Industry (CII)
- b. Indian Merchants Chambers (IMC)
- c. Bombay Chamber of Commerce & Industry (BCCI)
- d. Indian Banks Association (IBA)
- e. Indian Institute of Banking and Finance (IIBF)
- f. Data Security Council of India

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

No.

Principle 8

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

In the year 2014-2015, the Bank adopted sustainable initiatives and practices in the communities of its operations. The Bank has formed a CSR Committee of the Board and has published its official CSR Policy in public domain in compliance with Section 135 of the Companies Act, 2013. While there have been several changes with regard to governance and policy, the Bank continues to uphold its core CSR values and has built on the foundations laid down during the preceding years.

The Bank's "Hum aur Hariyal" program, first initiated in 2008, focuses on social and environmental issues and solutions at national, institutional and community levels. Over the years it has focused on the following:

- Execution of green solutions or projects;
- An interactive e-learning and employee engagement program;
- Monitoring, evaluation and reporting of the Bank's environmental impact;
- Greening IT through our Server Virtualization Project.

Through this program, the Bank continues to strive to reduce its carbon footprint through the implementation of innovative technological solutions and behavior change. In the financial year 2014-15, the Bank has:

- Successfully replaced the use of non-recycled envelopes with recycled ones
- Launched one of India's first LEED-rated standalone Retail Banking branch at Gurgaon and will implement some of the learnings from this project at other new branches across the country.
- Adoption of municipal schools to provide adequate Sanitation for the Girl child under the 'Swachh Vidyalaya Abhiyaan'.
- Legal literacy for women in marginalized rural areas.
- Urban Afforestation Programme.

The Bank's Green Champion program has been running successfully since its inception in 2009. January 2015 witnessed the Annual Green Champions Training Meet at Karnala near Mumbai. Around 30 enthusiastic Green Champions (GCs) from various functions of the Bank gathered for 3 days to exchange ideas and develop the necessary knowledge and skills to drive change in the fields of environment and sustainability. The last quarter of the FY 2014-15 was Biodiversity themed and the GCs participated in a 'selfie-with-trees' campaign to raise

awareness about urban biodiversity and helped the CSR department organise organic kitchen gardening workshops. The aim of these workshops was to highlight the environmental impact of food production and to demonstrate that growing vegetables at home is not only easy but extremely healthy too. The Bank has allocated planting a tree for each participant of the workshops through the Urban Afforestation Project. The past year also saw the Green Commandos under the program who have participated to aid the CSR department and the GCs in their green endeavors.

The Bank's payroll giving scheme 'Share2care' is an initiative which allows the Bank's employees to donate to NGOs who work for social and environmental causes, leveraging their resources and expertise to bring about a positive change. In the past, the employees raised funds for 'SUPPORT' which focuses on rehabilitating street children with drug addiction. The financial year saw the addition of 5 new NGOs, namely, Swechha, Samarathanam, Aaranyak, Nalandaway and Kheti Virasat Mission, to our Share2Care payroll donation campaign.

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

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

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

No.

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

During FY 2014-15, the Bank reached out to around 1.7 million households from the Base of the Pyramid (BoP) Segment both through Direct and Indirect Channels.

- Geographical Spread
 - a. 25 States, 395 Districts
 - b. Out of the above, the Bank has directly reached out to around 718,000 clients spread across 10 States & 79 Districts covering more than 13,300 villages and 180 slums.
 - c. Majority of the above are from under banked districts and districts which rank low on the CRISIL Financial Inclusion Index.
 - d. 100% of these loans were to Women organised in Joint Liability Groups (JLG); various studies internationally have shown that such loans extended along with other financial services in a responsible manner would help improve the quality of lives and help empower the women over a period of time. It is the Bank's endeavour to deepen the engagement with these clients to help them move out of poverty and improve their standard of living and do it in a sustainable manner.
- Socio / Economic Status
 - e. In terms of socio-economic composition, 70% of the population belong to Backward Communities with SC /ST categories, constituting 32% by number and amount.
 - f. About 40% of the loans were to Agri and Agri- Allied sectors, with balance towards Micro Enterprises (Manufacturing, Trade and Service). The activities covered under the Agri and Agri-Allied sector includes, Vegetable Cultivation, Release of land mortgaged with Money lenders, Borewell digging, Pump-set, Land Development, Livestock loans – Buffalo, Cows, Sheep rearing, Kitchen poultry units, etc. and the activities covered under the Micro Enterprises sector includes, Saree Trading, Fruits business, Kirana stores, Snacks stores, Roadside Dhabhas, Cycle repair shops, Tea Stalls, Agarbatti making, Tailoring, etc. In the process, the Bank has touched more than 1200+ activities thus covering virtually every aspect of clients at the BoP segment.
 - g. In terms of loan sizes, 55% of the above loans are for amounts less than ₹ 15,000.

The Bank has spent ₹ 17.53 crores on various social and environmental activities during the year 2014-15 which is 54% of the net profit.

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

Following are key ingredients of successful adoption of community development initiative:

- Products suiting the needs: The products offered are unconventional, with flexible repayment frequencies (weekly/ fortnightly and monthly).
- Counter-party assessment: Given the lack of proper documentary evidence to establish the income, cash flows to assess credit worthiness and the segment's inability to offer collateral, social collateral in the form of joint liability is obtained which has proven to be robust and efficient. This is supported by mandatory credit bureau enquiry for every applicant helping to make an informed credit decision. The testimony is evident from the fact that the program till date had negligible delinquencies. Portfolio at Risk for more than 30 days as on 31st March 2015 is 0.05%.
- Customer convenience: Considering the nature of activities that the target segment is engaged in, it requires the financial and banking services to be available to them at flexible and convenient times. The customer service point (first point of contact with client) visits customers early in the morning and late evening, which suits them best.
- Continuous Client engagement: This segment lacks financial discipline due to their low literacy and awareness levels. Continuous engagement in the form of group meetings at frequent intervals (weekly / fortnightly / monthly) is made, aligning with the repayments, to instill and reinforce the discipline.
- Feedback system: Regular client meetings and visits to houses of the customers helps in effective feedback system and help sense early warning signals for taking corrective action.
- Appropriate IT systems: Complex nature of business and multitude of business models with various service providers across the country requires a system which is flexible, robust and user- friendly. The Bank has in place a customized software application which is working seamlessly with 10 service providers with number of transactions crossing over 13 million.
- Robust Monitoring: Multi-pronged approach was adopted in monitoring. The Bank has set up a dedicated Analytics Team which does data mining and monitoring and a Process and Control Team which has on-ground presence with field staff headquartered in operational locations. In addition to regular supervision, this makes the monitoring robust.
- Centralized Processing: Operations are centralized and are carried out by dedicated staff for financial inclusion initiatives of the Bank. Technology, Systems and Controls are well in place to ensure quick turnaround time of the loan applications received. The customer on-boarding and KYC verification is done in accordance with regulatory guidelines for every single member under the FI initiative.

Principle 9

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

1.51% customer complaints were pending at the end of the financial year.

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

Not Applicable.

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

No.

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

Yes, the Bank regularly conducts consumer survey / consumer satisfaction trends for its retail products.

ANNEXURE VIII TO THE DIRECTORS' REPORT

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of IndusInd Bank Limited

We have examined the compliance of conditions of Corporate Governance by **INDUSIND BANK LIMITED** ("the Bank") for the year ended 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Bank with 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 compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as 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.

For Bhandari & Associates

S. N. Bhandari
Company Secretaries
Proprietor
C.P. 366

Mumbai, May 22, 2015



Management Discussion & Analysis

Macroeconomic Scenario and Banking Environment

In the year gone by, global economic performance remained subdued, with the world economy in a balancing act.

The US was seen posting a steady recovery with declining unemployment rates, even as Europe and Japan were unable to grow out of their structural weaknesses. On the other hand, emerging markets tried to put behind them the impact of the previous year's 'taper-tantrum', and are currently at different stages of monetary easing. Collapse in oil prices and downturn in the commodity cycle has further clouded the outlook.

In the midst of the global economic divergence, India witnessed improvement in its macroeconomic indicators.

A lower Current Account Deficit (CAD), combined with resurgence of capital inflows, led to a stable Rupee, which was seen to be the best-performing amongst most global currencies. Foreign Exchange Reserves to the tune of \$350 billion have been built by the Reserve Bank of India (RBI).

Inflation indices, both 'Wholesale Price' and 'Consumer Price' declined. The Government has committed to further bringing down the revenue and fiscal deficits, albeit at a slower pace. With private sector Balance Sheets under stress, the Union Government has laid out a broad spread of capital and infrastructure spending. Arising out of higher proportion of transfers from the Central pool, State Governments are expected to lend a helping hand at infrastructure creation and create room for fiscal consolidation.

On the regulatory side, the Reserve Bank of India has reached an 'Agreement on Monetary Policy Framework' with the Government of India, explicitly adopting a target of 4 per cent

Consumer Price Inflation with a band of +/- 2 per cent by January 2016.

RBI has moved to an 'on tap' means for issuing out new licences for banks. Two beneficiaries, Bandhan and IDFC, are expected to enter the industry in the current fiscal. RBI has also simplified access to international funds for Indian borrowers. The regulatory framework of Asset Reconstruction Companies (ARCs) has been relaxed to utilize their expertise so as to better manage Non-Performing Assets in the banking industry. Some of these measures are expected to provide long-term benefits and address structural issues plaguing the industry.

Reforms, such as transfer of subsidy through Direct Benefits Transfer and elimination of unintended beneficiaries, are expected to aid efforts towards cutting down wasteful expenditure in the economy. Opening up of new sectors to Foreign Direct Investment, boosting ease of doing business, making finance available to the micro and small units through MUDRA Bank and enacting reforms such as Goods and Services Tax, Real Estate Regulatory Bill and 'Black Money' Bill are expected to diminish the scope of cash transactions in the economy. As more money is routed through official and formal channels of finance, the banking industry would benefit by way of enhanced network and deepening coverage. It may also have to innovate to create products for the beneficiaries of the 'Jan Dhan Yojana', the hitherto unbanked citizens left out of the official financial system, which should also help banks find the proverbial fortune at the bottom of the pyramid.

On the back of easing inflation, subdued economic activity and improving macro-economic indicators such as Current Account Deficit and Fiscal Deficit, RBI commenced

monetary easing with two interest rate cuts of 25bps each in Repo & Reverse Repo rates announced on January 15, 2015 and March 4, 2015, both being outside the Policy dates.

The Market had already started building the easing expectations from Q3 FY15 and accordingly the 10-year Government Security (G-sec) yield had fallen from 8.51% on September 30, 2014 to 7.74% on March 31, 2015.

RBI in its recent policies has reiterated that its stance will remain accommodative, but it has also highlighted that further easing would be dependent on various factors such as monsoon (and its impact on food prices), US

Fed rate hikes (and its impact on emerging markets), and transmission of rate cuts by banks. RBI has also stated that it expects a real rate of 150-200 bps.

With inflation expected to be in 5-6% range by FY16-end, reduction of 25bpps to 50bpps in Repo rate towards 7-7.25% is expected during FY16, unless CPI surprises on the downside. Accordingly, the G-sec yields are expected to remain subdued, with a modest downward trend, unless the first Fed rate hike gets delayed beyond September 2015 or CPI falls below RBI's expectation of 5.8% by January 2016.

Bank's Performance during 2014-2015

Business Performance

The salient features of the Bank's operating performance during the year 2014-15 are summarized in the table below:-

	₹ in crores		
	2014-15	2013-14	Y-o-Y Growth
Interest Earned	9,691.97	8,253.53	17.43%
Interest Expended	6,271.69	5,362.82	16.95%
Net Interest Income	3,420.28	2,890.71	18.32%
Other Income	2,403.87	1,890.53	27.15%
Total Operating Income	5,824.15	4,781.24	21.81%
Operating Expenses excluding Depreciation	2,599.08	2,087.13	24.53%
Operating Profit before Depreciation and Provisions	3,225.07	2,694.11	19.71%
Less: Depreciation	126.85	98.15	29.24%
Less: Provisions & Contingencies	1,304.50	1,187.94	9.81%
Net Profit	1,793.72	1,408.02	27.39%

Despite the challenging operating environment that prevailed through most part of the financial year, the Bank's Net Profit, after considering all expenses and Provisions and Contingencies, rose by 27.39% to ₹ 1,793.72 crores, as against ₹ 1,408.02 crores in the previous year. The Operating Profit (before Depreciation and Provisions and Contingencies) was higher at ₹ 3,225.07 crores as against ₹ 2,694.11 crores in the previous year, a rise of 19.71%.

The Bank's Net Interest Income improved by 18.32% to ₹ 3,420.28 crores from ₹ 2,890.71 crores. Yield on Advances dropped by 44 bps to 13.12%, while the Cost of Deposits showed a drop of 25 bps at 7.92%, leading to a marginal drop in the Net Interest Margin (NIM) at 3.65% during the year, as compared with 3.71% in 2013-14.

Fee and Miscellaneous Income during the year at ₹ 2,403.87 crores, as compared to ₹ 1,890.53 crores previous year, showed a strong growth of 27.15% year-on-year. The increase in Core Fee

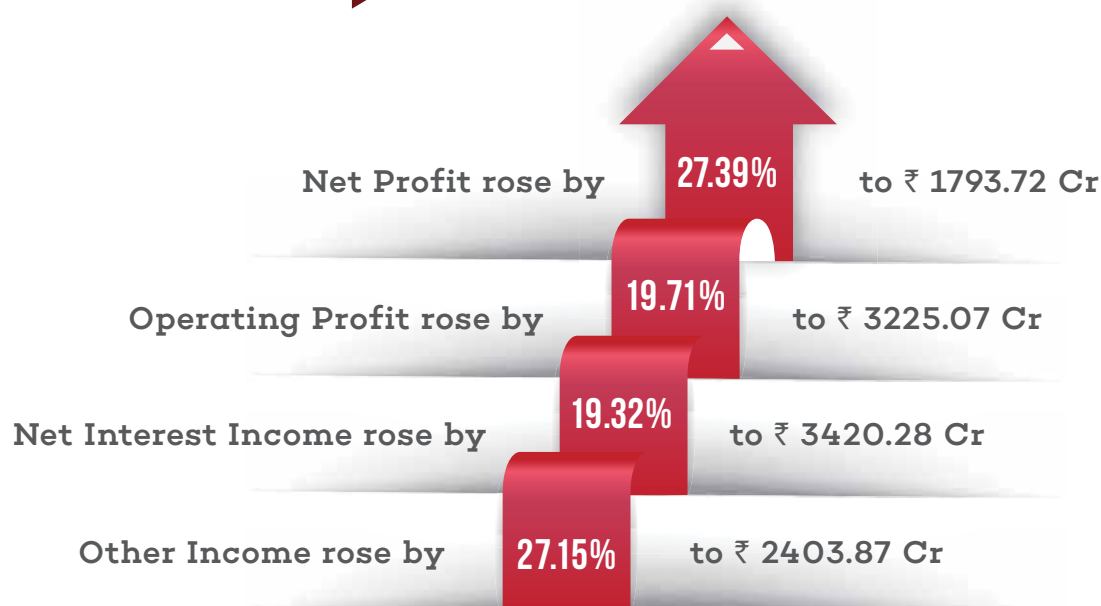
Income from revenue streams like Commission, Exchange, Fees on distribution of third-party products and earnings from foreign exchange business, etc. was strong at ₹ 2,086.66 crores as against ₹ 1,609.71 crores, registering 29.63% growth.

The Bank expanded its branch network rapidly to reach 801 branches, as against 602 at the beginning of the year. Revenue per employee during the year remained steady at ₹ 30 lakhs.

Quality of the Bank's assets was stable, with Net Non-Performing Assets (Net NPAs) at 0.31% at March 31, 2015 as against 0.33% the previous year. Provisioning Coverage Ratio (PCR) was steady at 62.61%, as compared with 70.35% in the previous year.

During the year under review, the Bank allotted 40,03,725 shares, pursuant to the exercise of Options under its Employees Stock Option Scheme, 2007.

Business Performance Highlights



Consumer Banking

During 2014-15, the Bank's Consumer Banking business showed healthy growth in revenue, recording a y-o-y rise of 29%, on the back of 44% rise in the Retail Book (Assets + Liabilities). The Bank's strategy of driving growth in Savings Bank deposits continued to show results, with 42% y-o-y growth driven by the segmented client approach and a growing distribution network.

The Bank enhanced its segment-centric offers in the Current Account product suite. The 'Indus Dollar One Current Account' offers a discounted trade pricing offering to Exporters and Importers, along with the best-in-class banking products and services that include Current Account, Trade & Forex, Salary Account and Retail Forex Services.

The Bank entered into Business Correspondent relationships and other partnerships in the digital and physical space to augment its own distribution channels so as to acquire, service and engage customers, both in the Financial Inclusion space and in other areas.

The Business Banking Group achieved Assets growth of 35% during the year, with rise of 34% in working capital facilities and 41% increase in the Term Loan Book. The 'Loans Against Property' book has shown consistent growth, and grew 50% during the year. The Home Loans distribution tie-up with HDFC Limited is also well established now, with their products being offered by the Bank across all branches in the country. The 'Business Loan' product that had been launched in the previous financial year has created a healthy asset book, with about 1,800 clients on board; spread across the MSME segment.

In its first year of operations, the Agri Business is being offered in 52 branches across seven

States. Bank's customers can avail of the 'Indus Kisan' and 'Agri Business Loans' focused on agricultural traders and processors.

The Bank continued to scale up the Credit Card business by increasing distribution in new cities and introducing new product variants, including the Jet Airways co-branded Card and Chelsea FC co-branded Card. Distribution of third-party products also saw a healthy increase.

The Bank focused on key service propositions such as client engagement and operating process management to enhance the quality of delivery of banking products and services.

Innovations

In line with the theme of "Responsive Innovation", the Bank launched its 'Video Branch', a unique convenience connect with constituents.



The launch of the Video Branch is an element of the Bank's Digitization strategy, to help constituents overcome the constraints of

physical branch banking and provide the bouquet of banking services in a superior manner and in the comfort of their homes.

The Video Branch is a first-in-the-world offering, and the newest channel in IndusInd Bank. Customers can download the app from Google Play Store or Apple App store. Customers can then have a live call with Contact Center agents instantly. Customer also has an option to schedule a call with his / her Branch Manager / Relationship Manager. Customer can avail of all Contact Centre services, and can also request for 28 different financial transactions like FD booking, NEFT, RTGS, internal funds transfer, etc.

Distribution

The Bank launched its first Digital Branch at the IndusInd Rapid Metro Station in Gurgaon. The Digital Branch has been aesthetically designed, with stylish and modern interiors to provide customers a rich and delightful banking experience. The Branch has the first interactive Video Branch Machine in India. Its lobby also has a smart table with iPads, on which customers can do a host of banking and non-banking transactions.

The Bank opened 199 new branches as part of the strategy of expanding its banking network to different locations in the country, and 377 ATMs were set up across key markets. Bank has also partnered with WLA operators to setup co-branded ATMs.

200

MORE BRANCHES

are planned to be opened during the current year in select geographies.

New Product launches

KCC - Indus Kisan Term Loans and Overdraft

Retail Agri Business Unit has introduced the KCC - Indus Kisan as a product offering for the rural segment. Indus Kisan is basically meant for the farmer for their short-term and long-term credit needs for undertaking Agri and Agri-allied activities. This mainly helps farmers for purchase of inputs during the cropping season for their cultivation and other needs.



Loans Against Card Receivables (LACR)

As a step to augment Retail business, the Bank's Retail Assets Division has introduced a new product named 'LACR', that provides liquidity to clients requiring funds for their business purposes. LACR will be useful to constituents for expanding, modernizing or improving small / medium scale businesses.

Overdraft Against Demat Shares (OADS)

The Retail Assets Division has expanded the OADS offering to retail customers. The product provides instant liquidity against customer's shares (from Banks 'Approved Security' List), while keeping the ownership with the customer.

Term Loan grew by 41%	Revenue up by 29%
Working Capital grew by 34%	Retail Book up by 44%
Old Assets grew by 35%	Savings Book up by 42%
Loan Against Property 50%	

Credit Cards

The Bank's Credit Cards business has completed 4 years. Since its purchase from Deutsche Bank, it has scaled up and grown in distribution and profitability while remaining focused on the quality of receivables. The focus of the business during the year was to take measured steps towards further enhancing distribution through the emerging opportunities in online and digital channels, while penetrating into new non-metro locations. The Bank also added to its robust product range through Credit Cards offerings targeted at specific customer segments.

With the objective of further expanding its geographical reach, the business moved into new cities including Amritsar, Jodhpur, Bhubaneswar and Surat. As part of its strategy to use digital channels for acquisition of new customers, the Bank also tied up with multiple online channel partners.

With airline travel having reached homes of the Indian consumer, the Bank launched a co-branded Card in strategic partnership with Jet Airways, India's leading full-service airline. The product has been launched in 2 variants: The Odyssey and The Voyage Cards, both available on the Visa and American Express platforms. The product has been well received and provides customers with an opportunity to earn high-rate Jet Privilege 'Frequent Flyer' Miles while using the Card for day-to-day expenses.

With the growing interest in football among the Indian youth and the growing fan following of the English Premier League, the Bank also launched the Chelsea Football Card, a proposition attractive to the young earners and aspirational segments. The Card also provides the customers an opportunity to purchase exclusive merchandise, at discounts, on the Chelsea FC website and partake of hospitality packages to home games.

The Bank also launched the Commercial Cards Business towards meeting the Plastic payments requirements of commercial and corporate

customers. This product marks the Bank's foray into facilitating Card solutions for corporate customers and provides, for the first time in India, an integrated and highly customizable expense control system for clients.

Customer outstandings have grown 42% and spends by 35%, while controlling risk. The Credit Bureau continues to play an important role in Risk underwriting, and astute use of the Bureau data along with stringent underwriting norms has ensured that the portfolio continues to perform well. Multiple portfolio actions have been undertaken during the year, along with a focus on improving e-Com spends, a high growth area for the future.

The Bank has tie-ups with all the three leading network partners, Master Card, Visa and Amex, and has launched multiple EMI programs to facilitate customer convenience and has built significant receivables from these initiatives. The Bank is fully compliant on issuance of CHIP and PIN, in line with the requirements of RBI.

The business has focused on product quality and differentiated service delivery, and has driven client engagement through customer-centric programs founded on Analytics and Data-centricity. With growing product sophistication and leverage of new and emerging channels of distribution, the business is well placed to register robust growth.





Consumer Finance

The Consumer Finance Division (CFD) extends funding for a wide range of Vehicles / Equipment, which includes Commercial Vehicles, viz., Heavy, Light and Small vehicle segments used both for goods and passenger applications, Passenger Cars, Utility Vehicles, Two-wheelers, and Construction Equipment such as Excavators, Loaders, Tippers, Cranes, etc.

Finance is extended for both new and used assets in all the above segments. During the year, the Division launched the funding of Tractors, a major initiative towards Priority Sector Lending.

The year 2014-15 witnessed continued slowdown in the automobile segment, with the segment witnessing growth of only 7.22%. The Commercial Vehicles segment declined 2.83%, largely due to a decline of 11.57% in sales in the Light Commercial Vehicles segment. Medium and Heavy vehicles segment registered growth of 16.02% over the previous year. The Passenger Vehicle segment grew by 3.90%, Three-wheelers by 10.80% and Two-wheelers grew by 8.09% (Source - SIAM data). Construction segment showed de-growth of 10% (Source - Manufacturer Data).



Aggregate disbursement made during the year was ₹15,534 crores, registering growth of 10%. New loan accounts numbering 9.78 lakh loans were concluded in 2014-15, as against 9.26 lakhs in 2013-14. Growth of 6% in fresh loans disbursed was thus healthy, looking to the slowdown in the vehicle segment.

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

During the year 2014-15,

Used Vehicles loans
disbursed were

₹ 2,779 Cr.

**growth
of 3%**

In the new vehicle segment, loans for Medium and Heavy Commercial Vehicles registered growth of 41% to ₹ 3,336 crores, which was better than the industry growth. Loans for Two-wheelers grew by 6%, with disbursement of ₹ 2,791 crores. Number of Two-wheeler loans disbursed grew to 7.05 lakhs, up from 6.79 lakhs. Disbursement in cars grew by 16% to ₹ 1,816 crores, up from ₹ 1,555 crore in 2013-14. Tractor loans disbursed during the year amounted to ₹ 245 crores (6,343 nos.).

This Division also earned Commission income of ₹ 26.27 crores, primarily through distribution of third-party insurance products of Cholamandam MS General Insurance, strategic partner of the Bank for bancassurance under the General Insurance segment.

The operations of this Division are efficiently supported by document storage and retrieval facility at the Bank's Karapakkam Unit (near Chennai), which handles processing of Loan Documents and maintenance of records. This Unit handled 1.8 million Loan bookings and closure transactions and 24.5 million customer service / accounting transactions during the year 2014-15.

The Bank's Data Centre, also located at Karapakkam, has state-of-the-art facilities in terms of data / equipment protection mechanisms and is equipped with access

rights with sensors to facilitate monitoring of movement within the Centre. The Data Centre has a backup at the Bank's G. N. Chetty Road premises, as part of Business Continuity Planning.

During the year, Hand-Held Terminals were deployed pan-India to handle CFD's collection activity, thus enhancing process efficiencies and facilitating real-time collection monitoring.

Corporate and Commercial Banking Group



Corporate Banking

Corporate & Investment Banking (C & I) provides Universal Banking Solutions to large Indian and multinational corporates. Over the years, this unit has become a banker to almost all the well-known industrial houses of the country and actively participates in their short-term and longer-term financing requirements.

- The Group has built specialist capabilities in executing structured solutions in the Trade Finance and Foreign Exchange hedging for its clients.
- This has increased penetration in the top corporate groups through a variety of funded and non-funded transactions including trade products, foreign exchange products and Investment Banking activities.
- The group consolidated on its strong reputation as a provider of innovative solutions to complex funding requirements, with quick turnaround times.

During FY 14-15, this business grew strongly on both Assets and Liabilities. The Group was very successful in adding prestigious new-to-bank clients to the portfolio using innovative product offerings. Core fees from Trade and Forex grew well, with active participation in working capital and term financing needs.

Public Sector Group

- The Group handles relationships with more than 150 Public Sector clients, including Maharatnas and Navratnas.
- The Business was successful in securing entry into Consortium financing arrangements of many esteemed Public Sector Units (PSUs). The Group successfully executed several E-Procurement mandates from key PSUs, by providing strong technology-based solutions.

Investment Banking (IB)

- Investment Banking at the Bank has 3 main businesses: Debt Capital Markets (DCM), Advisory (M&A and Private Equity) and Structured & Project Finance. This positions the Bank as a partner through the entire life cycle of growth-oriented corporates.
- IB has emerged as a stable provider of large non-interest income for the bank. Due to strong origination and structuring skills, the Bank is now considered as an innovative solution provider in helping corporates raise funds through customized structures that meet varied needs.



- During the year, the bank successfully underwrote and sold down loans to various investors of more than ₹ 4,500 crore and secured for itself an enviable position amongst Private Sector banks in the Loan Underwriting League Tables.
- The year also saw the launch of Project Finance, with focus on specific sectors like Wind, Solar, Roads, Port, Logistics and Power Transmission. With strong domain expertise in these sectors, the Bank was able to win Project Underwriting and Syndication mandates from several large reputed Indian corporates.

Financial Institutions Group (FIG)

- FIG manages relationships with domestic and international banks and Financial Institutions.
- The Group manages a large network of correspondent banks across the globe. These relationships in different geographies support the scaling up of the Trade and Treasury

businesses of the Bank and ensure seamless execution of cross-border deals. The Group also successfully raised foreign currency resources from key correspondents which helped support the lending book in Foreign Currency, thus augmenting the Bank's liquidity needs and facilitating reduction in costs.

Capital & Commodities Markets Division

- The Capital and Commodity Markets Division focuses on serving Capital and Commodity Exchanges and their Members.
- The Bank is a Clearing-cum-Settlement Banker to both NSE and BSE in the Capital and Futures Market segments, and to all the Commodity and Currency Futures Exchanges in the country.

Commercial Banking Group

Set up with a view to target the 'sweet spot' of the Indian corporate space, the Commercial Banking Group focuses on companies in the fast growing Mid-Market segments.

The Bank's initiatives in Supply Chain Finance, Agricultural Business Finance, and Inclusive Banking are also housed within this Business Unit.

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

- Offering a full bouquet of customized products to clients, for their Working Capital and other Term/ Structured Finance requirements;
- Increasing the client-base to create a sustainable earnings stream for the Bank;
- Increased cross-sell through alignment of Relationship Managers and the Product Groups, i.e., Transaction Banking, Global Markets and Investment Banking;
- Offering structured solutions through Transactional and Investment Banking products to clients for specific needs; and

- Meeting the stipulated Priority Sector Lending requirements through its Inclusive Business Group and Agricultural Business Group initiatives.

The highlights of the year are:

- Focus had been laid on building a sustainable working capital client portfolio, and the year saw further strengthening of this position.
- The Group has been widening its client-base for higher growth and greater diversification of risk.
- The Group successfully concluded select large investment banking transactions, evidencing the emphasis on capturing opportunities in this high growth segment.
- Increase in product offerings to the clients. Special emphasis was laid on concluding structured Foreign Exchange (FX) as well as Trade Finance deals. CMS, NCD & Dividend Mandates were successfully concluded, showcasing the Bank's capability to offer innovative customized solutions.

Inclusive Banking Group

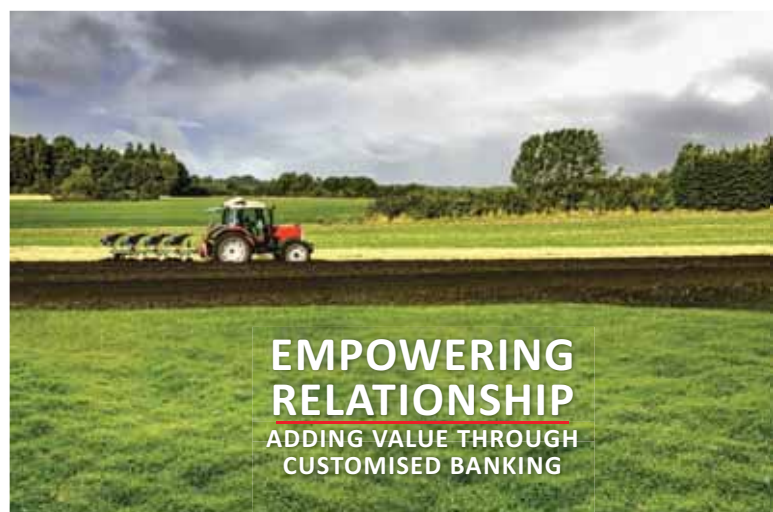
The Inclusive Banking arm of the Group has been leading the market and has pioneered the launch of the 'Business Correspondent Model', with Microfinance Institutions providing micro loans to weaker sections of society. The Program is now geographically well-diversified and currently spread over 79 districts across 10 States with a network of 386 MFI branches.

This Group actively works with more than 17,00,000 clients, of which about 12,60,000 clients were reached directly and the remaining nearly 5,00,000 clients through indirect channels. All clients are women, providing with micro loans for productive purposes.

Agri Business Group

The Agri Business Group is focused on specific banking requirements of key players in the Agricultural Value Chain.

The Group offers products such as Pledge Finance, Agri Promoter finance, and Agri Infrastructure finance. The Group's activities are spread over 14 States and 53 locations, providing services to about 750 active clients.



Agri SME, another arm of the Agri Business Group, provides specialized services to clients in the agriculture infrastructure and processing segment. It has a committed team of specialized agriculture finance professionals to cover all segments of the agriculture value chain. This Division has scaled up innovative and compliant products such as Agri Project Finance, Agri Trade Finance, and Agri Infrastructure finance. In its two years of operations, the vertical has been able to establish itself as a significant player in the Dairy and Agri Infrastructure segments.

Supply Chain Finance

Supply Channel Finance division works with over 870 dealers of automobiles and other products, and provides short-term inventory finance through 30 different specially designed programs for individual industries.



Global Markets Group

Global Markets Group (GMG) comprises three main functions: Trading in Rates, Foreign Exchange and Derivatives, Sales (Client Risk Solutions across foreign exchange, interest rates and derivatives) and ALM (Asset and Liability Management).

The financial year 2014-2015 had witnessed mixed economic and political headwinds, domestically as well as globally. The domestic markets had been comparatively insulated to most of the shocks and the foreign exchange and interest rates moved in a narrow band. The year started with a change in political leadership and economic guidance to control the spiraling inflationary trend. The newly elected Government announced a road map for economic upturn, especially development of infrastructure and rationalization of approvals and removal of unwanted legislations. Domestic markets began the year optimistically with an expectation of decisive economic change. Many positives were witnessed on the macroeconomic front with CPI, year-on-year inflation rate, coming off to 5.37% in February 2015 from 8.48% in April 2014. Reduction in global commodity prices have led to an improvement in the current account deficit and combined with resurgence of capital inflows, have enabled a stable rupee when most global currencies have been depreciating against US Dollar. Foreign exchange reserves had grown from USD 304 billion to USD 340 billion during the year, partly due to frequent foreign exchange intervention by the Central Bank to keep Rupee in a range against US Dollar. The continuous falling trend in global Brent crude prices from high of \$101 / bbl in April 2014 to a low of \$50 / bbl in January 2015 and around \$58 / bbl at the year-end aided reduction of fiscal deficit of the country.

In order to boost growth and in response to

falling inflation, the Reserve Bank of India cut policy rates twice by 25 basis points each in January and March 2015 as a signal to banks to reduce lending rates. In addition, RBI made several regulatory changes during the year which included introduction of Liquidity Coverage Ratio (LCR) and formalized implementation of Basel III capital norms. Against this backdrop, banks have managed productivity and efficiency levels through liquidity and resource mobilisation strategies that proactively factor in the changing market conditions. The focus in the coming year remains on the response of RBI to falling inflation and impending US rate hike as well as new economic reforms in areas like mining, telecom, land acquisition, etc. for boosting economic growth.

The Money Markets and Balance Sheet Management unit of the Bank manages the Regulatory requirements related Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR), Asset Liability Management and Funds Transfer Pricing in order to manage and mitigate market and liquidity risk in the Balance Sheet. The liquidity and resource mobilisation strategy proactively addressed the Structural liquidity risk conditions and achieved a significant cost reduction in Bank's sources of funds with a good mix of term deposits, market borrowing and refinance.

The Trading Desk in Rates and Foreign Exchange aims to maximise the Bank's revenue by taking proprietary positions in the Rates and Rupee market as well as G-7 currencies with a strategy of timely entry and exit. The Interest Rate Trading Desk had increased trading volumes in SLR securities and revenue besides dealing in exchange traded Interest Rate Futures (IRF) to optimise profits. The Bank has been recognised by the National Stock

Exchange as one of the top performers in IRF segment. The Derivatives Desk had undertaken long term currency and interest rate swaps and executed large size deals with established market counterparties. The Desk also successfully commenced market making in FCY / INR options during the year.

The Credit Trading and Sales Desk set up a year back had a successful year and significantly enlarged its activities by originating, syndicating and underwriting debt products including Non-Convertible Debentures, Commercial Papers to clients. The Desk had originated and successfully taken to the market, tailor-made debt structures to suit the needs of the Clients and the Investors, thus enhancing client value and fee income. The Desk continues to focus on client solutions with a view to maximise revenue and managing risk, rather than targeting league tables.

The Client-facing team in Global Markets Group is broadly segmented into three parts - the CRS team (Client Risk Solutions), the SRS team (Structured Risk Solutions) and the Bullion team. The Client Risk Solutions (CRS) desk advises Institutional and Corporate Clients on their foreign exchange and interest rate related exposures and provides tailor-made solutions to hedge such exposures. The spectrum of advisory services include, domestic as well as cross-border transaction flows and related risk management of the exposures on clients' Balance Sheet. CRS covers the entire country through dealers/ dealing centres at Ahmedabad, Bangalore, Coimbatore, Chennai, Gurgaon, Hyderabad, Jaipur, Kolkata, Lucknow, Ludhiana and Mumbai. During the year the CRS team extended FAST FOREX - the internet-based Foreign Exchange platform, to a wider Emerging Corporate Client base and branch network, thereby ensuring faster delivery and access to real time market prices.

The SRS team analyses and advises the Bank's corporate clients, of the ideal derivative products to contain their foreign exchange or interest rate risk. The Bullion desk, with the back drop of changing regulatory

provisions related to import and export of gold, helped clients on import of metal as well as ensuring exports, in accordance with the regulatory changes prevailing from time to time.

The CRS desk successfully handled various large onshore foreign exchange flow transactions of corporate as well as Financial Institutional clients. During the year, the team executed large-tenor Currency and Interest Rate Swap deals with Financial Institutions/ PSU clients. CRS desk's timely advisory on structured derivative solutions helped increase mindshare amongst large and medium corporate and institutional clients and the desk saw a healthy upsurge in client volumes.



Bank has well laid-out operational policy guidelines, risk management policies, including client suitability policy and appropriate systems support to monitor transactions and risk on real-time basis. The sustained growth of the Global Markets Group and its ability to offer new products and solutions, encompasses need for automation and upgradation of the technological environment. In this direction, the Bank has implemented Calypso, an integrated treasury application interfaced with the Risk monitoring

system to expand its client offering and market making. The Calypso application has gone live for derivatives products as well as risk management thereof. The next phase of Fixed Income, Money

Market/ ALM and Foreign Exchange products in Calypso is currently under testing and expected to go live in the quarter beginning July 2015.



Transaction Banking Group

The Transaction Banking Group (TBG) provides solutions under Cash Management, Trade Services, Supply Chain Finance, Commodity Finance, Global Remittances, Electronic Banking and the Gems & Jewellery sector.

In FY14-15, the Bank saw the global remittance business experience robust growth across multiple products. The product revenue witnessed a consistent y-o-y growth of over 32%. The Bank's online remittance service - 'Indus Fast Remit' continued to gather marketshare, with the user-base increasing by over 50% during this year. The Bank entered into e-Commerce Card acquiring space by partnering with Worldpay, one of the largest Payment Gateway providers globally.



IndusInd Bank held a position of dominance in the Rupee Drawing Arrangements, acting as a Partner Bank for over 65 relationships across 10 originating countries. The year saw flows under this product increase by nearly 40%, as the Bank started offering real-time cross-border payments using the NPCI promoted IMPS facility.

Under the umbrella of Cash Management Services (CMS), the Bank offers customized and differentiated products to its Corporate and Retail Banking customers, to improve their Payables and Receivables management. This offering assists the Bank to grow its Current Account base, as well as generate fee income.

IndusInd Bank has embarked upon an ambitious project - 'Connect Online' to replace its Corporate Banking portal, incorporating state-of-the-art functionality set across Cash and Trade domains. The emphasis is laid on offering Payment and Liquidity management as a service to a vast array of corporate customers.

CMS throughput witnessed over 90% increase in value and over 80% increase in transaction volume during the year, with several new CMS mandates added during the last year. FY14-15 saw the Bank pursue technologically focused solutions, and earned the distinction of being amongst the first banks in the country to launch a complete host-to-host solution on NACH platform. The Bank took forward its

commitment to offer 100% safe and secure Internet Banking to its corporate customers, by introducing the Digital Signature apparatus, to safeguard the confidential operational information of its corporate customers. The Bank remains committed to pursue the philosophy of STP (Straight Through Processing) in its transaction handling, thereby enhancing operational efficiency in the process.

IndusInd Bank received Awards from 'The Asset', an independent leading Asian business journal for state-of-the-art implementation of Collections Solutions and Electronic Banking, under three categories;

-  **1 Best Country Solution – Cash Management**
-  **2 Electronic Implementation**
-  **3 Liquidity Management**

The Bank continues its rise in the Capital Markets business, and was once again ranked as the # 1 Collecting Bank across all Public Issues that hit the market in the financial year under the 'Debt' category. (Source: Prime Database rankings)

The Bank deepened its stronghold in the cash business by opening its third Currency Chest in Chennai. The Currency Chests assisted the Bank to efficiently manage cash holdings across its branches and ATMs, and also enabled garnering of new corporate relationships.

Under Trade Services, the Bank assists clients to optimise their Working Capital and achieve

their Liquidity Management benchmarks, by offering a variety of Trade Finance solutions. The product suite is designed to cater to the clients' domestic and cross-border business needs in a comprehensive manner, on various aspects including Trade Finance, Documentary Credits, Open Account solutions and Collections. The Team also focuses on structuring innovative tailored solutions, to meet client specific requirements in a dynamic industry landscape. The all-encompassing approach has resulted in a successful demonstration of our varied capabilities to clients, and has resulted in a growth in Trade fees by over 23% during the year.

The Bank constantly strives to offer best-in-class robust, secured and efficient technologically advanced platforms to clients, to meet their entire Transaction Banking needs. The project embarked upon during the year to modernise platforms across the Trade offering spectrum is now at an advanced stage of implementation and shall further enable clients to transact seamlessly, resulting in significant financial and operational efficiencies.

Our Supply Chain Finance solutions have proved to be a highly effective tool to clients, for negotiating preferential Trade terms and strengthening relationships with Strategic Partners and core Suppliers. For Suppliers, it provides assured cost-effective financing of Trade receivables, thereby improving their Days' Sales Outstanding (DSO). On the Receivables side, the Bank continues to provide Channel Finance (CF) solutions to dealers of large corporates in various industry segments, leading to a competitive source of Funding and Working Capital advantages to them.

The Bank continues to provide Channel Finance solutions to Dealers of large corporates across various industries. Under Channel Finance, the Bank provides short term Working Capital finance at a competitive cost, with relative ease. This gives a huge competitive advantage to Dealers and Distributors to carry out the business efficiently.

The year witnessed slender growth in Passenger Vehicles and Two-wheeler industry, and whilst the Commercial Vehicle industry registered negative growth, our Channel Finance (CF) portfolio witnessed a consistent growth of nearly 20%. The number of Dealers financed during the year grew by over 23%.

The Gems and Jewellery segment has been set up to exclusively cater to the financing of the Gems and Jewellery Industry. The portfolio has seen a growth of more than 48% in the last financial year, recording CAGR of more than 53% in the last three years. The proactive risk management, with a focus on deepening relationships with leading Diamond and Jewellery companies, reflected by way of zero addition to NPA's during FY14-15. The Bank was recently honoured with the award for 'Best Bank Financing the Industry - Highest Growth of Sanctioned Limits' rated on 'Excellence with



Ethics' by the Gems and Jewellery Export Promotion Council under the aegis of the Ministry of Commerce.



Priority Sector Lending

The Bank has achieved the RBI-prescribed target for Priority Sector Advances. Priority Sector Advances aggregated ₹ 23,017.30 crores at the end of March 2015, representing 40.71% of the Adjusted Net Bank Credit (ANBC) of the previous year, as compared to 40.93% at the end of March 2014.

Advances to Agriculture

During the year, the Bank financed over 9,29,635 agriculturists, and its Aggregate Direct Agricultural Advances stood at ₹ 4,902.39 crores, representing 8.67 % of ANBC at the end of March 2015. The overall Agricultural Advances (i.e., Direct Agriculture and Indirect Agriculture) of ₹ 7,984.73 crores, are 14.12 % of the ANBC at the

end of March 2015, reflecting absolute growth of ₹ 2,768.17 crores during the year.



Advances to other segments of Priority Sector

The Bank's finance to 'Weaker Sections' increased by ₹ 1,059.92 crores and stood at ₹ 4,745.11 crores, representing 8.39% of ANBC as at the end of March 2015.

Finance to small enterprises represented

26.50% of the ANBC
at the end of March 2015.

Approach to Priority Sector Lending (PSL)

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

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

Specific plans and strategies for achieving targets and sub targets under priority sector lending have been formulated some of which are indicated below:

- Financing Agri Infrastructure viz., warehouses, cold storages, godowns, market yards, silos, etc.
- Financing farmers / entities engaged in coffee / tea / rubber industry & plantation for paper pulp.
- Finance upto ₹ 5 crore per borrower to dealers / sellers of fertilizers, pesticides, seeds, cattle feed, poultry feed, agricultural implements and other inputs.
- Financing dairy segment for capital expansion and working capital requirements.
- Investments in Rated Asset Pools meeting the eligibility criteria for Priority Sector.
- Direct lending through Service Providers under the Partnership Model for meeting the Agri, MSME and Weaker Sections.
- Loans to MFIs for on-lending to farmers for agricultural and allied activities eligible for Priority Sector.
- Financing farmers/JLGs against hypothecation of agricultural produce.
- Financing farmers for transport of their own agriculture produce.
- Financing farmers for supply of various Agri and Allied commodities, viz., Sugarcane / Oilseeds / Milk / Rubber, etc.
- Financing Agri and Allied Projects viz., Horticulture, Dairy Farming, Poultry Farming, Bee-keeping, Aquaculture, Floriculture, etc.





Risk Management

With progressively increasing globalisation of financial markets, the spectrum of risks the banks are exposed to has enlarged and become more complex, requiring efficient systems and mechanisms for identification, measurement, monitoring and management of risks. A robust Enterprise-wide Risk Management (ERM) framework enables effective and proactive management of various risks while supporting business growth. ERM framework helps reduce volatility in earnings and enhances shareholder value.



The ERM framework provides single-window view of the risks the Bank is exposed to and facilitates effective management of associated risks in an integrated manner. Bank has an integrated Risk Management Department, independent of business functions, covering Credit Risk, Market Risk, Assets-Liabilities Management (ALM) and Operational Risk including Information Security Risk functions. Risk management practices in the Bank have been aligned with best industry practices and being enhanced progressively, adapting to dynamic business environment and market conditions.

Credit Risk Management

Key objective of Credit Risk management is to maintain credit quality within the defined risk appetite, while achieving appropriate return in relation to risks assumed. Credit Risk is managed both at transactions level as well as portfolio level. Various measures adopted for management of Credit Risk are summarised hereunder:

- Credit Risk policies are aligned with business strategies and RBI guidelines.
- Credit Risk rating models implemented for different business segments enable assessment of risk of obligors at the time of credit approval and monitoring thereafter.
- Credit Portfolio Management Analysis to monitor credit quality, composition of portfolios, concentration risk, monitoring risk vis-a-vis returns and business growth.
- Measurement and monitoring of credit quality regularly by means of Weighted Average Credit Rating (WACR) of the credit portfolio.
- Prudential internal limits prescribed for assuming exposures on counterparties, industries, sectors, etc.;
- Consumer Finance portfolios - Measurement of credit quality by means of Behaviour Modeling.
- Counterparty banks and countries - Management of exposures by setting exposure limits basis their risk profiles and monitoring the exposures regularly.
- Stress Testing of credit portfolios to measure shock absorbing capacity under multiple stressed scenarios and assessment of impact of potential credit losses on profitability and capital

adequacy, thus enabling initiation of appropriate risk mitigation measures.

- An advanced Credit Risk Management System is under implementation. The system shall enable adoption of advance approaches of Credit Risk under Basel II.

Economic conditions, operating environment constraints and sluggish global economic growth posed challenges. Even during such market conditions Bank has been able to maintain its credit quality and business growth. Bank's restructured assets are among the lowest in the industry. Both the Corporate and Retail Loan Book have remained resilient.

Products launched during the year, viz., Tractor Financing and Commercial Cards are governed by structured product programmes specific to the business, incorporating robust criteria on customer selection and underwriting standards.

Market Risk Management

Market Risk arises from changes in interest rates, exchange rates, equity prices and risk-related factors such as market volatilities.

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

The Bank's state-of-the-art Market Risk Management System incorporates advanced risk measurement functionalities, which

enable adoption of Internal Model Approach for computation of Capital Charge towards market risk. It has strengthened monitoring of VaR, computation of risk sensitivities, Stress Testing and the Capital computation framework, and thus helped in managing market risk proactively in volatile market conditions.

The framework includes monitoring of PV01 limits, Value-at-Risk (VaR) limits for Forex, Investments, Equity and Derivatives Portfolios, besides Stop-Loss limits, Exposure limits, deal-size limits and various operational limits, etc.

Market Risk Management Group functions independent of Treasury business, and is responsible for:

- Designing comprehensive policies framework for Funds and Investments, Foreign Exchange Dealing, Derivatives and Equities, Market Risk Management;
- Implementation of advanced measurement methodologies for monitoring and management of market risks associated with respective portfolios;
- Monitoring market risk exposures in line with risk limits prescribed in the policies.

Asset-Liability Management (ALM)

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

- **Liquidity Risk** is managed through Dynamic Liquidity monitoring, Structural Liquidity Gaps, Liquidity Ratios analysis, Liquidity Simulation, Behavioral analysis of liabilities and assets and prudential limits for negative gaps in various time buckets.
- **Interest Rate Sensitivity** is monitored through Rate Sensitive Gaps, Earning at Risk, Modified Duration of Equity, other risk parameters and prescribed prudential limits thereof.



- **Interest Rate Risk** on Investment portfolios is monitored through, PV01, VaR and Modified Duration on a daily basis. Risk optimization is assumed through above risk parameters, to balance between risk containment and profit generation from market movements.

The Bank has implemented framework for computation of Liquidity Coverage Ratio (LCR) in line with regulatory guidelines. Detailed analysis of liquidity position, interest rate risks, product mix, business growth, interest rate outlook, etc. is carried out and presented to the Asset - Liability Management Committee (ALCO) which meets frequently and deliberates on liquidity position, interest rate outlook, and reviews the business strategies.

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

Stress Testing – Liquidity Risk

Stress Tests help to be better equipped to meet stressed situations and keep contingency funding plans in readiness. Stress tests of liquidity position are carried out under multiple stressed scenarios to assess their impact on the liquidity position.

Contingency Funding plan

The Bank has instituted a detailed Contingency Funding plan covering available sources of funds to supplement outflow of funds in the event of stressed scenarios.

The plan has defined roles and responsibilities of concerned Senior Executives assigned with execution of contingency plans. The Contingency Funding Plan incorporates contingency trigger levels which are monitored regularly, with a mechanism to

respond swiftly to any stressed market conditions. The contingency plans are reviewed periodically, considering evolving market conditions.

Interest Rate Risk on Banking Book (IRRBB)

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

With the objective of minimising sensitivity to changes in interest rates, interest rate risk is measured and monitored in terms of re-pricing behaviour of each of the items under Assets, Liabilities and off-Balance Sheet products. The Bank's Assets and Liabilities Management Policy has laid down limits basis risk appetite and the impact on NII and Economic Value of Equity (EVE) for a given change in interest rate.

Operational Risk Management

The Bank has put in place appropriate systems to ensure that key operational risks are managed in a timely and effective manner through a framework of policies and standard operating procedures. Various operational risk frameworks have been implemented, which enable identification, assessment, monitoring and management of such inherent risks in businesses.

Operational Risk is the risk of incurring loss due to failure of systems, technology, processes, employees, projects, disasters,



external factors, frauds etc., including legal and regulatory risk. Operational Risk occurs on account of human error, failed processes, inadequate systems, fraud, damage to physical assets, improper behaviour, or external events.

Bank's Risk Management Department undertakes various initiatives under its Operational Risk Management (ORM) Framework and provides necessary direction towards mitigation of such risks. ORM Framework comprises Policy Guidelines, Risk and Control Self-Assessment (RCSA), Loss Data Analysis, Key Risk Indicators (KRIs), Risk Profiling of branches, implementation of Basel II and RBI Guidelines, etc.

RCSA of all major functions is carried out periodically and necessary risk mitigation plans are designed and implemented. Loss Data Analysis, basis internal as well as external loss data, is carried periodically out to identify trends and reinforce controls to mitigate such operational risks. Incident Reporting tool has been implemented which enables reporting of operational risk incidents across Bank and monitoring actions thereof for mitigation of risks.

Advanced Measurement Approach

The Bank has implemented several qualitative aspects under the Advanced Approach of Operational Risk, including scenario-based assessment for identification of plausible operational risks. The scenario analysis shall be used in creation of statistical models with respect to computation of operational risk capital charge under Advanced Measurement Approach.

New products / processes are assessed for associated risks before their launch. Risk Rating of new products and processes is carried out in an objective manner which enables risk-based decision-making for introduction of new products and processes.

All new products / processes are approved by

Operational Risk Management Committee (ORMC), which identifies risks inherent in the products and prescribes risk mitigation and controls.

The Bank's audit mechanism covers periodical on-site audit, concurrent audits and off-site surveillance enabled by advanced technology-driven processes and the Core Banking System.

The Bank has implemented a comprehensive Bank-wide Business Continuity Plan to ensure continuity of its critical functions during disruption / disaster situations.

Systems Risk

As part of Systems-related Operational Risk Management initiatives, the Bank has:

- Implemented a comprehensive Business Continuity Plan (BCP) to ensure continuity of its critical business functions and extension of banking services to its customers;
- Established an effective Disaster Recovery Site in a different seismic zone, with on-line real-time replication of data, both in Mumbai and Chennai;
- Instituted a comprehensive Information Security Policy and Framework to ensure complete data security, confidentiality and integrity;
- Housed its Data Centre in a professionally managed environment with sophisticated and fool-proof security features and assured supply of utilities.





Financial Restructuring and Reconstruction Group

Activities relating to recovery of non-performing loans and restructuring of stressed assets are handled by the Financial Restructuring and Reconstruction Group (FRRG).

The Bank has actively utilized the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 for recovering its dues, wherever appropriate.

During the year, the Bank recovered an amount of ₹ 15.74 crores in written-off accounts (Previous Year: ₹ 35.72 crores). The Net NPAs of the Bank stand at 0.31% of the Total Advances (Previous Year: 0.33%), while the ratio of Gross NPA

percentage of Total Advances amount is 0.81% (Previous Year: 1.12%).

During the year, the Bank has commenced a new activity in the form of lending / investment in special situations assets through a dedicated team housed within the Financial Reconstruction & Restructuring Group. With the expertise that is residing in the FRRG for resolving stressed assets of the Bank, it is felt that the Bank can profitably deploy the expertise in acquiring, nurturing and resolving special situations clients that may or may not have been Bank's customers.

Banking Operations



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

The Bank had implemented a state-of-the-art Workflow and Imaging System for account opening, booking fixed deposits and processing trade finance transactions as also Third Party products sales operations and branch expenses processing.

The System enables faster turnaround times, and movement of work from branch locations across the country to the Central Operations Unit in real-time, thus cutting out the time that physical forms would take to arrive through courier. This has helped in freeing up manpower at the branches to tend to customer service as well as

help provide online status of processing of customer requests / new applications.

The Bank is a member of Banking Codes and Standard Board of India (BCSBI), which was set up to ensure that banks in India adhere to a voluntary Code, which sets minimum standards for fair treatment to customers availing of banking services. The Bank has made a commitment to adhere to all the provisions of the Code prescribed by BCSBI. The Bank has taken steps to implement the provisions of the Code of Commitment to the Customers (Individuals). The Code is displayed at all the branches and the same is also posted on Bank's website in thirteen languages. The Code had been further revised in January 2014, and was adopted by the Bank with approval of the Board of Directors.

The Bank has also adopted the "Code of Commitment to Micro and Small Enterprises" (MSE Code) issued in June 2008 for customers belonging to Micro and Small Enterprises segment.



This Code was further revised in 2012 by BCSBI and duly adopted by the Board of Directors. It sets the minimum standards of banking practices.

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

The Bank is participating in clearing through Cheque Truncation System (CTS). As on March 31, 2015, the Bank had 111 locations covered under the Grid Clearing, through its three CTS centers at Mumbai, Chennai and Delhi.

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

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

- Separate and independent Compliance function has been set up for Bank-wide compliance;
- Instituting of the Vigilance function;
- Expenses Management Software has been deployed at all branches for facilitating cost control;
- Standard Operating Procedures have been defined for processes at branches to ensure consistency of delivery with the expanding branch network;
- Branch Monitoring Unit is entrusted with regular monitoring of branch operations; Voucher verification process has been operationalised for checking all the entries posted by branches; and
- The Process Adherence and Quality function has been operationalised for attaining uniformity in processes followed by branches, to minimise Operational Risk.

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

The Bank has adopted the "Best Practice Code", relating to transaction processing, with the objective of documenting the procedures in line with national and international best practices.

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

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

The Bank has put in place "Compensation Policy" as part of the commitment to customers to compensate them in case of the Bank being unable to meet the service levels committed to the customers. The main objective of the policy is to establish a system whereby the Bank shall compensate the customer for any direct and actual loss by way of internal loss / payment of charges by customer due to deficiency in service, to the extent mentioned in the policy. The policy is based on principle of transparency and fairness in dealings with customers.

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

Corporate and Global Markets Operations (CGMO)

The Corporate & Global Market Operations Group manages operations relating to Trade Services, Cross Border Remittances, Supply Chain Finance, Treasury, Foreign Exchange and Derivatives, Cash Management Services, Payments, Depository and Capital Markets servicing of all clients across both the Corporate and Retail segments. CGMO continued its focus on Operational Efficiency, Risk Management and Client-centric initiatives.

The Operating Model was strengthened with enhanced focus on centralization of processing activities. The two Trade Processing Hubs in Chennai and Mumbai were made independent, thereby leading to improved BCP capability and faster turnaround times. Processes like Bank Guarantees, inward remittances, reconciliation and bullion processing were centralized. There was an increase in number of locations providing support for CGMO products. This has resulted in significant improvement of turnaround times and client experience. The Bank continues to be among the market leaders in handling 'Bankers to the Issue' mandates for IPOs and in Tea Trade Settlements. Significant growth in volumes has been seen in all areas.

There has been increased focus on Operational Risk Management with the formation of a dedicated Analytics, Information and Metrics Unit with the CGMO Operational Risk Team. The Team has a primary objective of intelligently using information and metrics to identify potential risk events. Regular risk reviews across all processing centers continued.

Several client-centric initiatives were completed resulting in an improvement in client experience. A Centralized Service Desk (CSD) was set up in Chennai with both voice and e-mail support. There were other initiatives such as implementation of an online Welcome Kit for Corporate Clients and a strengthened Client Complaint Management System.

CGMO continued in its journey towards 'Continuous Improvement' with the objective of delivering client satisfaction and year on year efficiency benefits. This program focuses on increasing 'Client Delight', 'Empowerment' and 'Rewards & Recognition'. As part of this initiative, over 500 process improvement initiatives were implemented by staff resulting in efficiency enhancement and risk reduction on improved client experience.

Focus on people development initiatives continued. Over 15,000 man-hours of training were delivered during the year aimed at creating a strong knowledge force. Trainings delivered covered product features, risk awareness, regulatory requirements, continuous improvement and soft skills like communication, team effectiveness and leadership skills.

CGMO made significant progress in the re-platforming of the Treasury and Market Risk Management Systems (for the Global Markets Group), the Trade Finance system and Currency Derivative systems. These state-of-the-art systems will be capable of handling high volumes of complex Global Market products, will support effective risk management, and will significantly boost capabilities in these product segments and offer clients with world class products and services.



Internal Control Systems and their adequacy

Operational Controls

The Bank has laid down the policy framework related to "Know Your Customer" (KYC) norms, "Anti Money Laundering Measures" (AML) and Combating of Financing Terrorism (CFT). The policy has been framed on the basis of recommendations of the Financial Action Task Force and the Paper issued on 'Customer Due Diligence for Banks' by the Basel Committee on Banking Supervision. The AML software that has been implemented effectively has brought the operations risk under control. A systems solution has been implemented to operationalise Re-KYC guidelines and follow up on outstanding discrepancies.

In accordance with RBI's recommendations, a Standing Committee on Customer Service (SCCS) formerly known as Committee of Procedures and Performance Audit of Public Services in Bank, comprising senior functional heads of the Bank and a few customers, has been established. The Bank has also constituted a Customer Service Committee of the Board of Directors (CSCB) to review the performance of the SCCS.

Customer Service

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

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

In May 2009, the Bank implemented "Talisma", a 'Customer Requests, Complaints and Requests

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

Grievance Redressal Mechanism

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

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

The Bank maintains a dedicated page for lodging of complaints and complaint redressal mechanism on its website www.indusind.com where information on the escalation process and the details of the Nodal Officer / Regional Managers to receive complaints has been furnished.

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

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

Internal Audit

The Bank's Internal Audit function is adequately equipped to make an independent and objective evaluation of the adequacy and effectiveness of internal controls on an ongoing basis to ensure that units adhere to compliance requirements and internal guidelines. To achieve this, comprehensive processes have been established for the Internal Auditors to ensure that all facets of the Bank's Operations are subjected to scrutiny.

The Internal Audit function undertakes a comprehensive risk-based audit of all its operating units. An audit plan is drawn up on the basis of a risk-profiling of auditee units. Accordingly, the Bank undertakes internal audit of its operating units at a frequency synchronized to the risk profile of each unit in line with the spirit of guidelines relating to Risk-Based Internal Audit. The scope of risk-based internal audit, besides examining the adequacy and effectiveness of internal control systems and external compliance, also evaluates the risk residing at the auditee units.

The Bank's Internal Audit function is operating as an integrated unit based out of different locations within the country, to cover all its operational activities. The Bank has developed an effective online surveillance system by using its fully networked Core Banking Software, well-defined and strong internal controls, need-based access to computer systems and clear audit trails which have helped to mitigate operational risks. Further, to complement the Internal Audit Function and have real time supervision and control, critical units of the Bank are covered under concurrent audits.

Post issue of Audit Reports, there is a process for monitoring of progress on implementation of action plan. Status of resolution tracking as well as pending issues is reported to Top Management and Audit Committee of Board on a regular basis.

To ensure independence of Internal Audit, the function has a reporting to the Audit Committee of the Board and only for administrative purpose to the Managing Director. Audit Committee of the Board reviews the performance of Internal Audit Department and effectiveness of controls laid

down by the Bank and compliance with regulatory guidelines.

Compliance

The Board and Management of the Bank are committed to high standards in maintaining a corporate culture of observing what is legally binding, and of embracing broader standards of integrity and ethical conduct.

The Bank has a Central Compliance Department that facilitates management of Compliance Risk. The Compliance Function undertakes macro level compliance activities namely, review of Compliance Policy of the Bank, monitoring compliance aspects, providing guidance on regulatory and statutory provisions pertaining to various business activities to the concerned functional units, and assisting functional units in ensuring that the Bank's Policies, Processes, and Products meet the regulatory and statutory requirements. The Compliance Function is a mandatory stakeholder of the Operations Risk Management Committee (ORMC) and provides signoff for a new Product/ Process routed through this channel. The Chief Compliance Officer is also the Principal Officer of the Bank under the Prevention of Money Laundering Act (PMLA).

The function also independently monitors the level of compliance at various stages. Besides the system of Monthly Compliance Certificates from branches and various Corporate Office functions, onsite Compliance Test Studies are carried out to assess the level of compliance covering the branches, the Corporate Office functions, and also various associate agencies.

To promote and strengthen compliance-culture among the workforce, the Compliance Function regularly conducts seminars for branch staff including operations executives and Branch Managers; circulates short notes on important topics, and analysis of / learnings from cases including the learnings. It also publishes monthly newsletter containing inter alia regulatory highlights.

Human Resources

The Bank's business performance has consistently exceeded market benchmarks. The Bank is recognized for its innovations, customer service and superior technology in the Indian banking space.

The Bank's HR strategy is aligned to the Bank's 3D agenda (Dominate-Diversify-Differentiate). HR continues to play the role of a business-enabler through talent acquisition, development, management and retention initiatives.

Despite stiff competition for talent at the marketplace, the Bank is able to attract quality talent to the Bank. "Leaders and Achievers" industry wide view this Bank as a preferred career destination to script their growth story. The Bank offers meaningful career growth opportunities, learning avenues, challenging work assignments and a good work culture to actualize one's potential.

Key highlights:

- The Bank hired quality manpower (proven performers) to spearhead the Bank's business growth. The Bank used diversified hiring sources namely Employee Referral schemes, Job Portals, Placement Agencies, Campus Hiring, Hire-Train-Deploy model for achieving scalability, reach and cost efficiency in its hiring initiatives. The Bank's talent acquisition drive is to source right resources for consolidating & ramping existing business initiatives and adding diversified skills for

making forays into new business areas. The Bank also employed rigorous assessment tests and multi-layered interviews to identify & assess appropriate talent. In line with its business growth, the employee headcount of the Bank increased to 19,121 employees in FY15 from 15,590 employees in FY14.

- The Bank continues to invest in talent development to develop diversified and multi-dimensional skills through carefully designed learning solutions. The Bank aims at equipping employees with desired functional / behavioural competencies to enhance productivity, and empower them for business success. During FY15, the Bank conducted 523,000 learning man-hours for over 90,000 participants through classroom and e-learning modes. Several learning programs in areas of Leadership Development, Team Building, Managerial Effectiveness, Customer Service, Communication and Negotiation Skills, Business Etiquettes, Banking Products, Banking Operational Processes, Credit Processes, Compliance and Technology Platforms were conducted during the year. E-learning comprising on-line course modules, assessment tests & certifications helped to offer scalable, standardized and cost-effective learning solutions to employees pan India.
- One of the cornerstones to managing and measuring our Bank's performance has been the effective deployment of the Performance Management Processes - Goal Setting, Mid-year Review, and Annual Performance Review. These processes accurately outline employee performance objectives through "SMARTs", review performance, mentor & counsel, recognize & reward based on tangible performance. The annual performance appraisal for FY14 was executed in alignment with the Bank's objective of linking reward measures to performance.



Mid-year Performance Review for FY15 was used as an opportunity by the Line managers and HR to provide developmental feedback and develop performance road-maps for employees to facilitate achievement of their annual performance objectives. Talent Management activities comprising identification of High Potential Talent based on performance and potential measures, started across various Business units of the Bank with a view to create a talent pool to drive the Bank's future business growth.

- The Bank's Compensation Policy is based on a 'Pay-for-Performance' philosophy. The key objectives include basing Bank's compensation on business performance & market trends, have compensation differentiation amongst individuals basis performance, build long-term employee ownership and association through Employee Stock Options.
- Several employee engagement initiatives were pursued to connect & bond with employees and make them co-partners in the business journey of the Bank. Some of the initiatives were Employee Road shows, Quarterly web casts by MD & CEO, Skip level meetings across the Business Units, Annual Reward and Recognition programs, Employee connect by HR and line managers. Employee recreation programs as business off-sites, team get-togethers, sports events helped to build enthusiasm & creativity at the work-place. Stephtalon was launched as a fitness initiative to promote everyday athlete in employees. "My idea" an ideation platform, continues to generate innovative ideas for business process improvement and enhancing customer delight.
- The Bank leverages technology for driving HR Operational Processes and offering superior service to its employees. There was a concerted effort to "Create a Day 0 delight" by adept handling of on-boarding process. There was seamless management of all Employee life cycle HR processes relating to Attendance, Leave, Payroll, Confirmations, Loans, Mediclaim, Gratuity, Exits, F&F, and focus was on ensuring better TATs, error free and proactive service delivery.

- The Bank espouses "Discipline and Compliance" as its core values to create a congenial workplace. Every employee has to adhere to the Bank's Code of Conduct and non-conformance is treated as an aberration and results in a punitive action against the erring employee.

Human capital is pivotal to Bank's business success. HR's strategic agenda continues to implement benchmark HR practices, which intends to offer employees a fulfilling career, work-life balance, market-linked compensation & a positive work culture. The impact of HR practices are clearly visible in terms of influx of talented professionals, and also in terms of lower attrition levels from previous years / negligible attrition at strategic managerial layers, which indicates that employees want to be a part of Bank's growth journey.

Employee Stock Option Scheme

The Bank had instituted an Employee Stock Option Scheme to enable its employees, including Whole-time Directors, to participate in its future growth.

The Scheme functions in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The eligibility of an employee and number of Options to be granted are approved by the Compensation Committee of the Board of Directors.

An aggregate of 3,45,67,700 Options, comprising 6.53% of the Bank's equity capital, have been granted. Statutory disclosures as required by the revised SEBI Guidelines on ESOS are given in the Annexure to the Directors' Report.



Shareholder Satisfaction

Towards more transparency and enhancing shareholder satisfaction, apart from frequent interaction with the Registrar & Transfer Agent, steps have been taken to obtain contact details such as e-mail IDs, cell phone numbers and telephone numbers of the shareholders so as to communicate to them the information about developments in the Bank. This direct communication is in addition to the regular dissemination of information through usual channels such as the Stock Exchanges, Press, Bank's website, RTA's website, etc.

Shareholders of the erstwhile IndusInd Enterprises & Finance Limited (IEFL), which was amalgamated with the Bank in 2003, were sent five reminders. Shareholders who did not come forward have subsequently been contacted individually through Bank's branches, encouraging them to exchange Share Certificates of IEFL for Certificates of the Bank.

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

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

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

With the implementation of the Companies Act, 2013, companies can send Annual Reports and other communications through electronic mode to

those shareholders who have registered their email addresses with the Company or made available by the Depository.

The full text of these reports shall also be made available in an easily navigable format on the website www.indusind.com under the link 'Investors Reports and Presentation / Annual Reports'. Shareholders have been intimated from time to time to claim the dividend amounts lying unclaimed with the Bank.

SEBI has reviewed the process being followed by the Share Transfer Agents (STAs) and the Depositories / Issuer Companies (in-house STAs) for effecting transmission of securities held in physical as well dematerialised mode.

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

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



Information Technology

Customer-oriented Initiatives

Video Branch:

One of the unique products launched during this year was Video Branch Service, wherein customers can initiate video chat through mobile application or web interface Video Contact Centre, Relationship Managers or Branch managers. The customer is able to experience the Bank virtually through either a simple application that resides in his Mobile Device / Tab or a one-time session through IndusInd Website. The aim of the project is to:

- Provide virtual yet personalized banking services to customers-Anywhere, Anytime using Video on Demand
- Revolutionize service by bringing banking services to the customers palms.



**Video Call Your Branch
– Anytime, Anywhere**

The solution has been built over video technology rendered over the Internet. Deployed for the first time in Indian banking environment, it required innovative design thinking. The project team tied in various components of technology and processes resulting in optimized solution. The speed of design, development and deployment has been appreciated by peers and technology partners alike.

IMPS Remittance:

In order to harness the 24 x 7 features of NPCI's Immediate Payment Service (IMPS), the Bank has developed an in-house solution to offer remittance services to customers using this facility. Initially offered as part of the Transaction Banking offering, the facility was extended to Retail customers, the first Bank to implement IMPS through Branch Banking.

Cash-on-Wheels:

Using technology to develop eligibility criteria for its large customer base and facilitate quicker decision-making, a loan product in the form of top-up loan for existing customers availing two-wheelers was introduced. Under this scheme, a pre-approved loan of ₹ 50,000 is offered to customers, based on their previous track record of repayment behavior with the Bank for their existing new Two-wheeler loan which such customers have an option to avail.



Online Payment – Chennai Municipal Corp. Property Tax:

An online integration was developed with Chennai Municipal Corporation Property Tax System to provide as part of value-added services to citizens. The Bank has set up a facility for payment of Property Tax by residents at all the branches in Chennai.

Bank's Website – Revamp:

The new website incorporates a contemporary and intuitive User Interface which helps customers to locate information with ease. The following are some of the features of the new website:

- Personalization of home page - Get news, sports and technology feeds from CNN-IBN, TOI, Economic Times, CNN etc.;
- Quick Services - Balance Enquiry, mini statement request, and statement request are now available without logging into Netbanking;
- ATM / Branch locator - Integrated with Google maps, the website auto reads customers' location and shows nearest ATM / Branch.
- CSR website - Corporate Social Responsibility site was also launched with this website.

Gold Loan Sourcing System:

A new application Gold Loan Sourcing System was developed in-house which is used for online processing of applications for Gold Loans. The design of the system and associated processes are to enable processing the gold loan application within an hour including validation of the KYC details. The application will support the Bank in increasing the fee-based income. Suitable controls and checks have been built into the application including daily valuation of the collateral, integrated with the Core Banking System and document scanning solution for maintaining the security documentation besides automation of the auto renewal and pre-closure processes to render efficiency in operations.



Customer-oriented Enhancements

Finacle Customization – Statement On Demand:

As part of our endeavors to provide customer delights, we have developed a new option on our Core Banking System whereby requests for ad hoc statements by customers were fulfilled within an hour compared to the earlier period of 24 hours.

A further improvement is an automation which facilitates sending the statement duly protected by password over an automated mail directly to the customer's registered e-mail ID without any intervention from the Branch Team, Contact Centre Team & CPU Team initiating these requests.

P@CE – Print @ Client End:

To facilitate Client-end Remote Cheque Printing to its Corporate Customers, the P@CE functionality has been introduced.

The P@CE remote printing product offers a corporate to avail benefits associated with decentralized / local printing. P@CE has completed the Bank's payment product portfolio and added a new revenue stream.

Internet Banking - Improved User Experience

The following new enhancements were rolled out to improve user experience -

- **User ID of own choice:** User will be able to choose his own username.
- **Shopping Mall Screen Revamp:** Improved screen layout and better screen utilization improves user experience.
- **IndusNet Login Page Revamp:** Customer can jump directly to Funds Transfer or Service Request module.
- **Online Booking of Recurring Deposits:** Customer will be able to open RD online through Netbanking. The RD account will be directly opened in Finacle. This has helped enhance customer satisfaction, and savings on operational overheads.
- **Alerts template change:** New and better E-mail templates for various alerts have been configured.

- **Debit Card PIN set via Net Banking:** Customer will be able to re-set Debit Card PIN online through Netbanking, instead of calling Contact Center or visiting the branch. New PIN will come into effect immediately.
- **Service Request Credit Card Replacement and Card blocking:** Credit Card can be blocked online and a replacement can be asked, without having to call Contact Centre or visit Branch.

Government-led initiatives

Integration of Account opening processes:

The following processes have been automated as part of implementation of various government-led initiatives. Manual KYC can be eliminated by using customer details available with UIDAI, via data exchange through the NPCI gateway.

Regular accounts With eKYC integration:

IWorks Account Opening process has been integrated with eKYC. After the introduction of Aadhaar Number by Unique Identification Authority of India (UIDAI), tie-up with UIDAI helps obtain customer details. Manual KYC can be eliminated by using customer details available with UIDAI, via data exchange through the NPCI gateway.

Account – Kisan Credit Card (KCC) Process:

New process for Kisan Credit Card (KCC) was launched on Bank's account processing system for automation of Kisan Loan Process. This is expected to reduce turnaround time of loan application through automation.

Account Opening Process and PMJDY eKYC integration:

For PMJDY Account Opening, an integration has been developed with the banking correspondent systems so as to fetch the customer details from UIDAI for Account Opening automatically.



Awards

Finacle Client Innovation Award:

The Finacle Client Innovation Awards recognize some of the breakthrough innovations achieved by Finacle clients, leveraging Finacle solutions. The Awards celebrate product, customer service, process and project management innovations that have benefited banks by increasing revenues, profitability, enhancing customer satisfaction and efficiency.

IndusInd Bank was judged Winner in the Customer Service Excellence category for its innovative proposition "My Account My Number".

Top 100 CISO Award 2014:

IndusInd Bank received this award for the fourth consecutive year.

Infosec Maestros Award 2014:

IndusInd Bank received this award for the various security initiatives implemented during the year 2013-14.

IDRBT Award 2014:

The Bank has been conferred the “Best Bank Award for Managing IT Risk” among the small banks category by the Institute for Development and Research in Banking Technology.

National Payments Excellence Award from NPCI:

The Bank has been awarded as Winner for Excellent Performance in National Automated Clearing House (NACH) under mid-size bank category. NACH is a centralized system, launched

by NPCI to consolidate multiple ECS systems running across the country. IndusInd Bank is the first bank to implement the HOST to HOST connectivity with NPCI enabling transaction settlement in a STP manner.

NewGen - Innovation Award 2014-15:

The Bank has been conferred the Innovation Award for the following innovations -

- eKYC Integration with Account Opening Process
- My Account My Number
- Gold Loan Processing in iworks

Awards



Legal

There have been no significant changes in the Laws/Legislations affecting the banking industry during the year.

The Bank is not involved in any legal proceedings and is not aware of any threatened legal proceedings which if determined adversely, could result in a material adverse effect on the business of the Bank. Further there are certain legal proceedings in the context of the banking activity, which are not unusual for a bank of a comparable size.

Corporate Communications

The Bank's focus during the year 2014-15 was to transform the Bank as a high street Brand. Towards this objective, the Bank adopted various initiatives which led to increasing the brand's visibility quotient while ensuring communication with an interesting and innovative marketing approach.

In a move to digitize the banking experience further for our customers and also continuing with the Bank's ongoing theme of Responsive Innovation, an innovative service, 'Video Branch', was visualised, which allowed customers to interact face-to-face with their Bank branch 24 x7 using their Desktop, Tablet or Smartphone. Bank's customers can now carry out transactions that are performed at a bank's branch from the comfort of their office or home using the Video Branch App. Digitization will rule future banking, and this new service is a significant step towards it.

The Bank adopted a well-crafted 360-degree integrated marketing approach to propagate the service message featuring noted Bollywood actor, director and singer Farhan Akhtar. The use of a celebrity both enhanced the brand image, while heightening recall of the Bank. Television, Out-of-Home, Radio, Digital and Cinema were considered as an integral part of this multimedia Advertising campaign. A set of two TV commercials communicated the benefits of this service while media innovations like teaser videos, roadblocks on marquee online properties like LinkedIn, Moneycontrol and Economic Times enhanced the message.

The Bank also expanded its presence in the digital and social ecosystem by activating Twitter and Google + brand profiles in order to reach out to larger customer segments that are active in social media. The Bank has been active on Facebook and stands tall with more than 2 lakhs fans on this social platform. 60% of the fans are Bank's customers who use Facebook to effectively

communicate with the Bank. Communication has also been initiated on other social channels such as LinkedIn and YouTube, with a positive response from customers.

The Bank recently partnered with an ORM (Online Reputation Management) tool Radian6 to listen to what the consumers are talking or writing on various online platforms. This tool also helps the Bank to know the pulse of various news articles appearing in the media about the Bank on real time basis.

The Bank also conducted various online marketing campaigns (SEO and SEM) to promote various products and services in the online space as well as increase customer engagement level.



During the year, the Bank commissioned Rapid Metro Station which is named as 'IndusInd Cybercity'. The Bank has become the first bank in India to have a Metro Station named after it, thus making this an excellent example of transit mode of advertising in the country. At IndusInd Bank Cybercity Station, the Bank launched the first Digital Branch, and became the first bank in India to have a fully Digital Branch at a metro station, with branding rights owned by the Bank.

While digital marketing gathered momentum, conventional marketing formed the backbone of



the Bank's engagement. A series of outdoor advertising campaigns were launched at strategic locations to reinforce the brand. Short tactical campaigns were done, e.g., Delhi Development Authority, and product-specific print campaigns on investment banking and new launches in the Credit Card space.

From the stable of Credit Card division, strategic partnership was announced with Jet Airways, India's premier international airline. Your Bank launched exclusive range of Credit Cards, offering rewards in the form of JPMiles on all spend and other benefits. Other such strategic tie-up was with Chelsea Football Club, the leading club of the English Premier League to launch a co-branded Credit Card. Considering the exclusivity of the products, the Bank crafted a tailor made marketing campaign in select print and digital media to reach out to its target audience.

Another significant achievement during the year has been the opening of new branches at semi-urban and urban locations. During the inauguration period, the Bank had a short burst of intense marketing activity in local flavour to reach out to the local population. The Bank continued to conduct activities at branch levels which have not only enhanced the reputation, image and recall value, but also established the Bank as a young, progressive and agile brand.

The Bank acknowledges that no communication is complete without the wholehearted support of its internal stakeholders. Keeping this factor in mind, the vision of the Bank for next three years was emphasized upon by the Core Executive Team of the Bank in a series of highly interactive Employee Roadshows. These were conducted at various locations, including Mumbai, Delhi, Chennai, Bangalore and Kolkata. Other centres like Kochi,

Hyderabad, Patna, Bhubaneswar and Guwahati connected through video conferencing. Employees across the country were connected with thought process of the management in shaping of the Bank over the next 3 years.

The Bank developed an attractive series of awareness-building e-direct mailers for specific campaigns, which received overwhelming response from the employees. To sensitize the employees about the topics like Work Place Safety, Whistleblower policy and other employee-related issues, a series of internal communications were sent.

Several other communication initiatives undertaken by the Bank include:

- Sponsorships / donations / events with reputed Associations / Trusts which in turn have given higher visibility and reinforced the brand image. The Bank participated in activities having multi-purpose objectives such as sports, philanthropy, music, etc. along with service organisations / NGOs and corporate Bodies to make the Bank's presence felt in the community. Some of the major associations were with Pandit Chaturlal Memorial Society, Sahachari Foundation, Rajmata Vijaya Raje Scindia Centre for Development (RVRSCD).
- Regular client engagement activities, Debit and Credit Card promotions, regional level promotions, branch launches, an extensive round of development of various collaterals for new products / services, and tactical promotions during festive / seasonal offers.
- The Bank's activities have received extensive coverage both in the print and electronic channels, which has enhanced the Bank's image amongst its stakeholders and has created a strong perception in industry circles.



- Periodic concalls, one-on-one investor meetings, roadshows and annual Analysts' Meets have all created a positive impact on the Bank's image.
- Increase in the number of ATMs at strategic / high traffic zones has given the Bank the desired visibility. The Bank has invested in opening ATMs at premium locations like Airports, Malls, Metro Stations, Hi Streets of Metro cities, etc. This has enabled the brand to be more visible to the mass affluent audience.
- The Bank had a series of well-laid TV campaigns in the US, UK and Canada markets for its 'Indus Fast Remit' service, targeting the NRI community. The Bank also continued to emphasize on the social media, and digital marketing to its target audience.



Branch Network and Infrastructure

During the year 2014-15

199 NEW
branches

and

377 ATMs

As on March 31, 2015

801 BRANCHES
spread across

514 GEOGRAPHICAL
locations

1,487 ATMs inclusive of
868 off-site ATMs.

The Bank has presence in 33 States and Union Territories. In addition, the Bank also has representative offices in London, Dubai and Abu Dhabi.

During the year 2014-15, apart from expanding its Branch network to reach pan-India network of 801 branches, the Bank also refurbished / re-modeled 2 branches, set up 15 new Administrative Offices and relocated 7 branches, towards better business prospects. A total of 1,250 seats were added across India to cater to growth in back-office / controlling office requirements, distinct from branch network capacity additions.

Apart from the two Currency Chests set up during the last year in Mumbai and Delhi, one more Currency Chest was made operational in Chennai during the year. Work on one more Currency Chest has been completed in Kolkata, and shall be made operational shortly. These are expected to significantly enhance in-house capabilities and provide support for increased business profitability.

CORPORATE GOVERNANCE

Bank's Philosophy on the Code of Corporate Governance

- The Bank believes that consistent implementation of good Corporate Governance practices contributes towards developing and sustaining the best operating systems and procedures.
- The systems which have evolved allow sufficient freedom to the Board and the Management to make decisions and take actions towards the growth of the Bank, and simultaneously remain within the framework of effective accountability. To maintain high standards of good Corporate Governance, the Directors have formed various Committees of the Board. The Committees meet regularly to achieve their specific objectives.
- The Bank is committed to operate on commercial principles ensuring, at the same time, the need to remain accountable, transparent and responsive to its stakeholders.
- The Bank acknowledges the need to uphold the integrity of every transaction it enters into and believes that honesty and integrity in its internal conduct would be judged by its external behaviour. In this context, the Directors have adopted a 'Code of Conduct' for Directors and Senior Management. This Code attempts to set forth the guiding principles on which the Bank shall operate and conduct its daily business with its multitudinous stakeholders, Government and regulatory agencies, media, and anyone else with whom it is connected.
- The Bank's Corporate Governance philosophy has been strengthened through the Code of Conduct for Prevention of Insider Trading in the Bank's securities and the Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information.

Certification by the Chief Financial Officer and the Managing Director

In terms of the revised Clause 49 of the Listing Agreement, the Certification by the Managing Director & CEO and the Chief Financial Officer of the Bank, on the financial statements and the internal controls relating to financial reporting has been obtained and submitted to the Board.

Code of Conduct for Directors and Senior Management

The Board of Directors has laid down a 'Code of Conduct' for all Board Members and Senior Management* of the Bank. The said Code has been uploaded on the Bank's website (www.indusind.com) under the head 'Investor Relations' – 'Code of Conduct'.

Declaration by the Managing Director: All members of the Board and Senior Management have affirmed to the Board, of having complied with the 'Code of Conduct' during the year ended March 31, 2015 and no violation of the 'Code of Conduct' has been reported during the year.

*For this purpose, the term 'Senior Management' means personnel of the Bank who are members of its Core Management Team, excluding the Board of Directors. This comprises Members of Management who are of the level of functional heads.

MISSION

"We will consistently add value to all our stakeholders and emerge as the Best-in-Class in the chosen parameters amongst the comity of banks, by doubling our profits, clients and branches within the next three years."

VISION

"IndusInd Bank will be:

- A relevant business and banking partner to its clients.
- Customer Responsive, striving at all times to collaborate with clients in providing solutions for their banking needs.
- A forerunner in the market place in terms of profitability, productivity and efficiency.
- Engaged with all our stakeholders and will deliver sustainable and compliant returns."

QUALITY POLICY

"IndusInd Bank is committed to meet and strive to exceed customer requirements through timely, error-free and courteous service. We shall continually improve the effectiveness of our work process through training, customer feedback and review of systems."

Board of Directors

The Bank's Board is broad-based and consists of eminent individuals from industry, having knowledge or practical experience in respect of one or more fields, viz., Accountancy, Banking, Finance, Economics and Law, etc. The Board is constituted in compliance with the Banking Regulation Act, 1949, the Companies Act, 2013 and the Listing Agreement entered with the Stock Exchanges.

The Board is entrusted with formulation of policies, implementation of Regulatory guidelines, setting up of directions, planning of strategies, evaluation of performance of the Bank, etc. and has been vested with requisite powers, authorities and duties. The Committees have oversight over operational issues assigned to them by the Board.

i. Composition

The composition of the Board is in compliance with the requirements of the Clause 49 of the Listing Agreement. The Board consists of eight Directors comprising Non-Executive Chairman, five Independent Directors, one Non-Independent Non-Executive Director and the Managing Director and CEO. The composition of the Board represents optimal mix of professionalism, knowledge and experience. None of the Directors of the Bank are related to each other.

The information in respect of each of the Director is furnished below:

Name of Director	Nature of Directorship	Special Knowledge / Practical Experience	Occupation
Mr. R. Seshasayee	Part-time, Non-executive Chairman	Finance and General Management	Non-executive Vice Chairman, Ashok Leyland Ltd.
Mr. Ashok Kini	Independent Non-executive	Banking	Managing Director (Retd.), State Bank of India
Mrs. Kanchan Chitale	Independent Non-executive	Accountancy	Practising Chartered Accountant
Mr. Vijay Vaid	Independent Non-executive	SSI	Industrialist
Mr. T. Anantha Narayanan	Independent Non-executive	Accountancy & Agriculture	Retired Executive Director (Finance) of Ashok Leyland Ltd.
Mr. Ranbir Butola	Independent Non-executive	Finance & Economics	Former CMD of Indian Oil Corporation Ltd.
Mr. Yashodhan M. Kale#	Non-Independent Non-executive	Corporate Governance, Accounting & Taxation	Service
Mr. Romesh Sobti	Whole-time Director	Banking	Managing Director & CEO

Mr. Yashodhan M. Kale was inducted as Additional Director on April 16, 2015.

ii. Meetings

During the year ended March 31, 2015, six meetings of the Board were held, on April 16, 2014, May 15, 2014, July 9, 2014, October 13, 2014, January 13, 2015 and March 30, 2015. Details of attendance at the Board Meetings

and the previous Annual General Meeting, other Directorships, Membership and Chairmanship of Committees pertaining to each Director are as follows:

Name of the Director	No. of Board Meetings attended #	Number of other Directorships		No. of Committees of other companies in which Member	No. of Committees of other companies in which Chairman
		Indian Public Limited Companies	Other Companies		
Mr. R. Seshasayee	6/6	8	1	4	2
Mr. Ajay Hinduja*	2/4	N.A.	N.A.	N.A.	N.A.
Mr. S. C. Tripathi**	5/5	N.A.	N.A.	N.A.	N.A.
Mr. Ashok Kini	5/6	7	1	2	1
Mrs. Kanchan Chitale	5/6	9	1	5	5
Mr. Vijay Vaid	6/6	1	4	1	0
Mr. Ranbir Butola***	2/2	0	0	N.A.	N.A.
Mr. T. Anantha Narayanan	6/6	4	0	2	1
Mr. Y. M. Kale*	2/4	0	0	N.A.	N.A.
Mr. Romesh Sobti	5/6	0	0	N.A.	N.A.

* Mr. Ajay Hinduja retired on October 30, 2014 on completion of 8 years on the Board. Out of 4 meetings held during his tenure, 2 meetings were attended by Mr. Y. M. Kale, then Alternate Director to Mr. Ajay Hinduja.

** Mr. S. C. Tripathi retired on February 13, 2015 on completion of 8 years on the Board.

*** Mr. Ranbir Butola was inducted as Additional Director on January 13, 2015.

Includes attendance through videoconference.

Note:

Pursuant to Clause 49 of the Listing Agreement, for the purpose of considering the limit of the Committees on which the Directors are Members / Chairmen, all Public Limited companies, whether listed or not, are included. Private Limited companies, Foreign companies and companies under Section 8 of the Companies Act, 2013 (Not-for-Profit) are excluded. Further Chairmanship / Membership only of the Audit Committee and the Shareholders' Grievance Committee have been considered.

Attendance at last AGM

All the Directors of the Bank except Mr. Ajay Hinduja attended the previous Annual General Meeting of the Bank held on June 27, 2014.

Mr. Yashodhan M. Kale, Alternate Director to Mr. Ajay Hinduja had attended the AGM.

iii. Remuneration

All the Non-executive Directors receive remuneration by way of Sitting Fee for attending the meetings of the Board and of various Board Committees. As per the Bank's policy, no Stock Options were granted to the Non-executive Directors.

The criteria for making payment of remuneration to the Non-executive Directors are as follows:

Non-executive Directors were paid Sitting Fee of ₹ 20,000/- per meeting for attending meetings of Board of Directors, Audit Committee and Committee of Directors. Sitting fees of ₹ 10,000/- per meeting was paid for all other sub-Committees of the Board.

After the revision in the regulatory provisions as contained in the Companies Act, 2013, the Board could consider increase in Sitting Fees for meetings of the Board / Committees were revised by the Board as under, with effect from July 9, 2014:

- Board of Directors: ₹ 1,00,000 for every meeting attended;
- Audit Committee of the Board: ₹ 50,000 for every meeting attended; and
- For all other Board Committees: ₹ 20,000 for every meeting attended.

The details of Sitting Fees paid to the Non-executive Directors for attending the Board and Committee meetings held during the year 2014-15 are as under:

Name of Director	Sitting Fees (₹)
Mr. R. Seshasayee	9,30,000
Mr. Ajay Hinduja *	1,50,000
Mr. S. C. Tripathi **	5,40,000
Mr. Ashok Kini	7,30,000
Mrs. Kanchan Chitale	10,90,000
Mr. Vijay Vaid	6,20,000
Mr. T. Anantha Narayanan	11,10,000
Mr. Ranbir S. Butola ***	2,90,000
Mr. Y. M. Kale (Alternate Director to Mr. Ajay Hinduja)	1,70,000

* Mr. Ajay Hinduja ceased to hold office from October 30, 2014 upon completion of 8 years on the Board of the Bank.

** Mr. S. C. Tripathi ceased to hold office from February 13, 2015 upon completion of 8 years on the Board of the Bank.

*** Mr. Ranbir S. Butola was inducted in the Board on January 13, 2015.

Compensation to Whole-time Directors':

The appointment / re-appointment of Whole-time Directors is made with the prior approval of the Reserve Bank of India.

Mr. Romesh Sobti, Managing Director & CEO:

Mr. Romesh Sobti has been 'Managing Director & CEO' of the Bank since February 1, 2008. During the year under review, Reserve Bank of India approved the re-appointment of Mr. Romesh Sobti as Managing Director and CEO of the Bank for a further period of three years, with effect from February 1, 2015.

For the financial year 2014-15, the details of remuneration of Mr. Romesh Sobti: Salary ₹ 151.27 lakh, Other Allowances ₹ 183.01 lakh, facility of company-leased and furnished accommodation, Provident Fund at 12% of Salary, Gratuity at one month's Salary, Pension at two months' Salary, Medical Expenses reimbursement up to ₹ 1.50 lakh, Leave Fare Concession of ₹ 1.50 lakh, Mediclaim for self and family members, Personal Accident Insurance, Performance-based Bonus, Membership of two clubs and two official cars with drivers.

iv. Shareholding

Equity shares held by the Directors as on March 31, 2015 are: (i) Romesh Sobti: 1,00,000 shares (0.02%) (ii) T. Anantha Narayanan: 580 shares (0.00%)

None of the Directors of the Bank holds shares in the Bank for other person(s) on a beneficial basis. Further, no Director holds any other security issued by the Bank.

Details of the Directors seeking appointment / re-appointment at the AGM

Mr. Ranbir S. Butola who was appointed "Additional Director" on January 13, 2015 in the category of "Independent Non-executive" shall hold office up to the date of the ensuing AGM, and being eligible, offers himself for appointment.

Mr. T. Anantha Narayanan retired from the Board on April 8, 2015 as "Independent Non-executive Director", consequent upon his attaining the age of 70 years as per the Resolution passed at the Bank's Annual General Meeting (AGM) held on June 27, 2014. Accordingly, pursuant to approval of Reserve Bank of India, the Board at its meeting held on March 30, 2015 appointed Mr. Anantha Narayanan as "Additional Director" in the category of

“Non-executive Independent” w.e.f. April 9, 2015. Mr. Anantha Narayanan shall hold office upto the date of the ensuing AGM, and being eligible, offers himself for appointment.

Mr. Yashodhan M. Kale who was appointed “Additional Director” on April 16, 2015 in the category of “Non-Independent Non-Executive” shall hold office upto the date of the ensuing AGM, and being eligible, offers himself for appointment.

Approval of the shareholders is requested for the appointment of Mrs. Kanchan Chitale as ‘Independent Non-Executive Director’ for another term of four years w.e.f. October 18, 2015, by passing a Special Resolution at the ensuing AGM.

Approval of the shareholders is requested for the appointment of Mr. Vijay Vaid as ‘Independent Non-Executive Director’ for another term w.e.f. October 18, 2015, up to his attaining the age of 70 years, i.e., the maximum permissible age limit for a Director by RBI, by passing a Special Resolution at the ensuing AGM.

The tenure of Mr. R. Seshasayee, Part-time Non-executive Chairman shall conclude on July 23, 2015. Approval of shareholders is requested for his re-appointment as Part-time Non-executive Chairman of the Bank for a period of 2 years with effect from July 24, 2015, subject to approval of Reserve Bank of India.

Approval of the shareholders is requested for appointment of Mr. Romesh Sobti as Managing Director & CEO of the Bank for a period of three years with effect from February 1, 2015, as approved by Reserve Bank of India.

A brief profile of the Directors seeking appointment / re-appointment is given below:

Director	Qualifications	Expertise in specific functional area	Date of Appointment	Name of companies in which Director / Partner in LLP's	Committees of other companies in which Member / Chairman	Shareholding in Bank (No. of shares)
Mr. R. Seshasayee	B.Com, A.C.A	Finance & General Management	July 24, 2007	<ul style="list-style-type: none"> Ashok Leyland Ltd. Hinduja Foundries Ltd. Ashley Airways Ltd. Hinduja Leyland Finance Ltd. Hinduja National Power Corporation Infosys Ltd. Ashley Alteams India Ltd. Hinduja Energy (India) Ltd. Houghton International Inc. USA 	<ul style="list-style-type: none"> Ashok Leyland Ltd. Stakeholders Relationship Committee Risk Management Committee. Hinduja Foundries Ltd. Nomination & Remuneration Committee Stakeholders Relationship Committee Infosys Ltd. Audit Committee Risk and Strategy Committee Nomination & Remuneration Committee Stakeholders Relationship Committee CSR Committee Hinduja Leyland Finance Ltd. Nomination Committee Hinduja Energy (I) Ltd. Audit Committee 	Nil
Mr. Ranbir S. Butola	B.Com. (Hons.), M.B.A., CAIIB	Finance & Economics	January 13, 2015	<ul style="list-style-type: none"> EOG Strategy Consultants LLP India Pathfinders Strategic Advisors LLP 	Nil	Nil

Director	Qualifications	Expertise in specific functional area	Date of Appointment	Name of companies in which Director / Partner in LLP's	Committees of other companies in which Member / Chairman	Shareholding in Bank (No. of shares)
Mr. T. Anantha Narayanan	B. Com, ACA, AICWA	Accountancy & Agriculture	April 9, 2015	<ul style="list-style-type: none"> • Allsec Technologies Ltd. • Sundaram Asset Management Co. Ltd. • Sanco Trans Ltd. • Hinduja Foundries Ltd. 	<ul style="list-style-type: none"> • Allsec Technologies Ltd. Audit Committee Remuneration Committee • Sundaram Asset Management Ltd. Audit Committee Risk Management Committee Hinduja Foundries Ltd. Audit Committee • Sanco Trans Ltd. Remuneration & Nomination Committee 	580
Mr. Yashodhan M. Kale	B.Com (Hons.) F. C. A.	Corporate Governance, Accounting & Finance	April 16, 2015	Nil	Nil	Nil
Mr. Vijay Vaid	B.Com	Small Scale Industry (SSI)	October 18, 2011	<ul style="list-style-type: none"> • Vaid Elastomer Processors Pvt. Ltd. • Vijay Elastomer Processors Pvt. Ltd. • Vaid Overseas Pvt. Ltd. • Nine Enterprises Pvt. Ltd. • Hinduja Foundries Ltd. 	<ul style="list-style-type: none"> • Hinduja Foundries Ltd. Stakeholders Relationship Committee 	Nil
Mrs. Kanchan Chitale	B. Com, FCA	Accountancy	October 18, 2011	<ul style="list-style-type: none"> • Gulf Oil Corporation Ltd. • Gulf Oil Lubricants India Ltd. • IDL Explosives Ltd. • Grant Investrade Ltd. • IndusInd Media & Communications Ltd. • IN Entertainment (India) Ltd. • Hinduja National Power Corporation Ltd. • Hinduja Energy (India) Ltd. • Hinduja Finance Ltd. • Harkan Management Consultancy Services Pvt. Ltd. 	<ul style="list-style-type: none"> • Gulf Oil Corporation Ltd. Audit Committee Remuneration & Nomination Committee • Gulf Oil Lubricants India Ltd. Audit Committee CSR Committee • IDL Explosives Ltd. Audit Committee • Grant Investrade Ltd. Audit Committee • IndusInd Media & Communications Ltd. Audit Committee Nomination & Remuneration Committee • IN Entertainment (India) Ltd. Audit Committee • Hinduja National Power Corporation Ltd. Audit & Risk Committee Nomination & Remuneration Committee • Hinduja Energy (India) Ltd. Audit Committee Nomination & Remuneration Committee 	Nil

Director	Qualifications	Expertise in specific functional area	Date of Appointment	Name of companies in which Director / Partner in LLP's	Committees of other companies in which Member / Chairman	Shareholding in Bank (No. of shares)
					<ul style="list-style-type: none"> Hinduja Finance Ltd. Audit Committee Nomination & Remuneration Committee CSR Committee 	
Mr. Romesh Sobti	Bachelor's Degree (Honours) in Electrical Engineering and Diploma in Corporate Laws and Practice and Secretarial Practice	Finance and General Management	February 1, 2008	Nil	Nil	100,000

Committees of the Board

The Board has constituted several Committees of Directors to take decisions and monitor the activities falling within their terms of reference. The Board's Committees are as follows:

Audit Committee of the Board

Terms of reference

(A) Power

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

(B) Role

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft Audit Report.

5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(C) Review of following information (Scope)

- Management Discussion and Analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Meetings The Committee met 6 times during the financial year 2014-15, on April 15, 2014, May 15, 2014, July 8, 2014, October 13, 2014, January 12, 2015 and March 26, 2015.

The attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. T. Anantha Naryanan	5/5	Inducted in the Committee on April 16, 2014.
Mrs. Kanchan Chitale	5/6	-
Mr. S. C. Tripathi	5/5	Ceased to be Director on February 13, 2015 on completion of 8 years on the Board.
Mr. Ashok Kini	5/5	-
Mr. Ranbir Butola	1/1	Inducted in the Committee on January 13, 2015.

Committee of Directors

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

Meetings The Committee met 20 times during the financial year 2014-15, on June 2, 2014, June 19, 2014, June 26, 2014, August 4, 2014, August 14, 2014, August 28, 2014, September 8, 2014, September 11, 2014, September 19, 2014, September 25, 2014, September 29, 2014, October 14, 2014, November 3, 2014, November 25, 2014, December 12, 2014, December 19, 2014, January 23, 2015, February 23, 2015, March 20, 2015 and March 27, 2015.

The composition and attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. R. Seshasayee	12/20	-
Mr. T. Anantha Naryanan	18/20	-
Mrs. Kanchan Chitale	15/20	-
Mr. Romesh Sobti	14/20	-

Nomination Committee

Terms of reference

Pursuant to Section 178 and other applicable provisions of the Companies Act, 2013, Clause 49 of the revised Listing Agreement and guidelines issued by RBI, the terms of reference of the Nomination Committee have been revised to include:

- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

- Conducting due diligence as to the credentials of any Director before his/ her appointment, and making appropriate recommendations to the Board, in consonance with the Dr. Ganguly Committee recommendations and the requirements of RBI.”

Meetings The Committee met four times during the financial year 2014-15, on May 15, 2014, October 13, 2014, November 25, 2014 and March 30, 2015.

The composition and attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mrs. Kanchan Chitale	4/4	Appointed Chairperson of the Committee on October 13, 2014, in line with Clause 49(IV)(A) of the Listing Agreement which mandated that Chairman of the Committee be an Independent Director.
Mr. R. Seshasayee	4/4	Stepped down as Chairman of the Committee on October 13, 2014, in line with Clause 49(IV)(A) of the Listing Agreement which mandated that Chairman of the Committee be an Independent Director.
Mr. Ajay Hinduja	2/2	Ceased to be Director on October 30, 2014 on completion of 8 years on the Board.
Mr. Ashok Kini	1/2	Inducted in the Committee on October 13, 2014.
Mr. Romesh Sobti	0/4	Mr. Sobti, being interested, abstained from attending meeting held on October 13, 2014. Stepped down from the Committee in line with Clause 49(IV)(A) of the Listing Agreement which mandated that all members be Non-executive Directors.

Stakeholders Relations Committee

Terms of Reference The objective of the Stakeholders Relations Committee is the redressal of stakeholders' complaints. The Company Secretary discharges the responsibilities of a Compliance Officer.

Meetings The Committee met twice during the financial year 2014-15, on October 8, 2014 and March 30, 2015.

The composition and attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. Vijay Vaid	2/2	-
Mr. Romesh Sobti	2/2	-

Special Committee of the Board (for monitoring large value frauds)

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

Meetings The Committee met thrice during the financial year 2014-15, on November 3, 2014, January 12, 2015 and March 26, 2015.

The composition and attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. Ashok Kini	2/3	-
Mrs. Kanchan Chitale	2/3	-
Mr. Romesh Sobti	2/3	-

Customer Service Committee

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

Meetings The Committee met twice during the financial year 2014-15, on October 8, 2014 and March 26, 2015.

The composition and attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. Ashok Kini	2/2	-
Mr. Vijay Vaid	2/2	-
Mr. Romesh Sobti	0/2	-

Risk Management Committee

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

Meetings The Committee met five times during the financial year 2014-15, on April 15, 2014, May 15, 2014, July 8, 2014, October 9, 2014 and January 12, 2015.

The composition and attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. Ashok Kini	4/5	Inducted in the Committee on April 16, 2014.
Mr. T. Anantha Narayanan	4/5	-
Mr. Ajay Hinduja	0/4	Meetings were attended by Alternate Director, Mr. Y. M. Kale. Ceased to be Director on October 30, 2014 on completion of 8 years on the Board.
Mr. Y. M. Kale	4/4	Alternate Director to Mr. Ajay Hinduja.
Mr. Romesh Sobti	4/5	-

Finance Committee

Terms of reference	The Committee's role is to decide on the appropriate mode of issue of capital; to finalise, settle, approve or agree to terms and conditions including the pricing for the said capital-raising programme; finalise, settle, approve, and authorise the executing of any document, deed, writing, undertaking, guarantee or other papers (including any modification thereof) in connection with the capital-raising programme and authorise the affixing of the Common Seal of the Company, if necessary thereto in accordance with the provisions of Articles of Association of the Company; to appoint and to fix terms and conditions of merchant bankers, investment bankers, lead or other managers, advisors, solicitors, agents or such other persons or intermediaries as may be deemed necessary for the capital-raising programme; to do all such things and deal with all such matters and take all such steps as may be necessary to give effect to the resolution for raising of capital and to settle / resolve any question or difficulties that may arise with regard to the said programme.
Composition	The Committee comprised three members, viz., Mr. R. Seshasayee, Mr. Ranbir S. Butola and Mr. Romesh Sobti.
Meetings	There was no raising of capital during the financial year 2014-15, and hence no meeting was convened.

Compensation Committee

Terms of reference	The Committee's role is to make recommendations on the issuance of the Bank's shares to its employees under the Employees Stock Option Scheme 2007.
Meetings	The Committee met six times during the financial year 2014-15, on May 15, 2014, June 2, 2014, July 9, 2014, October 13, 2014, February 23, 2015 and March 30, 2015.

The composition and attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. R. Seshasayee	6/6	-
Mrs. Kanchan Chitale	6/6	-
Mr. Vijay Vaid	-	Inducted in the Committee on March 30, 2015.

Vigilance Committee

Terms of reference	The Committee conducts overview of cases of lapses of vigilance nature on the part of employees of the Bank.
Meetings	The Committee met twice during the financial year 2014-15, on October 13, 2014 and March 30, 2015.

The composition and attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. S. C. Tripathi	1/1	Ceased to be Director on February 13, 2015 on completion of 8 years on the Board.
Mr. Ranbir Butola	1/1	Inducted in the Committee on January 13, 2015.
Mr. Romesh Sobti	2/2	-

I.T. Strategy Committee

Terms of reference	The Committee conducts Board-level overview of aligning Information Technology with the business strategy of the Bank aimed at offering better service to customers, improved risk management and superior performance.
Meetings	The Committee met thrice during the financial year 2014-15, on July 8, 2014, October 8, 2014 and January 12, 2015.

The composition and attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. Ashok Kini	3/3	-
Mr. Romesh Sobti	3/3	-

Human Resources Committee & Remuneration Committee

Human Resources Committee

Terms of reference	The Committee reviews the Bank's HR function.
Composition	The Committee comprised two members, viz., Mr. R. Seshasayee and Mr. Ajay Hinduja.
Meetings	No standalone meetings of the Human Resources Committee were convened during the financial year 2014-15.

Remuneration Committee

Terms of reference

- To determine on behalf of the Board, the Company's policy on specific remuneration packages for Executive Directors, including pension rights and any compensation payment;
- To approve the payment of remuneration to Managerial Personnel as per the Policy laid down by the Committee;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Overseeing the framing, review and implementation of the Bank's Compensation Policy for Whole Time Directors / Chief Executive Officers / Risk Takers and Control function staff for ensuring effective alignment between remuneration and risks.

Meetings	The Committee met twice during the financial year 2014-15, on November 25, 2014 and January 13, 2015.
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The composition and attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. R. Seshasayee	2/2	-
Mrs. Kanchan Chitale	1/2	-
Mr. Vijay Vaid	2/2	-

The Human Resources Committee and the Remuneration Committee were merged on January 13, 2015, to constitute the 'HR and Remuneration Committee'.

Terms of reference

- Overseeing the framing, review and implementation of the Bank's Compensation / Remuneration Policy for Whole Time Directors / Chief Executive Officers / Risk Takers and Control function staff, towards ensuring effective alignment between remuneration and risks.
- Determining on behalf of the Board, the Bank's Policy on remuneration packages for Executive Directors, including benefits such as Pension, etc.
- Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board the Policy relating to remuneration of Directors, Key Managerial Personnel, and other Top Management personnel;
- Reviewing of the Talent Management and Succession Policy of Top-level Executives, one level below the MD & CEO (Members of the Core Executive Team), and the process for ensuring business continuity.
- Reviewing of the HR strategy, Performance Appraisal process, fundamental changes in organisational structure, training, and the overall HR function."

Meetings The Committee met twice during the financial year 2014-15, viz., on February 23, 2015 and March 30, 2015.

The composition and attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mrs. Kanchan Chitale	2/2	-
Mr. R. Seshasayee	2/2	-
Mr. Vijay Vaid	1/2	-
Mr. T. Anantha Narayanan	2/2	-

Corporate Social Responsibility (CSR) Committee

Terms of reference The Committee's role is to ensure that the Bank spends in every financial year at least 2% of its average Net Profits made during three immediately preceding financial years in pursuance of its CSR Policy.

Meetings The Committee met once during the financial year 2014-15, viz., on November 25, 2014.

The composition and attendance details of the members are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mrs. Kanchan Chitale	1/1	-
Mr. Ashok Kini	0/1	-
Mr. Vijay Vaid	1/1	-
Mr. Romesh Sobti	1/1	-

Separate meeting of Independent Directors'

During the year under review, a separate meeting of Independent Directors, without the attendance of Non-Independent Directors and members of management, was held on January 13, 2015 as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Clause 49 of the Listing Agreement.

In the aforesaid meetings, the Independent Directors:

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

The attendance details of the Independent Directors are as under:

Members	Number of Meetings attended (includes attendance through videoconference)	Remarks
Mr. Ashok Kini	1/1	Unanimously appointed Chairman of the meeting.
Mr. S. C. Tripathi	1/1	Ceased to be Director on February 13, 2015 on completion of 8 years on the Board.
Mrs. Kanchan Chitale	0/1	-
Mr. Vijay Vaid	1/1	-
Mr. T. Anantha Narayanan	1/1	-
Mr. Ranbir Butola	1/1	-

Annual Evaluation of Board Performance and Performance of its Committees and of Directors:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out annual evaluation of its own performance, performance of the Directors, and evaluation of the working of its Committees.

The Nomination Committee has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors.

Performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

Performance evaluation of the Independent Directors and of the Chairman was carried out by the entire Board, excluding the Director being evaluated. Performance evaluation of the Non-Independent Directors was carried out by the Independent Directors, who also reviewed the performance of the Board as a whole. Performance of the committees was evaluated by the Board after seeking inputs from the Non-committee members on the basis of criteria such as the composition of the Committees, effectiveness of committee meetings, etc. The Nomination Committee also reviewed the performance of the Board, its Committees and of the Directors.

The Chairman of the Board provided feedback to the Directors on an individual basis, as appropriate. Significant highlights, learning, and action points with respect to the evaluation were presented to the Board.

Familiarization Programme for Independent Directors

During the year under review, the Bank formulated Familiarization Programme for Independent Directors. The said Programme aims to provide the Independent Directors an insight in to the Bank's functioning, and to help them understand its business in depth so as to help them contribute significantly during the deliberations in the meetings of the Board and of the Committees.

The Familiarization Programme for Independent Directors has been hosted on the website of the Bank at the below given link:

<http://www.indusind.com/content/home/important-links/familiarization-programme-for-independent-directors.html>

Policy on Board Diversity

During the year under review, Policy on Board Diversity has been formulated by the Bank. The Board Diversity Policy sets out the necessity, and the approach towards achieving diversity in the Board of Directors.

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

Policy on Related Party Transactions

In terms of Section 188 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement, the Bank has formulated a policy on materiality of Related party Transactions and also on dealing with Related Party Transactions.

The Policy on Related Party Transactions has been hosted on the website of the Bank.

Vigil Mechanism / Whistle Blower Policy

The Bank has in place a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Bank's Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism, and also provides for direct access to the Chairman of the Audit Committee. None of the Bank's personnel have been denied access to the Audit Committee.

The Whistle Blower Policy has been hosted on the website of the Bank.

Details of the three previous Annual General Meetings:

AGM	Day and Date	Time	Venue	Whether Special Resolution Passed
20 th	Friday, June 27, 2014	2.00 p.m.	Hotel Sun-n-Sand, 262, Bund Garden Road, Pune – 411001.	No
19 th	Friday, June 28, 2013	2.00 p.m.	Hotel Le Meridien, Raja Bahadur Mill Road, Pune – 411001.	No
18 th	Tuesday, July 17, 2012	2.00 p.m.	Hotel Le Meridien, Raja Bahadur Mill Road, Pune – 411001.	Yes

Special Resolutions:

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

Annual General Meeting	Date	Resolution
18 th Annual General Meeting	July 17, 2012	<ul style="list-style-type: none"> Resolution No. 9 Authority for augmentation of capital through further issue / placement of securities including American Depositary Receipts / Global Depositary Receipts / Qualified Institutional Placement, etc.

Extra-ordinary general meeting:

No Extra-ordinary General Meeting of the members was held during the year 2014-15.

Postal Ballot:

In accordance with Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, consent of the members was sought by way of Special Resolution for issue of Long-Term Infrastructure Bonds and Subordinated Non-Convertible Debentures (NCDs) / Bonds eligible to be included as Additional Tier 1 (AT1) and Tier 2 (T2) Capital of the Bank in domestic market, on Private Placement basis, in one or more tranches under one or more Shelf Disclosure Documents and / or one or more Letters of Offer and on such terms and conditions for each series / tranches including the price, coupon, premium, discount, tenor etc. as deemed fit by the Board for an amount not exceeding ₹ 2,000 crores.

The Bank had appointed Mr. S. N. Bhandari, Practising Company Secretary, or failing him Ms Manisha Maheshwari, as Scrutinizer for conducting the Postal Ballot process. The Postal Ballot was commenced on Wednesday, February 25, 2015 and ended at 5.00 p.m. on Thursday, March 26, 2015. The results of the Postal Ballot were announced on March 27, 2015 at 5.00 p.m. at the Corporate Office and at the Registered Office of the Bank. The Special Resolution proposed has been passed with requisite majority (99.88% votes in favour).

Material Disclosures:

Related Party Transactions: During the year, there were no materially significant related party transactions that could have had any potential for conflict with the interests of the Bank at large.

Disqualification of Directors: As on March 31, 2015, none of the Directors of the Bank were disqualified under section 164(2) of the Companies Act, 2013.

Mandatory requirements of Clause 49 of the Listing Agreement: The Bank has complied with all the mandatory requirements of Corporate Governance stipulated under Clause 49 of the Listing Agreement. Certificate to this effect has been issued by M/s Bhandari & Associates, Company Secretaries, and the same has been incorporated elsewhere in this document.

Accounting Standards: In the preparation of financial statements for the year 2014-15, the treatment prescribed in the Accounting Standards issued by the Institute of Chartered Accountants of India from time to time has been followed by the Bank.

Non-Mandatory requirements of Clause 49 of the Listing Agreement:

The Bank has fulfilled the following non-mandatory requirements as prescribed in Annexure XIII to the Clause 49 of the Listing Agreements entered into with the Stock Exchanges:

- The Chairman has been provided with an office at the Corporate Office of the Bank. Expenses incurred by the Chairman for attending the Meetings of the Board and Committees have been reimbursed from time to time. As he is Non-executive, he is entitled to receive sitting fees for attending the meetings of the Board and of the Committees of the Board.
- The Bank endeavors to remain in a regime of unqualified financial statements.
- The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CEO.
- The Internal Auditor of the Bank reports to the Audit Committee.
- The Bank publishes its Quarterly / Annual Financial Results on its website (www.indusind.com) which is accessible to the public at large. Besides this, the financial results are published in newspapers, apart from being reported on the websites of the Stock Exchanges. Therefore, the Bank does not find it expedient to send individual communications to the shareholders regarding significant events and financial performance every half-year.

Besides the above, e-mail messages and SMS messages were sent during the year to shareholders whose e-mail IDs and cell phone numbers were available with the Bank, informing them about declaration of the Bank's Quarterly and Annual Financial Results.

- The Bank has continued the exercise of collecting the e-mail IDs of shareholders, so as to communicate more regularly with them via e-mail.

'Code of Conduct for prevention of Insider Trading'

In accordance with the requirements of the Securities and Exchange Board of India ([Prohibition of] Insider Trading) Regulations, 2015, the Bank has formulated a comprehensive 'Code of Conduct for Prevention of Insider Trading' in securities of the Bank.

Means of Communication

Besides communicating to the Stock Exchanges where the Bank's shares are listed, the financial results of the Bank are also published on a quarterly basis in leading financial publications and regional newspaper in the Bank's Registered Office location, viz., Economic Times, Financial Express, Maharashtra Times, Business Standard, etc.

Quarterly compliance reports on Corporate Governance as prescribed under Clause 49 of the Listing Agreement and the Shareholding Pattern of the Bank as prescribed under Clause 35 of the Listing Agreement with the Stock Exchanges are also filed through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre.

Information relating to the financial results is also hosted under the icons "Media Room" and "Investor Relations" on Bank's website (www.indusind.com). The said sections are updated regularly.

Quarterly Press meets are organized during which the results are formally announced to the media and Press Releases are issued for publication. Regular interviews with the electronic channels on the awareness of results and other available opportunities are arranged for the Managing Director and the Chief Operating Officer.

Analyst Meets and Conference Calls with the Analyst fraternity are also held periodically. A transcript of the calls is hosted in the Bank's website.

The Management Discussion and Analysis report for 2014-15 forms part of this Annual Report.

Subsidiary Company

The Bank does not have a "material non-listed Indian subsidiary" as defined in Clause 49 of the Listing Agreement. However, ALF Insurance Services Private Ltd. is a wholly-owned subsidiary of the Bank. The Company was set up to do the business of Insurance Corporate Broking, and is currently under voluntary winding up.

Business Responsibility Report:

The Securities & Exchange Board of India, vide their Circular of August 13, 2012 have mandated that top 100 entities listed in BSE and NSE, based on market capitalisation, should incorporate the 'Business Responsibility Report' as part of their Annual Reports. The said disclosure has been provided in the Directors' Report as an Annexure.

Corporate Social Responsibility

The Bank has constituted a 'Corporate Social Responsibility' Committee of the Board in line with the Companies Act, 2013. The Bank has instituted the Corporate Social Responsibility Policy, and its strategy will guide the Bank's activities in focus areas, namely, rural development and inclusiveness, environmental sustainability, preventive healthcare and other areas of special interest. During the year, the Bank is committed to Prime Minister's Swachh Bharat Abhiyaan and working towards financial inclusion and legal literacy.

Sustainability-driven Growth

Sustainability is an integral part of our Bank's operations. The Bank has been responsive to the rapidly evolving environment and adopting a strategy that is both sustainable and innovative giving equal impetus to human capital, financial capital, natural capital and intellectual capital. With each passing year, the Bank has fortified sustainability practices and disclosures and will continue to adopt a systemic approach which intends to de-risk business, enhancing value of the products and restoring the environment. The Bank has reached leadership position in Carbon Disclosure Project in 2014.

Statutory Reporting:

In terms of SEBI guidelines, Business Responsibility Report (BR Report) is to be included in the Annual Reports of listed entities. The BR Report is governed by certain key principles adopted from the National Voluntary Guidelines (NVG) and the description of the core elements under these principles are as under:

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3: Businesses should promote the wellbeing of all employees.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Business should respect, protect, and make efforts to restore the environment.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8: Businesses should support inclusive growth and equitable development.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

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

The full text of these reports shall also be made available in an easily navigable format on the Bank's website, www.indusind.com

General Information for Shareholders:

Registration No.	:	11-76333
CIN	:	L65191PN1994PLC076333
Financial Year	:	2014-2015
Board meeting for adoption of Audited Financial Accounts	:	April 16, 2015
Posting of Annual Report 2014-15	:	July 24, 2015
Day, Date and Time of 21st Annual General Meeting	:	Monday, August 17, 2015 at 2.00 p.m.
Venue	:	Hotel Le Meridien, Pune
Financial Calendar	:	April 1 to March 31
Book Closure	:	Tuesday, August 11, 2015 to Monday, August 17, 2015
Date of Dividend Payment	:	Thursday, August 20, 2015
Bank's Website	:	www.indusind.com

Distribution of shareholding as on March 31, 2015

Range – Shares	No. of Folios	Percentage of Folios	No. of shares	Percentage of Shares
Upto 1,000	94821	93.46	1,68,51,487	3.18
1,001 - 5,000	5149	5.08	1,06,13,788	2.01
5,001 - 10,000	571	0.56	42,53,976	0.80
10,001 – 50,000	480	0.47	1,06,37,941	2.01
50,001 & above	437	0.43	48,70,93,017	92.00
TOTAL	1,01,458	100.00	52,94,50,209	100.00

Outstanding GDRs / ADRs / Warrants or any Convertible Debentures, conversion date and likely impact on equity

The Bank has 6,46,82,364 GDRs (equivalent to 6,46,82,364 equity shares) outstanding, which constituted 12.22% of the Bank's total equity capital as at March 31, 2015.

Shareholding as on March 31, 2015**i. Distribution**

Category	No. of shares held	% of shareholding
A. Promoters' holding	7,98,99,984	15.09
B. Non-Promoters' holding	44,95,50,225	84.91
(i) Institutional Investors		
a. Mutual Funds and UTI	3,96,13,937	7.48
b. Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-government Institutions)	80,41,083	1.52
c. FIIs	21,02,36,093	39.71
Sub Total	25,78,91,113	48.71
(ii) Global Depository Receipts	6,46,82,364	12.22
(iii) Others		
a. Private Corporate Bodies	6,46,69,997	12.21
b. Indian Public*	3,70,68,564	7.01
c. NRIs/OCBs/Foreign Portfolio Investor Corporate	2,40,53,815	4.54
d. Clearing Members	4,48,792	0.08
e. Trusts	7,35,580	0.14
Sub Total	12,69,76,748	23.98
GRAND TOTAL	52,94,50,209	100.00

* 'Indian Public' includes 1,00,580 shares held by Resident Directors.

ii. Major Shareholders (with more than 1% percent shareholding)

Sr. No.	Name of Shareholder	No. of shares held	% of shareholding
1	The Bank of New York Mellon (GDR-Depository)	6,46,82,364	12.22
2	IndusInd International Holdings Ltd.	6,03,99,984	11.41
3	Bridge India Fund	2,22,63,458	4.21
4	IndusInd Limited	1,95,00,000	3.68
5	Afrin Dia	1,50,05,666	2.83
6	GA Global Investments Limited	1,27,76,391	2.41
7	Goldman Sachs Investments (Mauritius) I Ltd	1,02,80,795	1.94
8	ICICI Prudential Life Insurance Company Ltd	84,62,134	1.60
9	Hinduja Group Limited	82,49,117	1.56
10	Franklin Templeton Mutual Fund A/c Franklin India Bluechip Fund	80,36,749	1.52
11	Franklin Templeton Investment Fund	76,06,520	1.44
12	IDL Speciality Chemicals Limited	72,81,000	1.38
13	Morgan Stanley Asia (Singapore) PTE	70,52,241	1.33
14	Life Insurance Corporation of India	69,85,553	1.32
15	Norwest Venture Partners X FII-Mauritius	67,18,087	1.27
16	DVI Fund Mauritius Limited	58,76,757	1.11
17	Government of Singapore	58,11,239	1.10
18	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Frontline Equity Fund	55,30,948	1.04
19	Tiaa-Cref Institutional Mutual Funds-International Equity Fund	55,11,180	1.04
20	HDFC Standard Life Insurance Company Limited	54,37,995	1.03

iii. Total Foreign Shareholding

	No. of shares held	% of shareholding
Total foreign shareholding	37,88,72,523	71.56
of which GDRs	6,46,82,364	12.22

Details of complaints received and resolved from April 1, 2014 to March 31, 2015

Complaints	Received	Attended to	Pending
Non-Receipt of Share Certificate	67	67	0
Non-Receipt of Dividend Warrants	25	25	0
Non-Receipt of Endorsement Stickers	0	0	0
Non-Receipt of Annual Report	1	1	0
Non-Receipt of Demat Credit / Remat Certificate	0	0	0
Non-Receipt of Rejected DRF	0	0	0
Non-Receipt of Exchanged Certificate	12	12	0
Non-Receipt of Split / Duplicate / Replacement Certificate	0	0	0
Others	2	2	0
Total	107	107	0

Listing details of the Bank's Equity Shares / GDRs on Stock Exchanges

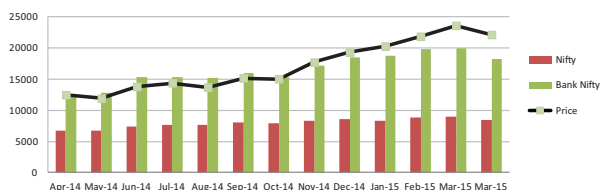
Name of the Stock Exchange	Address of the Stock Exchange	Stock Code No.
Bombay Stock Exchange Ltd.	Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400001.	532187
National Stock Exchange of India Ltd.	Exchange Plaza, 5th Floor Bandra-Kurla Complex, Plot No. C/1, G Block, Bandra (E), Mumbai - 400 051.	INDUSINDBK Normal – EQ (physical)
Luxembourg Stock Exchange (Global Depository Receipts)	Société de la Bourse de Luxembourg Societe Anonyme RC Luxembourg B 6222	111202

The Bank has paid annual listing fees on its capital for the relevant period to Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. where its shares are listed and to Luxembourg Stock Exchange where its Global Depository Receipts are listed.

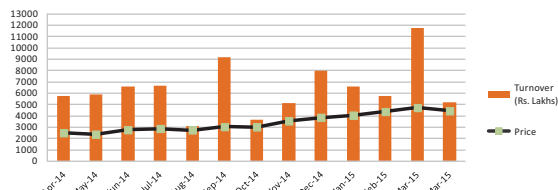
Market Price Data of the Bank's shares

i. National Stock Exchange of India Ltd.

Date	Price of Shares				Turnover in ₹ Lakhs	Nifty	Bank Nifty
	Open (₹)	High (₹)	Low (₹)	Close (₹)			
1-Apr-14	502.95	504.00	491.55	499.25	5729.57	6721.05	12588.50
2-May-14	480.60	487.00	472.70	476.55	5920.38	6694.80	12842.00
2-Jun-14	532.10	554.35	531.00	552.40	6581.61	7362.50	15287.25
1-Jul-14	574.15	577.00	569.00	575.45	6662.07	7634.70	15321.35
1-Aug-14	556.00	564.00	544.85	548.60	3110.32	7602.60	15127.80
1-Sep-14	586.55	614.80	586.55	606.90	9181.57	8027.70	16012.80
1-Oct-14	621.50	621.50	600.60	601.85	3661.27	7945.55	15316.20
3-Nov-14	724.90	725.00	705.40	708.10	5142.43	8324.15	17134.10
1-Dec-14	751.95	776.00	745.60	772.95	8006.88	8555.90	18525.30
1-Jan-15	803.40	814.70	798.40	812.00	6616.27	8284.00	18750.45
2-Feb-15	865.10	877.85	856.10	874.55	5780.23	8797.40	19865.90
2-Mar-15	925.00	949.90	914.00	944.50	11767.92	8956.75	20008.10
31-Mar-15	891.00	894.10	877.50	886.00	5176.90	8491.00	18206.65



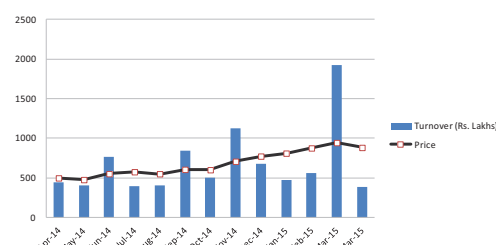
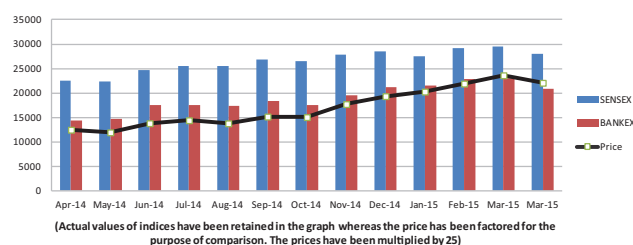
(Actual values of indices have been retained in the graph whereas the price has been factored for the purpose of comparison. The prices have been multiplied by 25).



(Actual values of trade has been retained in the graph while the price has been factored for the purpose of comparison. The prices have been multiplied by 5)

ii. BSE Ltd.

Date	Price of Shares				Turnover in ₹ Lakhs	SENSEX	BANKEX
	Open (₹)	High (₹)	Low (₹)	Close (₹)			
1-Apr-14	502.90	504.00	491.60	498.10	444.08	22446.44	14400.70
2-May-14	481.00	486.85	473.25	476.80	407.00	22403.89	14690.50
2-Jun-14	540.00	553.35	531.10	551.50	764.30	24684.85	17510.44
1-Jul-14	573.00	577.00	569.00	575.80	397.65	25516.35	17558.71
1-Aug-14	556.00	563.60	546.40	550.60	408.74	25480.84	17328.98
1-Sep-14	584.00	610.00	584.00	605.85	845.70	26867.55	18326.48
1-Oct-14	618.00	619.50	600.15	601.40	504.76	26567.99	17538.57
3-Nov-14	722.00	723.00	705.25	708.05	1124.17	27860.38	19595.34
1-Dec-14	751.00	799.00	746.00	773.05	678.26	28559.62	21222.29
1-Jan-15	804.00	813.40	799.30	810.55	469.21	27507.54	21473.19
2-Feb-15	874.80	879.00	856.95	875.95	562.45	29122.27	22782.10
2-Mar-15	920.65	949.45	914.30	943.95	1920.66	29459.14	22981.72
31-Mar-15	891.00	893.90	876.95	882.50	387.78	27957.49	20865.31


Dematerialisation of shares and liquidity

The Bank's shares are tradable (in electronic form only) at the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. 98.13% of the Bank's shares are dematerialised and the rest are in physical form. The volume of trades and share price information is provided in the tables above.

In view of the numerous advantages offered by the Depository system, members holding the shares of the Bank in physical form are requested to get the same dematerialised and converted to the electronic form.

Share Transfer System

The Share Transfer Committee, comprising Bank's executives, has been constituted to deal with transfer of shares, issue of duplicate Share Certificates in lieu of mutilated share certificates or those which are misplaced / lost, and other related matters. Approvals granted by the Share Transfer Committee are confirmed at subsequent Board meetings. With a view to expediting the process of physical share transfers, the Share Transfer Committee meets every Friday.

Trading in the Bank's shares now takes place compulsorily in dematerialised form. However, members holding share certificates in physical form are entitled to transfer their shareholding by forwarding the Share Certificates along with duly executed and stamped Securities Transfer Form (Form No.SH-4) as per the format prescribed under the Companies (Share Capital and Debentures) Rules 2014, signed by the member (or on his / her behalf) and the transferee to the Bank or to the Registrar & Share Transfer Agent, Link Intime India Pvt. Ltd.

Standardization and simplification of procedure for transmission of securities

SEBI had reviewed the process being followed by the Share Transfer Agents (STAs) and the Depositories / Issuer Companies (in-house STAs) for effecting transmission of securities held in physical as well dematerialised mode. With this background, SEBI had notified guidelines regarding standardisation and simplification of procedures for transmission of securities.

In case of transmission of securities in dematerialised mode, SEBI have enhanced the existing threshold limit of ₹ 1,00,000 (Rupees One Lakhs only), i.e., market value of securities per beneficiary owner account as on date of the application for transmission, to ₹ 5,00,000 (Rupees Five Lakhs only) for the purpose of following simplified documentation, as prescribed by the depositories vide bye-laws / operating instructions. Whereas, in case of transmission of securities held in physical mode (in single name without nomination) SEBI have prescribed a threshold limit of ₹ 2,00,000 (Rupees Two Lakhs only), i.e., market value of securities per folio as on date of the application for transmission, for following simplified documentation. However, vide aforesaid Circular, SEBI have empowered Issuer Companies to enhance the value of such securities, at their discretion.

The Bank's Board has empowered the Share Transfer Committee for approving transmission of securities held in physical mode, for market value of securities of up to ₹ 10,00,000 (Rupees Ten lakhs only), subject to completion of simplified documentation procedure prescribed by SEBI.

Share Capital Audit

As required under Clause 47(c) of the Listing Agreement, the Practising Company Secretary has examined the records relating to Share Transfer Deeds, Registers and other related documents on a half-yearly basis and has certified compliance with the provisions of the above Clause. The Certificates are forwarded to BSE and NSE where the Bank's equity shares are listed.

As required by SEBI, Share Capital Audit is conducted by a Practising Company Secretary on a quarterly basis, for the purpose, inter alia, of reconciliation of the total admitted equity Share Capital with the depositories and in the physical form with the total issued / paid-up equity capital of the Bank. Certificates issued in this regard are forwarded to BSE and NSE.

Consolidation of Folios

Shareholders holding shares in different folios but in identical name(s) are requested to get their shareholdings consolidated into one folio by requesting the Bank / Registrar for the same. The request may please be accompanied with proof of identification and the share certificates.

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai – 400078

Contact Person: Mr. Mahesh Masurkar
Tel.: 022 25963838 / 022 25946980 Fax: 022 25946969
Email: rnt.helpdesk@linkintime.co.in

Redressal of Investors' Grievances

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

Mr. Raghunath Poojary

Investor Services Cell

IndusInd Bank Ltd.
Solitaire Corporate Park
167, Guru Hargovindji Marg
Andheri (East), Mumbai - 400093
Tel: 022 66412487 Fax: 022 66412347
Email: investor@indusind.com

Dividends

Receipt of dividend through Electronic mode

Shareholders can opt for receiving dividend credit directly in to their bank account by way of updating their Bank Account details with the Depository Participant (DP) in case the shares are held in demat mode or with the Registrar & Share Transfer Agent viz., Link Intime India Pvt. Ltd. in case the shares are held in physical form.

To avail of this facility, shareholders can approach their DPs or send a request letter to Registrar & Share Transfer Agent viz., Link Intime India Pvt. Ltd. duly signed by the shareholder(s) mentioning particulars of Bank Account, Folio No. and attaching self-attested copies of PAN Card, Residence proof (not older than two months), cancelled cheque leaf along with signature attestation letter from their Bank.

Unclaimed Dividends

In accordance with the provisions of Section 205A of the Companies Act, 1956 (corresponding Section 124(5) of the Companies Act, 2013), read with Investor Education and Protection Fund (Awareness and Protection of Investors), Rules 2001, dividend which remains unclaimed for a period of seven years from the date of transfer to the 'Unpaid Dividend Account' of the Company shall be transferred to the 'Investor Education and Protection Fund' (IEPF) established by the Central Government. Dividends for and up to the financial year ended March 31, 2006 have already been transferred to 'IEPF'.

Details of unclaimed dividends for the financial year 2007-08 onwards and the last date for claiming the dividend for respective years are given in the table below. Members are requested to take note of such due dates and claim the unpaid dividend well in advance of the due date (i.e. before the expiry of the seven years period):

Year	Type of dividend	Date of declaration of Dividend	Due date for availing unclaimed Dividend
2007-08	Final	22 September 2008	27 October 2015
2008-09	Final	3 July 2009	8 August 2016
2009-10	Final	28 June 2010	2 August 2017
2010-11	Final	15 July 2011	19 August 2018
2011-12	Final	17 July 2012	21 August 2019
2012-13	Final	28 June 2013	2 August 2020
2013-2014	Final	27 June 2014	1 August 2021

Pursuant to Section 125 of the Companies Act, 2013, it is clarified that claims in respect of dividend amounts that have remained unclaimed or unpaid beyond the period of seven years from the date of payment shall be made with IEPF (i.e. with the Central Government). In other words, no claims shall lie against the Bank upon expiry of period of seven years from the date of payment.

Unclaimed Shares

Pursuant to Clause 5A of the Listing Agreement entered into with the Stock Exchanges, the Bank had sent three reminder letters in respect of unclaimed shares to shareholders at the addresses available in the Bank's record, in co-ordination with Link Intime India Pvt. Ltd., the Bank's Registrar & Share Transfer Agents.

The Bank is currently in the process of transferring the unclaimed shares to a 'Suspense Account' with a Depository Participant for this purpose. As on March 31, 2015 there were 4,713 folios consisting of 15,40,371 equity shares which were lying unclaimed as per details below:

Particulars	Folios	Shares
Reminder Letters sent	7,222	28,69,929
Responses received upto March 31, 2015	2,509	13,29,558
Unclaimed as on March 31, 2015	4,713	15,40,371

Independent Auditor's Report

To the Members of IndusInd Bank Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of IndusInd Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31 March 2015, the Profit and Loss Account, the Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and the design, implementation and maintenance of internal financial controls, that operate 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

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the applicable 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 of the Bank including its branches in accordance with Standards on Auditing ('the Standards') 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 of material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 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 accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Act, in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31 March 2015;
 - (b) in the case of the Profit and Loss account, of the profit of the Bank for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
8. As required sub section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - (c) during the course of our audit we have visited 27 branches. Since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein.
9. Further, as required by section 143(3) of the Act, we further report that:
 - (i) we have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
 - (iii) the financial accounting systems of the Bank are centralized and, therefore, returns are not necessary to be submitted by the branches;
 - (iv) the Balance Sheet, the Profit and Loss account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (v) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - (vi) on the basis of written representations received from the directors as on 31 March 2015 taken on record by the Board of directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (vii) 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:
 - (a) the Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 18 - Note 9.4 to the financial statements;
 - (b) the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts -Refer Schedule 18 - Note 9.5 to the financial statements; and
 - (c) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

For B S R & Co. LLP*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

Mumbai
16 April, 2015**Akeel Master***Partner*

Membership No: 046768

Balance Sheet as at March 31, 2015

	SCHEDULE	As at 31.03.2015	₹ in '000s As at 31.03.2014
CAPITAL AND LIABILITIES			
Capital	1	529,45,02	525,63,86
Employee Stock Options Outstanding		14,05,31	11,01,96
Reserves and Surplus	2	10101,03,11	8506,30,42
Deposits	3	74134,36,42	60502,28,53
Borrowings	4	20618,05,62	14761,95,70
Other Liabilities and Provisions	5	3718,96,39	2718,72,59
TOTAL		109115,91,87	87025,93,06
ASSETS			
Cash and Balances with Reserve Bank of India	6	4035,14,27	4413,91,56
Balances with Banks and Money at Call and Short Notice	7	6743,99,92	2355,52,61
Investments	8	24859,36,97	21562,95,30
Advances	9	68788,19,90	55101,83,59
Fixed Assets	10	1157,57,74	1016,44,72
Other Assets	11	3531,63,07	2575,25,28
TOTAL		109115,91,87	87025,93,06
Contingent Liabilities	12	208973,10,21	147804,26,44
Bills for Collection		6728,91,77	5774,56,85
Significant Accounting Policies	17		
Notes to the financial statements	18		

The schedules referred to above form an integral part of the Balance Sheet.

The Balance Sheet has been prepared in conformity with Form A of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date.

For INDUSIND BANK LTD.

For B S R & Co. LLP
Chartered Accountants

Firm's Registration No: 101248W/W-100022

R. Seshasayee
Chairman

T. Anantha Narayanan
Director

Akeel Master
Partner
Membership No: 046768

Romesh Sobti
Managing Director

Place : Mumbai
Date : April 16, 2015

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Profit and Loss Account for the year ended March 31, 2015

	SCHEDULE	Year ended 31.03.2015	₹ in '000s Year ended 31.03.2014
I. INCOME			
Interest Earned	13	9691,96,39	8253,53,44
Other Income	14	2403,87,33	1890,52,90
TOTAL		12095,83,72	10144,06,34
II. EXPENDITURE			
Interest Expended	15	6271,68,85	5362,82,13
Operating Expenses	16	2725,93,25	2185,28,28
Provisions and Contingencies		1304,50,09	1187,93,73
TOTAL		10302,12,19	8736,04,14
III. PROFIT			
Net Profit for the year		1793,71,53	1408,02,20
Profit brought forward		2623,33,40	1790,92,95
TOTAL		4417,04,93	3198,95,15
IV. APPROPRIATIONS			
Transfer to			
a) Statutory Reserve		448,42,88	352,00,55
b) Capital Reserve		12,27,49	8,17,54
c) Investment Reserve Account		37,16,33	7,45
d) Proposed final dividend		212,01,29	184,07,81
e) Corporate Dividend Tax		43,15,29	31,28,40
		753,03,28	575,61,75
Balance carried over to the Balance Sheet		3664,01,65	2623,33,40
TOTAL		4417,04,93	3198,95,15
V. EARNINGS PER EQUITY SHARE			
(Face value of ₹10/- per share)(₹)			
Basic	18(11.5)	33.99	26.85
Diluted	18(11.5)	33.41	26.41
Significant Accounting Policies	17		
Notes to the financial statements	18		

The schedules referred to above form an integral part of the Profit and Loss Account.

The Profit and Loss Account has been prepared in conformity with Form B of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date.

For INDUSIND BANK LTD.

For B S R & Co. LLP
Chartered Accountants

Firm's Registration No: 101248W/W-100022

R. Seshasayee
Chairman

T. Anantha Narayanan
Director

Akeel Master
Partner

Membership No: 046768

Romesh Sobti
Managing Director

Place : Mumbai
Date : April 16, 2015

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

Cash Flow Statement for the year ended March 31, 2015

	Year ended 31.03.2015	₹ in '000s Year ended 31.03.2014
A. Cash Flow from Operating Activities		
Net Profit before taxation	2709,17,02	2128,32,87
Adjustments for :		
Depreciation on Fixed assets	126,84,89	98,14,83
(Appreciation) / Depreciation on Investments	(66,42,58)	87,56,45
Employees Stock Option expenses	3,03,35	30,77
Loan Loss and Other Provisions	455,47,19	380,06,60
Amortisation of premium on HTM investments	31,57,55	26,12,82
Interest paid on Borrowings	1099,62,83	980,41,66
Loss / (Profit) on sale of fixed assets	1,91,45	(17,01)
Operating Profit before Working Capital changes	4361,21,70	3700,78,99
Adjustments for :		
Increase in Advances	(14141,83,50)	(11161,29,19)
Increase in Investments	(3261,56,64)	(2022,47,99)
Increase in Other Assets	(749,82,39)	(789,45,30)
Increase in Deposits	13632,07,88	6385,57,03
Increase in Other Liabilities	960,50,56	560,34,82
Cash generated from / (used in) Operations	800,57,61	(3326,51,64)
Direct Taxes paid (net of refunds)	(1122,00,88)	(779,24,11)
Net Cash used in Operating Activities	(321,43,27)	(4105,75,75)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (including WIP)	(278,62,64)	(177,05,56)
Proceeds from sale of Fixed Assets	2,47,03	3,35,41
Net Cash used in Investing Activities	(276,15,61)	(173,70,15)
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares (net of issue expenses)	66,25,15	35,15,92
Proceeds from issue of Long Term Infrastructure Bonds	500,00,00	-
Dividends paid	(215,43,35)	(156,97,51)
Redemption of Subordinated Tier II capital	(225,10,00)	(50,00,00)
Increase in Borrowings	5581,19,93	5352,40,08
Interest paid on Borrowings	(1099,62,83)	(980,41,66)
Net Cash generated from Financing Activities	4607,28,90	4200,16,83
Net Increase / (Decrease) in Cash and Cash Equivalents	4009,70,02	(79,29,07)
Cash and Cash Equivalents at the beginning of the year	6769,44,17	6848,73,24
Cash and Cash Equivalents at the end of the year	10779,14,19	6769,44,17

Notes:

- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements.
- Figures in bracket indicate cash outflow.
- Cash and cash equivalents comprises of Cash in Hand and Balances with RBI and Balances with Banks and Money at Call and Short Notice.

As per our report of even date.

For B S R & Co. LLP
Chartered Accountants

Firm's Registration No: 101248W/W-100022

Akeel Master
Partner

Membership No: 046768

Place : Mumbai

Date : April 16, 2015

R. Seshasayee
Chairman

S. V. Zaregaonkar
Chief Financial Officer

For INDUSIND BANK LTD.

T. Anantha Narayanan
Director

Romesh Sobti
Managing Director

Haresh Gajwani
Company Secretary

Schedules

	As at 31.03.2015	₹ in '000s As at 31.03.2014
SCHEDULE - 1 CAPITAL		
Authorised Capital		
55,00,00,000 (Previous year 55,00,00,000) equity shares of ₹ 10/- each	550,00,00	550,00,00
Issued, Subscribed and Called up Capital		
52,94,50,209 (Previous year 52,54,46,484) equity shares of ₹ 10/- each	529,45,02	525,44,65
Paid up Capital		
52,94,50,209 (Previous year 52,54,46,484) equity shares of ₹ 10/- each	529,45,02	525,44,65
Add : Nil (Previous year 3,84,200) Forfeited equity shares of ₹ 10/- each	-	19,21
Refer Schedule No. 18(9.12)		
TOTAL	529,45,02	525,63,86
SCHEDULE - 2 RESERVES AND SURPLUS		
I Statutory Reserve		
Opening balance	1185,75,55	833,75,00
Additions during the year	448,42,88	352,00,55
	1634,18,43	1185,75,55
II Share Premium Account		
Opening balance	4150,35,92	4117,96,88
Additions during the year	61,57,54	32,39,04
	4211,93,46	4150,35,92
III General Reserve		
Balance as at the end of the year	1,35,57	1,35,57
	1,35,57	1,35,57
IV Capital Reserve		
Opening balance	143,86,27	135,68,73
Additions during the year	13,13,94	8,17,54
	157,00,21	143,86,27
V Investment Allowance Reserve		
Balance as at the end of the year	1,00,00	1,00,00
	1,00,00	1,00,00
VI Investment Reserve Account		
Opening balance	3,36,65	3,29,20
Additions during the year	37,16,33	7,45
	40,52,98	3,36,65

Schedules (Contd.)

		₹ in '000s	
		As at 31.03.2015	As at 31.03.2014
VII	Revaluation Reserve		
	Opening balance	397,27,06	212,68,86
	Addition during the year	-	188,53,51
	Deductions during the year	6,26,25	3,95,31
		391,00,81	397,27,06
VIII	Balance in the Profit and Loss Account	3664,01,65	2623,33,40
	TOTAL	10101,03,11	8506,30,42
SCHEDULE - 3 DEPOSITS			
A	I Demand Deposits		
	i) From Banks	550,97,12	571,97,55
	ii) From Others	11805,05,34	9203,68,93
	II Savings Bank Deposits	12943,56,94	9915,24,98
	III Term Deposits		
	i) From Banks	5200,09,92	3669,34,08
	ii) From Others	43634,67,10	37142,02,99
	TOTAL	74134,36,42	60502,28,53
B	Deposits of Branches		
	I In India	74134,36,42	60502,28,53
	II Outside India	-	-
	TOTAL	74134,36,42	60502,28,53
SCHEDULE - 4 BORROWINGS			
I	Borrowings in India		
	i) Reserve Bank of India	-	55,00,00
	ii) Other Banks	8763,38,36	4261,30,42
	iii) Other Institutions and Agencies	8979,52,26	5885,26,68
	iv) Unsecured Non-Convertible Redeemable Debentures / Bonds (Subordinated Tier-II Bonds)	535,00,00	760,10,00
	v) Unsecured Non-Convertible Redeemable Non-Cumulative Subordinated Upper Tier II Bonds	308,90,00	308,90,00
	vi) Long Term Infrastructure Bonds	500,00,00	-
II	Borrowings outside India	1531,25,00	3491,38,60
	TOTAL	20618,05,62	14761,95,70
	Secured borrowings included in I & II above	-	-

Schedules (Contd.)

	As at 31.03.2015	₹ in '000s As at 31.03.2014
SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS		
I Inter-office Adjustments (Net)	-	62,17,35
II Bills Payable	355,17,62	311,09,54
III Interest Accrued	452,83,01	533,00,39
IV Proposed Dividend	254,89,34	215,16,11
V Others [(including Standard Asset Provisions of ₹ 343.09 crores) (Previous year ₹ 239.09 crores)]	2656,06,42	1597,29,20
TOTAL	3718,96,39	2718,72,59
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I Cash in hand (including foreign currency notes)	671,19,82	496,75,58
II Balances with Reserve Bank of India		
i) In Current Account	3363,94,45	3917,15,98
ii) In Other Accounts	-	-
TOTAL	4035,14,27	4413,91,56
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I In India		
i) Balances with Banks		
a) In Current Accounts	459,51,36	362,95,52
b) In Other Deposit Accounts	5296,80,22	1713,56,12
ii) Money at Call and Short Notice - With Other Institutions	-	-
TOTAL	5756,31,58	2076,51,64
II Outside India		
i) In Current Accounts	362,68,34	103,15,92
ii) In Other Deposit Accounts	-	-
iii) Money at Call and Short Notice	625,00,00	175,85,05
TOTAL	987,68,34	279,00,97
GRAND TOTAL	6743,99,92	2355,52,61
SCHEDULE - 8 INVESTMENTS		
I In India		
Gross Value	24886,22,01	21661,60,46
Less : Aggregate of provision / depreciation	26,85,04	98,65,16
Net value of Investments in India	24859,36,97	21562,95,30

Schedules (Contd.)

		₹ in '000s
	As at 31.03.2015	As at 31.03.2014
Comprising :		
i) Government securities*++	17906,12,96	15380,00,71
ii) Other approved securities	-	-
iii) Shares	27,96,85	52,69,56
iv) Debentures and bonds	1625,66,35	1390,30,58
v) Subsidiaries and / or Joint Ventures	50,00	50,00
vi) Others - Deposits under RIDF scheme with NABARD	1981,03,18	1643,26,44
Security Receipt, Units of schemes of Mutual Funds and Others	3318,07,63	3096,18,01
II Outside India	-	-
TOTAL	24859,36,97	21562,95,30
*Includes securities costing ₹ 387.57 crores (Previous year ₹ 206.92 crores) pledged for clearing facility and margin requirements.		
++Inclusive of Repo Borrowings of ₹ 6,701.00 crores (Previous year ₹ 3,291.00 crores) under the Liquidity Adjustment Facility in line with RBI requirements.		
SCHEDULE - 9 ADVANCES		
A		
i) Bills Purchased and Discounted	1824,50,93	2047,99,56
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	17734,99,18	14496,74,25
iii) Term Loans	49228,69,79	38557,09,78
TOTAL	68788,19,90	55101,83,59
B		
i) Secured by Tangible Assets (includes advances against book debts)	58524,26,82	48522,96,55
ii) Covered by Bank / Government Guarantees (includes advances against L/Cs issued by Banks)	1445,83,41	722,53,21
iii) Unsecured	8818,09,67	5856,33,83
TOTAL	68788,19,90	55101,83,59
C		
I) Advances in India		
i) Priority Sector	22907,20,38	18158,18,25
ii) Public Sector	1130,71,37	1188,07,75
iii) Banks	25,78	4,37
iv) Others	44750,02,37	35755,53,22
TOTAL	68788,19,90	55101,83,59
II) Advances Outside India	-	-
TOTAL	68788,19,90	55101,83,59

Schedules (Contd.)

	As at 31.03.2015	₹ in '000s As at 31.03.2014
SCHEDULE - 10 FIXED ASSETS		
I PREMISES		
i) At cost, as at the beginning of the year	595,43,32	405,99,72
ii) Revaluation during the year	-	188,53,52
iii) Additions during the year	48,79	90,08
	595,92,11	595,43,32
iv) Less : Deductions during the year	-	-
v) Less : Depreciation to date (Refer Schedule No. 18(9.13))	58,99,02	50,49,08
TOTAL	536,93,09	544,94,24
II Other Fixed Assets (including furniture and fixtures)		
i) At cost, as at the beginning of the year	1009,74,96	869,00,73
ii) Additions during the year	265,00,18	166,49,51
	1274,75,14	1035,50,24
iii) Less : Deductions during the year	42,33,26	25,75,28
iv) Less : Depreciation to date (Refer Schedule No. 18(9.13))	649,78,76	563,43,70
TOTAL	582,63,12	446,31,26
III Capital Work in Progress	38,01,53	25,19,22
GRAND TOTAL	1157,57,74	1016,44,72
SCHEDULE - 11 OTHER ASSETS		
I Inter-office Adjustments (Net)	13,64,99	-
II Interest Accrued	733,86,60	629,30,67
III Tax Paid in Advance / tax deducted at source (net of provision)	392,06,18	265,48,73
IV Stationery and Stamps	1,64,47	1,89,20
V Non-banking assets acquired in satisfaction of claims	41,19,82	-
VI Others [including deferred tax assets (net) of ₹ 13.36 crores (Previous year ₹ 91.41 crores)]	2349,21,01	1678,56,68
TOTAL	3531,63,07	2575,25,28
SCHEDULE - 12 CONTINGENT LIABILITIES		
I Claims against the Bank not acknowledged as debts	547,73,97	535,82,56
II Liability on account of outstanding Forward Exchange Contracts	96187,31,18	78491,21,24
III Liability on account of outstanding Derivative Contracts	79217,67,10	45391,62,66
IV Guarantees given on behalf of constituents		
- In India	27987,92,20	18502,33,14
- Outside India	-	-
V Acceptances, Endorsements and Other Obligations	5019,93,18	4883,26,84
VI Other Items for which the Bank is contingently liable		
- The Depositor Education and Awareness Fund (DEAF)	12,52,58	-
TOTAL	208973,10,21	147804,26,44

Schedules (Contd.)

	Year ended 31.03.2015	₹ in '000s Year ended 31.03.2014
SCHEDULE - 13 INTEREST EARNED		
I Interest / Discount on Advances / Bills	7716,90,85	6627,35,49
II Income on Investments	1680,41,99	1477,02,57
III Interest on Balances with RBI and Other Inter-Bank Funds	277,29,99	148,50,26
IV Others	17,33,56	65,12
TOTAL	9691,96,39	8253,53,44
SCHEDULE - 14 OTHER INCOME		
I Commission, Exchange and Brokerage	1548,43,84	1170,58,98
II Profit on Sale of Investments*	117,73,63	128,16,67
III Profit / (Loss) on Sale of Land, Buildings and Other Assets (Net)	(1,91,46)	17,01
IV Profit on exchange transactions / Derivatives (Net)*	720,38,87	540,00,69
V Income earned by way of dividend from companies in India	3,40,99	3,25,94
VI Miscellaneous Income	15,81,46	48,33,61
TOTAL	2403,87,33	1890,52,90
* During the current year, Profit / (Loss) on derivative transactions has been classified alongwith profit on exchange transactions from Profit on sale of investments. Previous year numbers have been regrouped accordingly.		
SCHEDULE - 15 INTEREST EXPENDED		
I Interest on Deposits	5172,06,02	4382,40,48
II Interest on Reserve Bank of India / Inter-Bank Borrowings	299,91,61	298,93,75
III Others (including interest on Subordinated Debts and Upper Tier II bonds)	799,71,22	681,47,90
TOTAL	6271,68,85	5362,82,13
SCHEDULE - 16 OPERATING EXPENSES		
I Payments to and Provisions for Employees	980,47,90	809,29,46
II Rent, Taxes and Lighting (includes operating lease rentals)	234,64,10	187,80,93
III Printing and Stationery	43,06,37	33,53,15
IV Advertisement and Publicity	42,88,71	29,54,00
V Depreciation on Bank's Property	126,84,89	98,14,83
VI Directors' Fees, Allowances and Expenses	1,11,80	86,00
VII Auditors' Fees and Expenses	1,36,22	1,26,61
VIII Law Charges	37,56,33	35,27,35
IX Postage, Telegrams, Telephones, etc.	96,92,91	74,43,42
X Repairs and Maintenance	164,77,37	125,82,68
XI Insurance	75,97,44	59,53,78
XII Service Provider Fees	224,19,97	183,24,09
XIII Other Expenditure	696,09,24	546,51,98
TOTAL	2725,93,25	2185,28,28

Schedule 17

Significant accounting policies

1. General

- 1.1 IndusInd Bank Limited ('the Bank') was incorporated in 1994 under the Companies Act, 1956 and is licensed by the Reserve Bank of India (RBI) to operate as a commercial bank under the Banking Regulation Act, 1949. The Bank is publicly held and provides a wide range of banking products and financial services to corporate and retail clients besides undertaking treasury operations. The Bank operates in India and does not have a branch in any foreign country.
- 1.2 The accompanying financial statements have been prepared under the historical cost convention except where otherwise stated, and in accordance with statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013 (the Act) and practices prevailing within the banking industry in India.
- 1.3 The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Any revision to accounting estimates is recognised prospectively in current and future periods.

2. Transactions involving Foreign Exchange

- 2.1 Monetary assets and liabilities denominated in foreign currency are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are recognised in the Profit and Loss account.
- 2.2 Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- 2.3 All foreign exchange contracts outstanding at the Balance Sheet date are re-valued on present value basis and the resulting gains or losses are recognised in the Profit and Loss account.
- 2.4 Swap Cost arising on account of foreign currency swap contracts to convert foreign currency funded liabilities and assets into rupee liabilities and assets is amortised to the Profit and Loss account under the head 'Interest – Others' over the underlying swap period.
- 2.5 Income and expenditure denominated in a foreign currency are translated at the rates of exchange prevailing on the date of the transaction.
- 2.6 Contingent liabilities at the Balance Sheet date on account of outstanding forward foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in a foreign currency are stated at the closing rates of exchange notified by the FEDAI.

3. Investments

Significant accounting policies in accordance with RBI guidelines are as follows:

3.1 Categorisation of Investments :

The Bank classifies its investment at the time of purchase into one of the following three categories:

- (i) **Held to Maturity (HTM)** – Securities acquired with the intention to hold till maturity.
- (ii) **Held for Trading (HFT)** – Securities acquired with the intention to trade.
- (iii) **Available for Sale (AFS)** – Securities which do not fall within the above two categories.

Subsequent shifting amongst the categories is done in accordance with RBI guidelines.

3.2 Classification of Investments:

For the purpose of disclosure in the Balance Sheet, investments are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures, and (vi) Other Investments.

3.3 Acquisition cost

- (i) Broken period interest on debt instruments is treated as a revenue item.
- (ii) Brokerage, commission, etc. pertaining to investments, paid at the time of acquisition is charged to the Profit and Loss account.
- (iii) Cost of investments is computed based on the weighted average cost method.

3.4 Valuation of Investments:

- (i) **Held to Maturity** – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortised over the balance period to maturity. The amortized amount is classified under Interest earned – Income on investments (Item II of Schedule 13). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each investment individually.
- (ii) **Held for Trading** – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.
- (iii) **Available for Sale** – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.
- (iv) Market value of government securities (excluding treasury bills) is determined on the basis of the prices / YTM declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association (FIMMDA).
- (v) Treasury bills are valued at carrying cost, which includes discount amortised over the period to maturity.
- (vi) Fair value of other debt securities is determined based on the yield curve and spreads provided by FIMMDA.
- (vii) Quoted equity shares are valued at lower of cost or the closing price on a recognised stock exchange. Unquoted equity shares are valued at their break-up value or at Re. 1 per company where the latest Balance Sheet is not available.
- (viii) Units of the schemes of mutual funds are valued at the lower of cost and Net Asset Value (NAV) provided by the respective schemes of mutual funds.
- (ix) Investments in equity shares held as long-term investments by erstwhile IndusInd Enterprises & Finance Limited and Ashok Leyland Finance Limited (since merged with the Bank) are valued at cost and classified as part of HTM category. Provision towards diminution in the value of such long-term investments is made only if the diminution in value is not temporary in the opinion of management.
- (x) Security Receipts (SR) are valued at the lower of redemption value or NAV obtained from the Securitisation Company (SC) / Reconstruction Company (RC).
- (xi) Trade date method of accounting is followed for purchase and sale of investments, except for Government of India and State Government securities where settlement date method of accounting is followed in accordance with RBI guidelines.

- (xii) Provision for non-performing investments is made in conformity with RBI guidelines.
- (xiii) Repurchase (Repo) / Reverse Repurchase (Reverse Repo) transactions (except transactions under Liquidity Adjustment Facility (LAF) with RBI) are accounted for as Borrowing / Lending respectively. On completion of the second leg of the Repo / Reverse Repo transaction, the difference between the consideration amounts is reckoned as Interest Expenditure / Income. Amounts outstanding in Repo / Reverse Repo account as at the Balance Sheet date is shown as part of Borrowings / Money at Call and at Short Notice respectively, and the accrued expenditure / income till the Balance Sheet date is recognised in the Profit and Loss account.

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

- (xiv) In respect of the short sale transactions in Central Government dated securities, the short position is covered by outright purchase of an equivalent amount of the same security within a maximum period of three months including the day of trade. The short position is reflected as the amount received on sale in a separate account and is classified under 'Other Liabilities'. The short position is marked to market and loss, if any, is charged to the Profit and Loss account, while gain, if any, is not recognized. Profit / loss on settlement of the short position is recognized in the Profit and Loss account.
- (xv) Profit in respect of investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account.
- (xvi) In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve account (IRA).

The balance in IRA account is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.

4. Derivatives

Derivative contracts are designated as hedging or trading and accounted for as follows:

- 4.1 The hedging contracts comprise of Forward Rate Agreements, Interest Rate Swaps and Currency Swaps undertaken to hedge interest rate and currency risk on certain assets and liabilities. The net interest receivable / payable is accounted on an accrual basis over the life of the swaps. However, where the hedge is designated with an asset or liability that is carried at market value or lower of cost and market value, then the hedging instruments is also marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated assets or liabilities.
- 4.2 The trading contracts comprise of trading in Interest Rate Swaps, Interest Rate Futures and Currency Futures. The gain / loss arising on unwinding or termination of the contracts, is accounted for in the Profit and Loss account. Trading contracts outstanding as at the Balance Sheet date are re-valued at their fair value and resulting gains / losses are recognised in the Profit and Loss account.
- 4.3 Gains or losses on the termination of hedge swaps is deferred and recognised over the shorter of the remaining life of the hedge swap or the remaining life of the underlying asset / liability.
- 4.4 Premium paid and received on currency options is accounted when due in the Profit and Loss Account.
- 4.5 Provisioning of overdue customer receivable on derivative contracts is made as per RBI guidelines.

5. **Advances**

- 5.1 Advances are classified as per RBI guidelines into standard, sub-standard, doubtful and loss assets after considering subsequent recoveries to date.
- 5.2 Specific provisions for non-performing advances and floating provisions are made in conformity with RBI guidelines.
- 5.3 A general provision on standard assets is made in accordance with RBI guidelines. Provision made against standard assets is included in 'Other Liabilities and Provisions'.
- 5.4 Advances are disclosed in the Balance Sheet, net of provisions and interest suspended for non-performing advances and floating provisions.
- 5.5 Advances exclude derecognised securitised advances, inter-bank participation certificates issued and bills rediscounted.
- 5.6 Amounts recovered during the year against bad debts written off in earlier years are recognised in the Profit and Loss account.
- 5.7 Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are written back to the Profit and Loss account to the extent such provisions were charged to the Profit and Loss account
- 5.8 For restructured / rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. The restructured accounts are classified in accordance with RBI guidelines, including special dispensation wherever allowed.

6. **Securitisation transactions and direct assignments**

- 6.1 The Bank transfers its loan receivables both through Direct Assignment route as well as transfer to Special Purpose Vehicles ('SPV').
- 6.2 The securitization transactions are without recourse to the Bank. The transferred loans and such securitized receivables are de-recognized as and when these are sold (true sale criteria being fully met) and the consideration has been received by the Bank. Gains / losses are recognized only if the Bank surrenders the rights to the benefits specified in the loan contracts.
- 6.3 In terms of RBI guidelines, profit / premium arising on account of sale of standard assets, being the difference between the sale consideration and book value, is amortized over the life of the securities issued by the Special Purpose Vehicles (SPV). Any loss arising on account of the sale is recognized in the Profit and Loss account in the period in which the sale occurs.
- 6.4 In case of sale of non-performing assets through securitization route to SC / RC by way of assignment of debt against issuance of SRs, the recognition of sale and accounting of profit and loss thereon is done in accordance with applicable RBI guidelines. Generally, the sale is recognized at the lower of redemption value of SR and the Net Book Value (NBV) of the financial asset sold, and the surplus is recognized in the Profit and Loss Account; shortfall if any, is charged to the Profit and Loss account subject to regulatory forbearance, if any, allowed from time to time.

Profit or loss realized on ultimate redemption of the SR is recognized in the Profit and Loss Account.

7. **Fixed assets and depreciation**

- 7.1 Fixed assets are stated at cost (except in the case of premises which were re-valued based on values determined by approved valuers) less accumulated depreciation and impairment, if any. Cost includes incidental expenditure incurred on the assets before they are ready for intended use.

- 7.2 The appreciation on account of revaluation is credited to Revaluation Reserve. Depreciation relating to revaluation is adjusted against the Revaluation Reserve.
- 7.3 Depreciation is provided over the useful life of the assets, pro rata for the period of use, on a straight-line method. The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable. Pursuant to this policy, the useful life estimates in respect of the following assets are as follows:
- (a) Computers at 3 years
 - (b) Application software and perpetual software licences at 5 years
 - (c) Printers, Scanners, Routers, Switch at 5 years
 - (d) ATMs at 7 years
 - (e) Network cabling, Electrical Installations, Furniture and Fixtures, Other Office Machinery at 10 years
 - (f) Vehicles at 5 years
 - (g) Buildings at 60 years.

The useful life of an asset class is periodically assessed taking into account various criteria such as changes in technology, changes in business environment, utility and efficacy of an asset class to meet with intended user needs, etc. Whenever there is a revision in the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

- 7.4 The carrying amount of fixed assets is reviewed at the Balance Sheet date to determine if there are any indications of impairment based on internal / external factors. In case of impaired assets, the impairment loss i.e. the amount by which the carrying amount of the asset exceeds its recoverable value is charged to the Profit and Loss account to the extent the carrying amount of assets exceeds its estimated recoverable amount.

8. Revenue Recognition

- 8.1 Interest and discount income on performing assets is recognised on accrual basis. Interest and discount income on non-performing assets is recognised on realisation.
- 8.2 Interest on Government securities, debentures and other fixed income securities is recognised on a period proportion basis. Income on discounted instruments is recognised over the tenor of the instrument on a straight-line basis.
- 8.3 Dividend income is accounted on accrual basis when the right to receive dividend is established.
- 8.4 Commission (except for commission on Deferred Payment Guarantees which is recognised over the term on a straight line basis), Exchange and Brokerage are recognised on a transaction date and net off directly attributable expenses.
- 8.5 Fees are recognised on an accrual basis, except in cases where the Bank is uncertain of realisation.
- 8.6 Income from distribution of third party products is recognised on the basis of business booked.

9. Operating Leases

- 9.1 Lease rental obligations in respect of assets taken on operating lease are charged to the Profit and Loss account on a straight-line basis over the lease term.
- 9.2 Assets given under leases in respect of which all the risks and benefits of ownership are effectively retained by the Bank are classified as operating leases. Lease rentals received under operating leases are recognized in the Profit and Loss account as per the terms of the contracts.

10. Employee Benefits

- 10.1 The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the year is recognized on the basis of actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Payment obligations under the Group Gratuity scheme are managed through purchase of appropriate policies from insurers.
- 10.2 Provident Fund contributions are made under trusts separately established for the purpose and the scheme administered by Regional Provident Fund Commissioner (RPFC), as applicable. The rate at which the annual interest is payable to the beneficiaries by the trusts is being administered by the government. The Bank has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the notified interest rates. Actuarial valuation of this Provident Fund Interest shortfall is done as per the guidance note on Valuation of Interest Rate Guarantees on Exempt Provident Funds under AS 15 (Revised) issued by the Institute of Actuaries of India, and such shortfall, if any, is provided for.
- 10.3 Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method.
- 10.4 Intrinsic value method is applied to account for the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which the quoted market price of the underlying shares on the grant date exceeds the exercise price of the options. Accordingly, such compensation cost is amortized over the vesting period.

11. Segment Reporting

In accordance with the guidelines issued by RBI, the Bank has adopted Segment Reporting as under:

- (a) **Treasury** includes all investment portfolios, Profit / Loss on sale of Investments, Profit / Loss on foreign exchange transactions, equities, income from derivatives and money market operations. The expenses of this segment consist of interest expenses on funds borrowed from external sources as well as internal sources and depreciation / amortisation of premium on Held to Maturity category investments.
- (b) **Corporate / Wholesale Banking** includes lending to and deposits from corporate customers and identified earnings and expenses of the segment.
- (c) **Retail Banking** includes lending to and deposits from retail customers and identified earnings and expenses of the segment.
- (d) **Other Banking Operations** includes all other operations not covered under Treasury, Corporate / Wholesale Banking and Retail Banking.

Unallocated includes Capital and Reserves, Employee Stock Options (Grants) Outstanding and other unallocable assets, liabilities, income and expenses.

12. Debit and Credit Card reward points liability

- 12.1 The liability towards Credit Card reward points is computed based on an actuarial valuation and the liability towards Debit Card reward points is computed on the basis of management estimates considering past trends.

13. Bullion

- 13.1 The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are on a back-to-back basis and are priced to the customer based on the prevailing price quoted by the supplier and the local levies related to the consignment like customs duty etc. The profit earned is included in commission income.

- 13.2 The Bank sells gold coins to its customers. The difference between the sale price to customers and purchase price is reflected under commission income.

14. Income-tax

- 14.1 Tax expenses comprise of current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized, in general, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized; where there are unabsorbed depreciation and / or carry forward of losses under tax laws, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realized against future taxable income. Unrecognized deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

15. Earnings per share

- 15.1 Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as at end of the year.

16. Provisions, contingent liabilities and contingent assets

- 16.1 A provision is recognized when there is an obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- 16.2 A disclosure of contingent liability is made when there is:
- (a) A possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the bank; or
 - (b) A present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- 16.3 When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.
- 16.4 Contingent assets are not recognized or disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the assets and related income are recognized in the period in which the change occurs.

17. Cash and Cash equivalents

- 17.1 Cash and cash equivalents comprises of Cash in Hand and Balances with RBI and Balances with Banks and Money at Call and Short Notice.

Schedule 18

Notes forming part of the financial statements

1. Capital Adequacy Ratio

The Bank computes Capital Adequacy Ratio as per RBI guidelines. Basel III Capital Regulations issued by RBI are applicable to the Bank with effect from April 1, 2013. Under Basel III Capital Regulations, the Bank has to maintain a Minimum Total Capital (MTC) of 9% of the total risk weighted assets (RWAs) of which at least 5.50% (Previous year 5.00%) shall be from Common Equity Tier 1 (CET 1) capital and at least 7.00% (Previous year 6.50%) from Tier 1 capital. The capital adequacy ratio of the Bank calculated as per Basel III Capital Regulations is set out below:

(₹ in crores)

		March 31, 2015	March 31, 2014
1.	Common Equity Tier 1 capital ratio	11.22%	12.71%
2.	Tier 1 capital ratio	11.22%	12.71%
3.	Tier 2 capital ratio	0.87%	1.12%
4.	Total Capital ratio (CRAR)	12.09%	13.83%
5.	Amount of equity capital raised	66.25	35.16
6.	Amount of Additional Tier 1 capital raised; of which		
	Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
	Perpetual Debt Instruments (PDI)	-	-
7.	Amount of Tier 2 capital raised; of which		
	Debt capital instrument:	-	-
	Preference Share Capital Instruments [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-	-

2. Investments

2.1 Details of Investments:

(₹ in crores)

		March 31, 2015	March 31, 2014
(1)	Value of Investments		
	(i) Gross value of Investments	24,886.22	21,661.60
	(a) In India	24,886.22	21,661.60
	(b) Outside India	-	-
	(ii) Provisions for Depreciation	26.85	98.65
	(a) In India	26.85	98.65
	(b) Outside India	-	-
	(iii) Net value of Investments	24,859.37	21,562.95
	(a) In India	24,859.37	21,562.95
	(b) Outside India	-	-
(2)	Movement in provisions held towards depreciation on Investments		
	(i) Opening balance	98.65	11.74
	(ii) Add: Provision made during the year	3.27	87.06
	(iii) Less: Write-off / (write-back) of excess provisions during the year	(75.07)	(0.15)
	(iv) Closing balance	26.85	98.65

2.2 Category wise details of Investments (Net of provision for depreciation):

(₹ in crores)

		As at March 31, 2015			As at March 31, 2014		
		HTM	AFS	HFT	HTM	AFS	HFT
i)	Government securities	11,259.21	6,646.92	-	12,622.59	2,757.42	-
ii)	Other approved securities	-	-	-	-	-	-
iii)	Shares	4.75	23.22	-	4.75	47.94	-
iv)	Debentures and bonds	-	1,625.66	-	-	1,390.31	-
v)	Subsidiaries and / or Joint Ventures	0.50	-	-	0.50	-	-
vi)	Others - Deposits under RIDF scheme with NABARD, Security Receipts / Pass Through Certificates, investment in units of Mutual Funds, Commercial Paper, etc.	1,981.03	3,318.08	-	1,643.26	3,096.18	-
	Total	13,245.49	11,613.88	-	14,271.10	7,291.85	-

2.3 Details of Repo / Reverse Repo including under Liquidity Adjustment Facility (LAF) transactions (in face value terms):

(₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Balance as at the year end
Year ended March 31, 2015				
Securities sold under repo				
i) Government Securities	1.03	6,701.00	3,586.33	6,701.00
ii) Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo				
i) Government Securities	5.07	600.00	44.11	-
ii) Corporate Debt Securities	-	-	-	-
Year ended March 31, 2014				
Securities sold under repo				
i) Government Securities	113.00	3,291.00	482.35	3,291.00
ii) Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo				
i) Government Securities	20.48	144.51	6.06	-
ii) Corporate Debt Securities	-	-	-	-

2.4 a) Issuer composition of Non-SLR investments as at March 31, 2015:

(₹ in crores)

No.	Issuer	Amount ⁽¹⁾	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities ⁽²⁾	Extent of 'unlisted' securities ⁽³⁾
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Sector Undertakings	145.07	145.07	-	-	-
2	Financial Institutions ⁽⁴⁾	2,466.87	485.84	-	-	-
3	Banks	2,474.92	2,474.92	-	-	-
4	Private corporates	1,242.70	1,225.16	-	-	7.00
5	Subsidiaries / Joint Ventures	0.50	-	-	-	0.50
6	Others	650.03	650.03	-	-	-
7	Provision held towards depreciation	(26.85)	(24.55)	-	-	(2.25)
	Total	6,953.24	4,956.47	-	-	5.25

Issuer composition of Non-SLR investments as at March 31, 2014:

(₹ in crores)

No.	Issuer	Amount ⁽¹⁾	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities ⁽²⁾	Extent of 'unlisted' securities ⁽³⁾
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Sector Undertakings	271.23	271.23	-	-	-
2	Financial Institutions ⁽⁴⁾	1,764.81	121.55	-	-	-
3	Banks	2,387.37	2,387.37	-	-	-
4	Private corporates	1,481.51	1,355.39	-	-	6.51
5	Subsidiaries / Joint Ventures	0.50	-	-	-	0.50
6	Others	302.59	302.59	-	-	-
7	Provision held towards depreciation	(25.06)	(23.15)	-	-	(1.75)
	Total	6,182.95	4,414.98	-	-	5.26

Notes:

- (1) Does not include amount of securities pledged with Central Counter Parties viz., Clearing Corporation of India Limited, National Securities Clearing Corporation of India Limited and Multi Commodity Exchange of India Limited.
- (2) Excludes investment in RIDF scheme of NABARD and equity shares.
- (3) Excludes investment in RIDF scheme of NABARD, commercial papers, Certificates of Deposit and preference shares acquired by way of conversion of debts.
- (4) Includes investment in RIDF scheme of NABARD.
- (5) Amounts reported under columns 4, 5, 6 and 7 are not mutually exclusive.

2.4 b) Non-performing Non-SLR investments:

(₹ in crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Opening balance	7.14	7.14
Additions during the year	0.50	-
Reductions during the year	(5.38)	-
Closing balance	2.26	7.14
Total provisions held	2.26	7.14

- 2.5** During the year, the value of sales and transfer of securities to / from HTM category, excluding one-time transfer of securities from HTM and sale on account of Open Market Operation (OMO), has not exceeded 5% of the book value of investments held in HTM category at the beginning of the year. As such, in line with RBI guidelines, specific disclosures on book value, market value, and provisions if any, relating to such sale and transfers are not required to be made.

3. Derivatives
3.1 Interest Rate Swaps, Forward Rate Agreements and Cross Currency Swaps:

(₹ in crores)

	Particulars	As at March 31, 2015	As at March 31, 2014
(i)	Notional principal of swap agreements	75,786.84	43,199.08
(ii)	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	1,666.90	1,235.79
(iii)	Collateral required by the Bank upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps – With banks	59.75%	53.00%
(v)	Net Fair value of the swap book	122.18	(66.79)

The nature and terms of Interest Rate Swaps (IRS) outstanding as on March 31, 2015 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Merchant and Cover	1	100.00	MIBOR	Fixed Payable Vs Floating Receivable
Merchant and Cover	1	100.00	MIBOR	Fixed Receivable Vs Floating Payable
Trading	88	4,227.89	MIBOR	Fixed Payable Vs Floating Receivable
Trading	100	5,043.49	MIBOR	Fixed Receivable Vs Floating Payable
Trading	195	15,642.00	MIFOR	Fixed Payable Vs Floating Receivable
Trading	196	14,915.00	MIFOR	Fixed Receivable Vs Floating Payable
Merchant and Cover	1	11.25	EURIBOR	Fixed Payable Vs Floating Receivable
Merchant and Cover	1	11.25	EURIBOR	Fixed Receivable Vs Floating Payable
Trading	4	49.65	EURIBOR	Fixed Payable Vs Floating Receivable
Trading	13	70.95	EURIBOR	Fixed Receivable Vs Floating Payable
Merchant and Cover	3	17.58	LIBOR	Fixed Payable Vs Floating Receivable

Nature	No.	Notional Principal	Benchmark	Terms
Merchant and Cover	3	17.58	LIBOR	Fixed Receivable Vs Floating Payable
Trading	57	5,470.87	LIBOR	Fixed Payable Vs Floating Receivable
Trading	167	5,502.91	LIBOR	Fixed Receivable Vs Floating Payable

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

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Merchant and Cover	1	100.00	MIBOR	Fixed Payable Vs Floating Receivable
Merchant and Cover	1	100.00	MIBOR	Fixed Receivable Vs Floating Payable
Trading	94	4,624.66	MIBOR	Fixed Payable Vs Floating Receivable
Trading	105	5,221.75	MIBOR	Fixed Receivable Vs Floating Payable
Trading	56	5,065.00	MIFOR	Fixed Payable Vs Floating Receivable
Trading	82	5,795.00	MIFOR	Fixed Receivable Vs Floating Payable
Merchant and Cover	1	23.03	EURIBOR	Fixed Payable Vs Floating Receivable
Merchant and Cover	1	23.03	EURIBOR	Fixed Receivable Vs Floating Payable
Trading	6	9.10	EURIBOR	Fixed Payable Vs Floating Receivable
Trading	3	3.95	EURIBOR	Fixed Receivable Vs Floating Payable
Merchant and Cover	26	138.70	LIBOR	Fixed Payable Vs Floating Receivable
Merchant and Cover	26	138.70	LIBOR	Fixed Receivable Vs Floating Payable
Trading	37	1,911.97	LIBOR	Fixed Payable Vs Floating Receivable
Trading	64	1,567.56	LIBOR	Fixed Receivable Vs Floating Payable

The nature and terms of Cross Currency Swaps (CCSs) outstanding as on March 31, 2015 are set out below:

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Merchant and Cover	8	985.62	LIBOR	Fixed Receivable Vs Floating Payable (Cross Currency Swap)
Merchant and Cover	8	754.55	LIBOR	Fixed Payable Vs Floating Receivable (Cross Currency Swap)
Merchant and Cover	14	769.91	NA	Fixed Payable (Principal Only Swap)
Merchant and Cover	14	922.40	NA	Fixed Receivable (Principal Only Swap)
Merchant and Cover	15	1,974.51	NA	Fixed Vs Fixed (Cross Currency Swap)
Merchant and Cover	2	112.26	NA	Fixed Vs Fixed (Principal Only Swap)
Merchant and Cover	2	453.34	NA	Fixed Vs Fixed (Coupon Only Swap)
Trading	166	8,061.03	LIBOR	Fixed Receivable Vs Floating Payable (Cross Currency Swap)
Trading	39	4,972.80	LIBOR	Fixed Payable Vs Floating Receivable (Cross Currency Swap)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	4	211.93	LIBOR	Floating Vs Floating (Cross Currency Swap)
Trading	9	398.05	NA	Fixed Payable (Principal Only Swap)
Trading	18	1,192.50	NA	Fixed Receivable (Principal Only Swap)
Trading	2	532.31	NA	Fixed Vs Fixed (Principal Only Swap)
Trading	16	1,027.59	NA	Fixed Vs Fixed (Cross Currency Swap)
Trading	3	476.78	NA	Fixed Vs Fixed (Coupon Only Swap)
Trading	8	1,757.49	LIBOR / MIFOR	Floating Vs Floating (Cross Currency Swap)
Trading	1	3.35	EURIBOR	Fixed Receivable Vs Floating Payable (Coupon Only Swap)

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

(₹ in crores)

Nature	No.	Notional Principal	Benchmark	Terms
Merchant and Cover	14	958.19	LIBOR	Fixed Receivable Vs Floating Payable (Cross Currency Swap)
Merchant and Cover	14	765.79	LIBOR	Fixed Payable Vs Floating Receivable (Cross Currency Swap)
Merchant and Cover	20	825.39	NA	Fixed Payable (Principal Only Swap)
Merchant and Cover	20	944.67	NA	Fixed Receivable (Principal Only Swap)
Merchant and Cover	15	2,119.02	NA	Fixed Vs Fixed (Cross Currency Swap)
Merchant and Cover	2	109.69	NA	Fixed Vs Fixed (Principal Only Swap)
Merchant and Cover	2	442.87	NA	Fixed Vs Fixed (Coupon Only Swap)
Trading	98	4,038.75	LIBOR	Fixed Receivable Vs Floating Payable (Cross Currency Swap)
Trading	43	4,357.08	LIBOR	Fixed Payable Vs Floating Receivable (Cross Currency Swap)
Trading	5	802.94	LIBOR	Floating Vs Floating (Cross Currency Swap)
Trading	13	347.31	NA	Fixed Payable (Principal Only Swap)
Trading	8	628.11	NA	Fixed Receivable (Principal Only Swap)
Trading	11	661.10	NA	Fixed Vs Fixed (Cross Currency Swap)
Trading	3	519.62	NA	Fixed Vs Fixed (Coupon Only Swap)
Trading	4	956.10	LIBOR / MIFOR	Floating Vs Floating (Cross Currency Swap)

3.2 Exchange Traded Interest Rate Derivatives

The details of Exchange Traded Interest Rate Derivatives undertaken during the year ended March 31, 2015 are as below:

(₹ in crores)

Sr. No.	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	
a)	NSE883GS Apr 14	1,105.30
b)	NSE883GS May 14	2,117.03
c)	NSE883GS Jun 14	139.06
d)	NSE883GS Jul 14	852.83
e)	NSE840GS Aug 14	1,496.30
f)	NSE840GS Sep 14	476.97
g)	NSE840GS Oct 14	20.63
h)	NSE840GS Dec 14	514.50
i)	NSE840GS Jan 15	644.58
j)	NSE840GS Feb 15	732.98
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2015 (instrument-wise)	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil
(iv)	Marked-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil

The details of Exchange Traded Interest Rate Derivatives undertaken during the year ended March 31, 2014 are as below:

(₹ in crores)

Sr. No.	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	
a)	NSE883GS23 Feb 14	1,659.08
b)	MCX883GS23 Feb 14	1.01
c)	NSE883GS23 Mar 14	1,996.16
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2014 (instrument-wise)	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil
(iv)	Marked-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil

3.3 Disclosures on Risk Exposure in Derivatives

Derivatives Policy approved by Board of Directors defines the framework for carrying out derivatives business and lays down policies and processes to measure, monitor and report risk arising from derivative transactions. The policy provides for (a) appropriate risk limits for different derivative products and (b) authority levels for review of limit breaches and to take appropriate actions in such events. As part of the Derivatives Policy, the Bank has a Product Suitability and Customer Appropriateness Policy, which is used to classify customers on the basis of their need for various derivative products as well as their competence in understanding such products and the attendant risks involved.

Risk Management Department of the Bank is responsible for measuring, reporting and monitoring risk arising from derivatives transactions. It functions independent of Treasury business and undertakes the following activities:

- Monitors derivatives operations against prescribed policies and limits on a daily basis;
- Daily review of product-wise profitability and activity reports for derivatives operations;
- Daily submission of MIS and details of exceptions to the Top Management; and
- Monitoring effectiveness of derivative deals identified as hedges against the terms of the hedging instruments and underlying hedged risk.
- Collaterals are generally kept as cash or cash equivalent for securing derivative transactions.

The Risk Management function applies a host of quantitative tools and methods such as Value at Risk, PV01, stop-loss limits, counterparty limits, deal size limits and overnight position limits.

The Bank undertakes derivative transactions for hedging customers' exposure, hedging the Bank's own exposure, as well as for trading purposes, wherever permitted by RBI. The customers use these derivative products to hedge their forex and interest rate exposures.

The following table presents quantitative disclosures relating to Derivatives:

(₹ in crores)

Sr. No.	Particulars	March 31, 2015		March 31, 2014	
		Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
1	Derivatives (Notional Principal Amount) (note 1)	1,24,224.55	51,180.43	99,160.40	24,722.44
	a) For hedging	-	-	-	-
	b) For trading	1,24,224.55	51,180.43	99,160.40	24,722.44
2	Marked to Market Positions (note 2)				
	a) Asset (+)	2,506.16	383.10	2,623.06	288.16
	b) Liability (-)	(2,503.57)	(313.68)	(2,504.95)	(311.20)
3	Credit Exposure (note 3)	8,215.89	916.95	4,535.90	545.70
4	Likely impact of one percentage change in interest rate (100*PV01) (note 4)				
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	8.61	8.07	9.17	14.85
5	Maximum and Minimum of 100*PV01 observed during the year (note 5)				
	a) on hedging	Nil	Nil	Nil	Nil
	b) on trading				
	Maximum	28.94	35.24	30.63	31.90
	Minimum	0.01	0.42	0.56	0.11

Note 1: There were no outstanding currency and interest rate futures as on March 31, 2015.

Note 2: Marked to Market positions includes interest accrued on the swaps.

Note 3: Credit exposure is computed based on the current exposure method.

Note 4: Based on the PV01 of the outstanding derivatives.

Note 5: Based on the absolute value of PV01 of the derivatives outstanding as at the year end.

4. Asset Quality

4.1 Non-Performing Assets

(₹ in crores)

Items	March 31, 2015	March 31, 2014
(i) Net NPAs to Net Advances (%)	0.31%	0.33%
(ii) Movement of Gross NPAs		
a) Opening balance	620.79	457.78
b) Additions during the year	887.29	624.24
Sub-total (A)	1,508.08	1,082.02
c) Reductions during the year		
(i) Upgradations	66.85	80.14
(ii) Recoveries (excluding recoveries made from upgraded accounts)	275.86	200.27
(iii) Technical / Prudential write-offs	-	-
(iv) Write-offs other than those under (iii) above	602.45	180.82
Sub-total (B)	945.16	461.23
d) Closing balance (A-B)	562.92	620.79
(iii) Movement of Net NPAs		
a) Opening balance	184.05	136.76
b) Additions during the year	202.74	267.39
c) Reductions during the year	176.31	220.10
d) Closing balance	210.48	184.05
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	436.74	321.02
b) Provisions made during the year	684.55	356.85
c) Write-off / write-back of excess provisions	768.85	241.13
d) Closing balance	352.44	436.74

Notes:

- 1) Recoveries include sale to SC / RC.
- 2) In terms of RBI circular number DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014, in respect of assets sold to SC / RCs, during the last quarter of the year ended March 31, 2015, the loss on sale arrived at by deducting sale consideration and provisions held as on the date of sale from the outstanding amount, is being amortized over a period of two years. Accordingly, the Bank has charged to the Profit and Loss account an amount of ₹ 32.09 crores during the year ended March 31, 2015.
- 3) Provisions include floating provisions, to the extent available.

4.2 Provision coverage ratio

Provision coverage ratio as at March 31, 2015 is 62.61% (Previous year 70.35%).

4.3 Details of technical write-offs and recoveries made thereon

(₹ in crores)

Items	March 31, 2015	March 31, 2014
Opening balance of Technical / Prudential written off accounts	Nil	Nil
Add: Technical / Prudential write-offs during the year	Nil	Nil
Sub-total	Nil	Nil
Less : Recoveries made from previously Technical / Prudential written-off accounts during the year	Nil	Nil
Closing balance of Technical / Prudential written-off accounts	Nil	Nil

4.4 Sector-wise advances

(₹ in crores)

Sr. No.	Sector	2014-15			2013-14		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances
A	Priority Sector						
1	Agriculture and allied activities	7,984.73	55.12	0.69%	5,216.56	58.34	1.12%
2	Advances to industries sector eligible as priority sector lending	1,082.40	0.55	0.05%	562.32	6.08	1.08%
	Of which:						
a)	Gems and Jewellery	327.43	-	-	6.95	-	-
b)	Construction (Other than Infrastructure)	1.95	-	-	1.22	-	-
c)	Power	0.56	-	-	-	-	-
3	Services	13,899.55	167.77	1.21%	12,428.82	150.29	1.21%
4	Personal loans	50.62	4.76	9.40%	62.74	2.11	3.36%
	Sub-total (A)	23,017.30	228.20	0.99%	18,270.44	216.82	1.19%
B	Non Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry	13,301.07	103.70	0.78%	11,749.54	170.70	1.45%
	Of which:						
a)	Gems and Jewellery	1,332.62	34.80	2.61%	1,088.24	34.80	3.20%
b)	Construction (Other than Infrastructure)	1,532.60	11.55	0.75%	1,749.24	46.35	2.65%
c)	Power	2,438.97	-	-	1,049.12	-	-
3	Services	30,017.76	121.07	0.40%	23,509.95	119.87	0.51%
4	Personal loans	2,804.51	109.95	3.92%	2,008.65	113.40	5.65%
	Sub-total (B)	46,123.34	334.72	0.73%	37,268.14	403.97	1.08%
	Total (A+B)	69,140.64	562.92	0.81%	55,538.58	620.79	1.12%

4.5 Details of Loan Assets subjected to Restructuring as on March 31, 2015

(₹ in crores)

SN	Type of Restructuring→	Under CDR Mechanism \$				Under SME Debt Restructuring Mechanism				Others				Total			
		Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Total
1	Restructured Accounts as on 01/04/2014	12	1	-	-	13	-	-	-	-	-	12	1	-	-	-	13
	Amount outstanding	229.66	1.28	-	-	230.94	-	-	-	-	-	229.66	1.28	-	-	-	230.94
	Provision thereon	45.26	1.28	-	-	46.54	-	-	-	-	-	45.26	1.28	-	-	-	46.54
2	Fresh restructuring during the year	7	-	-	-	7	3	-	-	-	-	10	1	1	-	-	12
	Amount outstanding	421.39	-	-	-	421.39	33.33	-	-	-	-	454.72	0.71	0.24	-	-	455.67
	Provision thereon	68.85	-	-	-	68.85	2.59	-	-	-	-	71.44	0.14	0.10	-	-	71.68
3	Upgradation to restructured standard category during the FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	-3	-	-	-	-3	-	-	-	-	-	-3	-	-	-	-	-3
	Amount outstanding	-52.56	-	-	-	-52.56	-	-	-	-	-	-52.56	-	-	-	-	-52.56
	Provision thereon	-7.57	-	-	-	-7.57	-	-	-	-	-	-7.57	-	-	-	-	-7.57
5	Downgradations of restructured accounts during the FY	-3	2	1	-	-	-1	1	-	-	-	-4	3	1	-	-	-
	Amount outstanding	-144.94	143.66	1.28	-	-	-1.0	1.0	-	-	-	-145.94	144.66	1.28	-	-	-
	Provision thereon	-29.77	28.49	1.28	-	-	-0.10	0.10	-	-	-	-29.87	28.59	1.28	-	-	-
6	Write-offs of restructured accounts during the FY 2014-15	-	3	1	-	4	-	1	-	-	-	-	5	1	-	-	6
	Amount outstanding	48.13	144.94	1.28	-	194.35	-	1.0	-	-	-	48.13	146.65	1.28	-	-	196.06
	Provision thereon	8.43	29.77	1.28	-	39.48	-	0.10	-	-	-	8.43	30.01	1.28	-	-	39.72
7	Restructured Accounts as on 31/03/2015 (closing figure)	13	-	-	-	13	2	-	-	-	-	15	-	1	-	-	16
	Amount outstanding	405.42	-	-	-	405.42	32.33	-	-	-	-	437.75	-	0.24	-	-	437.99
	Provision thereon	68.34	-	-	-	68.34	2.49	-	-	-	-	70.83	-	0.10	-	-	70.93

1. Provision also includes FITL / NPA provision, wherever applicable, in addition to provision for diminution in fair value.

2. Sr. No. 2 includes ₹ 10.41 crores of additions to existing restructured accounts (number of accounts 5, provision thereon ₹ 5.54 crores).

3. Sr. No. 6 includes ₹ 48.13 crores (number of accounts 4, provision thereon ₹ 8.43 crores) of reduction from existing restructured accounts by way of sale / recovery / exit from CDR / OTS by the Bank.

\$ Excluding Optionally Convertible Redeemable Preference Shares (OCCAPS) of ₹ 14.79 crores.

4.5 Details of Loan Assets subjected to Restructuring as on March 31, 2014

(₹ in crores)

SN	Type of Restructuring→	Under CDR Mechanism \$					Under SME Debt Restructuring Mechanism					Others					Total				
		Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total
1	Restructured Accounts as on 01/04/2013	9	1	1	-	11	1	-	1	-	2	-	-	2	-	2	10	1	4	-	15
	Amount outstanding	136.04	1.28	13.24	-	150.56	4.25	-	4.92	-	9.17	-	-	9.17	-	0.04	140.29	1.28	18.20	-	159.77
	Provision thereon	26.12	1.28	10.94	-	38.34	-	-	4.92	-	4.92	-	-	4.92	-	0.04	26.12	1.28	15.90	-	43.30
2	Fresh restructuring during the year	5	-	-	-	5	-	-	-	-	-	-	-	-	-	-	5	-	-	-	5
	Amount outstanding	119.63	-	-	-	119.63	-	-	-	-	-	-	-	-	-	-	119.63	-	-	-	119.63
	Provision thereon	24.53	-	2.30	-	26.83	-	-	-	-	-	-	-	-	-	-	24.53	-	2.30	-	26.83
3	Upgradation to restructured standard category during the FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	-	-	-	-	-	-1	-	-	-1	-	-	-	-	-	-	-1	-	-	-	-1
	Amount outstanding	-	-	-	-	-	-2.47	-	-	-2.47	-	-	-	-	-	-	-2.47	-	-	-	-2.47
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	-1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-1	1	-	-	-
	Amount outstanding	-8.57	8.57	-	-	-	-	-	-	-	-	-	-	-	-	-	-8.57	8.57	-	-	-
	Provision thereon	-1.03	1.03	-	-	-	-	-	-	-	-	-	-	-	-	-	-1.03	1.03	-	-	-
6	Write-offs of restructured accounts during the FY 2013-14	1	1	1	-	3	-	-	1	-	1	-	-	1	-	2	1	1	4	-	6
	Amount outstanding	17.44	8.57	13.24	-	39.25	1.78	-	4.92	-	6.70	-	-	6.70	-	0.04	19.22	8.57	18.20	-	45.99
	Provision thereon	4.36	1.03	13.24	-	18.63	-	-	4.92	-	4.92	-	-	4.92	-	0.04	4.36	1.03	18.20	-	23.59
7	Restructured Accounts as on 31/03/2014 (closing figure)	12	1	-	-	13	-	-	-	-	-	-	-	-	-	-	12	1	-	-	13
	Amount outstanding	229.66	1.28	-	-	230.94	-	-	-	-	-	-	-	-	-	-	229.66	1.28	-	-	230.94
	Provision thereon	45.26	1.28	-	-	46.54	-	-	-	-	-	-	-	-	-	-	45.26	1.28	-	-	46.54

- Provision also includes FITL / NPA provision, wherever applicable, in addition to provision for diminution in fair value
- Sr. No. 2 includes ₹ 10.39 crores of additions to existing restructured accounts (number of accounts 3, provision thereon ₹ 2.82 crores).
- Sr. No.6 includes ₹ 45.99 crores (number of accounts 11, provision thereon ₹ 23.59 crores) of reduction from existing restructured accounts by way of sale / recovery / exit from CDR / OTS by the Bank.
\$ Excluding Optionally Convertible Redeemable Preference Shares (OCCRPS) of ₹ 16.27 crores and Convertible Cumulative Preference Shares (CCPS) of ₹ 5.38 crores.

4.6 a) Details of financial assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for asset reconstruction:

(₹ in crores)

	Items	2014-15	2013-14
1)	No. of accounts	1,068	1,007
2)	Aggregate value (net of provisions) of accounts sold to SC / RC	455.53	113.41
3)	Aggregate consideration	194.00	84.00
4)	Additional consideration realized in respect of accounts transferred in earlier years	0.72	16.23
5)	Aggregate gain/ (loss) over net book value *	(260.81)	(13.18)

*Also refer 4.1 - note 2 of Schedule 18

b) Details of book value of investment in security receipts:

(₹ in crores)

Particulars	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by the other Banks/Financial Institutions/Non-Banking Financial Companies as underlying		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Book value of investments in security receipts	160.29	138.00	-	-	160.29	138.00

4.7 During the year, there has been no purchase / sale of non-performing financial assets from / to other banks (Previous year Nil).

4.8 During the year, there was no sale of assets through securitization except sale of assets to SC / RC (Previous year Nil).

4.9 Provision on Standard Assets

In accordance with RBI guidelines, general provision on standard assets is made at the following rates:

- (a) At 1% on standard advances to Commercial Real Estate Sector;
- (b) At 0.25% on standard direct advances to SME and Agriculture; and
- (c) At 0.40% of the balance outstanding in other standard assets.

Standard assets provision as at March 31, 2015 also includes additional provision made on restructured standard assets in compliance with RBI guidelines.

The provision on standard assets is included in 'Other Liabilities and Provisions – Others' in Schedule 5, and is not netted off from Advances. The amount of provision held on standard assets is as below:

(₹ in crores)

Items	March 31, 2015	March 31, 2014
Cumulative Provision held for Standard Assets {Including ₹ 32.00 crores towards UFCE of clients (Previous year NA)}	343.09	239.09

4.10 Unhedged Foreign Currency Exposure (UFCE) of Clients

Foreign exchange risk is the risk of loss arising out of adverse movements in foreign exchange rates affecting both on-balance sheet and off-balance sheet exposures. The forex positions that are not effectively hedged either by way of natural hedge or through derivatives/forward contracts expose a client to the risk of loss due to volatility in the forex rates. The Bank assesses the risk arising out of such UFCE of the clients at the time of credit appraisal and monitors the same at regular intervals. The provision for standard assets as of March 31, 2015 included an amount of ₹ 32.00 crores (Previous year NA) towards UFCE. Further, capital held under Basel III Capital Regulations, as of March 31, 2015 includes an amount of ₹ 101.50 crores (Previous year NA) on account of UFCE, computed at the applicable risk weights.

4.11 Floating provision

(₹ in crores)

Items	March 31, 2015	March 31, 2014
Opening Balance as at beginning of the year	50.00	-
Provisions made during the year	-	50.00
Draw-down made during the year	50.00	-
Closing Balance as at end of the year	-	50.00

In accordance with RBI guidelines, the Bank has utilized floating provision towards making specific provisions for NPAs and for absorbing loss on sale of NPAs to RC.

5. Business ratios

	Ratio	March 31, 2015	March 31, 2014
i)	Interest income as a percentage to working funds	10.27%	10.59%
ii)	Non-interest income as a percentage to working funds	2.55%	2.43%
iii)	Operating profit as a percentage to working funds	3.28%	3.33%
iv)	Return on assets	1.90%	1.81%
v)	Business (deposits plus gross advances) per employee (₹ in lakhs)	719.23	717.12
vi)	Profit per employee (₹ in lakhs)	9.38	9.03

Notes:

- (1) Working funds are reckoned as the average of total assets as per the monthly returns in Form X filed with RBI during the year.
- (2) Returns on Assets are computed with reference to average working funds.
- (3) Business per employee (deposits plus gross advances) is computed after excluding Inter-bank deposits.

6. Asset Liability Management

6.1 Maturity Pattern of certain items of Assets and Liabilities:

a) As at March 31, 2015:

(₹ in crores)

	Day 1	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 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	408.81	3,240.39	2,253.60	2,215.14	15,027.87	6,635.78	9,213.56	9,004.60	3,573.69	22,560.92	74,134.36
Loans & Advances	817.59	2,922.61	2,751.50	843.61	3,748.76	4,023.05	6,134.01	35,284.31	6,890.32	5,372.44	68,788.20
Investments*	-	-	205.00	-	3,600.70	1,397.24	3,348.86	3,063.85	4,453.23	15,491.49	31,560.37
Borrowings	0.02	3,643.85	937.50	-	893.75	1,591.69	5,382.44	7,203.66	156.25	808.90	20,618.06
Foreign currency assets	250.41	1,116.79	394.51	174.26	468.82	481.77	292.85	6,464.82	250.73	156.07	10,051.03
Foreign currency liabilities	67.89	632.62	963.31	14.88	918.21	626.11	2,844.92	2,532.60	1,570.69	262.97	10,434.20

* Investment is inclusive of Repo under LAF of ₹ 6,701.00 crores.

b) As at March 31, 2014:

(₹ in crores)

	Day 1	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 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	311.07	2,677.23	2,285.23	3,800.99	12,036.66	9,154.08	6,576.91	8,109.83	4,115.67	11,434.62	60,502.29
Loans & Advances	717.92	1,160.10	1,340.81	602.99	3,319.55	3,350.04	18,930.11	14,393.72	5,513.33	5,773.27	55,101.84
Investments*	-	-	1.67	249.65	3,157.72	363.19	1,488.27	2,409.62	2,576.76	14,607.07	24,853.95
Borrowings	-	3,173.71	-	629.11	2,082.41	1,717.63	1,579.64	5,270.56	-	308.90	14,761.96
Foreign currency assets	578.64	229.08	495.10	215.89	1,470.23	49.80	1,062.47	33.67	68.59	136.10	4,339.57
Foreign currency liabilities	1,992.78	328.21	1,212.24	1,447.47	1,118.98	59.30	149.93	586.70	727.47	322.99	7,946.07

* Investment is inclusive of Repo under LAF of ₹ 3,291.00 crores.

6.2 Liquidity Coverage Ratio (LCR)

The Bank adheres to RBI guidelines relating to the Liquidity Coverage Ratio, Liquidity Risk Monitoring Tools and the LCR Disclosure Standards pursuant to the Basel III Framework on Liquidity Standards that are applicable to banks in India with effect from January 1, 2015.

LCR, as laid down in the guidelines, measures the bank's ability to manage and survive for 30 days under a significant stress scenario that combines an idiosyncratic as well as a market-wide shock that would result in accelerated withdrawal of deposits from retail as well as wholesale depositors, partial loss of secured funding, increase in collateral requirements, unscheduled draw down of unused credit lines, etc.

The Bank depends on balanced funding from retail as well as wholesale depositors. The Bank computes LCR in all significant currencies using the factors mentioned in RBI guidelines. High Quality Liquid Assets (HQLA) of the Bank consist of cash, unencumbered excess SLR, a portion of statutory SLR as allowed under the guidelines, cash balance with RBI in excess of statutory cash reserve requirements, and high rated corporate bonds issued by entities other than financial institutions. Major components of the Bank's Balance Sheet are in domestic currency, and it uses foreign currency sources to predominantly fund foreign currency advances.

Collaterals are generally kept as cash or cash equivalent for securing derivative transactions. The largest absolute net 30-day collateral flows realized during the preceding 24 months has been considered as potential outflow on account of change in valuation of derivative trades.

The Asset Liability Management Committee (ALCO) of the Bank is the governing body to decide on composition of funding sources and accordingly guide different business units. The Balance Sheet Management Group (BSMG), under the guidance of the ALCO, is responsible for operationalizing liquidity management within the Bank.

Quantitative disclosure:

Following is the quantitative disclosures relating to LCR:

(₹ in crores)

		2014-15	
		Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets		
1	Total High Quality Liquid Assets (HQLA)		7,559.71
	Cash Outflows		
2	Retail deposits and deposits from small business customers, of which:		
(i)	Stable deposits	8,038.57	401.93
(ii)	Less stable deposits	13,876.10	1,387.61
3	Unsecured wholesale funding, of which:		
(i)	Operational deposits (all counterparties)	6,925.64	1,714.42
(ii)	Non-operational deposits (all counterparties)	11,883.13	9,263.78
(iii)	Unsecured debt	-	-
4	Secured wholesale funding		-
5	Additional requirements, of which		
(i)	Outflows related to derivative exposures and other collateral requirements	7,780.53	7,780.53
(ii)	Outflows related to loss of funding on debt products		
(iii)	Credit and liquidity facilities		

(₹ in crores)

		2014-15	
		Total Unweighted Value (average)	Total Weighted Value (average)
6	Other contractual funding obligations	3,060.62	3,060.62
7	Other contingent funding obligations	3,844.25	192.21
8	Total Cash Outflows		23,801.10
	Cash Inflows		
9	Secured lending (e.g. reverse repos)	-	-
10	Inflows from fully performing exposures	14,776.54	11,557.55
11	Other cash inflows	-	-
12	Total Cash Inflows		11,557.55
			Total Adjusted Value
13	Total HQLA		7,559.71
14	Total Net Cash Outflows		12,243.55
15	Liquidity Coverage Ratio (%)		61.74%

Note: Since the above disclosure is applicable from current year, no comparative numbers have been provided.

7. Exposures

7.1 Exposure to Real Estate Sector

(₹ in crores)

Particulars	March 31, 2015	March 31, 2014
(a) Direct exposure		
(i) Residential Mortgages - of which housing loans eligible for inclusion in priority sector advance ₹ 51.11 crores (Previous year ₹ 58.19 crores)]	3,844.71	2,544.98
(ii) Commercial Real Estate ⁽¹⁾	7,758.87	4,795.05
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures:		
Residential	-	-
Commercial Real Estate	-	-
(b) Indirect exposure	1,704.95	755.55
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		
Total Real Estate Exposure	13,308.53	8,095.58

(1) Does not include corporate lending backed by mortgage of land and building.

7.2 Exposure to Capital Market:

(₹ in crores)

	Particulars	March 31, 2015	March 31, 2014
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	16.77	6.11
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	Nil	Nil
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	5.45	4.63
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	528.87	348.70
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	2,124.28	1,360.89
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	Nil	Nil
(vii)	Bridge loans to companies against expected equity flows / issues	Nil	Nil
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
(ix)	Financing to stockbrokers for margin trading	Nil	Nil
(x)	All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
	Total Exposure to Capital Market	2,675.37	1,720.33

7.3 Risk Category-wise exposure to country risk

(₹ in crores)

Risk category	Exposure (net) as at March 31, 2015	Provision held as at March 31, 2015	Exposure (net) as at March 31, 2014	Provision held as at March 31, 2014
Insignificant	326.98	-	356.07	-
Low	1,344.63	-	797.47	-
Moderate	55.06	-	81.77	-

(₹ in crores)

Risk category	Exposure (net) as at March 31, 2015	Provision held as at March 31, 2015	Exposure (net) as at March 31, 2014	Provision held as at March 31, 2014
High	511.09	-	514.04	-
Very High	5.67	-	7.29	-
Restricted	3.24	-	1.60	-
Off Credit	-	-	-	-
Total	2,246.67	-	1,758.24	-

7.4 Single borrower limit and Group Borrower Limit

During the year, the Bank has not exceeded the prudential credit exposure limit in respect of Single Borrower and Group Borrowers (Previous year Nil).

7.5 Unsecured advances

The Bank has not extended any project advances where the collateral is an intangible asset such as a charge over rights, licenses, authorizations, etc. (Previous year Nil). The Unsecured Advances of ₹ 8,818.10 crores (Previous year ₹ 5,856.34 crores) as disclosed in Schedule 9B (iii) are without any collateral or security.

8. Concentration of Deposits, Advances, Exposures and NPAs**8.1 Concentration of Deposits**

(₹ in crores)

	As on March 31, 2015	As on March 31, 2014
Total Deposits of twenty largest depositors	19,329.88	14,247.28
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	26.07%	23.55%

8.2 Concentration of Advances

(₹ in crores)

	As on March 31, 2015	As on March 31, 2014
Total Advances to twenty largest borrowers	22,566.46	16,335.58
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	17.50%	16.34%

Advances are computed as per the definition of Credit Exposure including derivatives as prescribed in Master Circular on Exposure Norms DBOD.No.Dir.BC.12/13.03.00/2014-15 dated July 1, 2014.

8.3 Concentration of Exposures

(₹ in crores)

	As on March 31, 2015	As on March 31, 2014
Total Exposure to twenty largest borrowers / customers	22,847.85	16,335.58
Percentage of Exposure of twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	17.14%	15.38%

Exposures are computed as per the definition in Master Circular on Exposure Norms DBOD.No.Dir.BC.12/13.03.00 / 2014-15 dated July 1, 2014 and includes credit and investment exposure.

8.4 Concentration of NPAs

(₹ in crores)

	As on March 31, 2015	As on March 31, 2014
Total Exposure to top four NPA accounts	100.49	127.27

8.5 Intra-Group Exposure

(₹ in crores)

	As on March 31, 2015	As on March 31, 2014
Total amount of intra-group exposure	-	-
Total amount of top-20 intra-group exposure	-	-
Percentage of Intra Group Exposure to Total Exposure of the Bank on borrower/ Customer	-	-
Details of Breach of Limit on Intra Group exposure and Regulatory action thereon if any	-	-

9. Miscellaneous:

9.1 Amount of Provisions for taxation during the year

(₹ in crores)

Particulars	2014-15	2013-14
Provision for Income Tax	836.95	741.74
Deferred tax credit	78.05	(21.93)
Provision for Wealth tax	0.45	0.50
Total	915.45	720.31

9.2 Disclosure of penalties imposed by RBI

During the year, RBI imposed penalty of ₹ 0.10 crores on the Bank under section 47A(1) read with section 46(4) of the Banking Regulation Act, 1949 in respect of deficiencies in adherence to certain RBI guidelines on advances relating to one borrower account (Previous year Nil).

9.3 Fixed Assets

9.3.1 Cost of premises includes ₹ 4.09 crores (Previous year ₹ 4.09 crores) in respect of properties for which execution of documents and registration formalities are in progress. Of these properties, the Bank has not obtained full possession of one property having written down value of ₹ 1.63 crores (Previous year ₹ 1.67 crores) and has filed a suit for the same.

9.3.2 Computer software

The movement in fixed assets capitalized as computer software is given below:

(₹ in crores)

Particulars	March 31, 2015	March 31, 2014
At cost at the beginning of the year	178.11	149.36
Addition during the year	31.25	28.75
Deduction during the year	-	-
Accumulated Depreciation as at 31 March	127.96	103.44
Closing Balance as at 31 March	81.40	74.67
Depreciation charge for the year	24.52	19.62

9.4 Contingent Liabilities

The Bank's pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax authorities. The Bank has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. Claims against the Bank not acknowledged as debts comprise of tax demands of ₹ 127.12 crores (Previous year ₹ 118.38 crores) in respect of which the Bank is in appeal and the legal cases sub judice of ₹ 420.62 crores (Previous year ₹ 417.45 crores). The Bank carries a provision of ₹ 3.97 crores against cases sub judice. The amount of contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

9.5 The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

9.6.1 Bancassurance business

Commission, Exchange and Brokerage in Schedule 14 include the following fees earned on Bancassurance business:

(₹ in crores)

Nature of Income	2014-15	2013-14
For selling life insurance policies	47.20	41.75
For selling non-life insurance policies	39.73	31.00
For selling mutual fund products	78.77	39.28
Others	-	-
Total	165.70	112.03

9.6.2 The Bank does not have any overseas branches and hence the disclosure regarding overseas assets, NPAs and revenue is not applicable (Previous year Nil).

9.6.3 The Bank does not have any Off-Balance Sheet SPVs (which are required to be consolidated as per accounting standards) (Previous year Nil).

9.7 Disclosure relating to Depositor Education and Awareness Fund (DEAF):

(₹ in crores)

Particulars	2014-15	2013-14
Opening balance of amounts transferred to DEAF	Nil	Nil
Add: Amounts transferred during the year	12.72	Nil
Less: Amounts reimbursed by DEAF towards claims	0.19	Nil
Closing balance of amounts transferred to DEAF	12.53	Nil

9.8 There is no delay in transferring amounts to Investor Education and Protection Fund by the Bank (Previous year Nil).

9.9 Corporate Social Responsibility (CSR)

During the year under review, the Bank constituted a CSR Committee of Board of Directors to comply with provisions of sub section (2) to (5) of section 135 of the Companies Act, 2013. The Bank has spent an amount of ₹ 17.54 crores towards CSR initiatives through various projects in the areas of Rural Development and Inclusiveness, Environment Sustainability, Preventive Healthcare and certain areas of special interest such as Environmental, Education, etc. of the total CSR spends, an amount of ₹ 14.58 crores was incurred towards capital expenditure.

9.10 Drawdown from Reserves

The Bank has not undertaken any drawdown from reserves during the year (Previous year Nil).

9.11 Credit default swaps

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year (Previous year Nil).

9.12 Shares Forfeited

During the year, the Bank cancelled the shares forfeited till date. Consequently, the moneys collected on such forfeited shares amounting to ₹ 0.86 crores, consisting of ₹ 0.19 crores lying in the Share Forfeiture Account and ₹ 0.67 crores lying in the Share Premium Account, were transferred to the Capital Reserve Account.

9.13 Movement in depreciation of Fixed Assets

(₹ in crores)

Depreciation	2014-15	2013-14
Premises		
At the beginning of the year	50.49	44.46
Transferred from Revaluation Reserve	6.26	3.95
Charge for the year	2.24	2.08
Deduction during the year	-	-
Depreciation to date	58.99	50.49

(₹ in crores)

Depreciation	2014-15	2013-14
Other Fixed Assets		
At the beginning of the year	563.44	489.94
Charge for the year	124.97	96.07
Deduction during the year	38.62	22.57
Depreciation to date	649.79	563.44

10. Employee Stock Option Scheme ("ESOS"):

The shareholders of the Bank approved Employee Stock Option Scheme (ESOS) on September 18, 2007. ESOS enables the Board and / or the HR and Remuneration Committee to grant such number of stock options of the Bank not exceeding 7% of the aggregate number of issued and paid up equity shares of the Bank, in line with the guidelines of the Securities & Exchange Board of India (SEBI). The options vest within a maximum period of five years from the date of grant of option. The exercise price for each grant is decided by the Compensation Committee, which is normally based on the latest available closing price. Upon vesting, the options have to be exercised within a maximum period of five years. The stock options are equity settled where the employees will receive one equity share per stock option.

Pursuant to the ESOS 2007 scheme, the HR and Remuneration Committee of the Bank has granted 3,45,67,700 options as set out below:

Sr. No.	Date of grant	No. of options	Range of exercise price (₹)
1.	18-Jul-08	1,21,65,000	48.00 - 50.60
2.	17-Dec-08	34,56,000	38.95
3.	05-May-09	8,15,500	44.00
4.	31-Aug-09	3,18,500	100.05
5.	28-Jan-10	7,47,000	48.00 - 140.15
6.	28-Jun-10	13,57,450	196.50
7.	14-Sep-10	73,500	236.20
8.	26-Oct-10	1,43,500	274.80
9.	17-Jan-11	25,00,000	228.70
10.	07-Feb-11	20,49,000	95.45 - 220.45
11.	24-Jun-11	21,54,750	253.60
12.	16-Aug-11	89,500	254.90
13.	30-Sep-11	2,61,000	262.25
14.	21-Dec-11	9,20,000	231.95
15.	29-Feb-12	1,95,000	304.05
16.	19-Apr-12	1,40,500	345.60
17.	25-May-12	1,34,500	304.55
18.	10-Jul-12	2,67,000	343.25

Sr. No.	Date of grant	No. of options	Range of exercise price (₹)
19.	29-Aug-12	1,14,000	319.05
20.	10-Oct-12	23,500	365.75
21.	09-Jan-13	30,000	433.75
22.	18-Apr-13	12,500	419.60
23.	20-Jun-13	1,75,000	478.45
24.	18-Jul-13	18,35,000	453.90
25.	23-Sep-13	75,000	411.50
26.	29-Oct-13	22,000	412.25
27.	29-Jan-14	7,67,500	300-389.85
28.	25-Mar-14	1,76,500	490.30
29.	15-May-14	65,500	537.05
30.	02-Jun-14	32,69,500	533.95
31.	09-Jul-14	33,000	551.90
32.	13-Oct-14	74,500	623.25
33.	17-Jan-15	47,500	831.85
34.	23-Feb-15	48,000	876.80
35.	30-Mar-15	11,000	880.75

Recognition of expense

The Bank follows the intrinsic value method to recognize employee costs relating to ESOS, in accordance with the Guidance Note on “Accounting for Employee Share-based Payments” issued by the ICAI. Excess of fair market price over the exercise price of an option at the grant date, is recognized as a deferred compensation cost and amortized on a straight-line basis over the vesting period of such options. The fair market price is the latest available closing price on the stock exchange on which the shares of the Bank are listed, prior to the date of the meeting of the Compensation Committee in which stock options are granted. Since shares are listed on more than one stock exchange, the exchange where the Bank’s shares have been traded highest on the said date is considered for this purpose.

Stock option activity under the scheme during the year:

	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,63,07,417	197.11
Granted during the year	35,49,000	545.74
Forfeited / surrendered during the year	2,97,895	451.95
Exercised during the year	40,03,725	164.36
Expired during the year	-	-
Outstanding at the end of the year	1,55,54,797	280.21
Options exercisable at the end of the year	1,00,98,782	164.35

The weighted average price of options exercised during the year is ₹ 623.19.

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

Date of grant	Exercise Price	Number of shares arising out of options	Weighted average life of options (in years)
18-Jul-08	48.00	31,40,000	0.83
18-Jul-08	50.60	3,01,000	0.97
17-Dec-08	38.95	2,83,990	1.42
5-May-09	44.00	-	-
31-Aug-09	100.05	42,240	2.03
28-Jan-10	140.15	-	-
28-Jan-10 A	48.00	6,00,000	0.83
28-Jun-10	196.50	1,62,896	2.44
14-Sep-10	236.20	6,000	3.46
26-Oct-10	274.80	15,100	2.70
17-Jan-11	228.70	25,00,000	2.81
7-Feb-11 A	220.45	6,16,450	2.99
7-Feb-11	95.45	2,84,000	1.86
24-Jun-11	253.60	4,85,277	3.55
16-Aug-11	254.90	17,650	4.38
30-Sep-11	262.25	24,720	4.08
21-Dec-11	231.95	4,66,600	4.30
29-Feb-12	304.05	1,34,500	4.05
19-Apr-12	345.60	1,11,095	4.20
25-May-12	304.55	75,550	4.30
10-Jul-12	343.25	2,35,615	4.30
29-Aug-12	319.05	52,050	5.06
10-Oct-12	365.75	11,950	5.04
9-Jan-13	433.75	15,000	4.79
18-Apr-13	419.60	5,000	5.06
20-Jun-13	478.45	1,49,000	5.24
18-Jul-13	453.90	13,40,849	5.43
23-Sep-13	411.50	70,525	5.53
29-Oct-13	412.25	22,000	5.60
29-Jan-14	389.85	60,240	5.97
29-Jan-14A	300.00	7,00,000	5.85
25-Mar-14	490.30	1,76,500	6.00
15-May-14	537.05	53,500	6.14
02-Jun-14	533.95	31,87,000	6.19
9-Jul-14	551.10	30,000	6.29
13-Oct-14	623.25	72,000	6.55
17-Jan-15	831.85	47,500	6.82
23-Feb-15	876.80	48,000	6.92
30-Mar-15	880.75	11,000	7.01

Fair value methodology:

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2014-15
Average dividend yield	0.99%
Expected volatility	34.73-43.71%
Risk free interest rates	7.76-8.83%
Expected life of options (in years)	3.50 - 5.50

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on the National Stock Exchange of India Limited (NSE), over a prior period equivalent to the expected life of the options, till the date of the grant.

The stock-based compensation cost calculated as per the intrinsic value method for the year is ₹ 3.48 crores. Had the Bank adopted the Black-Scholes model based fair valuation, compensation cost for the year ended March 31, 2015, would have increased by ₹ 59.54 crores and the proforma profit after tax would have been lower by ₹ 39.31 crores. On a proforma basis, the basic and diluted earnings per share would have been ₹ 33.25 and ₹ 32.68 respectively.

The weighted average fair value of options granted during the year is ₹ 228.99.

11. Disclosures – Accounting Standards
11.1 Employee Benefits (AS-15)
Gratuity:

Gratuity is a defined benefits plan. The Bank has obtained qualifying insurance policies from two insurance companies. The following table summarises the components of net expenses recognized in the Profit and Loss account and funded status and amounts recognized in the Balance Sheet, on the basis of actuarial valuation.

(₹ in crores)

	March 31, 2015	March 31, 2014
Changes in the present value of the obligation		
1 Opening balance of Present Value of Obligation	34.36	27.98
2 Interest Cost	2.87	2.31
3 Current Service Cost	9.95	7.45
4 Benefits Paid	(5.05)	(1.75)
5 Actuarial loss / (gain) on Obligation	4.25	(1.63)
6 Closing balance of Present Value of Obligation	46.38	34.36

(₹ in crores)

		March 31, 2015	March 31, 2014
Reconciliation of opening and closing balance of the fair value of the Plan Assets			
1	Opening balance of Fair value of Plan Assets	34.36	28.67
2	Adjustment to Opening Balance	1.03	-
3	Expected Return on Plan assets	3.14	2.51
4	Contributions	16.45	6.65
5	Benefits Paid	(5.05)	(1.75)
6	Actuarial loss Return on Plan Assets	(0.35)	(1.72)
7	Closing balance of Fair Value of Plan Assets	49.58	34.36
Profit and Loss – Expenses			
1	Current Service Cost	9.95	7.45
2	Interest Cost	2.87	2.31
3	Expected Return on Plan assets	(3.14)	(2.51)
4	Net Actuarial loss recognised in the year	4.60	0.09
5	Expenses recognised in the Profit and Loss account	14.28	7.34
Funded status			
	Funded status	100 % insurance managed funds	100 % insurance managed funds
Actuarial Assumptions			
1	Discount Rate	7.90%	9.14%
2	Expected Rate of Return on Plan Assets	8.00%	8.00-8.48%
3	Expected Rate of Salary Increase	5.00%	5.00%
4	Employee Attrition Rate		
	Past Service 0 to 5 years	30%	30%
	Past Service above 5 years	0.50%	0.50%

Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Experience Adjustment

Particulars	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined Benefit Obligations	46.38	34.36	27.98	22.63	19.67
Plan Assets	49.58	34.36	28.67	23.94	19.89
Surplus / (Deficit)	3.20	-	0.69	1.31	0.22
Experience Adjustments on Plan Liabilities	(4.25)	1.63	1.23	1.24	(1.03)
Experience Adjustments on Plan Assets	(0.35)	(1.72)	0.19	(1.13)	0.56

Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date is ₹ 15 crores.

Provident Fund

The guidance note on implementing AS 15, Employee Benefits (revised 2005) states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefits plans.

The details of the fund and plan assets position as at March 31, 2015, are as follows:

(₹ in crores)

Assets / Liabilities	March 31, 2015	March 31, 2014
Present value of Interest Rate guarantee on Provident Fund	1.45	0.56
Present value of Total Obligation	103.46	87.20
Fair value of Plan Assets	102.01	86.64
Net liability recognized in the Balance Sheet	(1.45)	(0.56)
Assumptions		
Normal Retirement age	60 years	60 years
Expected guaranteed interest on PF in future	8.75%	8.75%
Discount rate	7.90%	9.14%
Expected average remaining working lives of employees (years)	6.28 – 13.98	14.29 – 22.05
Benefit on normal retirement	Accumulated account balance	Accumulated account balance
Benefit on early retirement/withdrawal/resignation	Same as normal retirement benefit	Same as normal retirement benefit
Benefit on death in service	Same as normal retirement benefit	Same as normal retirement benefit

11.2 Segment Reporting (AS 17)

The Bank operates in four business segments, viz. Treasury, Corporate/ Wholesale Banking, Retail Banking and Other Banking Operations. There are no significant residual operations carried by the Bank.

Business Segments :

(₹ in crores)

Business Segment	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operation		Total	
Particulars	31/03/15	31/03/14	31/03/15	31/03/14	31/03/15	31/03/14	31/03/15	31/03/14	31/03/15	31/03/14
Revenue	2,753.04	2,302.78	4,025.50	3,672.96	6,448.31	5,474.49	25.33	24.20	13,252.18	11,474.43
Inter Segment Revenue									(1,156.34)	(1,330.37)
Total Income									12,095.84	10,144.06
Result	366.59	322.13	877.84	708.63	1,972.89	1,656.03	7.75	7.32	3,225.07	2,694.11
Unallocated Expenses									(126.85)	(98.15)
Operating Profit									3,098.22	2,595.96
Provisions and Contingencies (other than tax)									(389.05)	(467.63)
Tax Expenses									(915.45)	(720.31)
Extraordinary profit/ loss									-	-
Net Profit									1,793.72	1,408.02
Other Information:										
Segment Assets	28,503.05	24,014.48	27,736.93	20,514.60	48,934.25	39,534.45	-	-	1,05,174.23	84,063.53
Unallocated Assets									3,941.69	2,962.40
Total Assets									1,09,115.92	87,025.93
Segment Liabilities	20,797.14	15,018.43	39,144.35	35,498.48	35,618.94	25,653.60	-	-	95,560.43	76,170.51
Unallocated Liabilities									13,555.49	10,855.42
Total Liabilities									1,09,115.92	87,025.93

Geographic Segments:

The business operations of the Bank are largely concentrated in India. Activities outside India are restricted to resource mobilization in the international markets. Since the Bank does not have material earnings emanating from foreign operations, the Bank is considered to operate only in domestic segment.

11.3 Related party transactions (AS-18)

The following is the information on transactions with related parties:

Key Management Personnel

Mr. Romesh Sobti, Managing Director

Associates

IndusInd Marketing and Financial Services Private Limited

Subsidiaries

ALF Insurance Services Private Limited (under liquidation)

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided as there is only one related party in each of the above categories.

11.4 Operating Leases (AS 19)

The Bank has taken a number of premises on operating lease for branches, offices, ATMs and residential premises for staff. The Bank has not given any assets on operating lease. The details of maturity profile of future operating lease payments are given below:

(₹ in crores)

	March 31, 2015	March 31, 2014
Future lease rentals payable as at the end of the year:		
- Not later than one year	189.85	136.01
- Later than one year but not later than five years	641.83	466.99
- Later than five years	293.86	232.84
Total of minimum lease payments recognized in the Profit and Loss Account for the year	182.91	149.40
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-lease	-	-
Sub-lease payments recognized in the Profit and Loss account for the year	-	-

The Bank has not sub-leased any of the properties taken on lease. There are no provisions relating to contingent rent.

The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

11.5 Earnings per share (AS 20)

Details pertaining to earnings per share as per AS-20 are as under:

	Year ended March 31, 2015	Year ended March 31, 2014
Net Profit after tax (₹ in crores)	1,793.72	1,408.02
Basic weighted average number of equity shares	52,77,22,078	52,44,65,413
Diluted weighted average number of equity shares	53,69,08,824	53,32,37,373
Nominal value of Equity Shares (₹)	10	10
Basic Earnings per Share (₹)	33.99	26.85
Diluted Earnings per Share (₹)	33.41	26.41

11.6 Consolidated Financial Statements – Subsidiary (AS 21)

ALF Insurance Services Private Limited (ALFIS), a wholly owned subsidiary of the Bank, could not commence operations pending regulatory approvals. Consequent to a resolution passed by its Board of Directors in March 2011, ALFIS has appointed a Liquidator under the provisions of the Companies Act, 1956 and the process of winding up is currently under progress. Since the process of winding up is already under way, control is regarded as temporary and consolidated financial statements have not been drawn up under AS-21 Consolidated Financial Statements. Such non-consolidation or the winding up proceedings does not have any material impact on the financial results or the financial status of the Bank.

11.7 Deferred Tax (AS 22)

The major components of deferred tax assets / liabilities are as under:

(₹ in crores)

Timing difference on account of	March 31, 2015 Deferred Tax		March 31, 2014 Deferred Tax	
	Assets	Liabilities	Assets	Liabilities
Difference between book depreciation and depreciation under the Income Tax Act, 1961	-	25.96	-	21.06
Difference between Provisions for doubtful debts and advances and amount allowable under Section 36(1) (viii) of the Income Tax Act, 1961	267.63	-	236.54	-
Loss on sale of NPAs to RCs	-	76.34	-	-
Interest on securities	-	175.17	-	142.67
Others	23.20	-	18.60	-
Sub-total	290.83	277.47	255.14	163.73
Net closing balance carried to the Balance Sheet (included in Sch. 11 – Others)	13.36		91.41	

12. Additional Disclosures**12.1 Provisions and Contingencies charged to the Profit and Loss account for the year consist of:**

(₹ in crores)

Particulars	March 31, 2015	March 31, 2014
(Appreciation) / Depreciation on Investments	(66.43)	87.56
Provision for non-performing assets including bad debts written off (net of write backs)	338.91	313.67
Provision towards Standard Assets	104.00	64.83
Income Tax / Wealth Tax / Deferred Tax	915.45	720.31
Others	12.57	1.57
Total	1,304.50	1,187.94

12.2 Movement in provisions**a) Movement in provision for credit card and debit card reward points**

(₹ in crores)

Particulars	2014-15	2013-14
Opening provision	9.71	9.26
Provision for Reward Points made during the year	9.12	0.19
Utilisation / Write back of provision for Reward Points	(6.48)	(0.84)
Effect of change in rate for accrual of Reward Points	-	0.58
Closing provision for Reward Points	12.35	9.71

b) Movement in provision for frauds included under other liabilities:

(₹ in crores)

Particulars	2014-15	2013-14
Opening provision	6.51	2.78
Provision during the year	1.25	4.58
Utilisation / Write back of provision	(2.65)	(0.85)
Closing provision	5.11	6.51

12.3 Disclosure relating to Complaints
A Customer Complaints:

No.	Particulars	2014-15	2013-14
(a)	No. of complaints pending at the beginning of the year	310	377
(b)	No. of complaints received during the year	22199	19501
(c)	No. of complaints redressed during the year	22169	19568
(d)	No. of complaints pending at the end of the year	340	310

B. Awards passed by the Banking Ombudsman:

No.	Particulars	2014-15	2013-14
(a)	No. of unimplemented Awards at the beginning of the year	Nil	Nil
(b)	No. of Awards passed by the Banking Ombudsman during the year	Nil	5
(c)	No. of Awards implemented during the year	Nil	5
(d)	No. of unimplemented Awards at the end of the year	Nil	Nil

(Compiled by management and relied upon by auditors)

12.4 Letters of Comfort

The Bank has not issued any letters of comfort (Previous year Nil).

12.5 Disclosure on Remuneration
HR and Remuneration Committee

During the year, the Board of Directors of the Bank decided to merge the Human Resources Committee and the Remuneration Committee into HR and Remuneration Committee of the Bank. The HR and Remuneration Committee of the Bank comprise four members of the Board of Directors of the Bank including one member from Risk Management Committee of the Board. The mandate of the HR and Remuneration Committee is to establish, implement and maintain remuneration policies, procedures and practices that are consistent with, and promote, sound and effective risk management to achieve effective alignment between remuneration and risks. The Committee is also mandated to oversee framing, implementation and review of the Bank's Compensation policy as per RBI guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Risk Takers and Control function staff. The Committee is also required to ensure that the cost / income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio. The HR and Remuneration committee reviews compensation structure and the policies of the Bank with a view to attract, retain and motivate employees.

Remuneration Policy

The Remuneration Policy is formulated by the Board in alignment with RBI guidelines and is structured to cover all components of remuneration including fixed pay, variable pay, perquisites, retirement benefits such as Provident Fund and Gratuity, Long term incentive plans and Employee Stock Options.

The key objectives of the policy are:

- (i) Benchmark employee compensation with market for various job positions and skills and pay for 'Position, Performance & Person'
- (ii) Maintain an optimal balance between fixed and variable pay
- (iii) Pay for Performance
- (iv) Build employee ownership and long term association through long term incentive plans (ESOPs)

Some of the important features of the Compensation Policy are as follows:

- (i) The Bank has defined "Risk Takers and Risk Controllers" and prepared separate lists of Risk Takers and Risk Controllers. Risk Takers are defined as employees in Grades Senior Vice President 3 (SVP3) and above belonging to business line functions of Corporate & Commercial Banking Group, Global Markets Group, Transaction Banking Group, Consumer Banking and Consumer Finance Division, whose functioning and decisioning impacts the Bank materially on tangible financial performance aspects of revenues, costs, and profits. Risk Controllers are defined as employees in Grades SVP3 and above belonging to support functions of Chief Operating Officer (Operations, Finance & Accounts, Information Technology, Secretarial, etc.), Chief Risk Officer (Credit, Risk, Financial Restructuring & Reconstruction Group, Credit Quality Loan Assurance Review), Human Resources, Inspection and Audit, Investor Relations, Marketing, etc, who support the business line functions through back office processes and activities and their functioning does not have a revenue impact through business generation.
- (ii) The HR & Remuneration committee will oversee the framing, implementation and review of the Compensation Policy.
- (iii) Remuneration will be market linked for critical roles so as to attract and retain talent.
- (iv) In respect of WTDs / CEO / Risk Takers / Control function staff of the Bank, the compensation structure provides for a reasonable increase in fixed pay in line with the market benchmarks. Their individual increments are linked to annual performance rating and increment percentages at various performance rating levels, which will be decided on the basis of the financial performance of the Bank. Exceptions will be restricted to a select few high performers to reward performance, motivate and retain critical staff. The Bank also makes a distinction between Risk Takers and Risk Controllers and incorporates separate parameters on variable pay for these segments in its compensation policy.
- (v) The quantum of overall variable pay to be disbursed in a year would vary on the basis of the financial performance of the Bank measured through various parameters such as Net Interest Margin, Net Interest Income, Return on Assets, Profit After Tax and Return on Equity.
- (vi) Remuneration is linked to performance. Increments and variable pay are linked to the annual performance rating. Annual Performance Rating for an employee is arrived on the basis of tangible performance against pre-set Key Results Areas (KRAs) / measurable objectives set at the beginning of the financial year.
- (vii) The individual variable pay is linked to the annual performance rating, and based on variable pay grids outlining variable pay as a percentage of Annual Guaranteed cash at various rating bands for a grade level. Exceptional increments and variable pay may be paid to select high performers, but in no case they would violate the stipulated RBI guidelines.
- (viii) The individual variable pay would not exceed 70% of the fixed pay. Wherever variable pay exceeds a substantial portion of fixed pay as defined by the Bank, (currently defined at 65% of fixed pay), variable pay will be deferred over a period of 3 years in a ratio to be decided by management in accordance with RBI guidelines.

- (ix) The Bank will implement malus / claw-back arrangements with the concerned employees in case of deferred pay as defined above. Malus arrangement would lay down policies to adjust deferred remuneration before vesting and claw-back arrangement would lay down policies to adjust deferred remuneration after vesting. The criteria would be negative contributions to the bank and / or relevant line of business in any year.
- (x) The Compensation Policy does not provide for guaranteed bonus or sign on bonus in cash. Sign on bonus to be paid in form of pre-hiring ESOPs, will be very selective for critical hires.
- (xi) The Compensation Policy does not provide for severance pay for any employee.
- (xii) Retirement benefits in the form of Provident Fund and Gratuity are as per the Bank's HR policies which are in line with the statutory norms.
- (xiii) Perquisites are laid down in HR Policies of the Bank.
- (xiv) At present, the Bank uses cash based form of variable remuneration. The rationale is that cash based form of variable remuneration leads to an instant reward to the concerned employees and is also easy to administer.
- (xv) ESOPs do not form a part of the variable pay and are very selectively granted to attract and retain employees. ESOPs are not granted with a defined periodicity. ESOP grant criteria include grade of the employee, criticality of the position in terms of business contribution and market value of the position, and performance and behavioural track of the employee.

Other Disclosures

	Year ended March 31, 2015	Year ended March 31, 2014
Number of meetings held by RC during the financial year and remuneration paid to its members	During the year, two meetings of Remuneration committee were held. The members were paid aggregate sitting fee of ₹ 1,00,000 for the two meetings. During the year, two meetings of HR and Remuneration committee were held. The members were paid aggregate sitting fees of ₹ 1,40,000 for the two meetings.	During the year, two meetings of Remuneration committee were held. The members were paid aggregate sitting fee of ₹ 30,000 per meeting.
Number of employees having received a variable remuneration award during the financial year	64 employees belonging to the category of WTD / CEO / Risk Takers/Other Control function staff had received a variable remuneration award.	51 employees belonging to the category of WTD / CEO / Risk Takers had received a variable remuneration award.
Number and total amount of 'sign on' awards made during the financial year	Nil	Nil
Details of guaranteed bonus if any paid as sign on bonus	Nil	Nil
Details of severance pay in addition to the accrued benefits	Nil	Nil
Total amount of outstanding deferred remuneration split into cash, shares and share linked instruments and other forms	The outstanding deferred remuneration is ₹ 1.22 crores to be paid as cash in FY 2015-16 and FY 2016-17	The outstanding deferred remuneration is Nil.

	Year ended March 31, 2015	Year ended March 31, 2014
Total amount of deferred remuneration paid out in the financial year	Nil	Nil
Breakdown of amount of remuneration awards for the financial year	Breakup of remuneration awards for the 66 employees defined as WTD / CEO / Risk Takers/ Other control function staff (a) Fixed pay – ₹ 76.01 crores (b) Variable pay – ₹ 28.66 crores for FY 2013–14 (c) Deferred remuneration – ₹ 1.22 crores (d) Non-deferred remuneration – ₹ 27.44 crores	Breakup of remuneration awards for the 57 employees defined as WTD / CEO / Risk Takers: (a) Fixed pay – ₹ 73.04 crores (b) Variable pay – ₹ 21.95 crores for FY 2012-13 (c) Deferred remuneration – Nil (d) Non-deferred remuneration – ₹ 21.95 crores
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and implicit adjustments.	Nil	Nil
Total amount of reductions during the FY due to ex – post explicit adjustments	Nil	Nil
Total amount of reductions during the FY due to ex – post implicit adjustments	Nil	Nil

13. The Micro, Small and Medium Enterprises Development Act, 2006 that came into force from October 2, 2006, provides for certain disclosures in respect of Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or interest payments due to delays in such payments.
14. Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report of even date.

For INDUSIND BANK LTD.

For B S R & Co. LLP
Chartered Accountants

R. Seshasayee
Chairman

T. Anantha Narayanan
Director

Firm's Registration No: 101248W/W-100022

Akeel Master
Partner

Romesh Sobti
Managing Director

Membership No: 046768

Place : Mumbai
Date : April 16, 2015

S. V. Zaregaonkar
Chief Financial Officer

Haresh Gajwani
Company Secretary

DISCLOSURES UNDER BASEL III CAPITAL REGULATIONS – 31st March 2015

DF-1: Scope of Application

Name of the head of the banking group to which the framework applies: INDUSIND BANK LTD.

(i) Qualitative Disclosures:

IndusInd Bank Limited ('the Bank') is a commercial bank, incorporated on January 31, 1994. The Bank has only one wholly owned subsidiary viz., ALF Insurance Services Private Limited. The financials of the subsidiary are not consolidated with the Bank's financials as the said company could not commence business and has commenced proceedings for a voluntary winding up. The CRAR is computed on the financial position of the Bank alone.

a) List of group entities considered for consolidation:

Name of the entity/ Country of incorporation	Whether the entity is included under accounting scope of consolidation (Yes/No)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (Yes/No)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reason if consolidated under only one of the scopes of consolidation
None / NA	NA	NA	NA	NA	NA	NA

b) List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation:

Name of the entity/Country of incorporation	Principle activity of the entity	Total balance sheet equity	% of banks holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
ALF Insurance Services Pvt. Ltd./India	Insurance Corporate Broking	₹ 5 Million	100% held by IndusInd Bank Ltd	Risk Weighted	The Company is currently under voluntary winding up. As of March 31, 2015, an amount of ₹ 6.68 million is available as bank balance with the Liquidator and there are no external liabilities except expenses relating to liquidation.

(ii) Quantitative Disclosures:

- c) List of group entities considered for consolidation:

As mentioned above in Para (i) above, the Bank does not have a “material non-listed Indian subsidiary” as defined in Clause 49 of the Listing Agreement. ALF Insurance Services Private Ltd. is a wholly owned subsidiary of the Bank that was set up to do the business of Insurance Corporate Broking but had not commenced operations. The Bank has since decided against entering into insurance broking business and proceedings for voluntary winding up of the company have been initiated.

- d) There is no capital deficiency in any subsidiary, which is not included in the regulatory scope of consolidation.
- e) As on 31st March, 2015, the Bank does not have controlling interest in any insurance entity.
- f) There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group.

DF-2: Capital Adequacy**Applicable Regulations:**

Reserve Bank of India issued Guidelines based on the Basel III reforms on capital regulation on May 2012, to the extent applicable to banks operating in India. The Basel III capital regulation has been implemented from April 01, 2013 in India in phases and it will be fully implemented as on March 31, 2019. RBI issued detailed Guidelines on Composition of Capital Disclosure Requirements on May 28, 2013. The Basel III Capital Regulations have been consolidated in Master Circular – Basel III Capital Regulations vide circular No.DBOD.No.BP.BC.6/21.06.201/2014-15 dated July 1 2014.

Basel III Capital Regulations:

Basel III Capital regulations continue to be based on three-mutually reinforcing pillars, viz., minimum capital requirements, supervisory review of capital adequacy, and market discipline. This circular also prescribes the risk weights for the balance sheet assets, non-funded items and other off-balance sheet exposures and the minimum capital funds to be maintained as ratio to the aggregate of the risk weighted assets and other exposures, as also, capital requirements in the trading book, on an ongoing basis and operational risk.

These guidelines also incorporate instructions regarding the components of capital and capital charge required to be provided for by the banks for credit, market and operational risks. It deals with providing explicit capital charge for credit and market risk and addresses the issues involved in computing capital charges for interest rate related instruments in the trading book, equities in the trading book and foreign exchange risk (including gold and other precious metals) in both trading and banking books. Trading book for the purpose of these guidelines includes securities under the Held for Trading category, Available For Sale category, open gold position limits, open foreign exchange position limits, trading positions in derivatives, and derivatives entered into for hedging trading book exposures.

Basel III capital regulations are being implemented in India with effect from April 1, 2013. In order to ensure smooth migration to Basel III without aggravating any near term stress, appropriate transitional arrangements have been made. The transitional arrangements for capital ratios began as on April 01, 2013. However, the phasing out of non-Basel III compliant regulatory capital instruments began as on January 01, 2013. Capital ratios and deductions from Common Equity will be fully phased-in and implemented as on March 31, 2019.

Minimum capital requirements:

Under the Basel III Capital Regulations, Banks are required to maintain a minimum Pillar I Capital to Risk-weighted Assets Ratio (CRAR) of 9% on an on-going basis (other than capital conservation buffer and countercyclical capital buffer etc.). Besides the minimum capital requirements, Basel III also provides for creation of capital

conservation buffer (CCB). The CCB requirement kicks in from March 31, 2016 and is to be fully implemented by March 31, 2019. Over and above these requirements, Basel – III also mandates for maintenance of Counter-cyclical Capital Buffer (CCCB). The decision to maintain CCCB would be advised by RBI with a lead time.

Besides computing CRAR under the Pillar I requirement, the Bank also periodically undertakes stress testing in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, interest rate, derivatives and forex on its profitability and capital adequacy.

The assessment of future capital needs is effectively done based on the business projections, asset mix, operating environment, growth outlook, new business avenues, regulatory changes and risk and return profile of the business segments. The future capital requirement is assessed by taking cognizance of all the risk elements viz. Credit, Market and Operational risk and mapping these to the respective business segments.

The Summary of Capital requirements for Credit Risk, Market Risk and Operational Risk as on March 31, 2015, is mentioned below:

Risk Type	(₹ in million)
Capital requirements for Credit Risk	69,046
Portfolio Subject to Standardised approach	69,046
Securitisation exposures	-
Capital requirements for Market Risk	3,920
Standardised Duration Approach	
Interest Rate Risk	3,326
Foreign Exchange Risk (including gold)	270
Equity Risk	324
Capital requirements for Operational Risk	7,070
Basic Indicator Approach	7,070
Total Capital requirements at 9%	80,036
Total Capital Funds	1,07,508
CRAR	12.09%

Organisation Structure:

Integrated Risk Management: Objectives and Organisation Structure

The Bank has established an Enterprise-wide Risk Management Department, independent of the Business segments, responsible for Bank-wide risk management covering Credit risk, Market risk (including ALM) and Operational risk. The Risk Management Department focuses on identification, measurement, monitoring and controlling of risks across various segments. The Bank has been progressively adopting the best International practices so as to continually reinforce its Risk Management functions.

Organisation Structure:

The set-up of Risk Management Department is hereunder:



Separate Committees, as specified below, are set up to manage and control various risks:

- Risk Management Committee (RMC)
- Credit Risk Management Committee (CRMC)
- Market Risk Management Committee (MRMC)
- Asset Liability Management Committee (ALCO)
- Operational Risk Management Committee (ORMC)

Bank has articulated various risk policies which specify the risks, controls and measurement techniques. The policies are framed keeping risk appetite as the central objective. Against this background, the Bank identifies a number of key risk components. For each of these components, the Bank determines a target that represents the Bank's perception of the component in question.

The risk policies are vetted by the sub-committees, viz. CRMC, MRMC, etc. and are put forth to RMC, which is a sub-committee of the Board. Upon vetting of the policies by RMC, the same is placed for the approval of the Board and implemented.

Bank has put in place a comprehensive policy on ICAAP, which presents a holistic view of the material risks faced, control environment, risk management processes, risk measurement techniques, capital adequacy and capital planning.

Policies are periodically reviewed and revised to address the changes in the economy / banking sector and Bank's risk profile. Monitoring of various risks is undertaken at periodic intervals and a report is submitted to Top Management / Board.

Credit Risk

The Bank manages credit risk comprehensively; both at Transaction level and at Portfolio level. Some of the major initiatives taken are listed below :

- Bank uses a robust Risk rating framework for evaluating credit risk of the borrowers. The Bank uses segment-specific rating models that are aligned to target segment of the borrowers.
- Risks on various counter-parties such as corporates, banks, are monitored through counter-party exposure limits, also governed by country risk exposure limits in case of international trades.
- The Bank manages risk at the portfolio level too, with portfolio level prudential exposure limits to mitigate concentration risk.
- The Bank has a well-diversified portfolio across various industries and segments, as illustrated by the following data.
 - ❑ Retail and schematic exposures (which provide wider diversification benefits) account for as much as 45 % of the total fund-based advances.
 - ❑ The Bank's corporate exposure is fully diversified over 85 industries, thus insulated/minimised from individual industry cycles.

The above initiatives support qualitative business growth while managing inherent risks within the risk appetite.

Market Risk

Key sources of Market risk are Liquidity Risk, Interest Rate Risk, Price Risk and Foreign Exchange Risk. The Bank has implemented a state-of-the-art Treasury system which supports robust risk management capabilities and facilitates Straight-through Processing.

Market Risk is effectively managed through comprehensive policy framework which provides various tools such as Mark-to-Market, Sensitivity analysis, Value-at-Risk, besides through operational limits such as stop-loss limits, exposure limits, deal-size limits, maturity ladder, etc.

Asset Liability Management (ALM)

The Bank's ALM system supports effective management of liquidity risk and interest rate risk, covering 100% of its assets and liabilities.

- Liquidity Risk is monitored through Structural Liquidity Gaps, Dynamic Liquidity position, Liquidity Ratios analysis and Behavioural analysis, with prudential limits for negative gaps in various time buckets.
- Interest Rate Sensitivity is monitored through prudential limits for Rate Sensitive Gaps and other risk parameters.
- Interest Rate Risk on the Investment portfolio is monitored through Modified Duration on a daily basis. Optimum risk is assumed through duration, to balance between risk containment and profit generation from market movements.

ALCO meetings were convened frequently during the financial year, wherein analytical presentations were made providing detailed analysis of liquidity position, interest rate risks, product mix, business growth v/s budgets, interest rate outlook, which helped to review the business strategies regularly and undertake new initiatives.

Operational risk

Operational risk is managed by addressing People risk, Process risk, Systems risk as well as risks arising out of external environment.

The Bank has efficient audit mechanism, involving periodical on-site audit, concurrent audits, on the spot and off-site surveillance enabled by the Bank's advanced technology and Core Banking System.

The Bank has constituted Fraud Risk Management Committee which is involved in root cause analysis and actions taken to mitigate frauds. A separate and independent KYC/AML cell has been in place to ensure compliance with respect to customer on-boarding and transaction monitoring as per the internal framework and regulatory guidelines of KYC/AML.

The Bank has implemented various Operational Risk management tools such as Risk Events reporting framework, Risk and Control Self-Assessment (RCSA) and Loss Data (Basel 8 * 7 matrix) collection including Near Miss Events. The Bank weighs each new Product and Process enhancements under Operational Risk Assessment Process (ORAP) framework.

The Bank has initiated the process of putting in place Operational Risk Management Framework, using sophisticated tools, such as:

- Key Risks Indicators
- Operational Risk Incident Reporting
- Score Cards (Branch and Corporate Functions)

The framework would help in mitigation of operational risks and optimization of capital requirement towards operational risks under Basel II norms.

Systems Risk

As part of Systems-related Operational Risk Management initiatives, the Bank has achieved the following :

- The Bank has formulated and implemented a comprehensive Business Continuity Plan (BCP) to ensure continuity of its critical business functions and extension of banking services to its customers.
- The Bank has Information Security Policy in place to ensure confidentiality, integrity and accessibility of all its information security assets.
- The Bank has established an effective Disaster Recovery site at a distant location, with on-line, real-time replication of data, both in Mumbai and Chennai.
- Comprehensive IT security framework has been put in place to ensure complete data security and integrity.
- The Bank has housed its data center in a professionally managed environment, with sophisticated and fool-proof security features and assured supply of utilities.

The robust Risk Management framework created in the Bank supports rapid and qualitative growth with optimization of risks and maximization of shareholder value.

DF-3: Credit Risk: General Disclosures

“Credit Risk” is defined as the probability / potential that the borrower or counter-party may fail to meet its obligations in accordance with agreed terms. It involves inability or unwillingness of a borrower or counter-party to meet commitments in relation to lending, trading, hedging, settlement and other financial transactions.

Credit Risk is made up of two components:

1. **Transaction Risk (or Default Risk)**, which represents the risk arising from individual credit exposures and
2. **Portfolio Risk**, which represents the risk inherent in the portfolio of credit assets (concentration of assets, correlation among portfolios, etc.).

Credit risk is found in a variety of transactions across the Bank's portfolio including not only loans, off balance sheet exposures, investments and financial guarantees, but also the risk of a counterparty in a derivative transaction becoming unable to meet its obligations. Credit risk constitutes the largest risk to which the Bank is exposed. The Bank has adequate system support which facilitates credit risk management and measurement across its portfolio. The system support is strengthened and expanded as and when new exposures are added to the Bank's portfolio.

The Bank has articulated comprehensive guidelines for managing credit risk as outlined in Credit Risk Policy and related Policies framework, Bank Risk Policy, Country Risk Policy, Loan Review Policy and Recovery Policy. The

credit risk management systems used at the Bank have been implemented in accordance with these guidelines and best market practices. The credit risk management process focuses on both specific transactions and on groups of specific exposures as portfolios.

The Bank's credit risk policy and related policies and systems focus are framed to achieve the following key objectives:

- Monitoring concentration risk in particular products, segments, geographies etc thereby avoiding concentration risk from excessive exposures to any particular products, segments, geographies etc.
- Assisting in building quality credit portfolio and balancing risks and returns in line with Bank's risk appetite
- Tracking Credit quality migration
- Determining how much capital to hold against each class of the assets
- Undertaking Stress testing to evaluate the credit portfolio strength
- To develop a greater ability to recognize and avoid potential problems
- Alignment of Risk Strategy with Business Strategy
- Adherence to regulatory guidelines

Credit Risk Management at specific transaction level

The central objective for managing credit risk at each transaction level is development of evaluation and monitoring system that covers the entire life cycle of the exposure, i.e. opportunity for transaction, assessing the credit risk, granting of credit, disbursement and subsequent monitoring, identifying the obligors with emerging credit problems, remedial action in event of credit quality deterioration and repayment or termination of the obligation.

The Credit Policies of the Bank stipulates for applicability of various norms for managing credit risk at a specific transaction level and more relevant to the target segment of the obligors. It covers all the types of obligors, viz. Corporate, SME, Trader and Schematic Loans such as Home Loan, Personal Loan, etc.

The major components of Credit Risk and related Policies are mentioned below:

- The transaction with the customer/ prospective customer is undertaken with an aim to build long term relationship.
- All the related internal and regulatory guidelines such as KYC norms, RBI prudential norms, etc. are adhered to while assessing the credit request of the borrower.
- The credit is granted with due diligence and detailed insight into the customer's circumstances and of specific assessments that provide a context for such credits.
- The facility is granted based on the customer's creditworthiness, capital base or assets to assure that the customer is able to substantiate the repayment. Due regard is also placed to the industry in which the customer is operating, the business specific risks and management capability and their risk appetite.
- Regular follow-up in the overall health of the borrower is undertaken to assess whether the basis of granting credit has changed.
- When loans and credits are granted to borrowers falling outside preferred credit rating, the Bank normally obtains sufficient collateral. However, collaterals are not the sole criterion for lending, which is generally done based on assessing the business viability of the borrower and the adequacy of the expected cash flows.
- The Bank has defined exposures limit on the basis of internal risk rating of the borrower.
- The Bank is particularly cautious when granting credits to businesses in affected or seasonal industries.
- In terms of Bank's country risk management, due caution is exercised when assuming risk in countries with an unstable economic or political scenario.

Beside the acceptability norms defined in the policies/manual for an individual transaction, Bank has also implemented various credit related product programmes which enables efficient appraisal, assessment, delivery, supervision and control of tailor made loan products targeted at specific customer segments. The customers covered under the Business Banking product programme are evaluated using a scoring/rating model developed based on the segment specific risk profile.

Consumer Finance Division appraises the loan application based on robust set criteria defined in the respective product programmes. Further as a mechanism to assess the credit quality, customers are also evaluated through application scoring models which are segment specific. Further, post disbursement, the quality of the account is tracked by means of a Behavioral score.

The customers under Credit Cards segment are evaluated by means of robust customer selection criteria that include variety of factors.

Bank has also put in place a detailed policy for portfolio acquisition which stipulates various criteria for asset selection including due diligence, transfer of risks and rewards of the underlying portfolio, credit enhancements, portfolio risk management and monitoring in accordance with RBI guidelines.

Credit Approval Committee

The Bank has put in place the principle of 'Committee' or 'Approval Grids' approach while according sanctions to the credit proposals. This provides for an unbiased, objective assessment/evaluation of credit proposals. Such Committees include atleast one official from an independent department, which has no volume or profits targets to achieve. The official of the independent department is a compulsory member of the Credit Committee and a dissent by such member cannot be overridden by others. The spirit of the credit approving system is that no credit proposals are approved or recommended to higher authorities unless all the members of the 'Committee' or 'Approval Grids' agree on the acceptability of the proposal in all respects. In case of disagreement the proposal is referred to next higher Committee whose decision to approve or decline with conditions is then final.

The following 'Approval Grids' are constituted:

► **Corporate & Commercial Banking Segment :**

- ☞ Zonal Credit Committee (ZCC)
- ☞ Corporate Office Credit Committee (COCC) – I
- ☞ Corporate Office Credit Committee (COCC) – II
- ☞ Executive Credit Committee (ECC)

► **Consumer Banking (CB) Segment :**

The scheme of delegation under Consumer Banking Segment includes Vehicle financing, personal loans, housing loans and other schematic loans under multi-tier Committee based approach as under:

- ☞ Branch Credit Committee – Consumer Banking (BCC – CB)
- ☞ Regional Credit Committee – Consumer Banking (RCC - CB)
- ☞ Corporate Office Credit Committee – Consumer Banking (COCC- CB I & II)
- ☞ Executive Credit Committee

The credit proposals which are beyond the delegated powers of ECC are placed to Committee of Directors (COD) or Board of Directors (BOD) for approval.

Risk Classification

The Bank monitors the overall health of its customers on an on-going basis to ensure that any weakening of a customer's earnings or liquidity is detected as early as possible. As part of the credit process, customers are classified according to the credit quality in terms of internal rating, and the classification is regularly updated on receipt of new information/changes in the factors affecting the position of the customer.

The Bank has operationalised the following risk rating/ scoring models depending on the target segment of the borrower:

- Large Corporate, Small & Medium Enterprises, NBFC
- Trading entities, Capital Market Broker and Commodity Exchange Broker
- Financial Institutions/Primary Dealers and Banks
- Retail customers (Schematic Loans) – who are assigned credit scoring

The customers under Business Banking segment are assessed for credit quality using a scoring/rating model. The score serves a measure to categorise the customers into various risk classes which are further calibrated to different risk grade. Bank has also implemented rating models for assessing the risk under Lease Rental Discounting and Warehouse Receipts Financing products.

Rating grades in each rating model, other than the segments driven by product programmes, is on a scale of 1 to 8, which are further categorised by assigning +/- modifiers to reflect the relative standing of the borrower within the specific risk grade. The model-specific rating grades are named distinctly. Each model-specific rating grade reflects the relative ratings of the borrowers under that particular segment. For instance, L4 indicates a superior risk profile of a Large Corporate, when compared to another Large Corporate rated L5.

In order to have a common risk yardstick across the Bank, these model specific ratings are mapped to common scale ratings which facilitate measurement of risk profile of different segments of borrower by means of common risk ladder.

The various purposes for which the rating/scoring models are used are mentioned hereunder:

- ☞ Portfolio Management
- ☞ Efficiency in lending decision
- ☞ To assess the quality of the borrower – single point reference of credit risk of the borrower
- ☞ Preferred rating norms for assuming exposures
- ☞ Prudential ceiling for single borrower exposures – linked to rating
- ☞ Frequency of review of exposures
- ☞ Frequency of internal auditing of exposures
- ☞ To measure the portfolio quality
- ☞ Target for quality of advances portfolio is monitored by way of Weighted Average Credit Rating (WACR).
- ☞ Pricing credit
- ☞ Capital allocation (under Basel II – IRB approaches)

Credit Quality Assurance:

Bank has also adopted Loan Review Mechanism (LRM), which involves independent assessment of the quality of an advance, effectiveness of loan administration, compliance with internal policies of bank and regulatory framework and portfolio quality. It also helps in tracking weaknesses developing in the account for initiating corrective measures in time. LRM is carried out by Credit Quality Assurance team, which is independent of Credit and Business functions.

Credit Risk Management at Portfolio level:

The accumulation of individual exposures leads to portfolio, which creates the possibility of concentration risk. The concentration risk, ideally on account of borrowers/ products with similar risk profile, may arise in various forms such as Single Borrower, Group of Borrowers, Sensitive Sector, Industry-wise Exposure, Unsecured Exposure, Rating wise Exposure, Off Balance sheet Exposure, Product wise Exposure, etc. The credit risk concentration is addressed by means of structural and prudential limits stipulated in the Credit Risk Policy and other related policies.

Concentration risk on account of exposures to counter-parties (both single borrower and group of borrowers), Industry-wise, Rating-wise, Product-wise, etc., is being monitored by Risk Management Dept (RMD). For this purpose, exposures in all business units, viz. branches, treasury, investment banking, etc., by way of all instruments (loans, equity/debt investments, derivative exposures, etc.) are being considered. Such monitoring is carried out at monthly intervals. Besides, respective business units are monitoring the exposure on continuous real-time basis.

The concentration risk is further evaluated in terms of statistical measures and benchmarks. Detail analysis of portfolio risk and control measures in place is carried out on a monthly basis on various parameters. Direction of risks and controls (decreasing, stable, and increasing) and resultant net risk is also done. Further, a comprehensive Stress Testing framework based on several factors and risk drivers assessing the impact of stressed scenario on Credit quality, its impact on Bank's profitability and capital adequacy is placed to Top Management /Board every quarter. The framework highlights the Bank's credit portfolio under 3 different levels of intensity across default, i.e. mild, medium and severe, and analyses its impact on the portfolio quality and solvency level.

Impaired credit - Non Performing Assets (NPAs):

The Bank has an independent Credit Administration Department that constantly monitors accounts for irregularities, identifies accounts for early warning signals for potential problems and identifies individual NPA accounts systematically.

Bank has also set up Financial Restructuring and Reconstruction (FRR) Dept for managing and monitoring defaulted accounts, carrying out restructuring, wherever feasible and following up for recoveries of dues.

The guidelines as laid down by RBI Master Circular No. DBOD.No.BP.BC.9/21.04.048/2014-15 dated July 1, 2014, on Asset classification, Income Recognition and Provisioning to Advances portfolio are followed while classifying Non-performing Assets (NPAs). The guidelines are as under:

- a) An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank
- b) A non performing asset (NPA) is a loan or an advance where;
 - i. interest and / or installment of principal remains overdue for a period of more than 90 days in respect of a term loan,
 - ii. the account remains 'out of order', in respect of an Overdraft / Cash Credit (OD/ CC),
 - iii. the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
 - iv. the installment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
 - v. the installment of principal or interest thereon remains overdue for one crop season for long duration crops,
 - vi. the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of RBI guidelines on Securitisation dated February 1, 2006.
 - vii. in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

Out of Order status: An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit / drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit / drawing power, but there are no credits continuously for 90 days as on the

date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as 'out of order'.

Overdue: Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

Credit Risk Exposures

(a) Total Gross Credit Risk Exposures as on 31st March, 2015

(₹ in millions)

Fund Based*	9,74,887
Non-Fund Based**	4,69,902
Total Exposures	14,44,789

* Includes all exposures such as Cash Credit, Overdrafts, Term Loan, Cash, SLR securities etc., which are held in banking book.

** Off-Balance items such as Letter of Credit, Bank Guarantee and credit exposure equivalent of Inter-bank forwards, merchant forward contracts and derivatives, etc.

(b) Geographic Distribution of Exposures as on 31st March, 2015

(₹ in millions)

	Domestic	Overseas
Fund Based	9,74,887	-
Non-Fund Based	4,69,902	-
Total Exposures	14,44,789	-

(c) Industry-Wise Distribution of Exposures as on 31st March, 2015

(₹ in millions)

Industry Name	Fund Based	Non-Fund Based
NBFCs		
NBFCs(other than HFCs)	7,452	5,006
NBFC – AFC (Asset Finance Company)	1,921	10
NBFC – IFC (Infrastructure Finance Company)	-	548
NBFC IC (Investment Company)	-	1
NBFCs (Micro Finance Institution)	6,133	117
Construction		
Construction related to infra.- EPC	7,512	11,099
Roads/other infra project	3,119	5,719
Contract Construction - Civil	9,039	17,399

(₹ in millions)

Industry Name	Fund Based	Non-Fund Based
Real Estate		
Real Estate Developers	33,675	1,609
Lease Rental Discounting - Real Estate	26,935	-
Housing Finance Companies	11,806	4,324
Loans against Property	5,083	-
Loans against Property- Consumer Finance Division	37,409	-
Power		
Power Generation	12,801	14,168
Power Transmission	3,050	852
Power Distribution	-	2,836
Power Trading	1,250	91
Cables		
Telecom Cables	89	733
Power Cables	389	1,598
Steel		
Steel-Long Products	3,291	12,929
Steel Flats-CR,GP/GC	981	1,178
Steel Flats- HR	38	11,118
Steel - Alloy	170	281
Steel Pipes	654	3,119
Sponge Iron	8	1,027
Casting & Forgings	659	80
Stainless Steel	2,841	2,103
Iron and Steel Rolling Mills	723	451
Pig Iron	8	979
Textiles		
Textiles - Readymade Garments	2,706	329
Textiles - Cotton fabrics	498	80
Textiles -Cotton fibre / yarn	164	233
Textiles - Manmade fibres / yarn	333	89
Textiles-Texturising	243	27
Textile-Blended Yarn	173	6
Textile - Jute	70	-
Textiles - Synthetic Fabrics	620	7
Textile - Silk	5	-

(₹ in millions)

Industry Name	Fund Based	Non-Fund Based
Textile Machinery	9	0
Cotton ginning, Cleaning, Baling	283	0
Telecom		
Telecom - Cellular	13,929	37,751
Telecom Equipments	115	601
Pharmaceuticals		
Pharmaceuticals - Bulk Drugs	1,912	2,391
Pharmaceuticals - Formulations	1,749	2,381
Chemicals		
Chemicals - Organic	4,012	1,092
Chemicals - Inorganic	1,731	1,027
Fertilisers		
Fertilisers - Phosphatic	464	191
Fertilizers - Nitrogenous	2,170	11,262
Paper		
Paper - Writing and Printing	2,848	2,396
Paper - Industrial	3,579	1,891
Paper Newsprint	227	103
Petroleum & Products	4,889	19,440
Engineering & Machinery	3,667	23,008
Gems and Jewellery	16,466	2,628
Edible Oils	656	88
Auto Ancillaries	4,235	2,385
Diversified	3,098	1,521
Hospital & Medical Services	3,638	365
Food Credit	7,261	87
Aluminium	755	2,554
Capital Market Brokers	2,780	13,763
Microfinance Institution	288	-
Rubber & Rubber Products	7,708	631
Lease Rental Discounting - Others	9,746	-
Plastic & Plastic Products	2,912	2,205
Food Product & Beverages and other food processing	11,275	360

(₹ in millions)

Industry Name	Fund Based	Non-Fund Based
Sugar	92	989
SME - Miscellaneous-Manufacturing	847	52
Electronic components	1,083	792
Commodity Market Brokers	2,199	2,462
Beverage, Breweries, Distilleries	174	-
Hotels & Tourism	1,804	1,208
Glass & Glass Products	718	127
Shipping	31	1,298
Educational Institutions	2,330	150
Computers - Hardware	47	111
Coal	1,223	929
IT Enabled Services	4,279	403
Electrical fittings	236	406
Petrochemicals	1,069	3,848
Banks (includes balances with banks)	69,898	54,569
Animal Husbandry	194	-
Mining, Quarrying & Minerals	1,019	790
Construction Equipments	2,711	1,248
Airlines	4,968	1,245
Wood and Wood Product	464	173
Leather & leather Products	916	438
Tiles/Sanitaryware	203	48
Transport Services	2,083	481
Oil and Gas Exploration	491	11,330
Electric Equipment	1,273	2,528
Media, Entertainment & Advt	12,600	3,985
Organised Retailing	1,650	70
Trading - Wholesale	27,525	23,341
Trading - Retail	23,478	1,030
Services	13,877	13,978
Credit Cards	6,979	-
Consumer Finance Division	2,33,316	-
Other Industries	41,295	44,597
Residual Assets	2,19,565	67,010
Total Exposure	9,74,887	4,69,902

Exposures to industries (other than consumer finance division) in excess of 5% of total exposure

(₹ in millions)

Industry Name	Fund Based	Non-Fund Based
Bank	69,898	54,569

(d) Residual Contractual Maturity breakdown of assets

(₹ in millions)

	Next Day	2 days to 7 days	8 Days to 14 Days	15 to 28 Days	29 days to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Cash	6,712	-	-	-	-	-	-	-	-	-	6,712
Balances with RBI	-	-	-	3,967	980	6,683	3,114	4,053	3,565	11,278	33,639
Balances with other Banks	8,165	9,468	223	411	1,995	5,125	26,170	14,335	1,548	-	67,440
Investments	-	-	2,050	-	36,007	13,972	33,489	30,638	44,532	1,54,915	3,15,604
Advances	8,176	29,226	27,515	8,436	37,488	40,230	61,340	3,52,843	68,903	53,724	6,87,882
Fixed Assets	-	-	-	-	-	-	-	-	-	11,576	11,576
Other Assets	6,777	3	11,059	-	1,259	9,001	2,230	727	-	4,343	35,398

(e) Movement of NPAs and Provision for NPAs as on 31.03.15

(₹ in millions)

A	Amount of NPAs (Gross)	5,629
	Sub-standard	1,980
	Doubtful 1	1,220
	Doubtful 2	1,536
	Doubtful 3	617
	Loss	276
B	Net NPAs	2,105
C	NPA ratios	
	Gross NPA to Gross advances (%)	0.81%
	Net NPA to Net advances (%)	0.31%
D	Movement of NPAs (Gross)	
	Opening Balance as on 01.04.14	6,208
	Additions during the period	8,873
	Reductions during the period	9,452
	Closing Balance as on 31.03.15	5,629
E	Movement of provision for NPAs**	
	Opening as on 01.04.14	4,367
	Provision made till 31.03.15	6,846
	Write off / Write back of excess provisions	7,688
	Closing as on 31.03.15	3,524

** Provisions include floating provisions.

(f) Non Performing Investments and Movement of provision for depreciation on Non Performing Investments

(₹ in millions)

A	Amount of Non-Performing Investments	23
B	Amount of provisions held for non-performing investments	23
C	Movement of provisions for depreciation on investments	
	Opening as on 01.04.14	987
	Add: Provisions made till 31.03.15	33
	Less: Write-off/ write-back of excess provisions	(751)
	Closing Balance as on 31.03.15	269

DF-4: Credit risk: Disclosures for Portfolios Subject to the Standardised Approach

As per the Basel II guidelines on Standardised approach, the risk weight on certain categories of domestic counter parties is determined based on the external rating assigned by any one of the accredited rating agencies, i.e. CRISIL, ICRA, CARE, India Rating Pvt. Ltd, Brickworks Ratings India Pvt. Ltd and SMERA. For Foreign counterparties and banks, rating assigned by S&P, Moody's and Fitch are used.

The Bank computes risk weight on the basis of external rating assigned, both Long Term and Short Term, for the facilities availed by the borrower. The external ratings assigned are generally facility specific. The Bank follow below mentioned procedures as laid down in the Basel II guidelines for usage of external ratings:

- Ratings assigned by one rating agency are used for all the types of claims on the borrowing entity.
- Long term ratings are used for facilities with contractual maturity of one year & above. Short term ratings are generally applied for facilities with contractual maturity of less than one year.
- If either the short term or long term ratings attracts 150% risk weight on any of the claims on the borrower, the Bank assigns uniform risk weight of 150% on all the unrated claims, both short term and long term unless the exposure is subjected to credit risk mitigation.
- In case of multiple ratings, if there are two ratings assigned to the facility that maps to different risk weights, the rating that maps to higher risk weight is used. In case of three or more ratings, the ratings corresponding to the two lowest risk weights is referred to and the higher of those two risk weights is be applied. i.e., the second lowest risk weight.
- For securitized and guaranteed transactions, SO ratings assigned by the rating agency are applied for arriving at the risk weights.

Risk Weight-wise distribution of Gross Credit Exposures

Category	(₹ in millions)
Below 100% Risk Weights	10,08,371
100% Risk Weights	3,19,019
More than 100% Risk Weights	1,17,399
Deducted	-

DF-5: Credit risk mitigation: Disclosures for standardised approach

The Bank mitigates credit exposure with eligible collaterals and guarantees to reduce the credit risk of obligors as stipulated under Basel II. In principle with mitigating credit risk, Bank has put in place a comprehensive policy on Credit Risk Mitigants and Collaterals for recognizing the eligible collaterals and guarantors for netting

the exposures and reducing the credit risk of obligors. Basic procedures and descriptions of controls as well as types of standard/acceptable collaterals, guarantees necessary in granting credit, evaluation methods for different types of credit and collateral, applicable “haircuts” to collateral, frequency of revaluation and release of collateral are stipulated in the Bank’s credit policy, policy on collateral management and credit risk mitigant policy. The Bank uses net exposure for capital calculations after taking cognizance of eligible financial collaterals. All collaterals and guarantees are recorded and the details are linked to individual accounts. Perfection of security interest, date, currency and correlation between collateral and counterparty are also considered.

As lending is subject to default risk, Bank accepts collateral securities to minimize the impact of loss and consequently reducing the credit risk. The type of collaterals is determined based on the nature of facility, product type, counter party risk and its credit quality. However, as explained earlier, collateral is not the sole criteria for granting credit. For Corporate and SME clients, working capital facility is generally secured by charge on current assets and Term loan is secured by charge on fixed assets. In case of project financing, Bank generally stipulates escrow of receivables/project cash flows along with the charge on underlying project assets. The credit risk policy clearly defines the types of secondary securities and minimum percentage in relation to the total exposures that is required to be obtained in case of credit granted to obligors falling outside the preferred rating grade. Credit facilities are also granted against the security of assets such as cash deposits, NSC, guarantee, mortgages, pledge of shares and commodities, bank guarantees, accepted bills of exchange, assignment of receivables etc. The credit facilities, in terms of risk policies, are secured by secondary collaterals such as cash deposits, NSC, guarantee, mortgages, fixed assets etc. Bank also grants unsecured credit to the borrowers with high standing and low credit risk profile. Customers under Credit card programme are assessed by means of comprehensive customer selection parameters.

For Business Banking clients, who are driven by product programmes and templated scoring models, the facilities are ordinarily secured by adequate collaterals. The programmes have a robust mechanism for collateral acceptance, valuation and monitoring.

In case of schematic products such as Home Loan, LAP, Auto Loan, etc., Loan to value ratio, margin and valuation/revaluation of collaterals is defined in the respective product programme. The valuation is generally carried out by the empanelled valuer of the Bank. Bank has also put in place approved product paper on loan against warehouse receipts, shares and other securities. The margin, valuation and revaluation of the assets are specified in the product note.

The credit approving authorities also decides on the type and amount of collaterals for each type of facility on a case-to-case basis. For schematic loans and facilities offered under product programme, securities are obtained as defined in the product notes.

Eligible financial asset collateral and guarantor

For the purpose of credit risk mitigation, i.e. offsetting the amount of collateral/ basket of collaterals against the individual/ pool of exposures to which the collaterals are assigned, financial asset collateral types are defined by the Bank as per the Capital Adequacy Framework to include Fixed deposits, KVP, IVP, NSC, Life Insurance Policies, Gold, Securities issued by Central and State Governments and units of Mutual Fund. On a similar note, the eligible guarantors are classified into the following categories:

- ▶ Sovereigns, Sovereign entities, Banks and Primary Dealers with lower risk weights than the counterparty
- ▶ Other entities including guarantee cover provided by parent, subsidiary and affiliate companies when they have lower risk weight than the obligor.

(₹ in millions)

Particulars	Eligible Financial Collaterals	Supported by guarantee
Exposure before applying eligible mitigants	1,88,549	12,004
Exposure after applying eligible mitigants	63,686	-

DF-6: Securitisation Exposures: Disclosure for standardised approach

Securitisation "means a process by which a single performing asset or a pool of performing assets are sold to a bankruptcy remote Special Purpose Vehicle (SPV) and transferred from the balance sheet of the originator to the SPV in return for an immediate cash payment.

SPV" means any company, trust, or other entity constituted or established for a specific purpose - (a) activities of which are limited to those for accomplishing the purpose of the company, trust or other entity as the case may be; and (b) which is structured in a manner intended to isolate the corporation, trust or entity as the case may be, from the credit risk of an originator to make it bankruptcy remote.

Bank had neither originated any securitization transactions by way of sale of securitised assets, nor retained any exposure on such assets, actual conditional, or contingent, during the year ended March 31, 2015.

The Bank, in the past, had carried out securitization transaction and such deals were done on the basis of 'True Sale', which provides 100% protection to the Bank from the default in case of assets originated by it. All risks in the securitised portfolio were transferred to the Special Purpose Vehicle (SPV). Post-securitisation, Bank continued to service the loans transferred under securitization. Bank had also provided for credit enhancements in the form of cash collaterals to a minimum extent.

The Bank, in the past, had securitized its assets with the objectives of managing its funding requirements, improving liquidity, reducing credit risk and diversifying the portfolio risk, managing interest rate risk, and capital adequacy. The Bank has not securitised any of its portfolios for the past 8 years.

Apart from managing credit risk, Bank also considers different types of risks viz. interest rate risk and liquidity risk for the retained assets or acquired portfolio and ensure its adequate assessment and mechanism for mitigating the same. The securitized portfolio, both the retained part and acquired assets are monitored regularly in terms of various risk parameters such as repayment, cash flows to service the interest, principal and other charges, counterparty risk, servicer's capability, underlying asset risk profile and interest rate risk.

Exposure details on account of securitization transactions

(a) Securitisation exposures in Banking Book

There are no outstanding under the securitization exposures as on 31st March 2015. No securitization activities were undertaken by the Bank during the year ended 31st March 2015.

(b) Amount of Assets intended to be securitized within a year:

For the time being Bank does not have any plans to undertake securitization of its assets. However, for the purpose of balance sheet management and if the opportunities arises, securitization of exposure may be explored.

(c) Securitisation exposures in Trading Book:

Aggregate amount of on-balance sheet securitisation exposures retained or purchased broken down by exposure type:

Exposure Type	Amount (₹ in millions)
Micro Finance Loans	3,949
Vehicle Loans	318

Aggregate amount of securitisation exposures retained or purchased subject to Comprehensive Risk Measure for specific risk

Exposure Type	Amount (₹ in millions)
Micro Finance Loans	3,949
Vehicle Loans	318

Aggregate amount of securitisation exposures retained or purchased subject to securitisation framework for specific risk broken down into different risk weight bands

Risk Weight band	Amount (₹ in millions)
<100% risk weight	2,830
100% risk weight	1,437
>100% risk weight	-
Total	4,267

Aggregate amount of the capital requirements for the securitisation exposures, subject to the securitisation framework broken down into different risk weight bands:

Risk Weight band	Capital Charge Amount (₹ in millions)
<100% risk weight	175
100% risk weight	152
>100% risk weight	-
Total	327

Securitisation exposures deducted from capital

Exposure Type	Exposures deducted entirely from Tier-1 capital	Credit enhancing interest-only strips deducted from total capital	Other exposures deducted from total capital
N.A.			

DF-7: Market risk in Trading book

Market Risk may be defined as the possibility of loss to a bank caused by changes in the market variables. The market risk for the Bank is governed by the Market Risk Policy and Funds and Investment policy which are approved by the Board. These policies serve to outline the Bank's risk appetite and risk philosophy in respect of Treasury / Forex / Equity / Derivatives / Bullion operations, and the controls that are considered essential for the management of market risks. The policies are reviewed periodically to update it with changed business requirements, economic environment and revised regulatory guidelines.

Sources of market risk:

Market risks arise from the following risk factors:

- ▶ Price risk for bonds, forex, equities and bullion
- ▶ Interest rate risk for investments, derivatives, etc.
- ▶ Exchange rate risk for currencies; and
- ▶ Trading / liquidity risk.

Objectives of Market risk management:

The broad objectives of Market Risk management are:

- ▶ Management of interest rate risk and currency risk of the trading portfolio.
- ▶ Adequate control and suitable reporting of investments, Forex, Equity and Derivative portfolios
- ▶ Compliance with regulatory and internal guidelines.
- ▶ Monitoring and Control of transactions of market related instruments.

Scope and nature of risk reporting and measurement systems:

Reporting

The Bank reports on the various investments, Foreign exchange positions and derivatives position with their related risk measures to the top management and the committees of the Board on a periodic basis. The Bank periodically reports the related positions to the regulators in compliance with regulatory requirements.

Measurement

The Bank monitoring its risks through risk management tools and techniques such as are Value-at-Risk, Modified Duration, PV01, Stop Loss, amongst others. Based on the risk appetite of the Bank, various risk limits are placed which is monitored on a daily basis.

Capital requirements for Market risks @ 9%

(₹ in millions)

Market Risk elements	Amount of capital required
Interest Rate Risk	3,326
Foreign Exchange Risk (including gold)	270
Equity Risk	324

DF-8: Operational Risk

The Bank has framed Operational Risk Management Policy duly approved by the board. Other policies adopted by the Board that deals with management of operational risk are (a) Information System Security Policy (b) Policy on Know Your Customer (KYC) and Anti Money Laundering Policy (AML) process (c) IT business continuity and Disaster Recovery Plan and (d) Business Continuity Plan (BCP) (e) New Product Programme Policy (f) A framework for Risk and Control Self Assessment (RCSA) and (g) Risk Event Reporting Framework.

The Operational Risk Management Policy adopted by the bank outlines organization structure and detail process for management of Operational Risk. The basic objective of the policy is to closely integrate operational Management

system to risk management processes of the Bank by clearly assigning roles for effectively identifying, assessing, monitoring and controlling / mitigating operational risk exposures, including material operational losses. Operational risks in the Bank are managed through comprehensive and well-articulated internal control frameworks. The Bank has completed the process of capturing, reporting and assessing risk events at the process level using RCSA framework.

DF-9: Interest rate risk in the banking book (IRRBB)

Interest Rate Risk is the risk of loss in the Bank's net income and net equity value arising out of a change in level of interest rates and / or their implied volatility. Interest rate risk arises from holding assets and liabilities with different principal amounts, maturity dates and re-pricing dates. The Bank holds assets, liabilities and off balance sheet items across various markets with different maturity or re-pricing dates and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates in such markets. Interest rate risk in the banking book refers to the risk associated with interest rate sensitive instruments that are not held in the trading book of the Bank.

Risk management framework

The Board of the Bank has overall responsibility for management of risks and it decides the risk management policy of the Bank and set limits for liquidity, interest rate, foreign exchange and equity price risks. The Asset Liability Management Committee (ALCO) consisting of Bank's senior management including Managing Director is responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Bank (for the assets and liabilities) in line with the Bank's budget and decided risk management objectives. ALCO decides strategies and specifies prudential limits for management of interest rate risk in the banking book within the broad parameters laid down by Board of Directors. These limits are monitored periodically and the breaches, if any, are reported to ALCO.

Monitoring and Control

The Board of Directors has approved the Asset-Liability Management policy. The policy is intended to be flexible to deal with rapidly changing conditions; any variations from policy should be reported to the Board of Directors with recommendations and approval from the ALCO.

The Bank has put in place a mechanism for regular computation and monitoring of prudential limits and ratios for liquidity and interest rate risk management. The Bank uses its system capability for limits and ratio monitoring. The ALCO support group generates periodic reports for reporting these to ALCO and senior management of the Bank. The ALM support group carries out various analyses related to assets and liabilities, forecast financial market outlook, compute liquidity ratios and interest rate risk values based on the earnings and economic value perspective.

Risk measurement and reporting framework:

The estimation of interest rate risk involves interest rate sensitive assets (RSAs) and interest rate sensitive liabilities (RSLs).

The techniques for managing interest rate risk include:

- ▶ Interest rate sensitivity gap Analysis
- ▶ Earning at Risk Analysis
- ▶ Stress Testing

Interest rate sensitivity gap: The gap or mismatch risk as at a given date, is measured by calculating gaps over different time intervals. Gap analysis measures mismatches between rate sensitive liabilities (RSL) and rate sensitive assets (RSA) (including off-balance sheet positions). The report is prepared by grouping liabilities, assets and off-balance sheet positions into time buckets according to residual maturity or next re-pricing period, whichever is earlier. The difference between RSA and RSL for each time bucket signifies the gap in that time bucket. The gap report provides a good framework for determining the earnings impact.

Earning at Risk: Any change in interest rate would impact Bank's net interest income (NII) and the value of its fixed income portfolio (price risk). The interest rate risk is measured by EaR that is the sensitivity of the NII to a 100 basis points adverse change in the level of interest rates.

Stress Testing: The Bank measures the impact on net interest margin (NIM) / EaR after taking into account various possible movement in interest rates across tenor and their impact on the earnings and economic value of the Bank is calculated for each of these scenarios. These reports are prepared on a monthly basis for measurement of interest rate risk

With an upward rate shock of 1% across the curve, as per Rate Sensitive Gaps in INR as on 31.03.2015, the earning shows a decline of ₹ 108 million.

The impact of change in interest rate by 100 bps and 50 bps has been computed on open positions (as on March 31, 2015) and shown hereunder against the respective currencies.

Change in interest rates (in bps)				
Impact on NII (₹ in million)				
Currency	-100	-50	50	100
INR	108	54	(54)	(108)
USD	0	0	(0)	(0)
JPY	0	0	(0)	(0)
GBP	(0)	(0)	0	0
EUR	(0)	(0)	0	0
Others	(0)	(0)	0	0
Total	108	54	(54)	(108)

DF-10: General Disclosures for Exposures Related to Counterparty Credit Risk

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value for the Bank at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty. The market value is uncertain and can vary over time with the movement of underlying market factors.

Capital is allocated to CCR exposures taking into consideration the regulatory guidelines on Basel – III capital adequacy computation

Counterparty credit risk is managed and controlled through variety of risk policies and monitoring procedures including, but not limited, to the following:

- Credit Risk Policy
- Bank Risk Policy
- Derivatives Policy and
- Country Risk Policy

It is possible for the counterparty's credit quality to be co-dependent with the level of exposure. This effect is called wrong-way risk if the exposure tends to increase when the counterparty credit quality gets worse. Wrong way risk is controlled through policies that manage industry, country and individual counterparty concentrations.

Exposure on account of Counterparty Credit Risk

(₹ in millions)

Particulars	Amount
Gross positive value of contracts	25107
Netting Benefits	-
Netted current credit exposure	71974
Collateral held	1483
Net derivative credit exposure	70491

Detailed disclosures with respect to (i) Composition of Capital, (ii) Composition of Capital –Reconciliation Requirements, (iii) Main features of Regulatory Capital Instruments and (iv) Full terms and conditions of Regulatory Capital Instruments are enclosed as per Tables XI, XII and XIII respectively. XIV has been disclosed separately on the Bank's website under 'Regulatory Disclosures Section'.

US DOLLAR DENOMINATED Balance Sheet as at March 31, 2015

	As at 31.03.2015	(Million of US\$) As at 31.03.2014
1 USD = ₹ 62.5908		
CAPITAL AND LIABILITIES		
Capital	84.59	83.98
Employee Stock Option Outstanding	2.25	1.76
Reserves and Surplus	1,613.82	1,359.03
Deposits	11,844.29	9,666.32
Borrowings	3,294.10	2,358.49
Other Liabilities & Provisions	594.17	434.37
TOTAL	17,433.22	13,903.95
ASSETS		
Cash and Balances with Reserve Bank of India	644.69	705.20
Balances with Banks & Money at Call and Short Notice	1,077.47	376.34
Investments	3,971.73	3,445.07
Advances	10,990.15	8,803.50
Fixed Assets	184.94	162.40
Other Assets	564.24	411.44
TOTAL	17,433.22	13,903.95
Contingent Liabilities	33,387.19	23,614.38
Bills for Collection	1,075.06	922.59

Profit and Loss Account for the year ended March 31, 2015

	Year ended 31.03.2015	(Million of US\$) Year ended 31.03.2014
1 USD = ₹ 62.5908		
I. INCOME		
Interest earned	1,548.46	1,318.65
Other Income	384.06	302.05
TOTAL	1,932.52	1,620.70
II. EXPENDITURE		
Interest expended	1,002.01	856.81
Operating expenses	435.52	349.14
Provisions & contingencies	208.42	189.79
TOTAL	1,645.95	1,395.74
III. PROFIT	286.57	224.96
Profit brought forward	419.13	286.14
AMOUNT AVAILABLE FOR APPROPRIATION	705.70	511.10
IV. APPROPRIATIONS		
Transfer to		
a) Statutory Reserves	71.64	56.24
b) Capital Reserves	1.96	1.31
c) Investment Reserve Account	5.94	0.01
d) Dividend on equity	33.87	29.41
e) Corporate Dividend Tax	6.89	5.00
	120.30	91.97
Balance carried over to Balance Sheet	585.40	419.13
TOTAL	705.70	511.10

Branch Network

Andhra Pradesh

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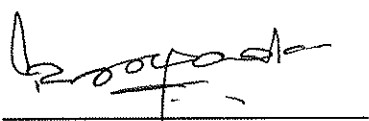
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FORM A

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges

(In pursuance of Clause 31 of the Listing Agreement)

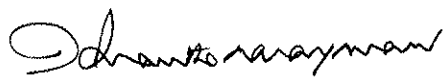
1.	Name of the Company	:	IndusInd Bank Limited ('the Bank')
2.	Annual Financial Statements for the year ended	:	March 31, 2015
3.	Type of Audit observation	:	Unqualified
4.	Frequency of observation	:	Not applicable



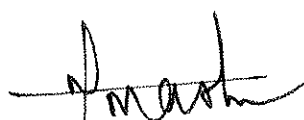
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Chief Financial Officer



Romesh Sobti
Managing Director & CEO



T. Anantha Narayanan
Chairman of the Audit Committee



Akeel Master
BSR & Co. LLP, Chartered Accountants
Statutory Auditors of the Bank