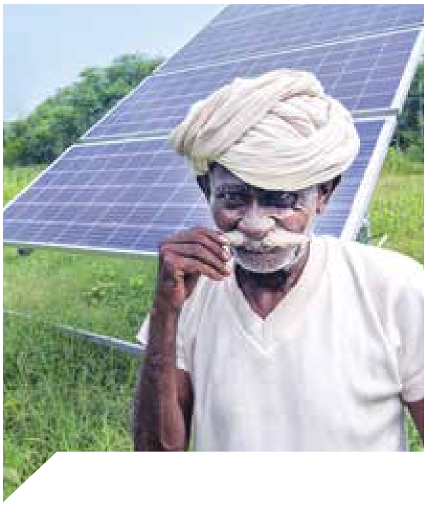
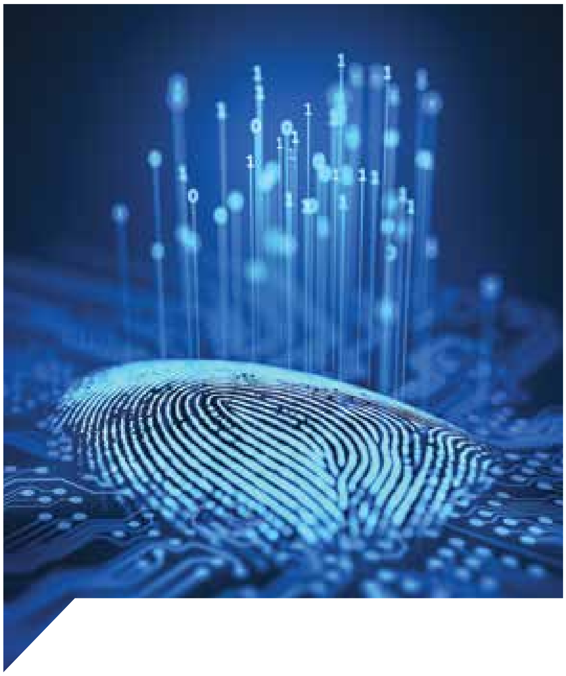




Leading responsibly

HDFC BANK

Integrated Annual Report

2019-20

About this Report

This Annual Report (Integrated) for 2019-20 endeavours to provide a holistic assessment of the Bank's financial and non-financial performance. It also outlines relevant information on the Bank's strategy, governance, risks and prospects to offer better insights into its activities and progress.

Reporting principles and framework

The financial information presented in this report is in line with the requirements of

- The Companies Act, 2013 (including the rules made thereunder)
- The Indian Accounting Standards
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Banking Regulation Act, 1949 and other relevant RBI regulations

The report has been prepared in accordance with the framework prescribed by the International Integrated Reporting Council (IIRC) and also contains disclosures as per the Global Reporting Initiative (GRI) and United Nations Sustainable Development Goals (UN SDGs). Further, the report presents Environmental, Social and Governance (ESG) information in accordance with the ESG framework developed by the Bank's CSR Committee and ESG Committee.

Materiality and scope

This report includes information which is material to all stakeholders of the Bank and provides an overview of its business and related activities. The report discloses matters that substantially impact or affect the Bank's ability to create value and could influence decisions of providers of financial capital. Materiality assessment was done by the Bank in 2018-19 through a stakeholder engagement exercise.

Forward looking statements

This report contains statements that relate to future operations and performance of the Bank. Actual results may differ materially from those suggested by such statements due to certain risks associated with our expectations with respect to, but not limited to, future circumstances such as technological changes, the impact of changes in banking regulations and other regulatory changes in India and other jurisdictions, natural calamities, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, among others.

Responsibility statement

The content of this report has been reviewed by the senior management of the Bank, and reviewed and approved by the Board of Directors to ensure accuracy, completeness and relevance of the information presented.

Reporting boundary

The non-financial information in this report covers the activities and progress of HDFC Bank Limited on a standalone basis.

Report navigation

We have used the icons below to aid navigation and cross-referencing through the report.

Financial capital

Intellectual capital

Manufactured capital

Human capital

Social and Relationship capital

Natural capital

To read more about a particular topic across the report, please look for this icon:

Get direct access to a wide range of company information on:

www.hdfcbank.com

What's inside

Integrated Report

Financial Statements and Statutory Reports

Robust and resilient

2019-20 was another year of consistent all-round performance, which is an outcome of our disciplined approach towards managing capital.

Page 22

Prudent utilisation of resources

In order to minimise our carbon footprint, we have adopted a goal-based approach to climate change related issues.

Page 66

Connecting closely with people and communities

Parivartan - our social initiatives brand has reached nearly 8 Crore people. Our employees have nominated us as one of the best places to work owing to our best-in-class people practices.

Page 70

Sound governance

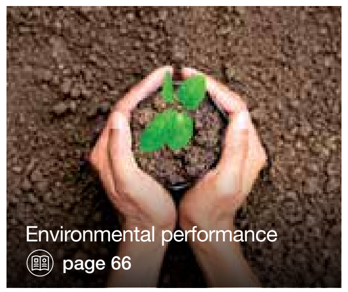
Our ethical and transparent manner of conducting business is an important enabler of our success and has made us one of the most trusted banks in India.

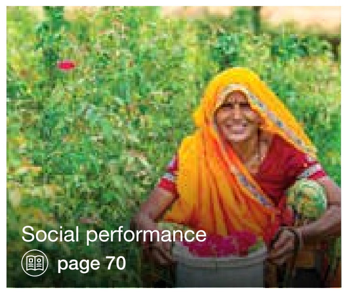
Page 78

Theme introduction

Leading responsibly

Leadership is as much about responsibility as it is about scale and size. Over the past two-and-a-half decades, we have built a formidable banking franchise by identifying trends early, making the requisite investments, weaving in the learnings and then scaling up. We have built this on the strong foundation of our robust corporate governance practices and anchored by our core values.


Environmental performance
page 66


Social performance
page 70


Responsible governance
page 78

Our approach of identifying promising business opportunities early, such as payments, and then growing them in relevant markets and channels has enabled us to deepen our customer engagement (know more about our complete and convenient payment solutions on page 50).

We have continued to expand our business by seizing opportunities in semi-urban and rural market and by embracing digital. (read more on how we are reshaping digital banking on page 26). We have consistently balanced growth and profitability by creating a robust balance sheet and maintaining the best-in-class asset quality. Our pan-India reach enables us (take a glance at our nationwide network on page 16) to deliver essential banking services to the remotest corners of the country.

We leverage the same network to drive social transformation and bring positive changes to the lives of millions of people, especially in rural India.

On one hand, we are focused on lending to businesses that lay emphasis on environmental, social and governance performance (know more about our responsible lending practices on page 69). On the other, we are reducing our environmental footprint by promoting digital banking platforms and optimising our energy consumption.

As we embark on the next leg of our growth journey, leveraging digitisation and renewing our push into semi-urban and rural markets, we commit ourselves to the same stringent standards of corporate governance that we have adhered to and the core values that we have lived by.

Key highlights

₹1,530,511 Cr ↑ 23.0%#
Balance sheet size**

1.26% v/s 1.36% in 2018-19
Gross Non-Performing Assets (NPAs)**

Largest private sector lender by assets**

Leading player in cards and payments business**

5,416
Banking outlets^ (including four overseas)**

₹1,147,502 Cr ↑ 24.3%#
Total deposits**

₹26,257.3 Cr ↑ 24.6%#
Net profit*

Second top constituent of the NIFTY enhanced ESG Index**

↓ 12%
Reduction in power consumption through Energy Management System (ENMS) adopted at 600 branches

₹535 Cr ↑ 20.5%#
CSR spends*

**During 2019-20*
***As on March 31, 2020*
#Y-O-Y
^In addition, we have 5,379 BCs managed by CSCs

The capitals that power our business

Financial capital

Our strong financial position, sustained growth and consistent shareholder returns are a result of our disciplined approach towards raising, lending and managing our financial capital. It includes customer deposits, shareholder equity, retained earnings and external borrowings among others.

₹79,447 Crore ↑ 20.6% Y-O-Y
Net revenues*

1.26% v/s 1.36% in 2018-19
Gross NPAs**

2.01% v/s 1.90% in 2018-19
Return on assets*

Page 22

Intellectual capital

The adoption of data analytics and emergent technologies such as Artificial Intelligence and Machine Learning enables us to increase operational efficiencies. The knowledge and expertise incorporated within our systems, processes and procedures and the equity built in the HDFC Bank brand constitute our intellectual capital.

95.1%
Digital Transactions*^

$22.7 Billion#
Brand value

178
APIs on Partner/Public API Gateway**

Page 26

Manufactured capital

Manufactured capital facilitates our engagement with customers, people, the society and other stakeholders. Our pan-India distribution network comprising banking outlets, corporate offices, ATMs and other customer touch points constitute this capital. It also covers our IT infrastructure and security as well as infrastructure development through CSR projects.

5,416
Banking outlets## (including four overseas)**

14,901
ATMs + Cash Deposit & Withdrawal Machines**

2,803
Locations**

Pages 16 and 24

Human capital

Our people are at the heart of our success. Their diverse skill sets, expertise and industry knowledge constitute our human capital. We further enhance our human capital through continuous training and development programmes. Our focus on developing a skilled and motivated workforce enables us to acquire, serve and retain our customers.

1,16,971
Employees**

18.3%
Women employees**

Page 74

Social and Relationship capital

The way we manage our stakeholder expectations constitutes our social and relationship capital. Be it with our customers, trade partners and merchants or communities, we take a holistic approach to sustainable value creation by nurturing our long-standing relationships and building new ones. Further, through Parivartan, we work closely with various communities to improve their lives and livelihood opportunities.

7.8 Crore+
Beneficiaries of Parivartan**

1.29 Crore
Participants in the Financial Literacy Programme**

94,470+
Farmers trained through Holistic Rural Development Programme (HRDP)**

Pages 32, 34 and 70

Natural capital

The natural resources we consume to conduct our business and seamlessly deliver our products and services constitute our natural capital. Our energy consumption, CO_2 emissions, paper consumption and waste management impact this capital. Further, we screen all our large loans to assess them for environmental and social risks. We are harnessing renewable energy at our offices and driving paperless transactions through deployment of digital tools and automation.

261.92 Metric Tonnes
E-waste recycled*

145.5 KW ↑ 7% Y-O-Y
Solar power*

10 Lakh+
Trees planted**

Page 66

#As per WPP Plc.-Kantar Millward Brown BrandZ Report 2019 ^Retail transactions ##In addition, we have 5,379 BCs managed by CSCs

*During 2019-20 **As on March 31, 2020

Message from the Managing Director

The best of our Bank is yet to come

Dear Stakeholders,

2020 marks the 26th year of our remarkable journey, during which we have won multiple accolades. This would not have been possible without you. So, let me start by thanking each one of you for the immense faith and dedication you have shown in co-creating this great institution.

During the course of a quarter of a century, India and the world have changed at a breath-taking pace. And so has our Bank. I'm extremely humbled to be part of this living legacy and take immense pride at being given the opportunity to partner with over 1 Lakh invaluable colleagues who made this possible.

Doing the right thing, always.

Nearly 30 years ago, India opened its markets to the world. In doing so, it created exciting opportunities for private sector banks like us. Backed by a strong parent, we took baby steps and, in 1995, we opened our first branch in Mumbai at Sandoz House, Worli. From day one, we were clear about our strategy to drive growth. **Integrity:** We would always do what is right. **Prudent:** We wouldn't take short cuts nor cut corners. **Strategic:** We wouldn't take undue risks or blindly follow trends. By adhering to these stringent standards, we became the torchbearers of what later came to be known as corporate governance. And this is the origin of our five core values: **Customer Focus, Operational Excellence, Product Leadership, People and Sustainability.**

This was also the time when corporate lending was the order of the day. Naturally, we started out as a wholesale bank. But then India changed with liberalisation creating a new class of people with disposable incomes. And we did too by shifting our focus to retail banking and now we have an industry-leading position in almost every aspect of retail banking including private banking and wealth management. But being prudent we maintained a balance between both segments of our business. This strategy has stood us in good stead. Perhaps not more so than in 2019-20 when wholesale banking has helped counter the downturn in certain retail segments as a result of an overall slowdown in consumption. Backed by our policy of having our ears to the ground, understanding consumer sentiments and needs and responding with agility have helped us to continue to lead on the wholesale banking side.

> We are pioneers in building a technology-led Bank and we are one of the first to offer NetBanking services, 10-sec Personal Loan, App Banking and now WhatsApp Banking.

Bringing about meaningful change

Our vision has always been to bring about meaningful change. We did this by adopting technology to power digital transformation in banking, focusing on semi-urban and rural areas to drive high growth, and creating sustainability in far-flung areas across India. We are pioneers in building a technology-led Bank and we are one of the first to offer NetBanking services, 10-sec Personal loan, App Banking and now WhatsApp Banking. To our corporate customers, we continue to offer the entire gamut of financial services such as Payments, Tax Solutions, Government

Aditya Puri, Managing Director

> We are well positioned with a strong balance sheet and healthy liquidity. Our robust liability franchise continues to be the bedrock on which we will build our future

Business, Trade Finance Services, Cash Management Solutions and Corporate Cards through our flagship platforms, besides seamlessly connecting our customers through APIs and Host-to-Host services. We are also the first bank to have the digital ability to sanction a working capital loan to MSMEs across the table at the customers' premises based on deep technology integration and AI-led credit risk modelling. We expanded our footprint to semi-urban and rural areas, where we have over 50% of our branches today. Our unswerving commitment to excellence, and common sense, made all these possible.

What makes us prouder is the transformation we have brought in the lives of people excluded from development. Through our social initiatives under 'Parivartan', over 10% of our workforce is dedicated to social causes, making a tangible impact in people's lives. Our Sustainable Livelihood Initiative (SLI), for instance, entails skilling women at the bottom of the pyramid and providing livelihood finance to help them break the cycle of poverty. We firmly believe that empowering women will lead to empowering families. Through our Holistic Rural Development Programme (HRDP), we have touched more than 4 Lakh households across 1,282 villages in 17 states. We continue to stay focused on effecting impactful change through various initiatives in irrigation, and soil and water conservation, helping build healthcare and hygiene infrastructure.

I'm also personally proud of our Blood Donation Drive, which entered the Guinness World Records, through which we have cumulatively collected over 1.4 Million units of blood helping save lives.

Riding the Storm

We are living in unprecedented times with COVID-19 claiming lakhs of lives globally including India, and destroying millions of livelihoods due to extended lockdowns. My heart goes out to the families of all those who have lost their lives. Let me also, on behalf of HDFC Bank, salute our healthcare workers on the frontline, who have risked and sometimes lost their lives in this battle against a raging pandemic. Let us, however, remember that the darkest hour is always just before the dawn, and that dawn is not far away. Be it in riding out the health crisis or recovering from the financial losses that many have suffered, faith and hope are our biggest allies. But let us also accept that life has perhaps changed forever. During this period, we invoked our Business Continuity Plan (BCP), which has helped us to continue functioning in the 'new normal'. We learnt several new things along the way that will help us improve our stakeholders' lives. This includes being efficient while working from home and equipping ourselves to prepare for the tomorrow through e-learning programmes and leveraging this opportunity to further the digital agenda of the Bank.

HDFC Bank has always been strong, growing consistently through multiple economic cycles. We have capitalised on opportunities without giving in to greed. We are well positioned with a strong balance sheet and healthy liquidity. Our robust liability franchise continues to be the bedrock on which we will build our future. In April 2020, global ratings agency S&P reaffirmed its international rating for HDFC Bank at BBB-/A3 with a Stable outlook, giving credence to HDFC Bank's stability even in these challenging times. And we feel happy to quote S&P, "Overall, we believe HDFC Bank's individual creditworthiness is significantly stronger than the average of the Indian Banking Sector, reflected in its SACP of BBB+."

So where does that leave us?

Our Best is Yet to Come

What about the future? Let me start by reiterating where we stand today. We as a bank have:

- One of the biggest and strongest balance sheets
- High capital adequacy levels
- Market leadership in most of the products that we deal in
- An excellent reputation for delivering value to all stakeholders, especially shareholders
- Technology that offers an omnichannel experience
- The finest people who have made us what we are
- A commitment to society that is second to none

All this means, we are very well placed to ride out the COVID-19 storm. We intend to continue to innovate, adapt, and disrupt to remain trailblazers. We will continue to collaborate to bring the power of One Bank to our customers. We will continue to invest ahead in technology, computing and artificial intelligence to provide hyper-personalised offerings/experiences to our customers to become a *Digital First* Bank where every customer interaction at any touchpoint is intuitive, seamless, contextual and predictive. All these collectively ensures that we reduce costs and increase our reach. It is also reflected in the six strategic priorities that we have focused on in the last three years and will continue to do so. These are:

- Reimagining the Branch Channel from a banking storefront to a financial services marketplace
- Leveraging Bharat's growth potential based on our Semi-Urban and Rural footprint

> We intend to continue to innovate, adapt, and disrupt to remain trailblazers. We will continue to collaborate to bring the power of One Bank to our customers.

- A Payments business with a differentiated business model that leverages the Bank's offerings
- Digital 2.0 to transform customer journeys into omnichannel customer experiences
- Virtual Relationship Management where technology comes alive with a human touch
- Our subsidiaries that continue to focus on the segments they operate in

And backed by a key intangible asset that is not found in our balance sheet but helps build it: **Integrity!** Even after 25 years, we have not changed our fundamentals where Integrity remains our biggest asset.

And all of this would not have been possible without the trust our customers have in us, driving us to deliver what we have over the years. With that trust in place, I reiterate that the best of our Bank is yet to come!

Aditya Puri
Managing Director
HDFC Bank Limited

#HumHaarNahiMaanenge

The COVID-19 outbreak has brought to the fore the undying spirit of humanity in fighting a global crisis that came with wide ramifications on life and livelihood. At HDFC Bank, we salute the healthcare workers and government agencies braving an unknown enemy on the front lines. No matter how great the challenge, we remain committed to overcoming it together. We teamed up with the Oscar and Grammy award winning composer - A.R. Rahman and noted lyricist Prasoon Joshi, among other artistes to create a song of hope #HumHaarNahiMaanenge (We will not give up). This song received over 18.6 Million views on YouTube. You can listen to it here

Contributed ₹70 Crore to PM CARES Fund

Helped hospitals source PPE kits, ventilators and more

Supplied dry ration to daily wage-earners and farmers

Provided financial support to health departments and municipal bodies

Provided critical medical equipment to state governments

Employees volunteered to provide cooked meals to daily wage-earners

Equipped police force with safety kits, infrared thermometers

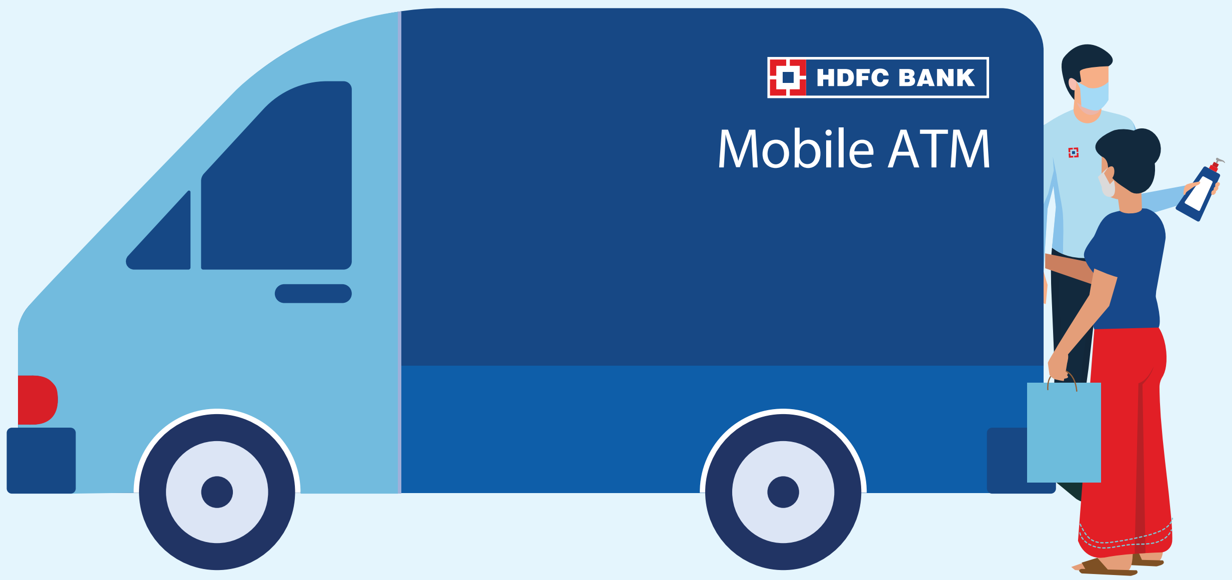
Shared government advisories and protocols

Created awareness about PM CARES Fund through a branch-wide campaign

Shared information on vendors providing critical supplies

Used cycles and rickshaws to spread awareness in remote places

Launched mobile ATM vans across the country



Introduction to HDFC Bank

In this section

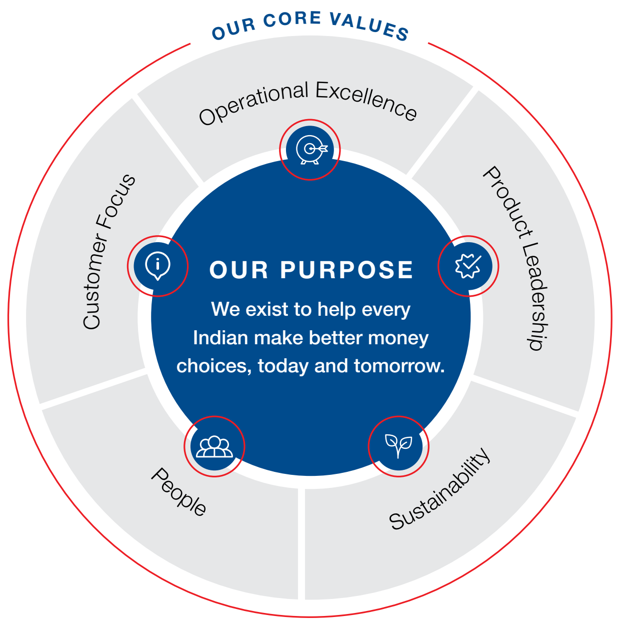
HDFC Bank at a glance

Leading with trust

HDFC Bank has been playing a key role in reshaping the financial services landscape in the country for over 25 years. Our wide range of products is tailored to meet the diverse needs of our 5.6 Crore+ customers. We have established a wide network of banking outlets and ATMs including cash deposit and withdrawal machines.

These are supplemented by Common Service Centres (CSCs), and business correspondents through our tie-ups with the Government and other alliance partners.

Our best-in-class digital products and platforms deliver an omnichannel experience across all touchpoints. We also leverage our pan-India presence to work for the sustainable development of communities. Through Parivartan, the umbrella brand for our social initiatives, we create programmes to bring about a positive change in lives and livelihoods.



HDFC Bank quick facts

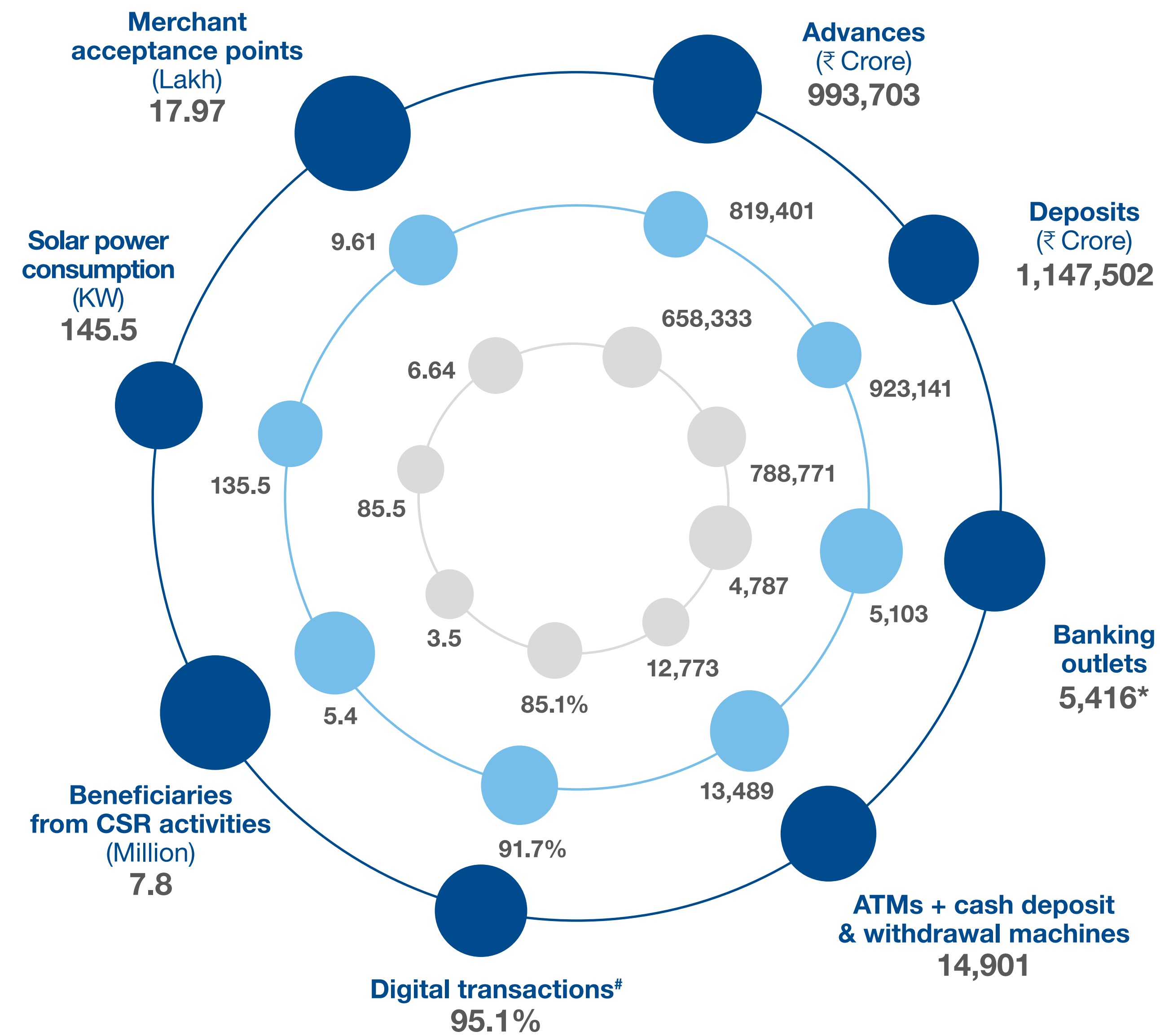
5.6 Crore+
Customers**

116,971
Employees

1.26%
Gross NPAs**
One of the lowest levels of Gross NPAs in the banking industry

India's most valuable brand
for the sixth consecutive year in 2019, as per WPP Plc-Kantar Millward Brown BrandZ Report.

The unfolding story in numbers



**As on March 31, 2020
#Retail transactions
*In addition, we have 5,379 BCs managed by CSCs

Our business segments

A complete suite for diverse customer needs

Business segment	Products and services	Performance highlights*	The HDFC Bank edge
Wholesale Banking This business focuses on institutional customers such as ▸ Large corporates including MNCs ▸ Government bodies ▸ Emerging corporates ▸ Business banking/SMEs ▸ Infrastructure finance group	▸ Working capital facilities ▸ Term lending ▸ Project finance ▸ Debt capital markets ▸ Mergers and acquisitions ▸ Trade credit ▸ Supply chain financing ▸ Forex and derivatives ▸ Cash management services ▸ Wholesale deposits ▸ Letters of credit and guarantees ▸ Custodial services ▸ Correspondent banking	**₹479,762 Cr** ↑ 29.3%# **Domestic wholesale advances** **~49%** **Of the Bank's total domestic advances** as per Basel 2 classification.	▸ Full service 'One Stop Shop' for corporates with strong technology backbone ▸ Market leader in cash management services ▸ Prominent position in large corporate and emerging corporate space
Retail Banking This business caters to ▸ Individual borrowers ▸ Salaried & professional borrowers ▸ Micro & medium sized businesses ▸ Extremely small businesses like kirana stores ▸ Self-help groups (SHGs) ▸ Non-resident Indians (NRIs)	▸ Auto loans ▸ Credit and debit cards ▸ Personal loans ▸ Home loans ▸ Gold loans ▸ Mortgages ▸ Commercial vehicles finance ▸ Retail business banking ▸ Savings account ▸ Current account ▸ Fixed and recurring deposits ▸ Corporate salary accounts ▸ Construction equipment finance ▸ Agri and tractor loans ▸ SHG loans ▸ Kisan Gold Card ▸ Distribution of mutual funds, life, general and health insurance ▸ Healthcare finance ▸ Offshore loans to NRIs ▸ NRI deposits ▸ Small-ticket working capital loans ▸ Business loans ▸ Two-wheeler loans ▸ Loans against securities	**₹494,401 Cr** ↑ 14.6%# **Domestic retail advances** **~51%** **Of the Bank's total domestic advances** as per Basel 2 classification. **₹879,145 Cr** ↑ 24.0%# **Domestic retail deposits**	▸ Leading presence in the payments business, with 1.45 Crore credit cards ▸ Unique product proposition for NRIs through branches in India and overseas. ▸ Market leader in almost every asset category with best-in-class portfolio quality. ▸ Pioneer and dominant player in the digital loan marketplace.
Treasury The Treasury is the custodian of the Bank's cash/liquid assets and manages its investments in securities and other market instruments. It manages the liquidity and interest rate risks on the balance sheet and is also responsible for meeting statutory reserve requirements.	▸ Foreign exchange & derivatives ▸ Solutions on hedging strategies ▸ Trade solutions - domestic and cross border ▸ Bullion ▸ Debt capital markets ▸ Equities ▸ Research - Reports & commentary on markets and currencies ▸ Asset liability management ▸ Statutory reserve	**₹2,154.8 Cr** ↑ 25.2%# **Revenue from forex and derivative transactions**	▸ Solutions for non-residents, hedging needs in Indian markets ▸ Integrated trade and treasury solution for customers ▸ Primary Dealer for Government securities

*During 2019-20
#Y-O-Y

Our presence

Unparalleled reach

We have the widest reach among private sector banks in India. Our large network enables us to serve our customers better and participate actively in the development of the communities around us.

Staying close to our customers

Our network comprises banking outlets, ATMs including cash deposit and withdrawal machines (CDMs), Common Service Centres (CSCs) which include Village Level Entrepreneurs (VLEs) & Business Correspondents (BCs) and merchants. The banking outlets are linked online to provide the ease of real-time banking and payment services. We plan to strategically expand our footprint to further deepen our presence and enter new geographies.

5,416
Banking outlets (including four overseas)**

14,901
ATMs + cash deposit and withdrawal machines**

5.6 Crore+
Customers**

2,803
Locations**

5,379
CSC Business Correspondents (BCs)**

17.97 Lakh
Merchant acceptance points**

One of the largest banking networks in semi-urban and rural India

We were among the earliest private sector banks to reach out to the hinterlands of India. Over the past decade, we have built a scalable and profitable business model in the semi-urban and rural markets. Today, these areas together account for over half of our total banking outlets. In these areas, we are also among the few financial services providers to offer a complete suite of products.

Wide reach across markets

Banking outlets

Rural	1,158
Semi-Urban	1,650
Urban	1,063
Metro	1,541
Total Domestic (A)	5412
International (B)	4
Total (A+B)	5416

CSC BCs

Rural	3,684
Semi-Urban	1,116
Urban	391
Metro	188
Total	5,379

ATMs + cash deposit & withdrawal machines

Rural	1,085
Semi-Urban	3,428
Urban	3,908
Metro	6,480
Total	14,901

Leveraging our reach to empower communities

HDFC Bank's Parivartan has a strong footprint across India. Over 7.8 Crore people have benefited from our various initiatives so far. Our Sustainable Livelihood Initiative (SLI) has reached over 1 Crore households.

Parivartan: Empowering communities

19.6 Lakh
Teachers trained**

7.8 Crore
people impacted**

Page 70

*During 2019-20
**As of March 31, 2020

A renewed semi-urban and rural push

Rising income levels and aspirations in semi-urban and rural (SURU) markets of India have led to an increased demand for quality financial products and services. As a responsible leader in the financial services space, we have always believed in making best-in-class banking products and services accessible to all sections of the society. The ability to identify and tap into the immense potential of these markets early on has been key to our success.

Backed by our unmatched physical reach and leveraging our technology capabilities, we have made a renewed push in SURU markets in the past couple of years to deepen our penetration and expand into under-banked areas. This has been achieved through a wide range of customised offerings such as pre- and post-harvest crop loans, two-wheeler and auto loans, loans against gold jewellery, among others.

Our Kisan Gold Card provides loans to farmers across 1.25 Lakh villages in India to help meet their production cost and post-harvest expenses. They can also finance purchase of farm machinery and equipment and construction of storage structures, among others. Further, the Card amalgamates government benefits for the agricultural sector such as interest rate subvention, crop insurance under the Pradhan Mantri Fasal Bima Yojana, among others. Using cutting-edge analytics, we are even providing loan enhancement over SMS without any additional paperwork.

Our 'Milk-to-Money' initiative brings banking services for dairy farmers at their doorstep. This initiative will not only fuel growth of the dairy segment, in line with the government's vision, but will also drive financial inclusion and women empowerment, as a large section of dairy farmers are marginalised individuals and women. We plan to scale the programme to cover 3,000 villages and more than 8 Lakh farmers over the next 2-3 years.

An important aspect of our village penetration strategy is to achieve financial inclusion by driving financial literacy. Our 'Har Gaon Hamara' programme enables customers to choose products that best meet their financial requirements from our comprehensive suite of offerings. Under this programme, a gathering of 30-40 villagers is organised to provide financial literacy and take our products and services to their doorstep at the most competitive price. So far, we have covered more than 22,000 villages and engaged with 4.6 Lakh customers. A toll-free number has been set up through which customers can express their interest in our services.

We have also opened 12 Kisan Dhan Vikas Kendras (KDVKs) across the country. The KDVKs aim to build a collaborative polygon by bringing together various stakeholders of the agricultural sector and facilitating sharing of knowledge, technical assistance, and support services to farmers for improving livelihood opportunities. The Kisan Dhan Vikas e-Kendra webpage was also launched, which is a first of its kind in the banking industry, as a one-stop destination for all the requirements of farmers.

Expanding horizons

1.25 Lakh
Villages covered by Kisan Gold Card for farm loans

8 Lakh
Dairy farmers to be covered under Milk-to-Money in 2-3 years

4.6 Lakh
Rural customers met under 'Har Gaon Hamara' programme

12
Kisan Dhan Vikas Kendras set up to improve livelihood of farmers

Our performance

In this section

Operational highlights

Strong year despite challenges

Q1

We had 130 banking outlets
in the North-East region.

Strengthening presence in the North-East

To better serve the underbanked population in the North-East region, we announced the addition of 100 more banking outlets over the next three years. As part of the 'semi-urban and rural' strategy, this expansion will take the total banking outlets in the region to 230, including 18 in Sikkim. We are also working closely with the Central government to set up 650 CSCs in the region.

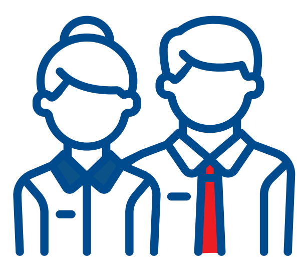
100
Banking outlets to be added in the North-East

Q2

Building a pipeline of future-ready professionals

Aimed at training entry-level job aspirants, we partnered with the Manipal Global Academy of BFSI (MGA-BFSI) in August 2019 to launch the 'Future Bankers' programme. It is a full-time residential course where participants will spend the first six months on the MGA-BFSI's campus and the next six with the Bank as interns. Over the next two to three years, the programme will help us recruit 5,000 professionals and also build a talent pipeline with the requisite skills to best serve our customers.

'Future Bankers'
Programme launched in partnership with MGA-BFSI to build talent pipeline



Doing our bit to promote blood donation in India

In December, we conducted our 13th Annual Blood Donation Drive. Launched in 2007, this drive crossed new milestones every year covering more locations and donors, due to the enthusiastic support of our colleagues and external partners. Our campaign #StopMithani won a Silver Lion at Cannes Lions International Festival of Creativity 2019. In this edition, we collected more than 4.20 Lakh units of blood, up from over 3.10 Lakh units in the previous year.

4.20 Lakh+
Units of blood collected

A shopping bonanza for our esteemed patrons

We launched 'Festive Treats', our biggest marketing campaign ever aimed at both retail and business customers. We partnered with over 1,000 retail brands to offer discounts, CashBack and extra reward points for both in-store and online purchases. Other benefits included discounts on the processing fee on loans, reduced EMIs and gift vouchers. These offers were also made available on our digital platforms such as PayZapp and SmartBuy. Throughout the three-month long campaign, all our banking outlets were transformed into financial supermarkets for customers to explore and avail of the offers.

Q3

We joined hands with over 1,000 retail brands
including Reliance Digital, Apple, LG and Samsung

Balance Sheet size crosses ₹15 Lakh Crore

During the year, our balance sheet size crossed the ₹15 Lakh Crore mark, registering a growth of 23% over the previous year. This was driven by a 24.3% growth in deposits to ₹11 Lakh Crore and a 21.3% increase in net advances to ₹9.94 Lakh Crore.

₹1,530,511 Crore
Balance sheet size

'Har Gaon Hamara'
facilitates access to a vast range of products for farmers and agriculturists

Bespoke offerings for Indian farmers

With an objective to take banking to the doorstep of every Indian farmer and agriculturist, we launched an exclusive interactive voice response service, 'Har Gaon Hamara'. This service facilitates access to a vast range of products, at a faster turnaround time, with the convenience of our digital platforms. Customers can connect with us by dialling a toll-free number and sharing their PIN code. The nearest banking outlet is automatically mapped, and a bank representative immediately reaches out to them to address their needs.

Q4

Performance that takes us forward

This year we further consolidated our leadership position by delivering consistent improvement in our performance, introducing more impactful employee initiatives, increasing our commitment to Parivartan, fuelling the next wave in digitisation through 'Digital 2.0', committing to greater focus on ESG, and continuing to expand our geographic reach.

Financial capital

Growth

We recorded an improvement in all key financial metrics, namely Net Interest Income, Deposits, Loans and Investments during the year. Our focus on diversifying across customer segments and constant effort to deliver superior customer experiences have resulted in this healthy and consistent growth.

Balance Sheet Size (₹ Crore)

2017-18	1,063,934
2018-19	1,244,541
2019-20	1,530,511

Advances (₹ Crore)

2017-18	658,333
2018-19	819,401
2019-20	993,703

Retail Assets (₹ Crore)

2017-18	376,167
2018-19	432,687
2019-20	496,691

Capital Adequacy Ratio (%)

2017-18	14.8
2018-19	17.1
2019-20	18.5

Deposits (₹ Crore)

	Total deposits	CASA deposit	Time deposit
2017-18	788,771	3,43,093	4.45,678
2018-19	923,141	3,91,198	5,31,943
2019-20	1,147,502	4,84,625	6,62,877

Efficiency

Our disciplined approach to managing capital, ensuring a healthy proportion of low-cost CASA deposits, making a conscious decision to stay away from taking undue risks and maintaining an unwavering focus on achieving greater operational efficiencies has enabled us to maintain healthy levels of profitability. Our track record of consistently delivering double-digit growth in earnings is a result of our continued focus on keeping operational costs under check.

Cost to Income Ratio (%)

2017-18	41.0
2018-19	39.7
2019-20	38.6

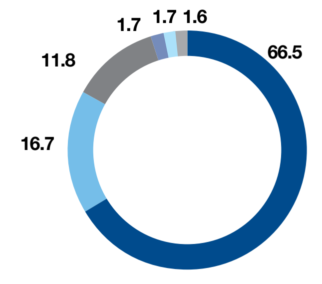
Net Interest Margin (%)

2017-18	4.3
2018-19	4.3
2019-20	4.3

Profit after Tax (₹ Crore)

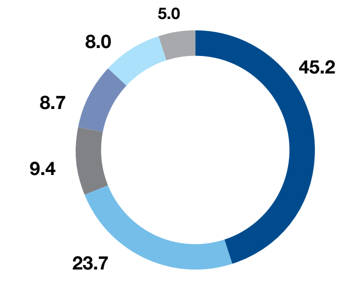
2017-18	17,487
2018-19	21,078
2019-20	26,257

Rupee Earned (%)



- Interest from Advances
- Interest from Investments
- Commission, Exchange, Brokerage
- Other Interest Income
- Other Income
- FX & Derivative Income

Rupee Spent (%)



- Interest Expenses
- Operating Expenses
- Provisions
- Transfer to Reserve
- Tax
- Dividend Paid and Tax

Resilience

Our prudent credit evaluation policies and processes have enabled us to maintain a well-balanced portfolio which has withstood various economic cycles. This in turn has led to the creation of a key differentiator - one of the lowest levels of Gross NPAs in the banking industry.

Non-Performing Assets Ratio (%)

	Gross NPA	Net NPA
2017-18	1.30	0.40
2018-19	1.36	0.39
2019-20	1.26	0.36

Provision Coverage Ratio (PCR) (%)

2017-18	69.8
2018-19	71.4
2019-20	72.0

Performance highlights

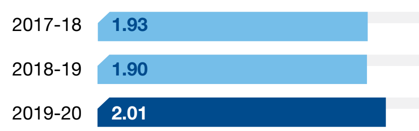
Returns

Our key ratios grew consistently stronger during the year. We have adopted a holistic approach while conducting all our business activities with a sharp eye on return on investments. This approach is yielding rich dividends.

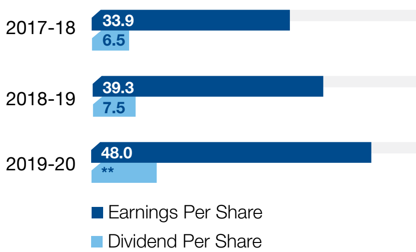
** Figures for the years prior to 2019-2020 have been adjusted to reflect the effect of split of equity shares from face value of ₹2/- each into two equity shares of face value of ₹1/- each.*

Return on Capital (%)

Return on Assets (Average) (%)



Earnings per Share and Dividend per Share (₹)



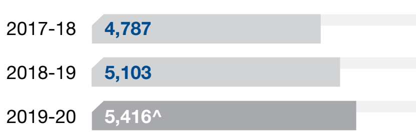
*** During FY 20, the Bank has paid special interim dividend of ₹2.50 per equity shares (post split), to commemorate 25 years of the Bank's operation. The Reserve Bank of India, vide its circular dated April 17, 2020 has decided that banks shall not make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, at their meeting held on April 18, 2020, has not proposed any final dividend for the year ended March 31, 2020.*

Manufactured capital

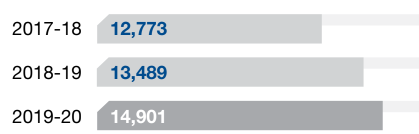
A robust franchise

Being one of the country's largest banks, we provide our customers with a wide network of banking outlets and ATMs across India's towns, villages and cities. During the year, we enhanced our reach in semi-urban and rural areas. This was achieved by opening new outlets in strategic locations, and partnering with the government (CSCs), small shop owners, merchants and similar intermediaries.

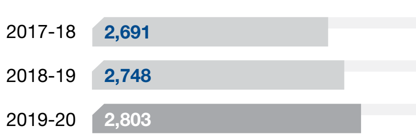
Banking Outlets#



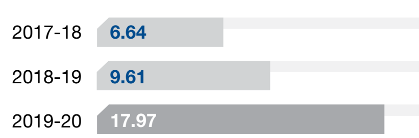
ATMs + Cash Deposit & Withdrawal Machines



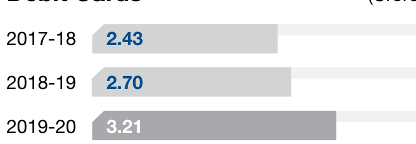
Cities/Towns



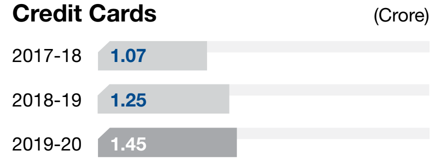
Merchant Acceptance Points (Lakh)



Debit Cards (Crore)



Credit Cards (Crore)



#Including four overseas
^In addition, we have 5,379 BCs managed by CSCs

ESG performance

Natural capital

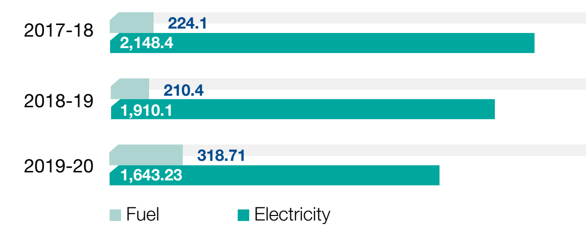
Environment: Managing our resource footprint

At HDFC Bank, we have a Board-governed environmental policy that serves as a framework to understand our environmental risks, impact and opportunities. Harnessing renewable energy, measuring and minimising our greenhouse gas emissions, recycling waste and lending responsibly are some of our focus areas in being environmentally responsible. We made steady progress on these fronts during the year.

The emission/ energy numbers are currently being externally verified. The assurance statement will be published in the Sustainability Report 2019-20.

Energy Consumption per Employee (GJ)

Energy Consumption by Source ('000GJ)



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Social and Relationship capital

Social: Being a responsible leader

We have partnered with the Government through CSCs to provide digital assistance in banking across towns and villages. Our social performance is measured by the impact we create through our multi-pronged social responsibility initiative, Parivartan. Our strong relationships with all our key stakeholders including customers, trade partners, employees and the community at large is the key to our success. Our continued effort towards employee engagement is reflected in the external recognition received by our Bank towards our people practices. We have been certified as a 'Great Place to Work' by the Great Place to Work Institute in April 2020.

CSR Spends (₹ Crore)

Women Employees (as a % of Total)

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Governance: Staying compliant

Good corporate governance is a way of life at HDFC Bank. The hallmark of this is the separation of the risk and credit Functions leading to prudent lending decisions. At the bank level, the objective is not just to comply with the law of the land but also to conduct our business in a fair, transparent and ethical manner. The Bank is committed by ensuring the highest level of ethical standards, professional integrity, corporate governance and regulatory compliance. This is articulated through a well documented Code of Conduct that every employee has to affirm annually that he/ she will abide by.

1,05,790
Employees eligible for adherence to annual Code of Conduct

97.12%
Employees completed the annual Code of Conduct

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Redefining financial services with technology

Digitisation is a strategic focus area for HDFC Bank, and an important marker of its performance. Since inception, we have led the digital transformation of the Indian financial services sector and continue to invest in technologies to improve customer experience and enhance efficiencies. This is changing the paradigm by redefining financial services and designing products and services by always keeping the customer at the centre.

We are challenging our own model of creating and delivering products and services through the various channels. Today, it is important to be present where the customer is. And, to offer contextual and personalised solutions seamlessly, in real time, using analytics and predictive capabilities. Customers are provided a choice of platforms to access financial services at their convenience. Partnerships with platform players and fintechs play an important role in delivering products digitally.

Our digital offerings cater to all segments – mass retail, mass affluent, high net worth in retail and wholesale (MSME).

Digital 2.0

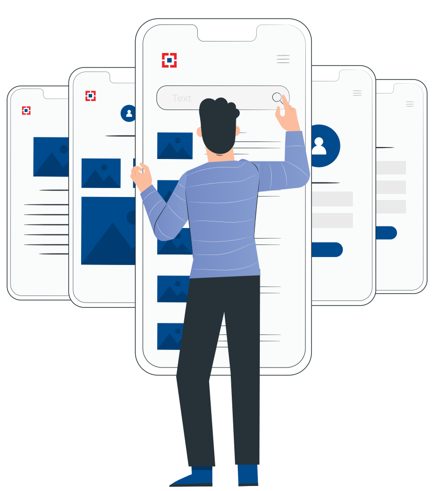
Digital 2.0 is the next phase of our digitisation journey. We are collaborating and partnering with diverse participants in the digital ecosystem, primarily focusing on:

1
Reimagining customer journeys and experiences

2
Enabling differentiated experiences through applications, APIs and analytics
- Developing new platforms and applications
- Creating APIs to enable new user stories
- Powering customer interactions through analytics

3
Empowering virtual banking to engage with customers through technology

4
Shaping customer preferences through innovations



Our performance

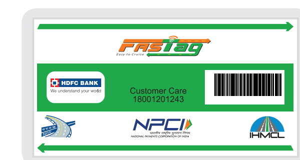
During 2019-20, we performed well across key areas of Digital 2.0. We enhanced our presence across multiple digital platforms and touch points frequented by customers, providing them with greater convenience. Taking our digital adoption to the next level, we have worked towards a more intuitive, relevant, contextual, personalised and omnichannel experience.

We launched a fully digital account opening process which helps us acquire new customers in a few minutes. Our assets and cards customer journeys are also being re-imagined to make them more contextual, real time, predictive and frictionless. These will also help ensure business continuity in the face of unforeseen circumstances such as lockdowns.

We launched our new public website and MobileBanking app in 2019 which have received widespread acceptance among our customers. The number of visitors to our public website stands at 55 Million per month. The number of customer queries handled by our AI assistant EVA has grown to 23 Lakh per month. We have augmented relevant user journeys, customer-centric narratives and shifted towards providing a lifestyle banking experience. Analytical engines are being used for real-time contextual communications. We are reaching our customers now with the most relevant next-best-call-to-action.

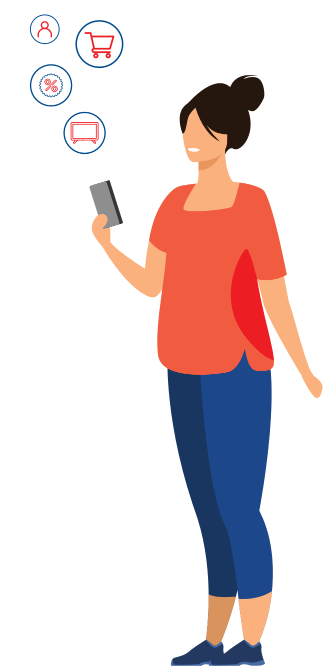
SmartHub

'SmartHub' is our new digital payments solution. with over 17 Lakh merchant acceptance points ranging across scan and pay QR codes, Android POS, Mobile POS, link-based web solutions and payment gateway, we are the leading acquiring bank, processing over 48% of the total merchant transactions in the country. The 'SmartHub Merchant' app is especially designed for self-employed and small businesses, which enables customers to instantly open an account and become a merchant. This app is available in nine vernacular languages and allows merchants to create their product catalogue, run campaigns using WhatsApp and Facebook, and create their own customer loyalty programme.



We provide the widest range of solutions to Central and state governments across departments such as transit (Metro, bus, waterways, etc.), tolls (national and state highways), FASTag, government disbursals and payments – subsidies, direct benefit transfer (DBT), eNam, among others. We are also providing end-to-end digital transaction solutions in Smart Cities.

The Bank has recently been awarded the coveted Pune Metro project.



Key initiatives during the year

Reimagining customer journeys and experiences

HDFC Bank made a shift from just digitising products to elevating experience digitally through customer-centric journeys. We now offer our customers operational bank accounts within minutes, at their convenience where they can fund them instantly and start transacting straightaway. This capability, coupled with the launch of the new video KYC service, will enable the customer to complete their journey across products digitally. Our in-house digital studio, a 'Centre of Excellence' for UI/UX aims to institutionalise human-centric design thinking across all our digital initiatives and synchronise our offerings.

Our user experience design framework

INSIGHT
Gather and comprehend the entire array of design challenges from all stakeholders

INSPIRE
Understand users by observing their lives, hear their hopes and desires, and get smart on delivering creative solutions

IDEATE
Make sense of everything that is heard, generate tons of ideas, identify opportunities for design, and test and refine solutions.

IMPLEMENT
Bring solutions to life by customer validated and refined design as clickable prototypes.

A truly empowering banking experience enables us to switch between modes and transact across platforms. Therefore, our integrated services across branch, Phone Banking, Mobile and Internet Banking offer a seamless, unified and omni-channel experience to our customers. For instance, the processing time for a loan application in a branch or online are now almost similar. Also, our customer satisfaction has improved through these offerings and via virtual relationship managers. This has resulted in a large number of digital products being made available to our customers and a significant improvement in their satisfaction levels, as evidenced in the NPS Scorecard.

Digital solutions for enterprise

We have built a vibrant enterprise ecosystem and are making rapid progress to transition from the traditional product-oriented approach to a customer-oriented approach.

Customer on-boarding

- Analytics based pre-qualified offers and pre-approved offers
- System-generated sanctions
- Straight through processing of limits

Customer servicing

- Exclusive 24*7 self-servicing portal for MSMEs
- ENET – corporate NetBanking with connectivity to customer's ERP for smooth accounting operations
- Trade on Net (TON) supporting customers to carry out trade transactions such as LC/BG online

Monitoring and cross-sell

- One view provides a comprehensive view of customer relationship
- Analytics-based assessment of credit risk and business potential
- Analytical approach to statement analyser for account conduct and monitoring

Road ahead

- Provide post sanction documentation digitally
- Use Bots for customer servicing

Enabling differentiated experiences through applications, APIs and analytics

Applications and platforms

At HDFC Bank, we are creating differentiated experiences for our customers through various partnerships and alliances spanning platforms and applications. 'SmartBuy' and 'PayZapp' are two such industry-leading initiatives.

SmartBuy is India's first bank-initiated marketplace offering the best deals, accelerated rewards and experiences to customers. It drives high loyalty as it covers all key categories like travel, hotels, e-shopping, rail & bus bookings, electronics and so on. The platform has strong brands and partners like MakeMyTrip, Yatra, Flipkart, Amazon, IRCTC, to name a few. PayZapp is our comprehensive mobile payment solution offering 'many ways to pay' with a one tap experience. The app enables customers to do several online payments and is accepted by over 2,000+ online merchants and brands.

APIs driving customer journeys

Banking now happens beyond the bank. APIs allow seamless and secure exchange of information between the Bank systems and others. This enables us to make our products and services available outside our platforms to all our merchants and on platforms that our customers prefer (ecommerce sites, messaging apps, modern trade POS, among others).

We are developing several APIs to cater to the entire spectrum of our customers' financial needs, i.e., pay, save, borrow, invest, insure and shop. APIs for card issuance were launched to expand the market with new partnerships for open-market customer sourcing. Our API stack is best-in-class and contains real-time credit and verification algorithms to be able to provide an instant soft-approval to an open-market customer. API sourcing is now live with multiple fintech partners and with Indigo Airlines for the newly launched Ka-Ching Credit Card.

Powering customer interactions using analytics

At HDFC Bank, big data analytics and Machine Learning enable us to get better at acquiring, serving and retaining customers. We are leveraging these technologies to make our digital campaigns more intelligent and cost-efficient. This helps us in driving reach and relevance of our communication and makes a direct business impact through unassisted digital sourcing of products. This is not only taking banking closer to customers, but is also enabling us to significantly increase the speed and convenience of service while reducing operating costs.

A new capability for delivering in-store finance for new-to-bank and non-pre-approved customers has been launched in select stores. This best-in-class capability offers a paperless approval and disbursal process by providing near real-time decisioning for customers by incorporating advanced analytics capabilities, leveraging data from multiple sources. This will soon be deployed across stores and will ensure a superior customer experience and product delivery.

Omni-channel marketing campaigns: Powered by our data stack, we conduct highly personalised and orchestrated campaigns. This enables customers to view the same communication across all digital channels – website, email, SMS, WhatsApp, paid channels, chatbot Eva, NetBanking and Mobile app. This helps to increase the brand recall, purchase consideration and effective business growth.

Empowering virtual banking to engage with customers through technology

Started in 2017, this programme has been a huge success and is now a full-fledged customer engagement channel, providing end-to-end services. We now have over 5.6 Million customers that are engaged through Virtual Relationship Management (VRM). This has matured into a full-fledged service delivery channel.

We have further fortified this channel in 2019-20, with an aim to serve a larger customer base in the future.

What is the unique proposition of VRM?

It offers the efficiency of technology and the personalisation of conversation with a relationship manager.

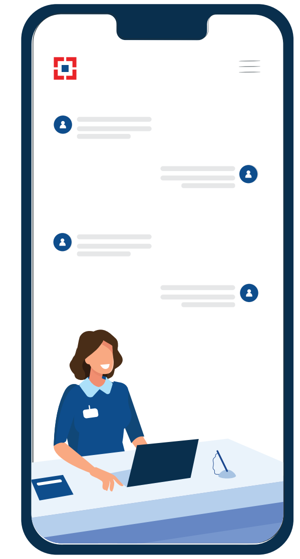
What are the services offered via VRM?

- Liability relationship
  - Insta account opening
  - Video KYC
- Asset relationship
  - Insta loans
  - Insta cards
- Customer service and engagement
- Financial planning

Shaping customer preferences through innovations

We are reimagining banking with Artificial Intelligence (AI). Our vision is to make HDFC Bank a digital-first bank where every customer journey across touch-points is seamless, contextual, predictive and frictionless. AI/ML are becoming an integral part of the banking system. It is making our products and services more intuitive and efficient by making them simpler, reducing costs, mitigating risk, and improving experience. Our virtual assistant EVA is India's first AI-enabled assistant . EVA is now capable of both acquiring and servicing customers as well as processing banking transactions. EVA is also extended to various other platforms like Google Assistant, Alexa and WhatsApp.

RPA (Robotic Process Automation) is used extensively for automating backend processes which is delivering higher productivity and reducing turnaround times.



Key digital innovations in 2019-20

123XXX

My Account My Choice: Our CASA customers can choose any account number of their choice while opening an account; 66,000+ accounts activated with book balance of over ₹5,000 Crore

Card-less cash withdrawal: Customers can withdraw cash from HDFC Bank ATMs without ATM card; ₹6.5 Crore withdrawals through 21,000+ transactions

WhatsApp Banking: Official account of HDFC Bank on WhatsApp for customer servicing, banking, acquisition and communication; 64 Lakh requests served and 10 Lakh active users

Smart slips: Enable customers to fill in cash deposit, withdrawal and cheque deposit slips through NetBanking using a reference ID, and complete the transaction at a banking outlet

myApps

Powered by HDFC BANK

myApps: A suite of apps for large institutions.

In another industry-first, we launched myApps, a suite of applications this year. myApps offers digital payment modes and other value-added services for four key segments – urban local bodies, including smart cities, housing societies, clubs and religious institutions to enable digitisation of their entire ecosystem. Members can make payments for utilities and fees, book facilities online, stay updated on latest announcements, and utilise other services offered by these institutions. The institutions also get easy access to reports on payments, facilities booked by members, requests, complaints registered and much more.

Delivering distinct experiences

Our approach

At HDFC Bank, customers are at the centre of everything we do. We believe that having a great product is not enough; delivering an outstanding customer experience is key to being truly able to differentiate and develop sustainable competitive advantage. Thus, our relationship with our customers goes beyond transactions and encompasses their entire journey, starting from awareness to loyalty. To create a culture of customer-centricity and agility, helping employees think like their customers, we implemented a Customer Experience (CX) Transformation Programme.

Key initiatives

Customer Experience (CX) Transformation Programme

As the first step, we benchmarked our CX performance through a comprehensive primary research covering 30+ cities in India and a sample of 15,000+ in-person interviews. This large scale external survey gave us our Net Promoter Score (NPS).

In order to institutionalise the measurement into a management system, we implemented a high-velocity, closed-loop customer feedback system branded 'Infinite Smiles'. The programme aims to establish employee behaviours and practices which lead to customer-centric actions and continuous improvements in our offerings, processes and policies.

Benefits of CX Transformation Programme

- Puts the voice of the customer at the heart of everything we do
- Empowers employees to continuously improve customer experience
- Employees earn their customers' advocacy
- Enables culture change

Our CX Transformation process

1 Conduct relative benchmarking of customer experience with peers (top-down NPS study)

2 Launch multiple initiatives across the Bank to improve customer experience

3 Implement a pan-Bank bottom-up measurement (ongoing episodic customer feedback after selected interactions) across all channels – physical and digital

4 Establish a system to review customer feedback on a real-time basis, respond to immediate customer concerns and identify areas of improvements – both at a local level (branches and teams) and at a central, cross-functional level

5 Develop multiple in-person and e-Learning training programmes for frontline employees

6 Communicate and reinforce the benefits of the programme

Millennia range of cards

Millennials account for 34% of India's population, with potential to be a major driver of consumption. It is a segment that has not been addressed by traditional large banks. HDFC Bank became the first bank in India to recognise this powerful yet unique segment. In the first phase, we launched a range of cards tailored to millennial needs and aspirations under the 'Millennia' brand - Millennia Credit Card, Millennia Debit Card, Millennia Prepaid Card and EasyEMI Card.

The product suite has been designed keeping in mind the 'spend anywhere, earn everywhere' theme. Providing complete freedom of choice, the 'Millennia' range allows customers to earn CashBacks on every online and offline spends. The EasyEMI Card offers the convenience of auto EMI conversion for aspirational purchases.

In March 2020, Millennia became the youngest card to cross 10 Lakh subscriber base.

Given the huge untapped opportunity in this segment, we plan to expand the 'Millennia' portfolio beyond cards to offer a holistic banking ecosystem – banking the way they always wanted.

Safety grid

This initiative is aimed at ensuring adherence to social distancing norms to prevent the spread of COVID-19. Physical markers were created on the ground using our logo for people waiting in queue in front of essential service outlets. It was rolled out in more than 10 cities – Mumbai, Pune, Chennai, Delhi, Kolkata, Chandigarh, Jaipur, Bangalore, Bhubaneshwar and Hyderabad across 5,000+ locations.

Loan services during COVID-19

We look to address the safety concerns of our customers as well as the probable liquidity issues that may temporarily arise due to the prolonged lockdown. With this primary objective, we have launched attractive schemes on car loans embedded with features like flexibility of repayment, lower EMIs (initially), bullet payments at the end of the loan duration, among others. These schemes are tailored to the customers' need of affordability and flexibility. The loans also provide financing of insurance products along with the car loan at attractive premiums, to cover customers' hospitalisation for COVID-19 as well as cover for three months in case of job loss under specific circumstances.

Customers can choose to avail of these schemes via digital disbursement post approval, an industry-first solution through our instant ZipDrive platform for existing customers and digital end-to-end disbursements for non-HDFC Bank customers.

Supporting the nation's developmental agenda

Technology is propelling the Government's thrust on financial inclusion. As one of India's largest and systematically important banks, we collaborate with the Government in myriad ways to bring the vast unbanked and under-banked population into the economic mainstream. We are connecting with the far-flung corners of the country to deliver products and services by way of seamless API integration. Our efforts have simplified deposits, payments and availing credit, among others, to substantially enhance customer experiences.

At HDFC Bank, we encourage the use of bank accounts for financial transactions to maximise our ability to extend flow-based or balance-based lending, like pre-approved loans. Annual bank statements are being considered when offering credit card facilities to small traders with limits ranging between ₹10,000 and ₹1.2 Lakh, alleviating concerns around fund shortfall. We have partnered with various tiers of the Government to help digitise the ecosystem. This in turn has helped them enhance efficiency and transparency in their working across different areas. Our integrated Public Financial Management System (PFMS) has enabled us to disburse funds to millions of beneficiaries across India for multiple schemes. In addition, our customised solutions have helped take Digital India to the last mile. Working with start-ups, we have been able to integrate fintechs into the banking ecosystem and helped leverage their expertise for the public and private sectors.

Common Services Centres (CSCs)

Our association with CSCs is helping us offer cost-effective services to the under-banked in the hinterlands of India. The CSCs, managed by Village Level Entrepreneurs (VLEs), serve as access points in delivering essential public utilities, healthcare, financial, education and agrarian services alongside social welfare schemes and diverse B2C services. We are leveraging this network to provide banking solutions nationwide.

54,000
Women have been supported through SHG/JLG loans via our CSC network**

***As of March 31, 2020*

myApps

To support the Digital India mission, we launched myApps, a suite of applications during 2019-20. myApps offers digital payment modes and other value-added services for four key segments – urban local bodies, including smart cities, housing societies, clubs and religious institutions to enable digitisation of their entire ecosystem.

Members can make payments for utilities and fees, make online bookings for various facilities, stay updated on latest announcements, and utilise a host of other features offered by these institutions. The institutions also get easy access to reports on payments, facilities booked by members, requests, complaints registered and much more.

myApps
Powered by HDFC BANK

Working with Central, state and local governments

HDFC Bank is the second largest collector of direct taxes. We enable government institutions to achieve a higher degree of customised digitisation across fund flows, eliminating leakages and enhancing efficiency and transparency. So far, the Bank has partnered with government authorities and conceived more than 300 customised digital solutions for them.

Highlights of our collaboration with governments

- Help government departments and urban local bodies monitor large-scale project execution in real time and release funds linked to achievement of project milestones
- Offer e-auction and e-tendering services to various government authorities to facilitate transparency in bidding and procurement activities
- Provide timely fund disbursements, including Direct Benefit Transfers (DBT) and non-DBT payments through the Public Financial Management System (PFMS)
- Integrate with various state government departments including the Treasury Department for collection of various types of revenue receipts
- Extend a finance management platform to monitor and manage funds for state-level schemes like National Health Mission (NHM) for effective budget management and reduction in leakages
- Provide effective budget management solutions for schemes like State Rural Livelihood Mission and Mid-Day Meals to enable efficient use of funds
- Partner with the Government e-Marketplace (GeM) to provide financial services to buyers and sellers on the platform
- Join forces with the Ministry of Corporate Affairs (MCA) to start online account opening services for new corporates
- Collaborate with e-National Agricultural Marketplace (eNAM) to provide digital payment and settlement services
- Provide digital tax management and collection services for municipal bodies and Smart Cities
- Secured an empanelment for salary business with non-civil departments, such as Railways, Defence, Border Security Force and State Police

Digital solutions for agriculture segment

We have supported online procurement of agricultural produce by integrating with platforms like e-Kharid in Haryana which bring together government procurement agencies, arthiyas and farmers to digitise agricultural trading and process payments. This ensures the highest standard of transparency and efficiency, alongside faster realisation of funds into farmers' accounts.

Start-Up fund and SmartUp banking

We are working with multiple state governments, incubators and accelerators to promote entrepreneurship through our SmartUp programme for start-ups, providing support to social start-ups through our start-up fund.

10,000+
SmartUp customers

60+
social impact start-ups

2nd
cohort of start-up fund

Acknowledged for excellence


1

3


2


4


5


6

1. CNBC-TV18 India Business Leader Awards (IBLA) 2019-20
2. BrandZ Top 75 Most Valuable Indian Brands 2019
3. Business Today – Money Today Financial Awards 2019
4. ICAI Awards for Excellence in Financial Reporting for 2018-19
5. American Indian Foundation
6. Euromoney Awards for Excellence 2019

HDFC Bank

Asiamoney Best Bank Award 2020
Best domestic bank

CNBC-TV18 India Business Leader Awards (IBLA) 2019-20
Outstanding company of the year

UTI MF - CNBC TV18 Financial Advisor Awards 2018-19
Best performing bank (private sector)

Euromoney Awards for Excellence 2019
India's best bank

Business Today – Money Today Financial Awards 2019
Best large bank

Institutional Investor in its All-Asia (ex-Japan) Executive Team 2019 survey
Ranked HDFC Bank 'the Most Honored Company'

Brand 'HDFC Bank'

WPP Plc-Kantar Millward Brown BrandZ Report
India's most valuable brand (for the sixth consecutive year in 2019)

Cannes Lions International Festival of Creativity 2019
Silver Lion for Blood Donation Drive Campaign #StopMithani

Spikes Asia 2019
Grand Prix for Blood Donation Drive Campaign #StopMithani

Fintech

Nasscom DSCI Excellence Awards 2019
Best security practices in the banking sector

Business Today – Money Today Financial Awards 2019
Best fintech engagement

Best practices

ICAI Awards for Excellence in Financial Reporting for 2018-19
Won the Gold Shield in the Private Sector Banks (including Foreign Banks) category

People practices

Certified as a 'Great Place to Work'
by the Great Place to Work Institute in April 2020

Recognised as one of the 'Top 10 Best Companies to work for in India'
by Business Today

Honours for our MD, Aditya Puri

American Indian Foundation
Honoured for corporate and philanthropic leadership

13th ICAI Awards 2019
Inducted in the CA Hall of Fame

QIMPRO Awards 2019
Platinum Standard Awards – National Statesman for quality in business

FinanceAsia's Survey 2020
Ranked 1st as Best CEO

Others

11th Inclusive Finance India Awards (IFI) 2019
Won in the category 'Innovation and Inclusiveness in Priority Sector Lending'

SIDBI-ET India MSE Awards 2019
Best MSE Bank (Private sector)

FinanceAsia's Survey 2020
- Ranked 1st as the Best Managed Company
- Ranked 1st for Best Corporate Governance

Greenwich Associates study
- Joint Number 1 in large corporate banking with 75% market share
- Leader in overall quality of client relationship in corporate banking
- Number 1 in middle-market banking with 60% market share
- Leader in overall quality of client relationship in middle-market banking

Going 'phygital', building scale

Retail Branch Banking is the key driver of the Bank's business, with over 40% of our human resources in Branch Banking galvanising the key business segments – all of Retail Deposits, Retail Trade and Forex Business; more than half of Unsecured Business, a significant part of the Secured Business and more than three-fourths of fee-based Third Party Business and Business Banking.

In a mobile-first digital world, our Retail Branch Banking business is being re-imagined through the levers of digital paperless processes and big data analytics, thus enabling meaningful conversations with our customers for well-informed financial decision-making. From choosing products based on consumption and spending patterns arrived at by using data analytics, to going completely paperless with documentation, the focus is on leveraging technology to deliver an omnichannel experience.

AI-powered recommendations enable branch teams to provide pre-approved offers in real time which the customer can avail of with a single tap/click. The teams have been trained to leverage these tools for customer-centric conversations rather than product-centric and thus help deliver customer experience excellence. Faster conversions and reduced turnaround times contribute to customer stickiness with a greater share of wallet.

Measuring Smile Scores **(read more about our NPS programme Infinite Smiles on page 32)** at each customer interaction helps gather insights on improving processes to continuously enhance the experience of customers. Further, insights-driven shopper activation programmes have helped transform our branches from a mere banking storefront to a financial services marketplace.

In addition to over 5,400 banking outlets*, the Bank has made significant foray in the business correspondents model to enhance its distribution footprint nationally, especially focused on rural through government SPV - CSC. These business correspondents (BCs) and business facilitators (BFs) have been appointed under the hub and spoke model. A retail branch acts as a hub for a set of BCs and BFs and ensures their training, monitoring and enablement for business development and transaction processing, thus building an extensive future-ready distribution network and lending the Bank a competitive advantage.

Pillars of best-in-class retail banking experience:

Brilliant basics

Understanding customers based on their consumption and spending patterns; setting the right narrative based on profiles to engage in meaningful conversations

Sales force digitisation

Digital enablement of sales team and branch operations; 'Mobile-first' CRM empowers our sales team to engage with customers anywhere; branches transform through paperless processes

Targeted segmented play

With analytics, big data and AI as key enablers, there is real time availability of customer-level recommendations and pre-approved offers with the sales team along with propensity to buy

Customer experience excellence

We measure Net Promoter Score (NPS) at every touch point, receive customer feedback and gain insights on improving processes to enhance experience

**In addition, we have 5,379 BCs managed by CSCs*

How we create value

In this section

Our value creation model

Designed to create sustainable value

External drivers

- Government initiatives
- Economic shifts
- Customer expectations
- Technology advancement
- Regulatory oversight
- Disruptive competition
- Climate change

Input capitals

Financial capital
- Deposits
- Shareholders' funds
- External borrowings

Human capital
- Employee base
- Learning & Development
- Employee engagement initiatives
- Employee benefits

Social & relationship capital
- CSR programmes executed through five focused pillars
- Trade partners and merchants
- Workforce engaged in CSR programmes
- Partnership with government

Manufactured capital
- Banking outlets, Business Correspondents (BCs) managed under CSC
- ATMs + cash deposit & withdrawal machines
- Corporate office and other locations
- Data centres

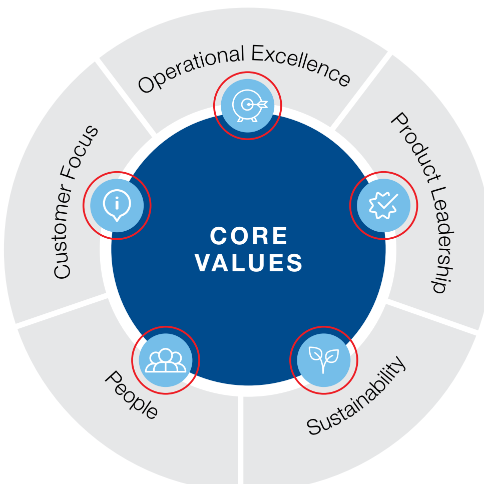
Intellectual capital
- Digital enterprise: Advanced technology, data security analytics, robotics
- Collaboration with fintechs and start-ups
- Sales force digitisation (CRM)

Natural capital
Natural resources consumed in the operation of business: electricity, fuel, water, among others

Banking for the future

Digitisation | Customer centricity | Responsible business

Key activities
- Product & services
- Risk management
- Multi-channel delivery
- Talent management
- Innovation



Value drivers
Execution | Governance | Parivartan

Strategic Priorities
- Re-imagining the branch channel
- Leadership in the payments business
- Strengthening our presence in semi urban & rural regions
- Virtual Relationship Management
- Digital 2.0
- Subsidiaries
- Environmental, Social and Governance (ESG)

Page 52

Outputs

Pay | Invest | Save | Borrow

- Retail deposits
- Wholesale deposits
- Loans/Mortgages
- Corporate banking services
- Debit/Credit cards
- Customer and merchant services
- Digital products
- Bonds and mutual funds

- Export Credit
- Structured Finance
- M&A / Corporate Advisory
- Custodial / Depository Services
- E-Kendra

Trade | Insure | Shop

Outcomes: Key stakeholder value

Digitisation
- Leading payments business with about 17 Lakh merchant acceptance points
- Industry-first products like 10 second personal loan, Digital Loan Against Shares (LAS)

Page 26

Customer centricity
- Customer Experience (CX) Transformation (NPS) Programme
- 'Millennia' became the youngest card to cross 10 Lakh subscriber base

Page 32

Responsible business
- Social & Environment Management System for loan screening and approval

Page 69

Customers
- Customer base: 5.6 Crore+**
- Digital transactions*^: 95.1%
- Servicing customers in 2,803 cities/towns
- Superior customer experience: Deep Financial Expertise, Advanced Technology, User Interface of choice, Complete Product Suite

Investors
- Cost to Earnings ratio: 38.6
- Net revenue*: ₹79,447.07 Crore
- Return on Equity: 16.8%
- Gross NPAs**: 1.26%

Employees
- Inclusive environment
- Employee engagement score: 75%
- Listening organisation
- Organisational capability

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Society
- Lives impacted by Parivartan: 7.8 Crore
- Rural development: 1,282 villages in 17 states covered through Holistic Rural Development Programme (HRDP)

Page 70

SDGs

*During 2019-20 **As on March 31, 2020 ^Retail transactions

Leveraging emerging opportunities

Current state of affairs

Global and Indian economy

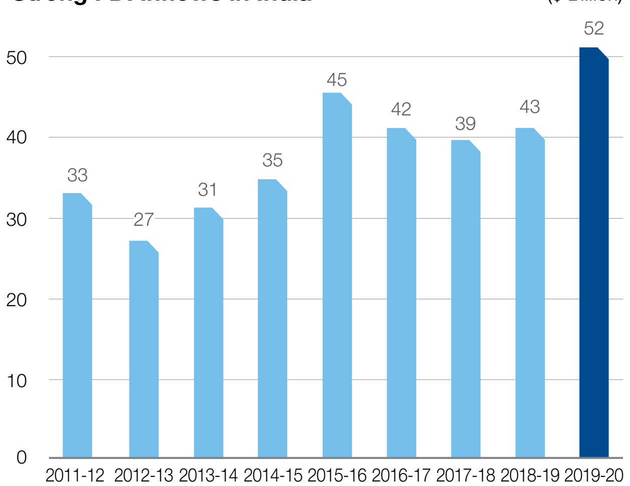
The global economy grew at a healthy pace of 2.9% in 2019, driven by strong growth in emerging markets. India and China were at the forefront of driving economic growth in the region. Looking ahead, the global economic outlook is clouded by the uncertainty surrounding the spread of COVID-19. The IMF revised its global growth forecasts from +3% to -3% for 2020. With the incidence of the disease being acute in developed economies, the IMF expects advanced economies to contract by 6% in 2020, from +1.7% in 2019.

India is also expected to see a contraction (GDP growth at -4.8%), with a sharp fall in Q1 2020-21. In this regard, while the number of infections is still rising in India, it is likely to have a much lower per capita infection rate than the global average. This, along with the graded easing of the lockdown across states and continued monetary and fiscal support, could aid a gradual recovery by the second half of the financial year.

On the external trade front, while a slowdown in growth of major trading partners is likely to weigh on India's export growth, the country could gain from the shift in global supply chains away from China as major economies like the US and EU look for alternative trade destinations. This could lead to more sustained foreign flows into India over the medium term, as well as support investment and manufacturing growth in the country. Moreover, lower oil prices are likely to benefit India's current account and fiscal balance.

Once the COVID-19 peaks in a number of countries this year and economic recovery is supported by substantial fiscal and monetary stimulus, growth is expected to bounce back up in 2021. The IMF expects global growth to accelerate to 5.8%, the US and the EU to grow by 4.7%, and India to grow at 7.4% in 2021.

Strong FDI inflows in India



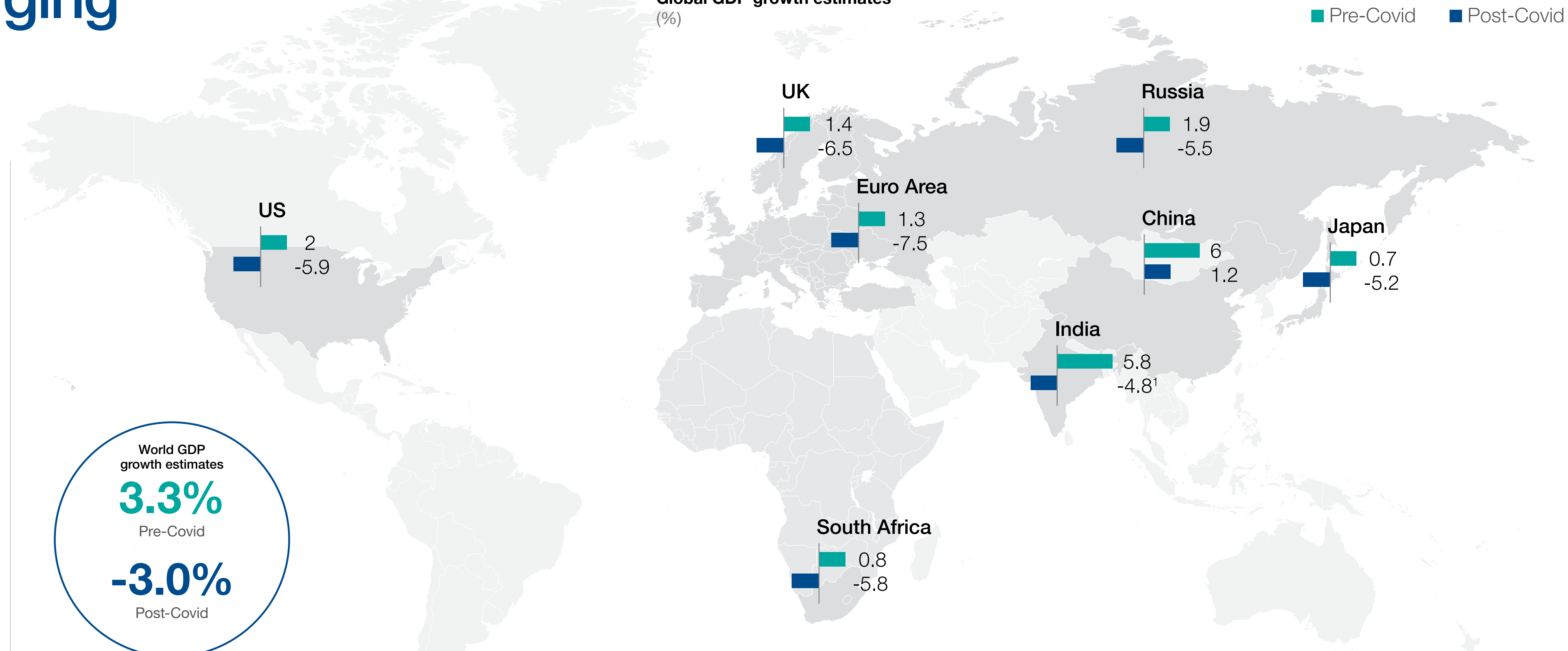
Source: CEIC, HDFC Bank

Read more in Directors' report on page 86

Indian Banking industry

For the Banking industry, the pandemic and its aftermath are likely to bring a set of challenges as well as opportunities. For instance, healthcare is likely to get a boost as the management of the pandemic underscores the need to expand capacity in this domain. A boost to healthcare is likely to impact both the pharmaceutical and medical equipment segments positively. As the government focuses more on these sectors, it is likely to draw private participation. The potential in terms of both credit and non-fund businesses is large.

Global GDP growth estimates
(%)



Source: IMF WEO April 2020 Edition

[1] For 2020-21, HDFC Bank estimates

Another opportunity for the banking industry is in the agriculture segment. Recent structural reforms by the government are likely to see an increase in private interest as impediments to procurement of produce and warehousing get eliminated. This is likely to directly benefit the food processing industry and invite more corporate investment in addition to expanding the space for banks to fund this sector. The government has also allocated considerable funding (₹10,000 Crore) to formalise the micro-food processing segment through technical and infrastructure support.
The micro segment is likely to grow in 'clusters' and offer credit opportunities for banks particularly through microfinance and Self-Help Group (SHG) channels. Loans to Micro, Small and Medium Enterprises (MSMEs) are likely to see immediate traction with the government providing 100% guarantee on ₹3,00,000 Crore of collateral-free lending to this segment. While soverign backstop makes lending to this segment viable in the near-term, the effort to strengthen and scale up these firms could well create high-quality borrowers in the process. Along with this, the government has also introduced a special credit facility and a partial credit guarantee scheme for NBFCs and HFIs which is likely to de-risk bank lending to these entities in the near-term and over the medium-term, could help some of them escape the vicious cycle of elevated risk perception, shortage of liquidity and credit and balance sheet stress.

On the policy front, the RBI is likely to continue its strategy of maintaining surplus liquidity in the system and cut the policy rate further. All this will ensure low-cost funds for banks.

Challenges, however, remain. The sharp deceleration in GDP growth is likely to rein in the demand for credit, and compromise credit quality. A global recession is likely to dent export growth across sectors. Thus, banks need to navigate the terrain of enhanced risk carefully, particularly in sectors such as hospitality and civil aviation, where the impact of COVID-19 and its management is likely to be prolonged.
The rise in precautionary savings among households and the possibility of rising unemployment that is often the corollary of growth deceleration, could rescue the demand for retail lending particularly for big-ticket items.

Trends shaping our future

Notwithstanding the headwinds from the spread of COVID-19, the long-term growth levers for India remain intact. The Indian banking and financial services sector is at a crossroads. On one hand, the nation's healthy long-term economic growth trend, the government's push for financial inclusion, and favourable policy and regulatory reforms are playing a key role in driving industry growth. On the other hand, the emergence of disruptive technology companies such as fintechs, and evolving customer expectations around ease and convenience are redefining the competitive landscape.

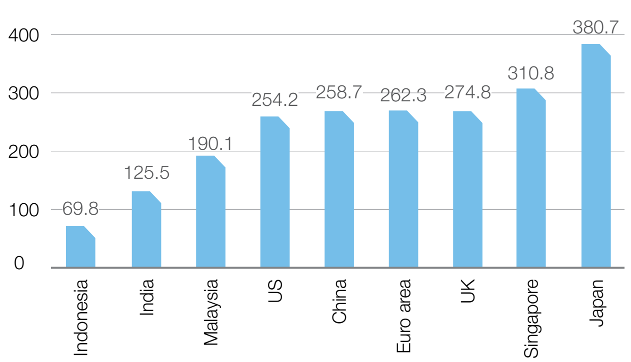
In the current pandemic, elevated precautionary savings that are typical in the wake of a major shock are likely to provide the banking system with low-cost deposits. An increase in risk aversion that could potentially drive investments away from alternatives such as equities could also boost deposits.

Not just saving patterns, but payment habits are also likely to undergo some changes over the medium term. In this regard, restricted movement and social distancing measures are likely to provide a push towards electronic payment modes, boding well for digital banking and reducing cash transactions in the system over a period of time.

Rapid economic growth

India has been one of the fastest growing large economies in the past few years. The government has been focusing on infrastructure development, housing and SMEs, which has fueled demand for credit. However, India's credit-to-GDP remains significantly low compared to peer countries, leaving large addressable credit gap across sectors. Further, the expanding working age population and rising disposable income are boosting demand for banking services. The large underbanked yet economically active population bodes well for the industry.

Potential for growth of banking services in India
(Total Credit, % of GDP)

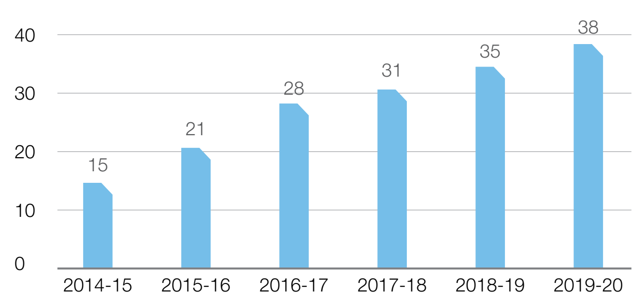


Source: CEIC, HDFC Bank
Note: Data as of Q4 2019

Government and regulatory initiatives

The government's focus on driving inclusive growth is accelerating economic formalisation across the country, creating demand for banking services in the remotest corners. Further, initiatives such as affordable housing (PMAY) and Mudra Scheme (PMMY) are boosting credit demand in the hinterlands. The emergence of new-age banks, such as small finance banks and payments banks, and the RBI's 'on-tap' licensing policy for NBFCs and MFIs are likely to further boost formalisation through 'high technology, low-cost' banking services.

Growing number of Jan Dhan accounts
(in Crore)

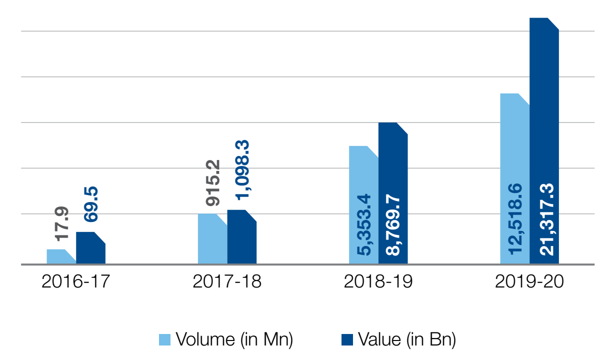


Source: PMJDY Portal, HDFC Bank

Technology and evolving customer preferences

The proliferation of digital technologies and the increasing penetration of smart services are disrupting the conventional modes of delivering banking services. With simplicity, speed and convenience playing a key role in expanding customers' mindshare and, in turn, wallet share, financial services providers are adopting a 'phygital' strategy to deliver an omnichannel experience across platforms. Further, fintech companies, by leveraging Artificial Intelligence, Machine Learning and data analytics, are devising innovative methods to evaluate creditworthiness and deliver financial services, thereby intensifying competition. That said, technology comes with its inherent risks, compelling the industry to invest heavily towards mitigating cyber security risk and safeguarding customers.

Growing acceptance of digital payments in India
(UPI-based payments)



Source: RBI, NPCI, HDFC Bank

Governance and climate change concerns

As corporate governance issues surface with increasing frequency, the Indian banking industry, along with the regulators, is looking at risks through the ESG performance prism. The potential impact of climate change on agriculture and businesses, and thus, on NPA levels due to the increasing frequency of extreme weather-related events is prompting the industry to reassess their screening process for project financing. Further, the global investor community – especially sovereign wealth funds and pension funds – is increasingly factoring in ESG performance metrics to assess long-term profitable growth.

Dialogues that provide insights

The strategies we adopt have long-term implications for the creation and preservation of value for all our stakeholders. This is how we ensure that the current and evolving interests of our internal and external stakeholders are taken into account.

Engaging with stakeholders regularly through various modes of communication enables us to identify the issues that could materially impact not just our economic value, but also our social relevance and relationships.

Stakeholder engagement process

We have adopted a five-step stakeholder engagement process. Apart from ensuring transparency, it captures feedback and response, which provide us insights to understand our material issues, shape our business operations and minimise risks.

	Modes of Engagement	Key Issues / Expectations	Response and Mitigation
Customers	▶ Online, phone & postal communication ▶ Customer satisfaction surveys and feedback	▶ Provide products & services to meet needs ▶ Ease of transacting across channels ▶ Innovative technology applications ▶ Data security ▶ Advanced analytics	▶ New products enabled by the Bank's digitisation strategy ▶ Enhanced customer experience, moving away from transactions to encompass the entire financial journey ▶ Making personalised recommendations with VRM ▶ Driving awareness on data security and privacy
Investors	▶ Quarterly Financial Updates ▶ Investor Meets ▶ Press Releases ▶ Annual General Meetings	▶ Compliance ▶ Governance and ethical practices ▶ Economic performance	▶ Continuous and consistent growth and profitability ▶ Increased use of systems and services for bank-wide digital projects to reduces overall operational costs. ▶ Policies related to ethical conduct in place
Regulatory Bodies	▶ Regular meetings ▶ Policy updates and Ministry directives ▶ Mandatory filings with regulators including RBI and SEBI	▶ Aadhaar linkages ▶ Social security schemes ▶ Public private partnerships ▶ Compliance ▶ Digital India	▶ Awareness generation on Aadhaar linkages and PMJDY ▶ Comply with government norms ▶ Working with CSC ▶ Supporting 'Digital India' initiative of the government through all our businesses
Employees	▶ Employee feedback surveys ▶ Employee townhalls ▶ Learning initiatives ▶ Employee outreach by Human Resources in person, over video conferencing, email, phone, messaging etc. ▶ Employee connect initiatives like talent meets (Hunar), Sports meets (Josh) etc. among others	▶ Employee engagement ▶ Employee wellness and safety ▶ Learning and development	▶ Create a high trust, high performing organisation through increased employee connect on various elements of employee engagement ▶ Adopt a holistic approach to wellness under the 'HDFC Bank Cares' umbrella across physical, emotional, financial and social aspects ▶ Structure role-based Learning and Development initiatives based on the principle of 70:20:10 for every employee and explore alternative channels to enable access to resources across locations ▶ Build talent pipeline through structured talent management processes leading to role readiness
Community	▶ Regular meetings ▶ Focus group discussions ▶ Project monitoring and reviews	▶ Training and inclusive growth ▶ Financial literacy ▶ Responsible business conduct	▶ Holistic Rural Development Programme (HRDP), Sustainable Livelihood Initiative (SLI) ▶ Financial Literacy Camps ▶ Responsible lending
Suppliers	▶ Regular meetings ▶ Phone calls ▶ Surveys	▶ Partnership ▶ Governance and ethical practices	▶ Ensure timely payment for services

Prioritising issues of material importance

Material issues comprise both emerging opportunities and threats to value creation. These issues are determined by factoring in stakeholder expectations into the economic, social and environmental including governance context in which we operate.

We ranked the topics most relevant to us based on their degree of importance to the management as well as stakeholders in consultation with the CSR Committee of the Board.

Managing stakeholder expectations

Parameters

- 01 Responsible Lending
- 02 Corporate Governance and Ethics
- 03 Economic Performance
- 04 E-waste Management
- 05 Energy Management
- 06 Emissions and Climate Change
- 07 Community Development and Social Responsibility
- 08 Employee Engagement and Welfare
- 09 Financial Inclusion
- 10 Product Innovation
- 11 Customer Satisfaction and Brand Management
- 12 Compliance
- 13 Digitisation
- 14 Government Initiatives and Missions
- 15 Training and Development
- 16 Information Security and Data Protection

Responses to material topics of very high importance

Material topics (GRI Topics)	Our Response	Capitals Impacted
Corporate governance and ethics (Anti-corruption & Anti-competitive)	▸ The Bank complies with all requisites laid down by the National Stock Exchange and New York Stock Exchange and with the Indian Companies Act. The Bank also has robust Corporate Governance and Risk Management framework.	
Compliance (Environmental Compliance)	▸ HDFC Bank operates in a highly regulated sector, thus regulatory compliance is mandatory and non-negotiable. All the operations of the Bank comply with legal, environmental and social requisites prescribed by regulatory bodies as per applicability.	
Economic Performance (Economic Performance)	▸ The Bank has performed well even under stressful economic situations due to discreet strategies in management and capital utilisation.	
Customer satisfaction and brand management (Marketing and Labelling)	▸ The digital wave has made it easier for the Bank to understand customers and thus conceptualise better experiences.	
Information security and data protection (Customer Privacy)	▸ Framework related to information security and data protection is established. Board approved 3-year plan is in place.	

₹ Financial Capital
Manufactured Capital
Intellectual Capital
Social and Relationship Capital
Human Capital
Natural Capital

For our response to other material issues, please refer HDFC Bank Sustainability Report 2019-20

Making payments simple and convenient

Quick, simple, accessible, and above all, secure and complete – our wide spectrum of payment solutions emulates these traits to redefine convenience. Our leadership in the business stems from our ability to understand customers' changing preferences.

Let's take Ravi's experience as an example. A Vice President at a leading media group in Mumbai, Ravi is married with two children – his son is studying in the US; his daughter is in high school. The family enjoys spending time together – shopping, dining out, going to the movies, and even vacationing at exotic destinations. They frequently visit the Palladium Mall, and Ravi's Regalia Credit and Platinum Debit cards enable him to avail exciting offers at a host of shops and restaurants.

In fact, the majority of shops and restaurants use card machines deployed by HDFC Bank, which means a secure transaction is assured with every swipe. With our strong merchant relationships, we have deepened engagement with both customers and merchants.

Ravi was browsing through TV models at Reliance Digital the other day when our loan executive based at the store advised him to check his Debit Card EMI eligibility by simply sending an SMS. He was offered a Debit Card EMI loan of up to ₹6 Lakh, much above his account balance with the bank and without the need to submit a single document. More importantly, he could avail the facility without incurring any additional cost, thanks to our strong alliances with leading OEMs like Apple, LG and Samsung.

HDFC Bank was the first to introduce Debit Card EMI online and at in-store merchants. Today, customers can avail EMI facilities on Paper Finance, Debit Card and Credit Card, not just for consumer durables but also for Lifestyle, Education, Insurance, amongst other categories.

When it comes to online shopping, the story of our cards and mobile wallet PayZapp isn't any different. Online marketplaces and platforms like Amazon and Swiggy prefer to partner with us for running various schemes, simply because our card holders account for the highest spends.

Ravi and his family also love to travel. Ravi uses HDFC Bank SmartBuy to compare and get the lowest fares. He can also redeem his credit card points to buy his tickets.

PayZapp, our digital wallet, allows effortless management of bill payments and attractive CashBack. Our corporate card facilitates bill settlement directly by the employer, without the hassle of claiming reimbursements for the employee.

When travelling abroad, he carries his HDFC Bank Regalia Forex Card which has no cross-currency charges, regardless of which country he's travelling to. Whether it comes to providing his teenager with some pocket money, or sending a last minute e-gift to his sister in Chennai, our solutions are designed to simplify Ravi's life, every day.

We have deployed the most robust fund transfer mechanisms across UPI, IMPS, NEFT, RTGS, with over 400 Crore transactions processed annually. HDFC Bank has partnered with GooglePay as a payment services provider (PSP) bank for UPI and is also shortly going live with WhatsApp.

Further, we provide the widest range of payment solutions to Central and state governments across departments – transit (metro rail/ bus/ waterways), tolls (national and state highways), FASTag, disbursals and payments (subsidies/ DBT/ eNam), as well as Smart Cities.

Numbers that speak volumes

17.97 Lakh Merchant acceptance points	**3.21 Crore** Debit Cards	**1.45 Crore** Credit Cards
40% POS transactions in India	**50%** Online transactions in India	**1,300+** Alliance partnership programmes
2.3 Crore Registered customers on PayZapp	**35 Lakh** Prepaid cards	**65 Lakh** Customers purchased through consumer finance products

Our strategy

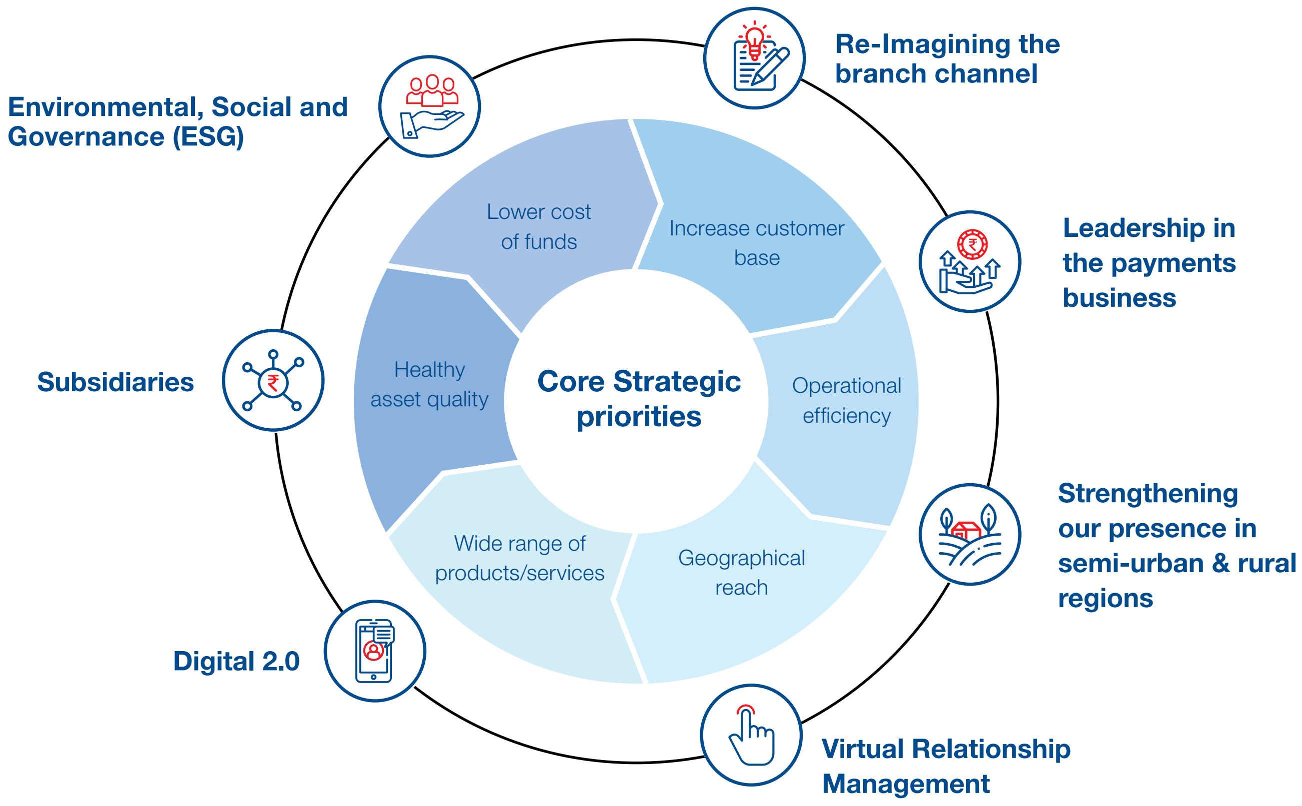
In this section

Strategic priorities

Paving pathways for the future

At HDFC Bank, we factor in our external environment, emerging risks and opportunities, as well as stakeholder expectations to arrive at our strategic roadmap.

External environment	Stakeholder expectations
Risks and opportunities	Mission. Vision. Purpose



Value we create

- Responsible leadership
- Consistent growth
- Customer-centricity
- Nationwide footprint
- Empowering households
- Climate change initiative
- Good governance

Our long-term strategic objectives

Increase customer base
We are continuously adding new customers in our existing as well as new markets by providing innovative solutions, and ensuring transparent and responsible practices. We leverage our physical and digital infrastructure to deliver superior customer experience, which drives customer loyalty and increase in share of wallet.

Enhance our range of products and services
We offer a comprehensive suite of products and services, which is designed to address the needs of our diverse customer base. We make optimum use of our multiple delivery channels to engage with our customers to expand our offerings in line with evolving needs and preferences.

Drive operational efficiency
We constantly endeavour to drive efficiencies through digitisation by creating enabling applications, smart functionalities, and better platforms.

Maintain healthy asset quality
We have an unwavering focus on our asset quality. Our disciplined credit risk management and robust culture of due diligence that considers environmental and evolving operational risks provide stability to our asset quality across economic cycles.

Expand geographic reach
Our deep understanding of various geographies enables us to develop products and services catering to the unmet needs of customers, which deepens our penetration in existing markets. Backed by our strong technology backbone, we are further expanding our reach by strategically increasing our banking outlets and adding channel partners across CSCs, BCs, among others.

Lower cost of funds
We are focused on maintaining our cost of funds at lower levels, and also on improving our overall cost efficiencies by optimising our product portfolio mix.

The Management Team of the Bank over the last two years has conceptualised the following key strategic priorities to be played out in the next 3-5 years, which is expected to propel the next wave of growth opportunities for the Bank.

Re-Imagining the branch channel

The branch channel is one of the key drivers for our business. Almost 40% of our employees are involved in retail banking, galvanising the key business for our bank, that is, retail deposits, retail trade & forex business, unsecured and secured business and third party distribution business.

Re-imagining the retail branch banking is focused on transforming branches as phygital financial marketplace through :

- Base sales process anchored on catchment scoping and mining with institutionalised consistency and rigour across the organisation.
- Artificial intelligence-led big data analytics to arrive at sharply customised propositions for customers thus enabling meaningful customer interactions and improved customer-centric sales outcomes.
- Customer experience excellence through the Infinite Smiles programme, measuring Net Promoter Score (NPS) of customer interactions, continuous improvement of our customer processes, leveraging technology and biometrics for customer on-boarding and life cycle management, thus building India's most customer obsessed financial brand.

The primary objective of this strategy is to step-up the pace of customer additions and continue offering the Bank's complete product offerings to customers.

Our customer base	2017-18	2018-19	2019-20
No. of customers (Crore)	4.36+	4.91+	5.6+

Leadership in the Payments business

We are a leading player in the Payments ecosystem in the country and will continue to focus on this space. Every third rupee spent on cards in India happens on an HDFC Bank's issued instrument viz credit, debit and prepaid cards. On the issuing side we have almost 3.21 Crore debit cards and 1.45 Crore credit cards.

On the acquiring side currently we have over 17 Lakh merchant acceptance points across India and we plan to scale this network 2-3x over the next few years. On the acquiring side (merchants), we have an even bigger and dominant market share, with approximately 50% of electronic card volumes which consumers swipe at both online and offline merchants in the country going through the HDFC Bank network.

The focus continues to onboard small merchants including kirana stores into the formal banking system by digitising their payment solutions and thereby, capturing the banking business of this segment. Our value proposition for merchants is to provide them with a complete suite of financial services, rather than limiting ourselves to just the payment processing solutions.

Maintaining lead	2017-18	2018-19	2019-20
Credit card holders (Crore)	1.07	1.25	1.45
Merchant Acceptance Points (Lakh)	6.64	9.61	17.97

Strengthening our presence in semi-urban & rural regions

Almost 60% of India's population lives in the semi-urban and rural regions. The banking needs of this aspirational demographics with an average income level at US$ 2000 resembles that of urban India almost 5-10 years back. A low Credit-Deposit ratio in these regions indicates deep liquidity pockets in terms of deposits for our bank and low asset penetration, which, in turn is a clear lending opportunity for us.

With more than half of our banking outlets and a third of our workforce (including agri and SLI teams) in this market, we are well poised to maximise this opportunity. Our focus on semi urban and rural strategy at no point dilutes any of our credit standards.

To increase the distribution footprints in semi-urban rural areas, we have tied up with CSCs, a special purpose vehicle (SPV) set up by Ministry of Electronics and Information Technology (MeitY) to offer Citizen Facilitation Services digitally. The CSC is manned by the Village Level Entrepreneur (VLE) who offers various citizen facilitation services and also acts as a Banking Facilitator for the bank. At present, we have on-boarded almost 1 Lakh VLE's as Banking Facilitators to help source leads for us (of this almost 40% are actively sourcing leads). Further, we have integrated our technology platform with the CSCs to accelerate the pace of lead conversions.

With the help of the VLEs, we intend to create a large distribution network to capture the opportunities in the semi-urban and rural areas. We are working closely with the governments as well as merchants to achieve greater scale in these regions.

Expanding reach in India's hinterlands	2017-18	2018-19	2019-20
No. of semi-urban and rural banking outlets	2,527	2,703	2,808*

Virtual Relationship Management

With a customer acquisition strategy in place it is imperative that we step up customer engagement, product penetration and servicing with a faster turnaround time. While the traditional formal relationship management programme i.e servicing by physical relationship managers/ personal bankers contributes a significant proportion of retail revenues, it is important to step up similar engagement levels across the entire customer base.

Aided by an enriched data warehouse, CRM tools and Artificial Intelligence, we have set up a Virtual Relationship Management channel wherein relationship managers engage and service the customers remotely and provide a complete suite of targeted product offerings digitally.

It provides connect with customers through a combination of technology and personalised conversations. The strength of the virtual team is its robust training strategies which enables Virtual Relationship Managers to adopt individual personalised narratives leading to enhanced relationships and at the same time helping increase the overall productivity for our Bank. The entire interface is currently remotely managed by almost 3,600 VRMs across 13 locations. Currently, 5.6 Million customers are engaged through this channel. We plan to grow it three times by March 2023.

Delighting customers	2017-18	2018-19	2019-20
Customers managed under VRM (Million)	2.95	4.43	5.6

**In addition we have 4,800 BCs managed by CSCs*

Strategic priorities

Digital 2.0

In our digital journey spanning the past five years, we have pioneered a slew of digital products in the sector including the 10 second loan, industry-first Digital LAS, among others which have been a significant game changer.

Digital 2.0 essentially is about re-imagining our digital platforms providing the customer with a frictionless financial experience. The objective is to move the customers from a single transaction to a complete financial solutions journey and thereby, meet all their financial needs. Be it Pay, Save, Invest, Borrow, Shop, Trade, Insure and Advice we offer any financial experience at a platform/ place of the customer's choice.

We have pro-actively partnered with online platform players/ fintech players to provide value added benefits to our customers. By deploying data analytics effectively, we intend to maximise our digital impact, in terms of context and targeting. This digitally synchronised marketing approach, will help us acquire new customers more efficiently. We believe this transition will lead to significant cost efficiencies on the back of automation and reduction of origination costs. Simultaneously, there will be an increase in revenue generation opportunities for our Bank. Faster time-to-market and optimisation of customers' digital life cycle are other benefits from this transition.

We are developing disciplines around new technologies like Robotic Process Automation (RPA), Machine Learning (ML), Artificial Intelligence (AI) and Block chain to further enhance our current digital portfolio. In the long run, these programmes would help integrate the knowledge required to underpin the horizontals of, and strengthen our position as an organisation of the future. Going forward, we will continue our focus on innovation and the innovation-led initiatives. Our API Banking platform is a step in the direction of providing online real-time financial experience to our corporate/ SME customers.

Platforms for a frictionless financial journey across needs

Subsidiaries

Our subsidiaries will continue to find opportunities within the segments that they operate in.

HDB FINANCIAL SERVICES

HDB Financial services (HDBFS) is a Non-Deposit Taking Non-Banking Financial company with Assets Under Management of ₹ 58,833 Crore, and with a distribution network of 1,468 branches across 1,070 cities, HDBFS offers retail consumer products, asset finance and collection services.

HDFC securities

HDFC Securities Limited (HSL) is one of the largest retail broking firms, offering retail broking services primarily to customers of the bank and thereby complementing the product offerings for the bank. HSL runs as a full-service brokerage house and its product basket includes all sub-asset classes such as stocks, derivatives, mutual funds, fixed deposits, NCDs, insurance, bonds, and currency derivatives.

Environmental, Social and Governance (ESG)

Our core values guide our ESG practices and in 2014-15, sustainability was officially included as our fifth (core) value, alongside customer focus, operational excellence, product leadership, and people. Our ESG strategy is focused on climate change, community and society, employment practices, customers, ESG risks in lending, procurement practices, governance, transparency and accountability.

Fortifying for a better future

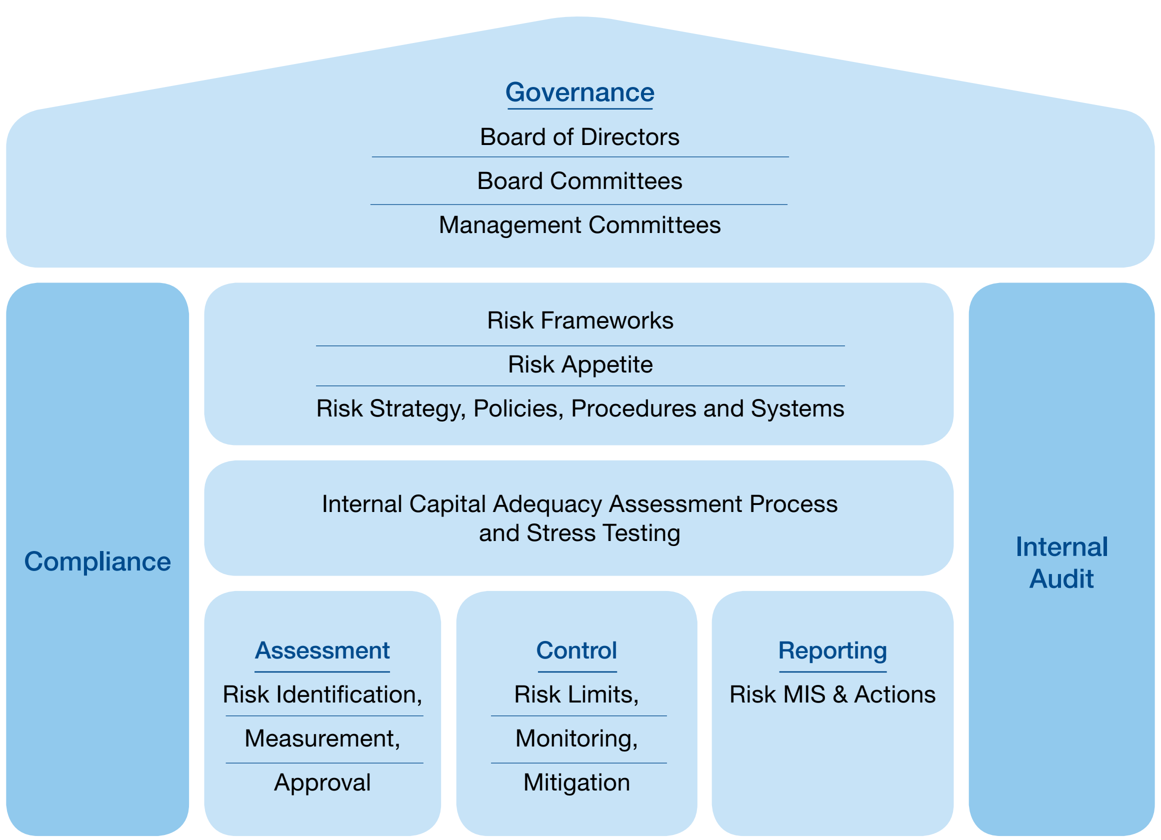
Risks are inherent in any business and banking is no different. We have adopted a multi-layered risk management process to identify, assess, monitor and manage risks through the effective use of processes, information and technology.

The broad categories of risk we face are credit risk, market risk, liquidity risk, interest rate risk and operational risk. Further, our focus on digitisation comes with cyber security and data risk as well as reputational risk.

We are also exposed to Environmental, Social & Governance risks arising out of the nature of business operations of our borrowers (particularly large, corporate borrowers), the industry segment in which they operate and the deficits in their compliance to statutory/ regulatory norms.

Risk exposures are actively captured and reported to the relevant levels of management for initiation of appropriate risk mitigation measures. The risk management function is independent from business and reports directly to the Managing Director.

Our Risk Management Framework



For a detailed explanation on risks and risk management, please refer disclosures to under Basel III - Pillar 3 on page 226.

Main risk areas

Credit risk

This risk arises from default by borrowers in their terms of contract with the Bank – especially failure to make payments or repayments.

Capitals impacted

Strategic priority
Maintaining healthy asset quality with optimal risk-reward considerations.

Mitigation
There are robust policies and processes for managing credit risk in both retail and wholesale businesses, mainly through our (a) segmented policies, (b) credit approval process, (c) post-disbursement monitoring and (d) remedial management procedures.

Environmental, Social & Governance Risks arising from the business operations of the borrower are assessed and monitored via the 'Social & Environment Management System (SEMS)'. For large, long-term project loans, the Bank also appoints a Lenders' Independent Engineer (LIE) to do a comprehensive assessment and monitoring of environment and social risks related to the project.

Market risk

The risk of potential loss in the value of financial instruments held by us, such as market instruments, debt securities, equities, derivatives instruments due to adverse market movements.

Capitals impacted

Strategic priority
Optimising profitability of marked-to-market products within the constraints of liquidity and market risk appetite for the Bank.

Mitigation
Our Board-approved Investment Policy, Market Risk Policy and Limit packages cap exposure in line with the Bank's risk appetite. We follow well-established procedures for portfolio risk evaluation, market risk factor assessment and risk controls.

Compliance risk

The risk of legal or regulatory sanctions, as a result of failure to comply with applicable laws, regulations and standards.

Capitals impacted

Strategic priority
Ensuring businesses work within the contours of regulation.

Mitigation
Comprehensive Board-approved Compliance policy in place which is reviewed on an annual basis. Drill down of the compliance culture within the organisation through an intricate and comprehensive internal control framework.

Financial capital
Human capital
Intellectual capital
Social and Relationship capital
Manufactured capital
Natural capital

Operational risk

This risk arises from inadequate or failed internal processes, controls and systems, and procedures due to employee error or breach, fraud or external events.

Capitals impacted

Strategic priority
Leverage digitisation to create customer delight and enhanced operational efficiency.

Mitigation
A Board-approved governance structure is in place with detailed framework and processes, internal controls, information technology and fraud monitoring mechanisms.

ESG risk

Environment risk: This risk arises due to unpredictable weather conditions and impact of climate change on operations across geographies.

Social and Governance: Issues such as workplace ethics, discrimination, unfair practices while engaging with stakeholders may result in this risk.

Capitals impacted

Strategic priority
- Operational efficiency and targets to reduce emissions.
- ESG strategy.

Mitigation
An ESG policy framework has been formulated to address this risk.

Liquidity risk

Liquidity risk is the risk that the Bank may not be able to meet its financial obligations as they fall due without incurring unacceptable losses.

Capitals impacted

Strategic priority
- To maintain healthy liquidity in comparison to balance sheet size of the bank to tide over any unforeseen stress scenario.
- Maintaining competitive cost of funds.

Mitigation
The Bank's framework for liquidity and interest rate risk management is spelled out in our Asset Liability-Management policy. Further, a robust mechanism to comprehensively track cash flow mismatches under normal as well as stressed conditions and critical ratios including Basel III ratios has also been implemented. The Bank has an extensive intraday liquidity risk management framework for monitoring intraday positions during the day.

Reputation risk

Any adverse stakeholder and public perception about our Bank may negatively impact our ability to attract and retain customers and may expose us to litigation and regulatory actions.

Capitals impacted

Strategic priority
- Delivering superior customer experience.
- Wide range of products and services.

Mitigation
We communicate with our stakeholders regularly through appropriate engagement mechanisms to address stakeholder expectations and assuage their concerns, if any.

Cyber and Data risk

Risk of cyber-attacks on our Bank's systems through hacking, phishing, ransomware and other means, resulting in disruption of our services or theft or leak of sensitive internal data or customer information.

Capitals impacted

Strategic priority
- Facilitating bank growth via secure Digital 2.0 - Social, Mobile, Analytics and Cloud.
- Sustaining operational effectiveness and efficiency through secure Work from Home.
- Adapting and updating Cyber Defense framework to counter new-age threats.
- Continuous information security awareness for employees and customers.

Mitigation
Every specific cyber threat including data privacy is assessed basis the framework (Identify, Prevent/Protect, Detect, Respond and Recover) and controls such as firewalls, anti-malware, anti-advance persistent threats, data loss prevention, Red Teaming, Intrusion prevention/detection, digital rights management, 24*7 security operation centre, and forensics solutions have been put in place. The international 'general data protection regulation (GDPR)' has also been implemented across relevant operations. The Bank is compliant with ISO 27001 and PCI DSS standards.

Read more in the Directors' report on page 86.

Financial capital | Human capital
Intellectual capital | Social and Relationship capital
Manufactured capital | Natural capital

Business Continuity Plan (BCP) at HDFC Bank

Ensuring seamless operations

An overview of the BCP

As the world we live in becomes increasingly unpredictable, having a solid back-up and alternative arrangements is imperative. At HDFC Bank, we have a well-defined Business Continuity Plan (BCP) in place. An ISO 22301 certified plan, our BCP is also based on regulatory guidelines and is subject to regular reviews. It is guided by a Business Continuity Policy and Procedure with clearly defined roles and responsibilities.

Scope of BCP

- Retail Banking Operations
- Wholesale Banking Operations
- Treasury Operations
- Retail Portfolio Management - Credit Cards
- Payment Business & DBC-Risk Control
- Phone Banking
- Retail Branch banking

BCP: Governance and management

- Our central Business Continuity Office works towards strengthening the business continuity preparedness
- BCP is managed by the Information Security Group and governed by the Business Continuity Steering Committee
- This committee is chaired by the Chief Risk Officer (CRO)
- The committee's other representatives are selected from the senior management team

What are the key plans under the BCP?

Plan	Objective
Business continuity	Resume critical business operations after a disaster
Emergency response	Deal with site-level emergency at an office or a branch involving life safety issues like fire, bomb threats, and so on
IT Disaster recovery	Recover critical business applications during hardware/network/power failure
Pandemic response	Facilitate an organised and speedy response to any pandemic incident threatening safety of the Bank's employees and/or disrupting the Bank's critical business functions
Crisis management	Tackle Bank-wide disasters such as pandemic, terrorist attack, city level flood, cyber-attack, among others

Ensuring Business Continuity during the lockdown to fight COVID-19

Team HDFC Bank rose to the challenge of delivering banking services during the outbreak of the COVID-19 pandemic and the ensuing nationwide lockdown.

Our first priority was to ensure the safety of our people who were advised to either work from their homes or from a nearby location. The Crisis Management Plan was invoked. The Crisis Management Team along with other Group Heads/Senior Management swung into action. The team prioritised critical functions such as IT and Treasury to ensure minimal or no business disruptions.

Banking unlocked in lockdown

IT infrastructure and Security	Admin - Focus on hygiene, safety	Others
Chief Information Security Officer (CISO) sent out cyber-security precautions and instructions related communication to all employees	Undertook cleaning/sanitisation of all locations; identified pandemic response coordinators for each location	Treasury was spilt between two locations in Mumbai
IT resources (like laptop, mail on mobile, access to applications through VDI/ VPN) were made available to employees on priority	Before the lockdown, the frequency of cleaning offices across locations was increased	For certain locations, the administrative team reached out to the local authorities to allow people to come to office
Hardware capacity was increased for select servers, thus enabling applications to be securely accessed from home	Protective measures including the distribution of masks to security guards, pantry staff and other support staff were undertaken	Ensured compliance with regulatory requirements and prompt response to advisories and circulars
The teams were kept on high alert to monitor any unusual activity (like hacking attempts) to prevent our critical data from going out into public domain	Hand sanitisers were provided at all locations	Accommodation for critical IT resources working at data centres was provided at the Bank's nearest training centres and hotels
The teams worked from home/office round the clock (in shifts) to ensure IT availability in a secure manner	Highly restricted access provided to vendors and visitors, only allowed with approval from Group Heads	
Cyber security threats were thwarted by implementing two-factor authentication, strengthening anti-virus feature in the devices at home and prohibiting any download on local storage drives	Office premises were sanitised, fumigated and disinfected.	

(please refer to pages 33, 73 and 77 for details on how we engaged with key communities, people and customers during the nationwide lockdown)

ESG: Approach and focus areas

It is our firm belief that our success as an organisation is defined by the long-term wellbeing of the people we engage with, the places in which we operate and the planet that we leave to our future generations.

We endeavour to drive a paradigm change in how ESG (Environmental, Social and Governance) and its parameters are perceived in the banking sector. We are building in ESG parameters into our own business through our products and services by screening opportunities and managing risks is an attempt to drive such change.

Environment

Energy management

Emissions and climate change

Renewable energy

Managing waste

Responsible financing

Social

Community and society

Partnering with the government for nation building

People policies and practices

Customer-centricity

Governance

Good governance

Transparency and accountability

Ethical conduct

Please read more about our customer-centricity and partnering with government initiatives on pages 32 and 34 respectively.

Responsible business

In this section

Environment

Using natural resources prudently

At HDFC Bank, we are cognisant of our environmental footprint and have been recording our Greenhouse Gas (GHG) emissions since 2010. We have aligned with the Sustainable Development Goals (SDGs) and are integrating them into our business strategy as well as execution.

SDGs impacted

SDG 7
Installed solar panels in our offices, with a focus on making our premises compliant with green-building norms

SDG 11
Constant focus on consuming natural resources efficiently

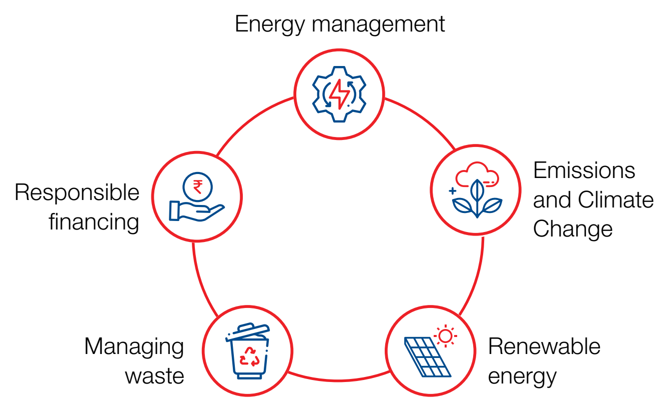
SDG 12
Optimise energy consumption, install capacitor banks and occupation sensors to reduce electricity consumption and so on

SDG 13
Focus on reducing Scope 1 and Scope 2 emissions

Capitals impacted

Natural capital

Building a sustainable future



2.88 MT CO_2e ↓26%*
Emission per Crore total income

10%
Targeted reduction in Scope 1 and Scope 2 emissions intensity by 2021-22

*Y-O-Y

Energy management

At HDFC Bank, we are playing an active role in making 'low carbon economy' a reality. We are installing energy efficient systems and leveraging technology to optimise energy consumption across our operations.

- Using technology and innovation as facilitators in areas such as implementing effective monitoring systems, installing capacitor banks and occupation sensors.
- Sharing energy usage patterns and anomalies through an easy-to-use portal with our employees, enabling them to take ownership of efficient energy consumption.
- Deploying Energy Management Systems (EnMS) which use data analytics to help improve energy efficiency, leading to reduction of power consumption by ~12% across 600 branches.

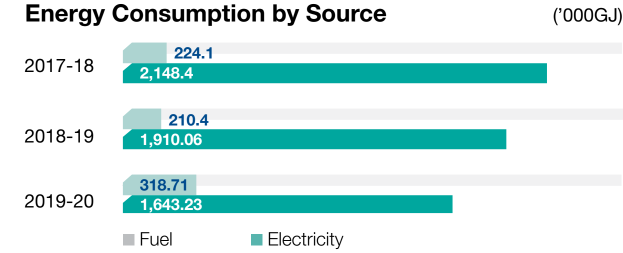
LEDfication
We are replacing traditional fluorescent lights with LED lamps, across several existing as well as new branches and premises.

Elevator scheduling
Based on our operational hours, elevators at our premises are being scheduled and partial operations of elevators were regulated at 18 locations across the country.

Provision of equipment scheduler
We have installed sensors in about 600 branches to monitor the HVAC, lights and signage, resulting in a saving of 12% of average energy consumption.

Variable refrigerant flow (VRF) systems and inverter ACs
The Bank has installed VRF in ACs at back office premises for high performance and energy efficiency in commercial buildings. It has installed this system in five back offices. Almost 30,000+ units of electricity have been saved since the launch of these systems. The control system in inverter ACs adjusts the compressor frequency to maintain temperature control without consuming excess power. 3,041 inverter ACs were installed across existing and new branches saving about 8.6 Lakh units of electricity.

Energy Consumption by Source ('000GJ)



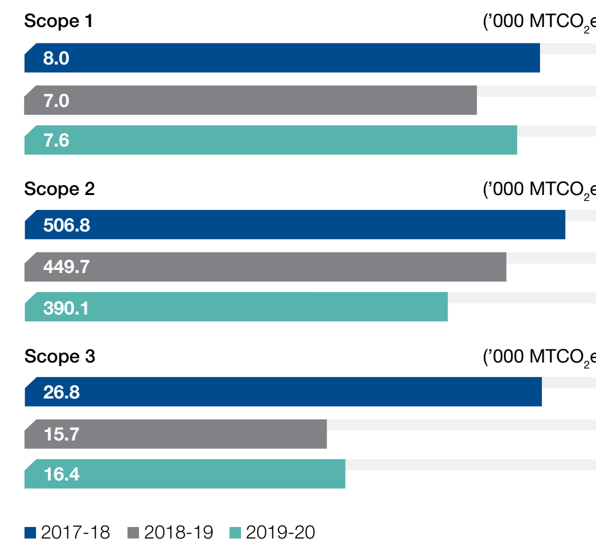
Emissions and climate change

Measuring and disclosing greenhouse gas (GHG) emissions transparently is an important step towards reducing our carbon footprint. While our absolute Scope 1 and Scope 2 emissions declined during the year, our target is to reduce our combined Scope 1 and 2 emissions intensity by 10% by 2020-21. Our people, customers and other stakeholders are being sensitised on various emission-reduction options such as adoption of digital banking channels and paperless transactions, and energy efficient products.

DG replacement by GG
At Bank branches where diesel generators (DG) with capacity upto 125 KVA are installed and the locations have a gas pipeline, we plan to replace the DGs with gas generators to reduce emissions considerably.

DG replacement by Li-Ion inverter
For DGs with capacity upto 40 KVA, we plan to use Li-Ion inverter as replacement.

Our track record in emission reduction

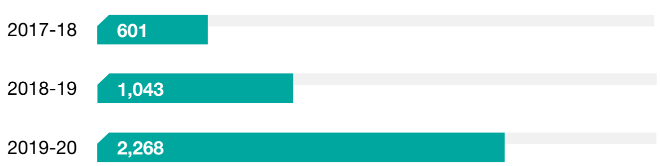


Note: Above calculated emissions are being extremely verified. The assurance statement will be a part of the Sustainability Report 2019-20.

Renewable energy

Our offices at Jaipur, Pune, Noida, Bhubaneswar and Chandigarh have a cumulative installed solar capacity of 145.5 KW.
We also promote the usage of alternative energy sources and cleaner energy through our social initiatives. In some rural areas, where power fluctuation is high, we have installed solar ATMs. In addition, we finance solar and wind energy projects.

Renewable energy capacity financed (MW cumulative)

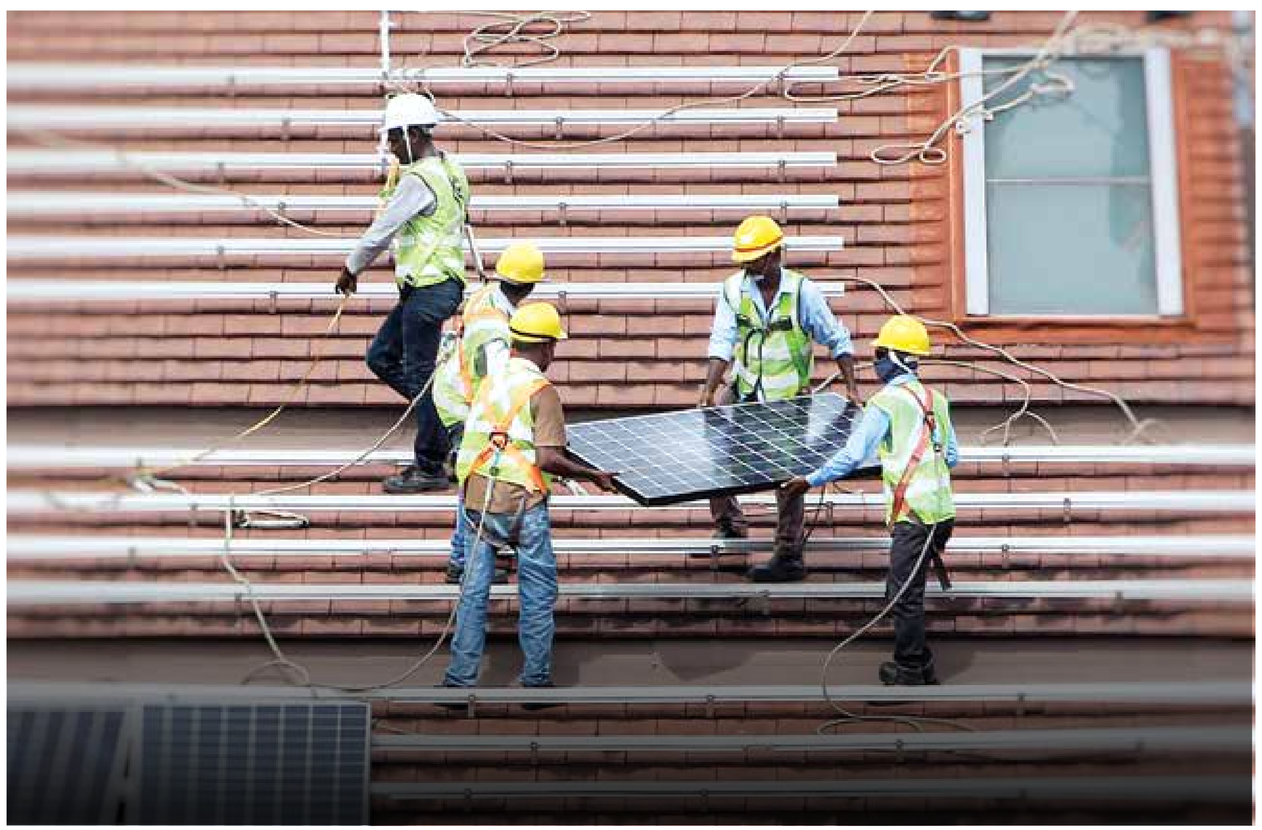


Read more in Sustainability Report 2019-20

145.5 KW v/s 135.5 KW in 2018-19
Solar capacity*

LEED certified buildings:
Mumbai and Bhubaneswar Offices Certified 'Gold' by Leadership in Energy and Environmental Design (LEED)

Upcoming office in Mohali and Palava Training Centre
Constructed as per standards of Indian Green Building Council (IGBC) gold certification



*During 2019-20

Managing waste

Our waste management efforts are structured around the three Rs of 'Reduce-Reuse-Recycle'. We deal with three types of non-hazardous waste, namely, e-waste, dry waste (paper waste) and wet waste (cafeteria, sewage), of which e-waste is disposed through authorised recyclers. Hazardous waste within our Bank's scope arising from diesel/fuel oil used in generator sets, is negligible.

Further, e-waste generated by the Bank such as electronic items and related equipment is disposed of as per statutory processes.

For some large offices, sewage treatment plants have been installed within the premises to treat wastewater before releasing it into municipal waste.

Minimising use of plastic bottles

During the year, we phased out all single use plastic water bottles from all our hub offices pan-India. Additionally, multiple use plastic water bottles were replaced with glass jars across all meeting and video conferencing rooms. Along with reducing plastic usage and waste, our initiatives have also triggered a behavioural change among employees.

261.92 MT
E-waste disposed through recyclers*

96 Kg
Plastic removed from the system by phasing out single use plastic bottles

Responsible financing

Environment, Health and Safety parameters are integral to our overall credit risk assessment and monitoring process. Before being funded, every project has to clear the terms of the EHS risk it entails and the potential impact and mitigation measures in place or proposed. All financed projects include clauses prohibiting child, compulsory or forced labour. Further, loan applications exceeding ₹10 Crore in value and 5 years in tenure are evaluated under the SEMS (Social and Environmental Management System) framework, which evaluates their environmental and social impact.

345
Loan proposals screened and approved through the SEMS (Social & Environment Management System) framework*

Read more in Sustainability Report 2019-20

*During 2019-20

Social - Communities

Building better connect by empowering

SDGs impacted

SDGs 1, 2, 3, 4, 5, 6, 7, 8, 12, 13 and 15
Holistic Rural Development Programme (HRDP)

SDGs 1, 2, 8 and 9
Skill Training and Livelihood Enhancement

SDG 4
Promotion of education

SDG 3
Healthcare and Hygiene

SDGs 5 and 8
Financial Literacy and Inclusion

Capitals impacted

Social and Relationship capital

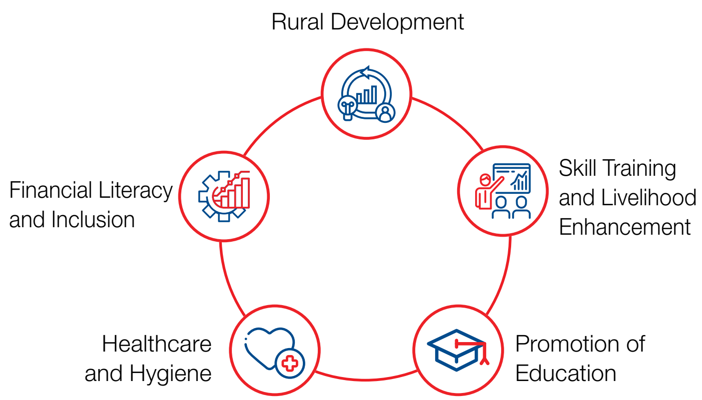
HDFC BANK PARIVARTAN
A step towards progress

Our social initiatives comprise the work we do towards developing stronger communities (under Parivartan), working closely with our people to become their preferred employer and creating superior experiences for our customers, in a sustainable manner. We have identified Sustainable Development Goals (SDGs) that are best aligned with our areas of focus and material topics.

Community connect

As one of India's largest private sector banks, we are not only fuelling the nation's aspirations, but are also actively participating in its social transformation agenda through Parivartan.
Our initiatives range from financial literacy to skill training and livelihood enhancement, especially in rural India. We have also partnered with civil society, government and non-government agencies to uplift the underserved sections of the society.

Parivartan focus areas



1,282
Villages in 17 states covered under HRDP (Holistic Rural Development Programme)**

1.6 Lakh+
Individuals upskilled**

16.9 Lakh+
Financial literacy camps**

28,800+
Toilets constructed**

19.6 Lakh
Teachers trained across 28 states/UTs**

***As of March 31, 2020*

Rural development

Our HRDP, aligned with the government's Adarsh Gaon Abhiyan initiative, identifies and addresses key concerns of villages in consultation with the local authorities and village communities. Projects under the HRDP range from school infrastructure to household sanitation, sustainable agricultural practices to accessible drinking, and irrigation water and renewable energy sources (solar, biogas, biomass) to alternative sources of livelihood.

28,300+
Acres of agri-land treated**

28,000+
Solar lights installed**

7,800+
Water conservation structures constructed**

Revenue from waste

Solid Waste Management Units have been established in 18 villages of Punjab covering about 6,000 households to address the issue of improper dumping of waste. The system facilitates door-to-door collection of dry and wet segregated waste, secondary segregation and waste treatment.
These units are revenue generating. Currently, door-to-door waste collection is being done from about 3,000 households. Community ownership and self-sustainability are being developed through respective Village Development Committees (VDCs) undertaking intensive awareness generation and mobilisation of households to join the initiative to ensure source segregation of waste.

Skill training and livelihood enhancement

Under this initiative, we aim to empower unemployed and unskilled rural youth as well as households from economically backward regions to access better livelihood opportunities. We support several projects focused on capacity-building, upskilling, entrepreneurial activities, agricultural and allied practices.

Financial Independence through Entrepreneurship

The Vidarbha region has been economically vulnerable largely due to its unpredictable weather conditions. We conducted training for alternative income generation activities, through SHGs, for women in one of the villages. The project helped establish vermi-compost beds as a first step. Till date, 1,865 kg of vermi-compost has been sold. The project has now been rolled out across six villages.

7.8 Lakh
Women trained**

1.6 Lakh+
Individuals upskilled**

***As of March 31, 2020*

Promotion of education

Our multi-faceted initiatives for education are aligned with the Sarva Shiksha Abhiyan of the Government. These initiatives are structured to promote learning by creating a conducive environment in schools. Our initiatives cover school infrastructure, teaching skills, innovation, remedial classes, quality of education, outreach at grassroot levels, among others.

Zero-Investment Innovations in Education Initiatives (ZIIEI)

ZIIEI is a pan-India initiative aimed at developing effective, innovative solutions to improve existing educational processes at zero or minimal cost. The pilot was launched in Uttar Pradesh where about 5.5 Lakh teachers were oriented. It has now been rolled out across 21 States and 7 Union Territories.

202 Lakh+
Students benefited directly and indirectly**

2.62 Lakh+
Schools outreached**

19.6 Lakh+
Teachers oriented**

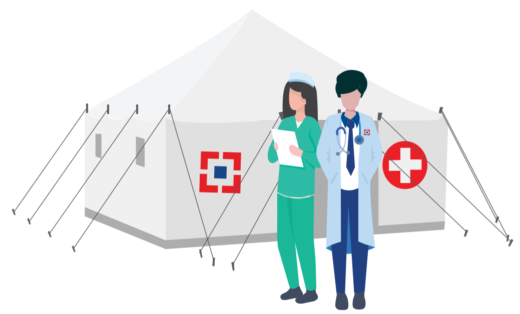
Healthcare and hygiene

At HDFC Bank, we actively work towards fostering behavioural change in the areas of health and hygiene. We provide sanitation infrastructure, promote health through health camps, generate awareness about nutrition, provide clean drinking water and conduct blood donation drives. Our Annual Blood Donation Drive has been recognised by the Guinness World Records for collecting the highest number of units of blood in a single day.

Ushering in better hygiene

Ten-year-old Golu Kumari would often leave early from school complaining of stomach pain and dizziness. However, she was not the only one in her school to do so. The root cause of their illness: the school had no toilet. A toilet was built, for both girls and boys. Awareness camps and WASH activities were also undertaken. It resulted in an increase in school attendance by almost 50%.

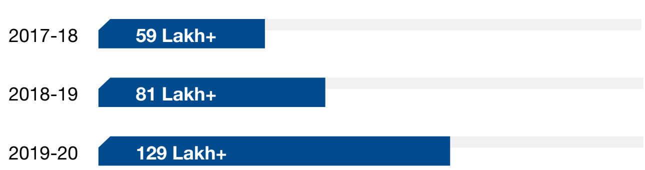
1.4 Million
units of blood collected cumulatively over a period of 13 years



Financial literacy and inclusion

Financial literacy workshops are conducted in communities outside the formal economy. We work actively to generate awareness on general banking, provide credit counselling in schools and colleges, and among senior citizens and pensioners. Other key interventions under financial literacy are promotion and capacity building of Self-Help Groups (SHGs).

Individuals reached through financial literacy programme



Digidhan or Dhanchayat provides financial literacy on wheels, educating people in semi urban and rural areas. The programme has been running successfully since 2015.

***As of March 31, 2020*

Working with communities to combat COVID-19

During the nationwide lockdown to fight the COVID-19 pandemic, we implemented a comprehensive plan to support the society.

Extending support to the Government and hospitals

- Contributed ₹70 Crore towards PM CARES Fund
- Provided monetary support to health department, municipal corporations and disaster management verticals across 15+ states in the country
- Supported hospitals to source PPE kits, ventilators and other essential medical equipment
- Encouraged our employees to donate a day's basic salary

Supporting the underprivileged and COVID-19 warriors

- Working together with our NGO partners to provide dry ration to daily wage-earners as well as farmers in rural regions
- Our staff volunteered to work at grassroot levels and provide daily wage earners with cooked food
- Equipped the police force with safety kits, sanitisers and infrared thermometers

Spreading awareness

- Created awareness about PM CARES Fund and all government advisories and protocols around the crisis on social media platforms and internal information portals
- Facilitated sharing of information on vendors providing critical supplies
- Initiated mass awareness campaigns through cycles and rickshaws to reach remote places
- Created awareness through our partners in our project areas

Others

- Launched mobile ATM vans across the country
- Sanctioned donation of water tanks to address the issue of unavailability of water for workers in Punjab Mandi
- Released a song '#HumHaarNahiMaanenge (We will not give up)' composed by Oscar and Grammy Award-winning musician A.R. Rahman, and lyrics penned by noted lyricist and poet, Prasoon Joshi. The campaign encouraged viewers to contribute to the COVID-19 relief fund-raiser

Read more in Sustainability Report 2019-20

Social - People

Creative work environment. Engaged employees.

We believe that our 100,000+ workforce spread across the country is the cornerstone of our success. Their engagement and commitment makes us who we are. It is our constant endeavour to create great employee experiences that distinguish us. As an outcome of this we aspire to be an employer of choice in the BFSI sector and across industries in India.

SDGs impacted

SDG 3
We undertake varied initiatives to ensure the health and well-being of our people.

SDG 5
We follow an equal opportunity hiring process and undertake efforts to develop a conducive work environment.

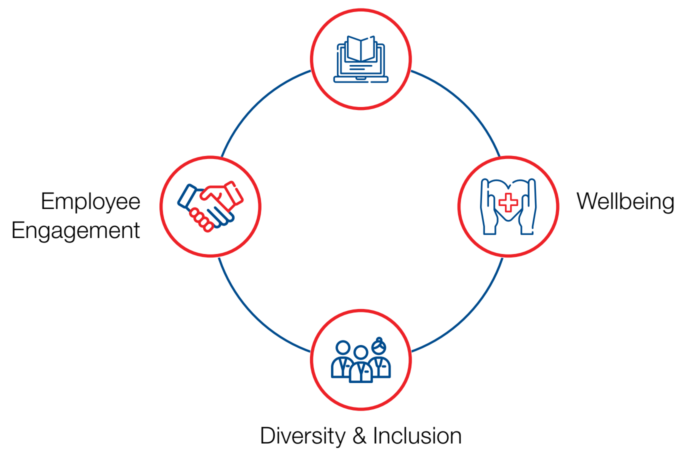
SDG 8
Focus on learning and development and a merit-based, rewarding work culture.

SDG 10
Our Bank is a fair employer and does not discriminate on the basis of gender, caste, colour, sex or creed.

Capitals impacted

Human capital

Our employee focus areas



60.32
Training hours/employee*

68,660
Participants in wellness initiatives under HDFC Bank Cares*

86.61%
Employees trained at least once through classroom or e-learning*

94%
Response rate to Voice – our employee engagement survey*

*During 2019-20
**As of March 31, 2020

Learning & Development

Our Learning and Development framework aims at building employee capability to maintain the highest level of operational efficiency, customer focus, and people orientation as well as to prepare employees to take on higher level roles. It places strong emphasis on ensuring high ethical standards, professional integrity, corporate governance and regulatory compliance.

Our capability development framework is based on the principle of 70:20:10 where 70% of the learning is on-the-job which includes role enlargement and role changes, 20% through social learning and special projects and 10% is formal training. We have a well institutionalised process of onboarding and rotating employees into diverse roles under the career management framework. Based on this, significant effort is devoted towards handholding employees on the job and setting them up for success. Thus, actual 'training' investment accounts for only 10% of the overall capability building effort.

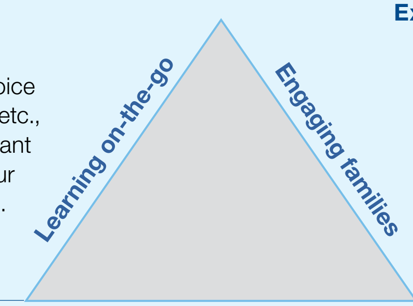
Number of participants in onboarding programmes

Our training programmes are versatile and interactive and are delivered through a blended learning platform which includes classrooms, e-learning etc. We ensure a wide reach of our learning initiatives by engaging with employees in deeper geographies through innovative and alternative methodologies like backpack trainers, byte-sized learning, voice drops, messaging, short videos among others.

Building employee capability

90-second learnings on product and process

Alternative learning channels such as 'voice drops' and 'messaging' that use jingles, etc., to make employees aware of the important aspects of their job role, changes in our products or processes among others.



Extending learning to employees' families

Learning initiative, especially for employees nearing their retirement and their spouses, to facilitate a comfortable post-retirement life – financially, physically and emotionally covering financial planning, health and post-retirement interests and careers and programmes on personal effectiveness for the children of employees.

Seamless and uniform onboarding

Learning initiative to ensure that new recruits across geographies get the necessary information about us, our products, policies and processes, enabling them to acclimatise faster.

We continue to partner with best-in-class institutes for future learning to enable our employees to grow and evolve, adapt and learn in tune with the changes in the market.

Senior leadership programme
Since 2007, we have collaborated with the Indian Institute of Management (IIM), Ahmedabad, to provide an exclusive Senior Leadership Programme for our senior management cadre.

Future Bankers programme
A programme with the Manipal Global Academy of BFSI to provide a talent pipeline of job-ready candidates for entry-level roles in branch banking. Currently, three batches of 650+ 'Future Bankers' are undergoing training.

Talent management programme
In 2019-20, we launched the formal talent management initiative 'Xlrate' with best-in-class partners in talent management space in the country.

Wellbeing

It is our firm belief that an engaged, productive and happy workforce leads to 'happy customers'. Employee wellness is an integral component of our value proposition. Through 'HDFC Bank Cares', we encourage employees to take ownership of their own wellness. There are a host of offerings broadly classified under physical, financial and emotional which employees can take benefit of, based on their requirements.

Physical wellness	Financial wellness	Emotional wellness
• Nutrition counselling • Medical second opinion • Doctor on cell • Health talks • Medical insurance • Health check-ups	• Attractive interest rates on loans • Awareness regarding financial planning and investing right • Discounts and exclusive offers to employees on e-commerce	• Spending time with family and loved ones – partnership with Indian travel companies • Employee assistance service in life crisis situation

Diversity and inclusion

Our diverse team brings with them their own unique experience, perspective and ideas. We also recognise that differences in age, region, gender, ability may lead to unconscious biases at workplace. To promote a diverse and inclusive workplace culture, we have launched several programmes with special focus on women and Gen-Y employees. Our flagship programme on diversity, 'Shrishti' aims to create a level-playing field for women employees. We also launched an audio-visual campaign, 'Uncovering Unconscious Biases', which is focused on creating an inclusive work environment where every individual is respected and differences are valued.

8,000 women
Balance for Better **- to focus on recruiting higher number of women in the Bank**

25 women recruits
Bank Again **- to provide an option to talented women, who had to take a break, to restart their career**

48 ex-defence personnel
Recruitment of former defence personnel into banking roles

Employee engagement

We believe that 'engaged employees' are organisation builders. Over the years, we have worked towards becoming a 'listening organisation', thereby building quality employee connect. We encourage open and transparent communication between employees and the leadership team to listen to and understand their needs and aspirations.

Employees have multiple platforms and opportunities ranging from one-on-one conversations with leaders as well as larger forums and townhalls to connect with the senior leadership. 'Circuit meets' is another platform to share ideas and feedback across groups of employees from diverse businesses.

'Vibes' is a developmental tool which institutionalises a listening mechanism for all our managers to receive feedback from their respective teams. 'Voice' is an organisation-wide sentiment survey through an external partner which is our barometer of Engagement@Work.

Employee connect is also strengthened through various Bank-wide events such as the annual sports event 'Josh', the annual talent competition 'Hunar', among others, which also brings the Bank closer to employees' families. This year, more than 46,000 employees participated across 10 different employee connect programmes such as 'Xpressions' which is a painting competition for the children of employees and 'Wanderers' which are trekking events for employees.

46,000+
Employees participated across 10 employee connect initiatives

Empowering our people during COVID-19 lockdown

At HDFC Bank, we have always put the safety and wellbeing of our employees first. During the COVID-19 lockdown, Team HDFC Bank left no stone unturned in demonstrating strong commitment and and ensuring business continuity, sometimes even going beyond their call of duty.

How we engaged with our teams

We invoked our crisis management plan and our first priority was to ensure employee safety and hygiene. We put in place all requisite measures, such as providing sanitisers and masks, disinfecting and fumigating all our locations periodically and setting up COVID-19 medical helpline for employees. We set up a special employee communication team to ensure that all relevant information reached employees through a credible source and in a timely manner. Medical webinars, newsletters and videos were published via 'Our World', which is an internal communications channel in the Bank as well as our newly launched email ID COVID19Instructions@in.hdfcbank.com. Efforts were made to support employees on their physical and emotional wellbeing, managing anxiety and fears and being able to contribute fully during this period. A doctor-on-call was arranged to address employee queries.

Several teams like Retail Banking, Operations, among others worked from the offices. For these teams, we put in place a structured employee connect programme. Video messages by senior leaders to increase awareness, build morale and express appreciation and solidarity were released regularly.

Most of our teams worked from home and during this period, supervisors and managers played an important role. Several resources were designed and provided to enable them to work remotely and also build some quick capability in managing remote teams.

As the lockdown was eased, return to work norms were circulated to ensure employees were aware of the safety rules such as social distancing and regular temperature checks among others.

We intensified our focus on enabling capability development of the teams through e-learning modules on various roles, products and processes. LIVE webcast sessions by trainers and experts were also conducted. Equipped with the right and appropriate tools, the team members working from home and from branches reached out to customers making customer engagements on a daily basis. In summary, client engagement became stronger, productivity improved, stress levels reduced and work-life balance was enhanced.

Read more in Sustainability Report 2019-20

Governance

Transparent and accountable

At HDFC Bank, we are committed to maintaining the highest standards of ethics, integrity, governance and regulatory compliance.

Our Corporate Governance philosophy, enunciated in our ESG framework, provides direction around the cardinal principles of independence, accountability, transparency, fair disclosures, responsibility and credibility in the way we conduct our operations.

SDGs impacted

SDG 16
Strong governance practices, including board expertise and oversight on key issues with key committees monitoring the Bank's systems. We align ourselves with all Government and National Missions that enable us to achieve our goals under SDGs.

Capitals impacted

- Financial capital
- Intellectual capital
- Manufactured capital
- Human capital
- Social and Relationship capital
- Natural capital

Board of Directors and Board competence

Our Board of Directors comprises renowned professionals with diverse experience and expertise in banking, financial markets, risk management, regulatory affairs, finance, credit, information technology, human resource management, small-scale industries, agriculture, rural economy and law domains.

We have also inducted information technology experts on the Board as non-executive/independent directors given our focus on digitisation, and the associated risks related to cyber security, data privacy and infrastructure. The various Board committees – Risk Policy & Monitoring Committee, Fraud Monitoring Committee, Corporate Social Responsibility Committee, Customer Service Committee, among others – provide focused oversight on specific areas of significance and compliance.

A majority of the Directors have been associated with the Bank for more than three years and have in-depth understanding of the business model, business processes and business environment. Each Director has specialised knowledge and practical experience in various areas as required in terms of provisions of Section 10-A (2)(a) of the Banking Regulation Act, 1949. Familiarisation of Directors is an ongoing process.

The Board members are regularly updated on relevant topics of interest relating to the Bank's business environment and operations, such as the current economic outlook, state of affairs in the Bank, impact of new guidelines issued by the RBI on performance and compensation of Whole Time Directors and Material Risk Takers, Compliance framework, Risk Management framework, Cyber security functions, Internal Capital Adequacy Assessment Process (ICAAP), among others. The Board committees conduct elaborate discussions and presentations on topics such as cyber security landscape and cyber fraud trends in the banking industry, mitigating controls, CSR and ESG directives, customer service framework and grievance redressal mechanism. The Board members also participate in seminars on relevant subjects conducted by reputed organisations. Newly appointed Independent Directors undergo a structured orientation/ familiarisation process and also engage with the vertical heads to familiarise themselves with their roles and the Bank's operations and business model.

33 years
Average experience of Board members

31 hours
Spent by the Board cumulatively in several familiarisation programmes*

**During 2019-20*

Board involvement and initiatives

The Board encourages the adoption of global best practices in our functioning. The Audit Committee, Nomination and Remuneration Committee, Risk Policy and Monitoring Committee are comprised mainly of Independent Directors who bring their objective viewpoints to the table. The Board also seeks external opinion of experts from the fields of law, macroeconomics, among others, and emphasises proactive interactions with regulators to ensure full compliance with applicable legislations and guidelines.

We have a Board-approved policy of appointing Directors that outlines the extensive due diligence process followed by the Bank before onboarding Directors.

Board initiatives during the year included

- Hosting interactive sessions with speaker shareholders by the management
- Governance sub-committee comprising Bank officials for transparency and flexibility in the functioning of our Bank

Culture of transparency and accountability

Transparency and accountability are among the key expectations of our stakeholders. We follow timely disclosures and fair presentation of information as much for compliance as for stakeholders' benefit. We have established practices that allow for sufficient and visible flow of information, with adequate safeguards in place.

Board initiatives towards transparency include

- Policy for appointment and fit and proper criteria of Directors
- Charters of Board-level committees

Policies and frameworks for ethical conduct

We have adopted industry-best governance practices in India and globally. To ensure a pervasive culture of good governance, we have created the environment and instituted polices and frameworks for ethical business conduct. These policies are communicated regularly to the management, employees and other stakeholders.

Our corporate governance policies include

- Code for corporate governance
- Policies to prevent insider trading, govern related-party transactions
- Policies around Prevention of Sexual Harassment (POSH)
- Whistle blower policy

We are working towards making our governance framework even more transparent and accountable to our stakeholders.

Read more in the Corporate Governance report on page 285

Board of Directors

Steering responsible growth

Shyamala Gopinath
Part Time Non-Executive Chairperson and Independent Director

Malay Patel
Independent Director

MD Ranganath
Independent Director

Sandeep Parekh
Independent Director

Sanjiv Sachar
Independent Director

Umesh Chandra Sarangi
Independent Director

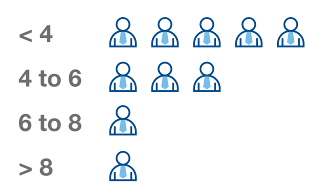
Renu Karnad
Additional Non-Executive Director

Srikanth Nadhamuni
Non-Executive Director

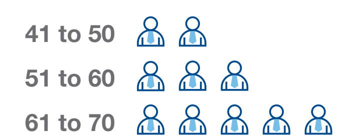
Aditya Puri
Managing Director

Kaizad Bharucha
Executive Director

Length of service of Directors (Years)*



Age group of Directors (Years)



**Pursuant to Banking Regulation Act, 1949, only the Chairperson and Whole-time Directors may hold office for a period exceeding eight years*

Detailed profile in the Corporate Governance report on page 285

Senior management team

Focused on execution

Aditya Puri
Managing Director

Kaizad Bharucha
Executive Director

Anjani Rathor
Group Head – Digital Banking

Arup Rakshit
Group Head - Treasury - Sales, Analytics and Overseas

Arvind Kapil
Group Head - Retail Assets

Arvind Vohra
Group Head - Retail Branch Banking

Ashima Bhat
Group Head - Finance & Strategy, Administration, Infrastructure and CSR

Ashish Parthasarthy
Treasurer

Benjamin Frank
Group Head - Wholesale Credit and Risk

Bhavesh Zaveri
Group Head - Operations and Technology

Jimmy Tata
Chief Risk Officer

Munish Mittal
Chief Information Officer

Nirav Shah
Group Head - Emerging Corporates Group, Infrastructure Finance Group, Rural Banking Group, Transportation Group & Tractor Finance

Parag Rao
Group Head - Payments, Consumer Finance, Marketing & Digital Banking

Rahul Shukla
Group Head - Corporate Banking, Business Banking & Healthcare Finance

Rakesh Singh
Group Head - Investment Banking, Private Banking, Capital Markets and Financial Institutions

Raveesh Bhatia
Group Head - Corporate Banking, North

S Sampathkumar
Group Head - Liability Products, Third Party Products, ATM, Managed Programs and Non-Resident Business

Sashidhar Jagdishan
Group Head and Strategic Change Agent of the Bank

Smita Bhagat
Group Head - Government and Institution Business and Ecomm and Start-ups

Srinivasan Vaidyanathan
Chief Financial Officer

V Chakrapani
Group Head - Internal Audit and Quality Initiatives Group

Vinay Razdan
Group Head - Human Resources

Expertise

Our senior management team comprises a rich mix of diverse talents with extensive experience in banking and other related industries and functions.

10-year highlights

₹ Crore

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-17	2017-18	2018-19	2019-20
Interest income	20,380.77	27,874.19	35,064.87	41,135.53	48,469.91	60,221.45	69,305.96	80,241.35	98,972.05	1,14,812.65
Interest expense	9,385.08	14,989.58	19,253.75	22,652.90	26,074.23	32,629.93	36,166.74	40,146.49	50,728.83	58,626.40
NET INTEREST INCOME	10,995.69	12,884.61	15,811.12	18,482.63	22,395.68	27,591.52	33,139.22	40,094.86	48,243.22	56,186.25
Other income	4,945.23	5,783.62	6,852.62	7,919.64	8,996.34	10,751.72	12,296.49	15,220.31	17,625.87	23,260.82
NET REVENUES	15,940.92	18,668.23	22,663.74	26,402.28	31,392.02	38,343.24	45,435.71	55,315.17	65,869.09	79,447.07
Operating costs	7,780.02	9,277.64	11,236.11	12,042.20	13,987.55	16,979.69	19,703.32	22,690.36	26,119.37	30,697.53
OPERATING RESULT	8,160.90	9,390.59	11,427.63	14,360.08	17,404.47	21,363.55	25,732.39	32,624.81	39,749.72	48,749.54
Provisions and contingencies	2,342.24	1,877.44	1,677.01	1,588.03	2,075.75	2,725.61	3,593.30	5,927.49	7,550.08	12,142.39
Loan loss provisions	1,198.55	1,091.77	1,234.21	1,632.58	1,723.58	2,133.63	3,145.30	4,910.43	6,394.11	9,083.32
Others	1,143.69	785.67	442.80	(44.56)	352.17	591.98	448.00	1,017.06	1,155.97	3,059.07
PROFIT BEFORE TAX	5,818.66	7,513.15	9,750.62	12,772.05	15,328.72	18,637.94	22,139.09	26,697.32	32,199.64	36,607.15
Provision for taxation	1,892.26	2,346.08	3,024.34	4,293.67	5,112.80	6,341.71	7,589.43	9,210.57	11,121.50	10,349.84
PROFIT AFTER TAX	3,926.40	5,167.07	6,726.28	8,478.38	10,215.92	12,296.23	14,549.66	17,486.75	21,078.14	26,257.31
FUNDS:										
Deposits	2,08,586.41	2,46,706.45	2,96,246.98	3,67,337.48	4,50,795.65	5,46,424.19	6,43,639.66	7,88,770.64	9,23,140.93	11,47,502.29
Subordinated debt	7,393.05	11,105.65	16,586.75	16,643.05	16,254.90	15,090.45	13,182.00	21,107.00	18,232.00	18,232.00
Stockholders' equity	25,376.35	29,924.37	36,214.15	43,478.63	62,009.42	72,677.77	89,462.38	1,06,295.03	1,49,206.32	1,70,986.03
Working funds	2,83,634.24	3,45,248.26	4,21,327.31	4,91,599.50	5,95,695.13	7,40,796.07	8,63,840.19	10,63,934.32	12,44,540.69	15,30,511.26
Loans	1,59,982.67	1,95,420.03	2,39,720.64	3,03,000.27	3,65,495.04	4,64,593.96	5,54,568.20	6,58,333.09	8,19,401.22	9,93,702.88
Investments	67,952.59	89,967.10	1,11,303.21	1,00,111.88	1,56,833.82	1,95,836.29	2,14,463.34	2,42,200.24	2,93,116.07	3,91,826.66

KEY RATIOS	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-17	2017-18	2018-19	2019-20
Earnings per share (₹) *	8.50	11.06	14.24	17.74	21.08	24.42	28.59	33.88	39.33	48.01
Return on average net worth	16.52%	18.37%	20.07%	20.88%	20.36%	17.97%	18.04%	18.22%	16.30%	16.76%
Tier 1 capital ratio	12.23%	11.60%	11.08%	11.77%	13.66%	13.22%	12.79%	13.25%	15.78%	17.23%
Total capital ratio	16.22%	16.52%	16.80%	16.07%	16.79%	15.53%	14.55%	14.82%	17.11%	18.52%
Dividend per share (₹) *	1.65	2.15	2.75	3.42	4.00	4.75	5.50	6.50	7.50	***
Dividend payout ratio	22.72%	22.70%	22.77%	22.68%	23.62%	23.51%	23.32%	23.26%	23.36%	***
Book value per share as at March 31 (₹) *	54.55	63.76	76.10	90.62	123.70	143.74	174.56	204.80	273.94	311.83
Market price per share as at March 31 (₹) **	234.59	259.93	312.68	374.40	511.35	535.58	721.28	964.50	1,159.45	861.90
Price to earnings ratio	27.59	23.51	21.95	21.11	24.26	21.93	25.23	28.47	29.48	17.95

₹1 Crore = ₹10 Million

**Figures for the years prior to 2019-2020 have been adjusted to reflect the effect of split of equity shares from nominal value of ₹2 each into two equity shares of nominal value of ₹1 each.*

***Source: NSE (prices for years prior to 2019-2020 have been divided by two to reflect the sub-division of shares)*

****During 2019-20, the Bank has paid special interim dividend of ₹2.50 per equity shares (post split), to commemorate 25 years of the Bank's operation. The Reserve Bank of India, vide its circular dated April 17, 2020, has decided that banks shall not make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, has not proposed any final dividend for the year ended March 31, 2020.*

Directors' Report

Dear Stakeholders,

Your Directors take great pleasure in presenting the 26th Annual Report on the business and operations of your Bank, together with the audited accounts for the year ended March 31, 2020.

FY 2019-20 was one of the most challenging years for the Indian economy, which faced several headwinds from a slowdown in domestic and global growth, and geopolitical uncertainties. This was exacerbated by the outbreak of the COVID 19 pandemic in the second part of the fourth quarter. Faced with a crisis with no parallels in recent history, most governments across the world including in India prioritised life over anything else and imposed a lockdown to break the chain of transmission.

Needless to say, the 'Great Lockdown' came with an economic price as well, with the International Monetary Fund (IMF) forecasting the "worst economic downturn" globally since the Great Depression in the 1930s.

To minimise the negative impact of the coronavirus outbreak and revive the economy, governments and central banks across the world announced a host of fiscal and monetary policy measures. The Indian government rolled out a ₹ 1.7 lakh crore interim relief package primarily directed towards daily wage earners and farm labourers. The finance ministry also waived late fee, interest and penalties on GST returns for three months and eased various statutory filing deadlines to provide regulatory relief to businesses. The RBI announced an emergency cut in policy rates: by 115 basis points in the repo rate and 130 basis points in the reverse repo rate. The Central Bank also announced a three-month moratorium on repayments of term loans and then extended it by another three months. The Union Government has also announced a stimulus package of 20 lakh crore with a focus on the MSME and NBFC sectors. **(Please refer to the Macroeconomic and Industry Developments section on pages 89-90 for details).**

In this uncertain environment, your Bank continued on its growth path by conducting its business responsibly and reinforcing its commitment to the environment and community at large.

1) Financial Performance

Your Bank recorded an improvement in majority of its key financial parameters, largely due to its prudent credit evaluation of targeted customers and diversified loan book across customer segments, products, and sectors. Managing risk-return decisions with discipline also contributed to the Bank's performance. Net Profit at ₹ 26,257.3 crore went up by 24.6 per cent. Net Interest Income at ₹ 56,186.3 crore rose 16.5 per cent. Net Interest Margin remained stable 4.3 per cent. Gross Non-Performing Assets (NPAs) at 1.26 per cent was among the lowest in the industry.

2) Parivartan

Your Bank continued to transform lives through its umbrella CSR brand, Parivartan which denotes change. The Bank believes that businesses can only prosper if the communities in which they operate prosper as well. This belief has inspired its social initiatives which have potentially made a difference to the lives of over 7.8 crore people, predominantly in rural India. Driving this change is the Sustainable Livelihood Initiative (SLI) team, which employs about 10 per cent of the Bank's workforce and works exclusively on improving livelihood opportunities. The 'Teaching-The-Teacher' initiative has impacted over 2 crore students. The Holistic Rural Development Programme has touched another 16 lakh people across more than 1,200 villages. Having an umbrella brand enables the Bank to lend a sharper focus to these efforts. Your Directors are also happy to report that your Bank met the mandatory CSR expenditure through a spend of ₹ 535 crore. The Bank contributed ₹ 70 crore towards Prime Minister's CARES Fund to support the government's fight against the COVID-19 pandemic.

Summary

Although the economy and HDFC Bank are facing immediate-term challenges from the halt in economic activities due to the lockdown, the market in the post-pandemic recovery period presents tremendous opportunities, given the under-penetration of banking services in the country. Your Bank is well positioned to capitalise on those opportunities, given the strength of its major franchises. Your Bank is also poised to make a greater contribution to bridge the urban-rural divide – be it through its business or social initiatives. This, of course, will not be possible without the contribution of the ever growing family of over two lakh employees (including that of the subsidiaries) across the country, who remain at the forefront of taking your Bank forward every day. Your Directors would like to especially thank those who went well beyond their call of duty during the Covid-19 pandemic to keep your Bank functioning.

Mission and Strategic Focus

Your Bank's mission is to be a 'World-Class Indian Bank'. Its business philosophy is based on five core values: Customer Focus, Operational Excellence, Product Leadership, People and Sustainability. Sustainability should be viewed in unison with Environmental, Social and Governance performance. As a part of this, HDFC Bank through its umbrella CSR brand Parivartan seeks to bring about change in the lives of communities mainly in rural India.

During the year under review, the business objective was to continue building sound customer franchises across distinct businesses to achieve healthy growth in profitability consistent with your Bank's risk appetite.

In line with the above objective, the Bank aims to take digitalisation to the next level to:

- Deliver superior experience and greater convenience to customers
- Increase market share in India's growing banking and financial services industry
- Expand geographical reach
- Cross-sell the broad financial product portfolio
- Sustain strong asset quality through disciplined credit risk management
- Maintain low cost of funds

Your Bank remains committed to the highest levels of ethical standards, professional integrity, corporate governance, and regulatory compliance, which is articulated in its Code of Conduct. Every employee affirms to abide by the Code annually.

Summary of Financial Performance

(₹ crore)

Particulars	For the year ended / As on March 31, 2020	March 31, 2019
Deposits and Other Borrowings	1,292,130.8	1,040,226.1
Advances	993,702.9	819,401.2
Total Income	138,073.5	116,597.9
Profit Before Depreciation and Tax	37,803.0	33,339.8
Profit After Tax	26,257.3	21,078.1
Profit Brought Forward	49,223.3	40,453.4
Total Profit Available for Appropriation	75,480.6	61,531.5
APPROPRIATIONS		
Transfer to Statutory Reserve	6,564.3	5,269.5
Transfer to General Reserve	2,625.7	2,107.8
Transfer to Capital Reserve	1,123.8	105.3
Transfer to / (from) Investment Reserve	-	-
Transfer to / (from) Investment Fluctuation Reserve	1,134.0	773.0
Dividend (including tax / cess thereon) pertaining to previous year paid during the year, net of dividend tax credits	4,893.4	4,052.6
Special dividend (including tax / cess thereon)	1,646.9	-
Balance carried over to Balance Sheet	57,492.5	49,223.3

Dividend

During FY 2019-20, the Bank has paid special interim dividend of ₹ 2.50 per equity shares (post split), to commemorate 25 years of the Bank's operation. In light of the Reserve Bank of India (RBI) Circular dated April 17, 2020, all banks were directed not to make dividend pay-outs pertaining to the financial year ended March 31, 2020 until further instructions from RBI, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank has not proposed any final dividend for the year ended March 31, 2020.

In general, your Bank's dividend policy, among other things, balances the objectives of rewarding shareholders and retaining capital to fund future growth. It has a consistent track record of dividend distribution, with the Dividend Pay-out Ratio ranging between 20 per cent and 25 per cent, which the Board endeavours to maintain.

The dividend policy of your Bank is available on your Bank's website:
https://v1.hdfcbank.com/htdocs/common/pdf/corporate/Dividend-Distribution-Policy.pdf

Ratings

Instrument	Rating	Rating Agency	Comments
Fixed Deposit Programme	CARE AAA (FD)	CARE Ratings	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest credit risk.
	IND Taaa	India Ratings	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest credit risk.
Certificate of Deposits Programme	CARE A1+	CARE Ratings	Instruments with this rating are considered to have very strong degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest credit risk.
	IND A1+	India Ratings	Instruments with this rating are considered to have very strong degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest credit risk.
Long Term Unsecured, Subordinated (Lower Tier 2) Bonds	CARE AAA	CARE Ratings	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest credit risk.
	IND AAA	India Ratings	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest credit risk.
Upper Tier 2 Bonds	CARE AAA	CARE Ratings	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest credit risk.
	CRISIL AAA	CRISIL	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest credit risk.
Infrastructure Bonds	CARE AAA	CARE Ratings	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest credit risk.
	CRISIL AAA	CRISIL	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest credit risk.
Additional Tier I Bonds (Under Basel III)	CARE AA+	CARE Ratings	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
	CRISIL AA+	CRISIL	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
	IND AA+	India Ratings	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
Tier II Bonds (Under Basel III)	CARE AAA	CARE Ratings	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest credit risk.
	CRISIL AAA	CRISIL	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest credit risk.

Issuance of Equity Shares and Employee Stock Options (ESOP)

As on March 31, 2020, the issued, subscribed and paid up capital of your Bank stood at ₹ 5,483,286,460/- comprising of 5,483,286,460 equity shares of ₹ 1 each. This is subsequent to the sub-division of one equity share of your Bank having face value of ₹ 2/- into two equity shares of face value of ₹ 1/- each and consequent alteration in the Capital Clause of the Memorandum of Association of the Bank. Further, 36,673,240 equity shares of face value of ₹ 1/- each were issued by your Bank pursuant to the exercise of Employee Stock Options (ESOPs) (for information pertaining to ESOPs, please refer **Annexure 1** to the Directors' Report)

Capital Adequacy Ratio (CAR)

As on March 31, 2020, your Bank's total CAR, calculated as per Basel III capital regulations, stood at 18.5 per cent, well above the regulatory minimum requirement of 11.075 per cent including a Capital Conservation Buffer of 1.875 per cent and an additional requirement of 0.20 per cent on account of the Bank being identified as a Domestically Systemic Important Bank. Tier I Capital was at 17.2 per cent as of March 31, 2020.

Management Discussion And Analysis

Macroeconomic and Industry Developments

The Indian economy faced several domestic and external headwinds for most part of the year under review due to protectionist trade policies, geopolitical uncertainties and slowdown in major trading partners. Weakness in the auto sector, lingering issues in the NBFC sector, and a moderation in private sector investments contributed to the slowdown. Although growth moderated to 4.2 per cent in FY 2019-20 from 6.1 per cent in FY 2018-19, India became the fifth largest economy in the world, surpassing the UK and France.

India's external sector continued to gain stability as the current account deficit (balance of exports minus imports) declined to 0.2 per cent of GDP in the third quarter of FY 2019-20. This was driven by lower crude oil prices for most part of the year, reducing India's import bill (imports 80 per cent of total oil demand). Foreign direct investment (FDI) and portfolio flows remained strong, rising to over US$ 32 billion and US$ 15 billion in April-December 2019, respectively.

Domestic demand also began to show green shoots in the second half of the year, especially in the rural sector. Better food price realisations and government measures focusing on doubling farm income, such as increase in Minimum Support Prices (MSPs), supported rural demand. Government consumption expenditure remained the support lever in growth dynamics. As per the Central Statistical Organisation government consumption expenditure grew at 11.9 per cent in FY 2019-20 vis-à-vis 10.2 per cent in FY 2018-19.

However, the outbreak of the coronavirus pandemic has clouded the growth outlook. The nationwide lockdown is likely to hit consumption of non-essential items and weigh on activity in the services (particularly in tourism, aviation, and hospitality) as well as the manufacturing sector. Moreover, lower global growth is likely to have a bearing on export demand. The World Bank expects the overall global economy to contract by 5.2 percent due to the coronavirus impact, significantly affecting the US, Eurozone and UK economies.

In the financial sector, credit growth moderated to 6.8 per cent in May 2020 from 13.5 per cent a year ago. The weakness was recorded in agriculture and services while credit deployment to industrial sector improved at the margin. The NPA ratio improved from its peak of 11.2 per cent in the year ended March 31, 2018 to 9.3 per cent in the year ended March 31, 2019, though the pace of improvement has slowed down in recent quarters. As per the RBI's December 2019 Financial Stability Report, Gross Non-Performing Assets (GNPA) ratio of scheduled commercial banks remained unchanged at 9.3 per cent between March 2019 and September 2019. That said, the Central Bank estimates the ratio to deteriorate to 9.9 per cent by September 2020. The current COVID-19 related slowdown could add further stress in the system.

The Government and the RBI have announced a host of measures to cushion the direct impact of the lockdown on the economy. The stimulus package (₹ 20 Lakh crore) announced by the GOI in five tranches had a clear focus on the MSME sector, a key provider of employment in both the organized and unorganized segments and a critical component of the domestic industrial supply chain. The MSME sector that encompasses a wide range of industries had been under considerable stress for a prolonged period before the incidence of COVID. This made them particularly vulnerable to the lockdown and its aftermath. The NBFC sector, a major provider of funding to the MSMEs had also been going through a period of stress particularly in its access to finances both from banks and the market. Thus, the stimulus package focuses on the survival of both MSMEs and NBFCs through the COVID crisis and also their revival. The critical element of the stimulus is its attempt to facilitate the flow of credit to both MSMES directly and to NBFCS. The government aims to do this by reducing the risk taken by banks and other institutions in lending to them by providing explicit guarantees either on the entire loan or a fraction. The guarantees delivered are through Special Purpose Vehicles (SPVs) in which the government has initially taken an equity stake. Thus, for instance the targeted credit flow of ₹ 300 billion in the form of collateral free loans to the smaller MSMEs is backed by a 100 per cent GOI guarantee given through NCGTC. Other measures include creating a fund of funds for MSMEs, partial credit guarantee scheme for NBFCs/MFIs and providing subordinate debt for stressed MSMEs through a Credit Guarantee Fund Trust.

There are non-financial measures as well that aims to benefit MSMEs. The upward revision of turnover and investment limit (Micro: turnover increased to ₹ 5 crore, investment increased to ₹ 1 crore; Small: Turnover increased to ₹ 50 crore and investment increased to ₹ 10 crore; Medium: Turnover increased to ₹ 250 crore and investment increased to ₹ 50 crore) would help MSMEs expand operations considerably without fear of losing some of the fiscal and other benefits that the segment enjoys.

The direct fiscal spending component (on MNREGA, EPF support for business and workers, food grain supply for migrant workers and enhancing Micro food enterprises among other things) is relatively low and stands at ₹ 2 trillion or 1 per cent of GDP. Instead the broad strategy of the stimulus is to remove bottlenecks on the supply side for the smaller and labour intensive firms to set off a "virtuous cycle" of more viable operations, increased production and employment and higher incomes that would translate into enhanced demand.

On the monetary policy side, the RBI has taken a number of steps to provide liquidity and enhance credit flow in the system. The RBI recently delivered an off-cycle rate cut of 40 bps, taking the repo rate to 4.0 per cent and lowered the reverse repo rate by 40 bps to 3.35 per cent. The RBI has delivered a total rate cut (repo) of 115 bps since February 2020. The RBI has also taken a slew of measures to address liquidity constraints such as the announcement of the moratorium, liquidity infusion through TLTRO (Targeted Long Term Repo Operations) for NBFCs (₹ 50,000 crore), liquidity facility ₹ 50,000 crore for mutual funds and a cut in the CRR (Cash Reserve Ratio) by 100 bps to 3%. We expect the Central Bank to deliver further rate cuts and keep liquidity in surplus in the coming months, bringing down the cost of borrowing and pushing credit growth in the system.

CPI inflation remained in a comfortable zone in H1 FY 2019-20. However, inflation rose from October 2019 onwards, peaking in January 2020 (to 7.6 per cent) mainly due to rise in food prices on account of higher onion prices. In FY 2020-21, we (HDFC Bank) expect the headline inflation to ease gradually on lower food prices, drop in crude oil prices and dwindling demand conditions due to the lockdown. For the year ending March 31, 2021, we expect the headline inflation at 3.7 per cent, well within the RBI's target range of 4 +/-2 per cent. Thus, with inflation expected to be below the RBI's median target of 4 per cent, the Central Bank could deliver further rate cuts to support growth.

Overall, we expect the growth to remain subdued in the first half of FY 2020-21, with growth contracting in the first and second quarters and a gradual recovery in the second half supported by fiscal and monetary policy stimulus.

Financial Performance

The financial performance of your Bank during the year ended March 31, 2020, remained healthy with Total Net Revenue (Net Interest Income Plus Other Income) rising 20.6 per cent to ₹ 79,447.1 crore from ₹ 65,869.1 crore in the previous year. Revenue growth was driven by an increase in both Net Interest Income and Other Income. Net Interest Income grew by 16.5 per cent to ₹ 56,186.3 crore due to acceleration in loan growth coupled with a Net Interest Margin (NIM) of 4.3 percent.

Other Income grew by 32.0 per cent to ₹ 23,260.8 crore. The largest component was Fees and Commissions, which increased by 18.5 per cent to ₹ 16,333.7 crore. Foreign Exchange and Derivatives Revenue was ₹ 2,154.8 crore, gain on revaluation and sale of investments was ₹ 1,934.4 crore, and recoveries from written-off accounts were ₹ 2,253.5 crore. Following the outbreak of the coronavirus pandemic in March 2020, the central government imposed a nationwide lockdown from March 24 to break the chain of transmission. Economic activities slowed down considerably. As a result, your Bank witnessed an impact on business volumes in terms of loan originations, distribution of third party products, and payments product activities, as well as on collections. Due to these pressures, fees/other income was lower by ₹ 450 crore during the year.

Operating (Non-Interest) Expenses rose to ₹ 30,697.5 crore from ₹ 26,119.4 crore. During the year, your Bank set up 313 new Banking Outlets and 1,412 ATMs / Cash Deposit and Withdrawal Machines (CDMs). This, along with strong growth in retail asset and card products, resulted in higher infrastructure and staffing expenses. Staff expenses also went up due to employee additions and annual wage revisions. Despite higher infrastructure expenses, the Cost to Income Ratio improved to 38.6 per cent from 39.7 per cent.

Total Provisions and Contingencies were ₹ 12,142.4 crore as compared to ₹ 7,550.1 crore the preceding year. Your Bank's provisioning policies remain more stringent than regulatory requirements. Total provisions for the fourth quarter of the financial year included credit reserves relating to the coronavirus pandemic in the form of contingent provisions of approximately ₹ 1,550.0 crore.

The Coverage Ratio based on specific provisions alone excluding write-offs was 72 per cent; including General and Floating provisions, it was 118 per cent. Your Bank made General Provisions of ₹ 796.0 crore during the year. Gross Non-Performing Assets (GNPA) were at 1.26 per cent of Gross Advances, as against 1.36 per cent in the preceding year. Net NPA ratio stood at 0.36 per cent as against 0.39 per cent in the previous year.

In accordance with the RBI guidelines related to the COVID-19 Regulatory Package announced on March 27, 2020 and April 17, your Bank granted a moratorium of three months on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain unchanged during the moratorium period. The Bank has made provisions above the RBI prescribed requirements against the potential impact of the coronavirus pandemic (based on the information available at this point in time).

Profit Before Tax grew by 13.7 per cent to ₹ 36,607.1 crore. After providing for Income Tax of ₹ 10,349.8 crore, Net Profit increased by 24.6 per cent to ₹ 26,257.3 crore from ₹ 21,078.1 crore. Return on Average Net Worth was 16.76 per cent while Basic Earnings Per Share was ₹ 48.01 up from ₹ 39.33.

As on March 31, 2020, your Bank's Total Balance Sheet stood at ₹ 1,530,511 crore, an increase of 23.0 per cent over ₹ 1,244,541 crore on March 31, 2019. Total Deposits rose by 24.3 per cent to ₹ 1,147,502 crore from ₹ 923,141 crore.

Savings Account Deposits grew by 24.8 per cent to ₹ 310,377 crore while Current Account Deposits rose by 22.3 per cent to ₹ 174,248 crore. Time Deposits stood at ₹ 662,877 crore, representing an increase of 24.6 per cent. CASA Deposits accounted for 42.2 per cent of Total Deposits. Advances stood at ₹ 993,703 crore, an increase of 21.3 per cent. Domestic loan portfolio of ₹ 974,161 crore grew by 21.4 per cent over March 31, 2019. Your Bank had a share of approximately 8.2 per cent in Total Domestic Deposits and 9.3 per cent in Total Domestic Advances.

BUSINESS REVIEW

Your Bank's operations are split into domestic and international.

Domestic Business

A) Retail Banking

Your Bank's Retail Banking Business registered robust growth in the year under review. Domestic Retail Deposits grew by 24.0 per cent to ₹ 879,145 crore from ₹ 709,085 crore in the preceding year while Retail Advances rose 14.6 per cent to ₹ 494,401 crore from ₹ 431,357 crore.

Retail deposits
₹ 879,145 crore
up 24.0 per cent*

Retail advances
₹ 494,401 crore
up 14.6 per cent*

*Over 2018-19

Your Bank continues to be a leader in the auto loans segment with strong presence in passenger, commercial vehicle and two-wheeler financing. The performance must be seen in the context of a market that has de-grown by about 15 per cent in the last two years across segments. Your Bank has countered this by tapping new customers in the interiors of the country, leveraging its tie-up with Common Service Centres and also selling loan products to Kisan Gold Card/Sustainable Livelihood Initiative (SLI) customers. There has also been a strong focus on internal bank customers.

The Personal Loan Business witnessed steady growth to cross the milestone of ₹ 100,000 crore and end the year at over ₹ 115,500 crore. About 80 per cent of the loans were to employees of top rated corporates with reasonably high disposable income.

Your Bank also continues to drive value through its digital platforms, increasing penetration in its internal customer base. Digitalisation also plays a key role for your Bank in pioneering various digital loans - 10 second Personal Loan, Digital Loan Against Shares and Loan Against Mutual Funds.

The Payments Business where your Bank has a dominant presence not only acts as a catalyst for cashless transactions but also spurs consumption. With 3.21 crore debit cards,1.45 crore credit cards and about 1.79 million acceptance points (across all form factors), it is among the largest facilitators of cashless payments in the country. Your Bank's payments business has launched digital offerings such as Bharat QR Code, UPI, and SMS pay solutions. It has also pioneered products such as the SmartHub app for small merchants and DigiPos, which enables traditional PoS machines to accept digital payments.

In the credit card business, your Bank continued to build on its strong base. After becoming the first bank in the country to issue one crore credit cards in FY 2017-18, it ended the year under review with 1.45 crore credit cards.

Credit cards constitute about 6 per cent of the overall Bank book.

In the year under review, your Bank deepened its credit card customer base by launching cards catering to millennials. It took the co-branded route to tap new markets or expand its presence in existing markets. The co-branded card with IOC helps expand its reach in the semi-urban and rural locations; that with Indigo catches the huge aviation market and the one with Walmart helps cater to the SME segment.

The Virtual Relationship Management (VRM) programme gained substantial traction during the year under review. Under VRM, Relationship Managers reach out to customers through remote and digital platforms, leading to deeper engagement in a cost-effective manner. These managers are a single point of contact for customers' banking and financial needs. This programme offers tailor-made solutions using carefully drawn customer level plans and has been well received since its launch.

Banking Outlets
5,416*
Opened 313 outlets#

ATMs/Cash Deposit and Withdrawal Machines
14,901
Opened 1,412 units#

#During 2019-20
*In addition we have 5,379 Banking Outlets managed by CSCs

Meanwhile, your Bank also added 313 Banking Outlets during the year, taking the total to 5,416 across 2,803 cities/towns. The share of semi-urban and rural outlets in the network is 52 per cent, reflecting our continued focus on penetrating further into these markets. In addition, your Bank has 5,379 banking outlets managed by the Common Service Centres. The number of ATMs / Cash Deposit & Withdrawal Machines also increased to 14,901 from 13,489. The total number of customers your Bank catered to as on March 31, 2020 was over 5.60 crore up from 4.90 crore in the previous year.

Customers
5.6 crore+
Addition of about 70 lakh customers#

#During 2019-20

As you are aware that your Bank operates in the Home Loan Business in conjunction with HDFC Limited. As per this arrangement, your Bank sells HDFC home loans while HDFC Limited approves and disburses them. Your Bank receives sourcing fee for these loans and, as per the arrangement, has the option to purchase up to 70 per cent of fully disbursed loans either through the issuance of mortgage-backed Pass Through Certificates (PTCs) or a direct assignment of loans. The balance is retained by HDFC Limited. Your Bank originated, on an average, ₹ 2,350 crore of home loans every month in the year under review and purchased ₹ 24,127 crore as direct assignment of loans.

Third Party Products

Your Bank distributes Life, General & Health Insurance, and Mutual Funds (Third-Party Products). Income from this business grew by 28% per cent to ₹ 2,817 crore from ₹ 2,200 crore and accounted for 17 per cent of Total Fee Income in the year ended March 31, 2020, compared with 16 per cent in the preceding year.

Insurance

The open architecture adopted by your Bank for insurance distribution with nine (9) insurers was made more robust by leveraging more branches and expanding the product bouquet. Continuing with the digital focus, straight through process from prospecting to proposal stage was introduced with real time integration across all insurers. All product offerings were made available on the Netbanking platform. Premium mobilisation in life Insurance for the year ended March 31, 2020 was ₹ 4,587 crore.

In the Non-Life insurance space, your Bank along with its six Non-Life insurance partners introduced new and innovative products and increased customer offerings. All the products offered are enabled through Netbanking and Telesales platforms. Employees across channels have been trained on the new products and processes. Manpower has been strengthened across non-life insurers to increase our business in the non-motor insurance space. Premium mobilisation in General and Health Insurance grew by 3.61 per cent over the year earlier to ₹ 2,356 crore.

B) Wholesale Banking

The Wholesale Banking business was a key growth engine for your Bank in the year under review. This business focuses on institutional customers such as the Government, Large and Emerging Corporates, and SMEs. Your Bank's strong offerings include Working Capital and Term Loans, Supply Change Financing, as well as Trade Credit, Cash Management, Supply Chain Financing, Foreign Exchange, and Investment Banking services.

The Wholesale Banking business recorded healthy growth, ending FY 2019-20 with a domestic loan book size of over ₹ 4.79 lakh crore recording a growth of 29.3 per cent over the year earlier. This constituted about 49 per cent of your Bank's domestic loans as per Basel II classification. Your Bank was able to expand its share of the customer wallet, primarily using sharper customisation, cross-selling and expanding into greater geographies

Corporate Banking, which focuses on large, well-rated companies, continued to be the biggest contributor to Wholesale Banking in terms of asset size. This business was able to capitalise on the trend of large companies preferring to deal with fewer banks. Your Bank deepened its existing relationships as well as gained market share by leveraging its wide product offering. This business ended FY 2019-20 with a domestic loan book size of ₹ 2.4 lakh crore, recording a rise of 57 per cent over the year earlier.

The Emerging Corporates Group, which focuses on the mid-market segment, too witnessed significant growth. Your Bank leveraged its vast geographical reach, technology backbone, automated processes, suite of financial products and quick turnaround times to offer a differentiated service, which has resulted in new customer acquisitions as well as a higher share of the wallet from existing customers. The business continues to have a diversified portfolio in terms of both industry and geography. In the last five years, this business has more than doubled its presence to over 50 cities in India.

The year under review witnessed increased formalisation of the Micro Small and Medium Enterprises (MSMEs) sector due to the adoption of the Goods and Service Tax. This has resulted in greater transparency on data regarding cash flows (for details on the business, please refer to the section on MSME on page 95).

The Investment Banking business cemented its prominent position in the Debt and Equity Capital Markets. Your Bank was ranked 3rd in the Bloomberg rankings of Rupee Bond Book Runners. Your Bank is actively assisting clients in equity fund raising and your Bank was ranked 7th in the PRIME Database League Tables for IPOs, Rights Issues and QIPs for FY 2019-20 for private sector issues.

In the Government business, your Bank sustained its focus on tax collections, collecting direct tax of over ₹ 3 lakh crore and indirect tax of approximately ₹ 3,925 crore during FY 2019-20. In addition, your Bank collected over ₹ 1.82 lakh crore in GST. It continues to enjoy a pre-eminent position among the country's major stock and commodity exchanges in both Cash Management Services and Cash Settlement Services.

Your Bank has led the way in providing Digital Banking Services to not only its retail customers but also to its wholesale banking customers. It was an early adopter of digital technology through the Corporate Net Banking Platform, ENet.

HDFC Bank offers the entire gamut of financial services, such as Payments, Collection, Tax Solutions, Government Business, Trade Finance Services, Cash Management Solutions and Corporate Cards through its flagship platform, besides seamlessly connecting its customers through API, S2S (Server to Server) and Host to Host services.

Your Bank's pre-eminent position in the Wholesale Banking business has secured recognition from Greenwich Associates, a leading provider of proprietary benchmarking data, analytics, and qualitative insights to financial services firms worldwide. It has ranked HDFC Bank:

- Joint No. 1 in Large Corporate Banking with 75 per cent share of market
- Leader in overall Quality of client relationship in Corporate Banking
- No. 1 in Middle-Market Banking with 60 per cent share of market
- Leader in overall Quality of client relationship in Middle-Market Banking

C) Treasury

The Treasury is the custodian of your Bank's cash/liquid assets and handles its investments in securities, foreign exchange and cash instruments. It manages the liquidity and interest rate risks on the balance sheet and is also responsible for meeting reserve requirements. The vertical also helps manage the treasury needs of customers and earns a substantial part of its revenues through fee income generated from transactions customers undertake with your Bank while managing their foreign exchange and interest rate risks.

Revenue accrues from spreads on customer transactions based on trade and remittance flows and demonstrated hedging needs. Your Bank recorded revenue of ₹ 2,154.8 crore from foreign exchange and derivative transactions in the year under review. While plain vanilla forex products were in demand across all customer segments, demand for derivatives products came mostly from large and emerging corporates.

As part of its prudent risk management, your Bank enters into foreign exchange and derivatives deals with counterparties after it has set up appropriate credit limits based on its evaluation of the ability of the counterparty to meet its obligations. Where your Bank enters into foreign currency derivatives contracts not involving the Indian Rupee with its customers, it typically lays them off in the inter-bank market on a matched basis. For such foreign currency derivatives, your Bank primarily carries the counterparty credit risk (where the customer has crystallised payables or mark-to-market losses) and may carry only residual market risk, if any. Your Bank also deals in derivatives on its own account, including for the purpose of its own balance sheet risk management.

Your Bank maintains a portfolio of Government Securities, in line with the regulatory norms governing the Statutory Liquidity Ratio (SLR). A significant portion of these SLR securities are 'Held-to-Maturity' (HTM) category, while some are 'Available for Sale' (AFS). Your Bank is also a primary dealer for government securities. As a part of this business, your Bank holds fixed income securities as 'Held for Trading' (HFT).

In the year under review, your Bank continued to be a significant participant in the domestic exchange and interest rate markets. It also capitalised on falling bond yields to book profits and is now looking at tapping opportunities arising out of the liberalisation in the foreign exchange and interest rate markets.

D) Partnering with the Government

1) CSC Partnership

Your Bank has been closely working with the Government both at the central and state levels. It has an equity investment of over 9 per cent in CSC e-Governance Services India Ltd. CSCs, operated by Village Level Entrepreneurs (VLEs), are the access points for the delivery of essential public utility services, social welfare schemes, healthcare, financial, education and agriculture services, apart from a host of B2C services to citizens in rural and remote areas of the country. It is a pan-India network facilitating the Government's mandate of a socially, financially and digitally inclusive society. The Government of India envisages at least one VLE per 2.54 gram panchayat. Your bank will use this network to offer retail products and banking services and further contribute to the Government's 'Digital India' initiative.

During the year under review, your Bank considerably strengthened its relationship with CSCs by empanelling over 5,300 Business Correspondents covering nearly 600 districts, over 1800 sub-districts and more than 4,500 revenue centres. Also, 55,000 VLEs are now business facilitators. This implies that the Bank is able to cover a much larger footprint at lower costs.

This initiative will not only enable Financial Inclusion, but will also help generate employment opportunities, particularly in rural India. Through CSCs, your Bank also supports women self-help groups by providing loans to improve their standard of living through income generating activities. During the period under review, more than 50,000 women received SHG/JLG loans through CSC VLEs.

Your Bank along with CSC e-Governance Services India Limited and the Confederation of All India Traders (CAIT) signed an MOU to offer its complete range of financial and banking services to CAIT members, even in remote villages.

Your Bank launched 'Small Business Money Back' card, co-branded with CSC e-Governance Services India Limited, for small merchants, traders, farmers and other business entities. They will be able to avail credit limit by simply uploading their one-year bank statement. The sourcing of this card is being done exclusively by CSC

VLEs and more than 19,000 small businesses benefitted through this programme during the year under review.

Under the Digital India initiative, your Bank converted 1,000 villages into 'DigiGaons' in Phase I. The CSC VLEs in these villages were supported with digital infrastructure to impart financial literacy, provide online education services, apart from interventions in sanitation and hygiene. In the second phase, an additional 1,500 DigiGaons were identified and adopted. An IIT-Delhi study found that this initiative contributed to the development of those villages.

2) Start-Up Fund and SmartUp Banking

Under its SmartUp Banking Programme for Start-ups, your Bank crossed the milestone of 10,000 such businesses. The Bank is working with various state governments and incubators/accelerators to promote entrepreneurship. MoUs have already been signed with four state governments and MEITY to enable execution of the varied aspects of their respective start-up policies. Your Bank also works with 15 incubators certified by the Department of Science and Technology, including various Indian Institutes of Technology and Indian Institutes of Management, to identify 60 social start-ups that require financial and advisory support.

E) Semi Urban and Rural

The Semi Urban and Rural markets have always been a focus of your Bank's strategy. In the last two years, the Bank has made a renewed push into the Semi-urban and rural markets as rising income levels and aspirations of rural customers are leading to demand for better quality financial products and services. The Rural groups in every department of your Bank work together to tap these opportunities.

Apart from meeting its statutory obligations under PSL, the Bank has been offering a wide range of products on the asset side like auto, two-wheeler, personal, gold, light commercial vehicle (LCV), small shopkeeper loans in these markets. Now, it plans to increase its coverage of villages and deepen relationships in existing ones. An important aspect of this village penetration strategy is an initiative which combines financial literacy with financial inclusion. Customers in each village would be educated about various products and services of HDFC Bank which can best meet their financial requirements.

The Semi Urban and Rural push has been backed by its digital strategy. A Toll free IVR service has been set up to help farmers. They just have to dial and share their pin code details. The nearest branch is automatically mapped to the farmer and a bank representative will reach out to address their needs.

The Bank's operations in Semi Urban and Rural locations are explained below:

1) Agriculture and Allied Activities

Your Bank's credit to Agriculture & Allied activities stood at ₹ 146,516.75 crore on March 31, 2020, recording nearly 14 per cent increase over ₹ 128,809.32 crore in the year earlier. The importance of this segment can be understood from the fact that over 60 per cent of the population is dependent on agriculture for livelihood. The key to your Bank's success in this market has been its ability to tap the opportunities through:

- Wide product range
- Faster turnaround time
- Digital solutions

The Bank's product range includes pre-and post-harvest crop loans, two-wheeler loans, auto loans, loan against gold, among others. This has helped the Bank establish a strong footprint in the rural hinterland with its asset products. Apart from advising farmers on their financial needs, your Bank is increasingly focusing on facilitating various government/regulatory schemes such as crop insurance and interest subvention.

The Bank has designed a range of crop and geography-specific products in line with the harvest cycles and the local needs of farmers across diverse agro-climatic zones.

Products such as post-harvest cash credit and warehouse receipt financing enable faster cash flows to farmers. Credit is also offered for allied agricultural activities such as dairy, pisciculture, and sericulture.

Your Bank's focus in the rural markets has not just been on increasing credit offtake, but also on cementing relationships with customers by empowering them. As part of these efforts, farmer centres or Kisan Dhan Vikas Kendras have been rolled out in Punjab, Maharashtra, Uttar Pradesh and Madhya Pradesh. At these centres, farmers access information on soil health, mandi prices, and various government initiatives and also receive expert advice. These services are also available on the Bank's website in vernacular languages. Your Bank also provides advisory on weather, cropping and harvesting through SMS.

Digitising Milk Procurement: This initiative brings transparency in the milk procurement and payment process, which benefits both farmers and dairy societies. Multi-function Terminals (MFTs), popularly known as Milk-to-Money ATMs, are deployed in dairy societies. The MFTs link the milk procurement system of the dairy society to the farmer's account to enable faster payments. MFTs have cash dispensers that function as standard ATMs. Payments are credited without the hassles of cash distribution. Further, this process creates a credit history which can then be used for accessing bank credit. Apart from dairy and cattle loans, customers gain access to all the Bank's products including digital offerings such as 10 Second Personal Loans, Kisan Credit Card, Bill Pay, and Missed Call Mobile Recharge. So far, your Bank has digitised payments at over 1,200 milk co-operatives across 21 states, benefiting more than 4.5 lakh dairy farmers.

Substituting Moneylenders: Your Bank is slowly making inroads into a market traditionally dominated by the unorganised sector, moneylenders and pawn brokers. Loans against gold jewellery grew to over ₹ 6,200 crore in FY 2019-20 from over ₹ 5,900 crore in FY 2018-19. The entry of organised players has increased awareness and transparency. The availability of the asset and the ease of securing a loan have made this a convenient and viable credit option.

In FY 2019-20, your Bank added 150 more branches, taking the total number to 800 through which gold loans are distributed. In FY 2020-21, it plans to make gold loans available in even more branches in the rural areas.

Social Initiatives in Farm Sector: Farm yield and income are subject to the vagaries of the weather. In addition, factors like soil health, input quality (seeds and fertilizers), water availability, and government policy have significant impact, along with price realisations and storage facilities. Your Bank has launched a variety of initiatives to ease the stress on farm income and rural households.

Over the last few years, several parts of the country have been severely impacted by natural calamities such as drought, unseasonal rains, hailstorms, and floods. Within regulatory guidelines, your Bank has been providing relief to the impacted farmers. It also has put in place systems designed to enable direct benefit transfers in a time-bound manner.

Lending to the agriculture sector, including to small and marginal farmers, is a regulatory mandate as part of priority sector lending requirements. This segment has inherent credit risks. Your bank has taken various initiatives to navigate the changing agri-lending trend. It has also taken steps pertaining to delinquency management like root-cause analysis of critical locations, close monitoring of delinquency, prioritisation-based recovery strategy, system automations. The Bank has leveraged its extensive knowledge of rural customers to create as well as deliver products and services at affordable price points and with quick turnaround time. This has enabled the Bank to establish a strong footprint in the rural geographies, which it has now leveraged to increase its penetration of liability products. Further, your Bank is building a segment-specific approach like funding to horticulture clusters, supply chain finance, agribusiness, MSMEs and dairy farmers. It also continues to engage closely with farmers to mitigate risks and protect portfolio quality.

2) Semi Urban Micro, Small and Medium Enterprises (MSME)

The MSME sector serves as an important engine for economic growth and is one of the largest employers in the economy. Advances to the MSME segment as on March 31, 2020 stood at ₹ 159,107.93 crore as against ₹ 128,976.48 crore a year ago. Its advances to Micro Enterprises alone stood at ₹ 66,419.74 crore as on March 31, 2020.

The adoption of Goods and Service Tax by MSMEs has resulted in easy availability of data for banks regarding cash flows of these companies. Added to this has been the increasing push for digitalisation by the Government, and the emergence of tech savvy entrepreneurs. The challenges faced by businesses due to limited mobility as a result of COVID-19 is likely to further accelerate digitalisation.

Your Bank has leveraged this trend to create faster solutions. It has further increased the usage of analytics-based credit appraisal tool which was launched in FY 2018-19 for new customer acquisitions. This is facilitated by submission of digital bank statements and a combination of scores arrived by its analytics model. The digital appraisal process has emerged as a major engine of growth for this business as this helps customers to know whether their loans ranging between ₹ 11 lakh to ₹ 5 crore have been sanctioned or rejected within 3 hours.

For existing customers, the SME portal continues to offer ad hoc approvals, pre-approved TODs on an STP basis. Customers can request a top-up of loans and submit the required documents online. The SME Portal also helps customers access your Bank's services related to sanctioned credit facilities 24/7 from anywhere.

On the trade side, the Bank's focus has been on customer engagement for increasing the penetration of Trade on Net applications. This, as you are probably aware, is a complete enterprise trade solution for customers engaged in domestic as well as foreign trade, enabling them to initiate online requests and track them seamlessly resulting in reduced time and costs.

3) **Taking Banking to the Unbanked**
Your Bank is fully committed to taking banking to the remotest parts of the country through the combination of an **extensive physical network** and a robust digital suite of products and services. Today, over 52 per cent of the Bank's outlets are located in rural and semi-urban areas. The Bank also offers last mile access through mobile applications such as BHIM, UPI, USSD, Scan and Pay, and RuPay enabled Micro-ATMs.

To bring more under-banked sections of the population into formal financial channels, your Bank has opened over 24.9 lakh accounts under the Pradhan Mantri Jan Dhan Yojana (PMJDY) and enrolled 33.4 lakh customers in social security schemes since their inception. We now rank among the leading private sector banks in this regard. In the year under review, loans to the tune of ₹ 8,149.3 crore were extended under the **Pradhan Mantri Mudra Yojana (PMMY)** and nearly ₹ 503 crore under the 'Stand up India' scheme to Scheduled Caste, Scheduled Tribe and women borrowers.

4) **Sustainable Livelihood Initiative**
This is primarily a social initiative with elements of business. It entails skill training, livelihood financing, and creating market linkages.

International Business

To address the needs of NRI clients and Indian corporates, your Bank has opened branches and representative offices in Manama (Bahrain), Hong Kong, Dubai, DIFC, Abu Dhabi & Nairobi (Kenya). These offices increase awareness of your Bank's brand with existing and prospective clients. It also has a presence in International Financial Service Centre (IFSC) at GIFT City in Gandhinagar, Gujarat. This unit was opened three years ago. Your Bank offers products such as trade credits, foreign currency term loans including external commercial borrowings (ECB) and derivatives to hedge loans.

As on March 31, 2020, the Balance Sheet size of the international business was US 5.7 billion. Advances constituted 2.85 per cent of the Bank's Gross Advances. The Total Income of the overseas branches constituted 0.85 per cent of the Bank's Total Income for the year. The numbers may appear small, but what is significant here is your Bank's ability to cater to a large and growing Indian diaspora and maintain its leadership position among the peer group.

Non-Business Operations Social Commitment

To reiterate your Bank's social philosophy: businesses can only prosper if the communities in which they operate prosper as well. To add to this, the change must be holistic and sustainable. This has been the guiding spirit of your Bank's social initiatives since inception. (For details refer page numbers 70-77.)

(Please refer to **Annexure 2** of this report for disclosures pertaining to CSR as required under Rule 8 of the Companies (Accounts) Rules, 2014).

Environmental Sustainability

Banking by the very nature of its business is environment friendly. During the year under review, your Bank has gone a little further. It has now committed to reducing Scope I and Scope II emissions by 10 per cent over the next 2 to 3 years as a part of its commitment to climate change.

To encapsulate the Bank's philosophy, maintaining a balance between natural capital and communities is now integral to our functioning.

To this end, our ATMs have gone paperless, contributing to a reduction of the carbon footprint. Your Bank has given this effort a further fillip by ensuring multi-channel delivery through Net Banking, Phone Banking, and Mobile Banking. This results in lower carbon emission not just from operations, but also from reduced customer travel. Another source for reducing the environmental footprint is solar ATMs, which use rechargeable lithium ion batteries that reduce power consumption.

Business Enablers

1) People Transformation
People is one of the Core Values of your Bank and it firmly believes that Talent can be a source of competitive advantage in the marketplace.

Your Bank has articulated its vision: *To be an Employer of Choice. Especially in the BFSI Sector.*

This can only happen if we have totally engaged colleagues who are willing to give their best on a day-to-day basis. With the objective of creating a great employee experience which will drive a highly engaged and future ready workforce, your Bank has rebooted its entire people strategy and created a three tiered structure.

The first tier is the Centres of Excellence. These drive best practices and thought leadership in the areas of Talent Management and Organisation Effectiveness, Technology and Analytics, Talent Acquisition, Learning and Development, and Compensation and Benefits.

The second and third tiers of the structure are a hub and spoke model for delivery.

The central Corporate Business Partnering ensures a centralised point of interface with Business Leaders, alignment of HR practices and customised solutions to meet business needs. A strong decentralised regional leadership team drives execution collaboratively across businesses. This truly captures the spirit of 'ONE BANK'. It acquires significance given the HDFC Bank's strong presence in semi-urban and rural locations and collaborative nature of work between different business units.

It is important that all employees are aligned with your Bank's vision and shared goals. The Bank is therefore focused on creating a common Culture Code based on the principles of 'Nurture', 'Care' and 'Collaborate' which will guide managerial and individual actions while in pursuit of our common goals. All people interventions are sought to be underpinned by a common defined set of Leadership Competencies which will further help us embody these principles through demonstrated leadership behaviours.

Your Bank is an equal opportunity employer and is striving to enhance diversity. Its inclusion agenda branded as 'Valuing Differences' is focused on creating an inclusive work environment where every individual is respected and differences are valued. The objective is to sensitise employees about 'Unconscious Biases', to introspect and work towards removing them. 'Shrishti' is your Bank's flagship programme on diversity. It targets providing a level-playing field to our women employees, to help them realise their potential, and help them develop and grow as professionals and leaders.

Wellness is Wealth. The flagship initiative 'HDFC Bank Cares' is designed to enable people to take ownership of their wellbeing and thus creating an emotionally committed workforce along the four dimensions of Physical, Mental and Emotional, Financial and Social Wellbeing. There are several initiatives under this umbrella focused on proactive and preventive healthcare like health checkups, nutrition counselling, employee assistance programme for employee counselling as well as reactive support in the form of medical second opinion, facility of medical top-up cover and welfare support.

Your Bank encourages open and transparent communication and dialogue among employees and the leadership team. Its philosophy is to build an emotional connect by creating a culture of openness and collaboration, where employees believe that senior leaders genuinely care for them, are empathetic towards their needs and not just hear but also listen to them. Employees have multiple platforms and opportunities ranging from one-on-one conversations with leaders as well as larger forums and townhalls to connect with senior leadership. In addition, 'Vibes' is a developmental tool which institutionalises a listening mechanism for all our managers to receive feedback from their respective teams. The feedback survey is designed around 3 critical tenets of leadership - Nurture, Care and Collaborate. Your Bank also launched 'Voice', an organisation-wide sentiment survey through an external partner which is our barometer of Engagement@Work.

The Bank has been spearheading digital transformation in the industry. To support this, it is imperative for your Bank to have ready availability of talent with not only functional expertise, but also the right digital skills. The Bank has initiated a collaborative journey with reputed educational institutions for 'preskilling' and creating a talent pool for the financial services sector who can take on existing and emerging roles.

The hub and spoke recruitment model, backed by centres of excellence and emerging technologies like artificial intelligence, has helped realise significant productivity gains while ensuring hiring of the right talent during the year under review.

There is an equally strong focus on deepening expertise and expanding the digital skills footprint of our existing workforce to make it future ready. The Learning and Development team of your Bank offers an extensive bouquet of programmes across a gamut of functional and behavioural themes. The programmes are made available primarily through digital platforms to ensure that these are accessible to employees in the remotest locations.

The Bank also aims to be a friend to the retiring employees. Specific learning programmes have been developed for them as well as their families. This is in line with its belief that to enable employees have a long and fulfilling career with your Bank, it is important to involve their family members in the co-creation of their development journey.

Your Bank's belief in a 'High Tech- High Touch' approach towards employee connect is also realised through its annual sports event 'Josh', the annual Talent Competition 'Hunar', which has also brought your Bank closer to employees' families. In FY 2019-20, more than 46,000 employees participated across ten different employee connect programmes which were as wide ranging as the cookery contest 'Zaika', painting competition for the children of employees 'Xpressions' and trekking event 'Wanderers'.

Your Bank has always believed in creating leaders from within. Our current leadership team stands testimony to this. An institutionalised approach based on the premise that 'all are talent' guides your Bank's talent management interventions.

Talent philosophy

- We believe that everybody has potential and can contribute more qualitatively
- People may have diverse talents and we offer opportunities for all to succeed and grow.
- We encourage difference in thought and ideas.
- We believe, together, we can achieve more
- We are driven by Merit
- We value Character

In a nutshell, your Bank's talent philosophy is to "identify, build and nurture leaders across the organisation to deliver superior business results and address individual career aspirations". To actualise the philosophy, the Bank has designed a comprehensive and holistic development framework which caters to all employees across levels and businesses. The principle is to have a structured process by which all employees have access to development opportunities that will prepare them for future roles.

An institutionalised talent review approach through formalised review panels to arrive at an organisational view of talent using multiple data-points helps identify hi-potential employees, possible successors to critical roles and development plans for individuals to prepare them for their desired future roles. Outcomes of Development Centre are one such critical input to the talent management process. Your Bank has introduced Virtual Development Centres to enable managers in remote locations to have the same footing in their development journeys as their counterparts in urban locations. Learning journeys based on individual development plans (IDPs) will help address development areas over a three-year horizon.

Sustained success of a large Bank cannot happen without the indefatigable contribution of its several 'solid citizens'. In recognition of this sentiment, your Bank extended the participation of this large segment of employees into its annual Bonus payouts in FY 2019-20. The promotion and increment cycles were also merged which brought considerable streamlining and robustness to the rewards cycle of the Bank. Besides the annual rewards cycle, several recognition programmes are run in a centralised as well as business specific manner to motivate employees to give their best.

Your Bank's continued recognition in the 25 Best Employers Survey by Business Today bears testimony to its focus on 'People'.

2) Information Technology

In the technology space, your Bank continues to maintain its leadership position. Over 95 per cent of its transactions are through digital channels. This has been achieved by creating the right technology solutions by marrying intuition and scalability.

Take the case of the new MobileBanking App launched in March 2019. It has intuitive features like Save, Pay and Invest. UPI is another case in point where your Bank has demonstrated its ability to process a large volume of business transactions on a single day.

HDFC Bank has taken the story further by implementing an open API platform. Application Programme Interface or API as it is popularly known is a software intermediary code which allows exchange of data between your Bank and its customers in a seamless and secure manner. The Bank has already tied up with over 100 such customers using API. These include e–commerce platforms, automotive companies, aggregators merchants, corporates, central and state government portals, housing societies, hospitals, mobile device manufacturers and retails, schools and colleges, fintech companies and start-ups. One of your Bank's key initiatives, its tie-up with CSC, has been enabled through API.

HDFC Bank's focus on offering assisted digital services through its relationship managers and field force through a Smart Account Opening Mobile App has been very popular.

Your Bank has also embraced cloud computing with the implementation of technology platforms such as Docker/Kubernetes for its core middleware. Being a cloud-based model, it generates substantial cost savings as it is pay per use and can be scaled up or down based on demand.

3) Cyber Security

A robust cyber, information security and risk management framework is a must for creating and growing digital autobahns. Your bank has implemented next generation firewalls, upgraded its security devices to support new ciphers and implemented the Network Admission control defence mechanism to prevent unauthorised devices from connecting to the Bank's network.

HDFC Bank has successfully participated in various cyber security drills conducted by IDRBT and DSCI. It has implemented a database activity monitoring solution to ensure secure management of customer data. Your Bank has also ensured that its systems have multiple layers of protection from security threats, especially those emanating from the 'dark web'.

4) Service Quality Initiatives and Grievance Redressal

Customer Focus is one of the five core values of your Bank. Your Bank has adopted a holistic approach for improving customer experience across multiple channels, especially since it has various lines of businesses. In a highly competitive environment, ensuring product quality and service delivery is vital for business growth. Your Bank seeks to achieve this by regularly reviewing service levels and capturing feedback from customers. Moreover, it has constituted three committees at different levels to monitor customer service - Branch Level Customer Service Committees (BLCSCs), Standing Committee on Customer Service (SCCS), and Customer Service Committee of the Board (CSCB).

While your Bank has various touch points for its customers such as branch, managed programme and phone banking, it has further enhanced customer experience through a Virtual Relationship Manager (VRM). All these touch points, along with state-of-the-art platforms like Netbanking and MobileBanking, ensure that customers have an omnichannel experience for any of their financial needs. Your Bank has put robust processes in place to regularly monitor and measure quality of service levels not only at various touch points but also at a product and process level by Quality Initiatives Group.

As part of its continuous efforts to enhance quality of service, regular reviews, including mystery shopping, are carried out for various products/channels by following a structured calendar. Such reviews cover key service parameters like adherence of stipulated TAT, complaints reduction and transactions monitoring to ensure meeting the committed service levels along with process enhancements. The effectiveness of quality of service is reviewed periodically at different levels including the Customer Service Committee of the Board.

Your Bank has provided multiple channels to its customers to share feedback on its services as well as register their grievances. It has a Grievance Redressal Policy, duly approved by its Board, available in the public domain for ready reference of the customers.

The Bank is at the forefront of developing innovative financial solutions and digital platforms. This, coupled with concerted efforts at creating awareness among customers, has led to an increase in the use of its digital channels as well as customer loyalty. Keeping customer interest as the focus, your Bank has formulated a Board Approved Customer Protection Policy which limits the liability of customers in case of unauthorised electronic banking transactions.

The Bank has embarked on the journey to measure customer loyalty through a high velocity, closed loop customer feedback system. This customer experience transformation programme will help employees empathise better with customers and improve turnaround times. Branded as 'Infinite Smiles', the programme would help establish behaviours and practices that result in customer-centric actions through continuous improvement in product, services, process and policies.

Risk Architecture

I. Risk Management and Portfolio Quality

Traditionally, the key risks that your Bank is exposed to in the course of its business have been the Pillar 1 risks - credit risk, market risk and operational risk. Given the evolving banking landscape, liquidity risk and cyber security risk are also vital. These risks not only have a bearing on your Bank's financial strength and operations but also on its reputation. Keeping this in mind, the Bank has put in place Board-approved Risk Strategy and Policies whose implementation is supervised by the Risk Policy and Monitoring Committee (RPMC). The committee periodically reviews risk levels and direction, portfolio composition, status of impaired credits and limits for treasury operations. It guides the development of policies, procedures and systems for managing risks. It ensures that these are adequate and appropriate to changing business conditions, the structure and needs of your Bank and its risk appetite.

The hallmark of your Bank's risk management function is that it is independent of the business sourcing unit with the convergence only at the CEO level.

The gamut of key risks faced by the Bank which are dimensioned and managed include:

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

Credit Risk

Credit Risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. Losses stem from outright default or reduction in portfolio value. Your Bank has a distinct credit risk architecture, policies, procedures and systems for managing credit risk in both its retail and wholesale businesses. Wholesale lending is managed on an individual as well as portfolio basis. By contrast, retail lending, given the granularity of individual exposures, is managed largely on a portfolio basis across various products and customer segments. For both categories, there are robust front-end and back-end systems in place to ensure credit quality and minimise loss from default. The factors considered while sanctioning retail loans include income, demographics, credit history, loan tenor and banking behaviour. In addition, there are multiple credit risk models developed and used to appraise and score different segments of customers on the basis of portfolio behaviour. In wholesale loans, credit risk is managed by capping exposures on the basis of borrower group, industry, credit rating grades and country, among others. This is backed by portfolio diversification, stringent credit approval processes and periodic post-disbursement monitoring and remedial measures. Your Bank has been able to ensure strong asset quality through volatile times in the lending environment by stringently adhering to prudent norms and institutionalised processes.

As on March 31, 2020, your Bank's ratio of Gross Non-Performing Assets (GNPAs) to Gross Advances was 1.26 per cent. Net Non-Performing Assets (Gross Non-Performing Assets Less Specific Loan Loss provisions) was 0.36 per cent of Net Advances.

Your Bank has a conservative and prudent policy for specific provisions on NPAs. Its provision for NPAs is higher than the minimum regulatory requirements and adheres to the regulatory norms for Standard Assets.

Digital Lending and Credit Risk

Driven by rapid advancements in technology, digitalisation is increasingly becoming a key differentiator for customer retention and service delivery in the banking sector. Digital lending enables customers to secure loans at the click of a button in a matter of minutes, if not seconds. However, there are also attendant risks associated with it and your Bank has put in place appropriate checks and balances to manage these risks. Such loans are sanctioned primarily to your Bank's existing customers. Often, they are customers across multiple products, thus enabling the Bank ready access to their credit history and risk profile. This facilitates evaluation on their loan eligibility. Besides, most of the credit checks and scores used by your Bank in process-based underwriting are replicated for digital loans. The Bank has an independent model validation unit that minutely assesses the models used to generate the credit scores for such loans. These models are monitored, reviewed periodically, back tested and corrective action is taken whenever needed.

Market Risk

Market Risk arises largely from your Bank's statutory reserve management and trading activity in interest rates, equity and currency market. These risks are managed through a well-defined Board approved Market Risk Policy, Investment Policy, Foreign Exchange Trading Policy and Derivatives Policy that caps risk in different trading desks or various securities through trading risk limits/triggers. The risk measures include position limits, gap limits, tenor restrictions, sensitivity limits, namely, PV01, Modified Duration of Hold to Maturity Portfolio and Option Greeks, Value-at-Risk (VaR) Limit, Stop Loss Trigger Level (SLTL), Potential Loss Trigger Level (PLTL), and are monitored on an end-of-day basis. In addition, forex open positions, currency option delta and interest rate sensitivity limits are computed and monitored on an intraday basis. This is supplemented by a Board-approved stress testing policy and framework that simulates various market risk scenarios to measure losses and initiate remedial measures. The market risk capital charge of your Bank is computed on a daily basis using the Standardised Measurement Method applying the regulatory factors.

Liquidity Risk

Liquidity Risk is the risk that a bank may not be able to meet its short term financial obligations due to an asset–liability mismatch or interest rate fluctuations.

Your Bank's framework for liquidity and interest rate risk management is spelt out in its Asset Liability Management Policy that is implemented, monitored and periodically reviewed by the Asset Liability Committee (ALCO). As part of this process, the Bank has established various Board-approved limits both for liquidity and interest rate risks. While the maturity gap and stock ratio limits help manage liquidity risk, net interest income and market value impacts help mitigate interest rate risk. This is reinforced by a comprehensive Board-approved stress testing programme covering both liquidity and interest rate risk.

Your Bank conducts various studies to assess the behavioural pattern of non-contractual assets and liabilities and embedded options available to customers, which are used while managing maturity gaps. Further, your Bank also has the necessary framework in place to manage intraday liquidity risk.

The Liquidity Coverage Ratio (LCR), a global standard, is also used to measure your Bank's liquidity position. LCR seeks to ensure that the Bank has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. Based on Basel III norms, the RBI has mandated a minimum LCR of 100 per cent from January 1, 2019 and your Bank's LCR stood at 132.43 per cent on a consolidated basis for FY 2019-20.

The RBI has also mandated a minimum Net Stable Funding Ratio (NSFR) of 100 per cent with effect from April 1, 2020. The NSFR seeks to ensure that the Bank maintains a stable funding profile in relation to the composition of its assets and off-balance sheet activities. As a prudent risk management practice, your Bank has been monitoring this ratio, and is thus adequately prepared to meet the RBI mandated requirements.

Operational Risk

This is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Given below is a detailed explanation under four different heads: Framework and Process, Internal Control, Information Technology and Security Practices and Fraud Monitoring and Control.

a. Framework and Process

To manage operational risks, your Bank has in place a comprehensive and operational risk management framework, whose implementation is supervised by the Operational Risk Management Committee (ORMC) and reviewed by the RPMC of the Board. An independent Operational Risk Management Department (ORMD) implements the framework. Under the framework, the Bank has three lines of defence. The first line of defence is the business line (including support and operations).

The first line is primarily responsible for managing operational risk on a daily basis, in addition to implementing internal control-related policies and procedures.

The second line of defence is the ORMD, which develops policies, procedures, tools and techniques to assess and monitor the adequacy and effectiveness of your Bank's internal controls. In order to achieve the aforesaid objective pertaining to operational risk management framework, the ORMC oversees the ORMD with special focus on:

1) Identification and Assessment of risks across the Bank through the Risk and Control Self-Assessment (RCSA) and Scenario analysis;
2) Measurement of operational risk based on the actual loss data;
3) Monitoring of risk through Key Risk Indicators (KRI)) Management and reporting through KRI, RCSA and loss data of the Bank.

Internal Audit is the last line of defence. The team reviews the effectiveness of governance, risk management, and internal controls within your Bank.

b. Internal Control

Your Bank has implemented sound internal control practices across all processes, units and functions. Your Bank has well laid down policies and processes for management of its day-to-day activities. Your Bank follows established, well-designed controls, which include traditional four eye principles, effective segregation of business and support functions, segregation of duties, call back processes, reconciliation, exception reporting and periodic MIS. Specialised risk control units function in risk prone products / functions to minimise operational risk. Controls are tested as part of the SOX control testing framework.

c. Information Technology and Security Practices

Your Bank operates in a highly automated environment and makes use of the latest technologies to support various operations. This throws up operational risks such as business disruption, risks related to information assets, data security, integrity, reliability and availability, among others. Your Bank has put in place a governance framework, information security practices and business continuity plan to mitigate information technology-related risks. An independent assurance team within Internal Audit provides assurance on the management of information technology-related risks.

Your Bank has a robust Business Continuity and Disaster Recovery plan that is periodically tested to ensure that it can meet any operational contingencies. There is an independent Information Security Group that addresses information security related risks. A well-documented Board-approved information security policy and cyber security policy is in place. The Bank also has a well-documented crisis management plan in place to address the strategic issues of a crisis impacting the Bank and to direct and communicate the corporate response to the crisis including cyber crisis. In addition, employees mandatorily and periodically undergo information security training and sensitisation exercises.

d. Fraud Monitoring and Control

Your Bank has put in place a Whistle Blower & Vigilance policy. The central vigilance team, based on investigation, recommends implementation of fraud prevention measures. Frauds are investigated to identify the root cause and relevant corrective steps are taken to prevent recurrence.

Fraud prevention committees at the senior management and Board level also deliberate on material fraud events and advises preventive actions. Periodic reports are submitted to the Board and senior management committees.

Compliance Risk

Compliance Risk is defined as the risk of impairment of your Bank's integrity, leading to damage to its reputation, legal or regulatory sanctions, or financial loss, as a result of a failure (or perceived failure) to comply with applicable laws, regulations and standards. Your Bank has a Compliance Policy to ensure the highest standards of compliance. A dedicated team of subject matter experts in the Compliance Department works with business and operations teams to ensure active compliance risk management and monitoring. The team also provides advisory services on regulatory matters. The focus is on identifying and reducing risk by rigorously testing products and also putting in place robust internal policies. Products that adhere to regulatory norms are tested after rollout and shortcomings, if any, are fully addressed till the product stabilises on its own. Internal policies are reviewed and updated periodically as per agreed frequency or based on market actions or regulatory guidelines/actions. The compliance team also seeks regular feedback on regulatory compliance from product, business and operation teams through self-certifications and monitoring.

ICAAP

Your Bank has a structured management framework in the Internal Capital Adequacy Assessment Process (ICAAP) to identify, assess and manage all risks that may have a material adverse impact on its business/financial position/capital adequacy. The ICAAP framework is guided by Board-approved ICAAP Policy. Additionally, the Board approved Stress Testing Policy and Framework entails the use of various techniques to assess potential vulnerability to extreme but plausible stressed business conditions. Changes in the Bank's risk levels and in the on/off-balance sheet positions are assessed under such assumed scenarios using sensitivity factors that generally relate to their impact on profitability and capital adequacy.

Group Risk

Your Bank has two subsidiaries, HDB Financial Services Limited and HDFC Securities Limited. The Board of each subsidiary is responsible for managing their respective material risks (Credit Risk, Market Risk, Operational Risk, Liquidity Risk, Technology Risk, Reputation Risk, etc.). The Group Risk Management Committee (GRMC) was instituted in your Bank under the ICAAP framework, to establish a formal and dedicated structure to periodically assess the nature/quantum of material risks of the subsidiaries and adequacy of its risk management processes. Stress testing for the group as a whole is carried out by integrating the stress tests of the subsidiaries. Similarly, capital adequacy projections are formulated for the group after incorporating the business/capital plans of the subsidiaries.

Business Continuity Planning (BCP)

Your Bank has an ISO 22301 certified Business Continuity Plan (BCP) in place to minimise service disruptions and potential impact on its business, employees and customers during any unforeseen adverse event or circumstances. The central Business Continuity Office works towards strengthening the continuity preparedness. The Plan is designed in accordance with the regulatory guidelines, and is reviewed regularly. The implementation is overseen by the Information Security Group and the Business Continuity Steering Committee which is chaired by the Chief Risk Officer (CRO). The Business Continuity Policy and Procedure defines roles for Crisis Management, Business Recovery, Emergency Response and IT Disaster Recovery Planning teams.

(Please refer to page 62 for more details).

Ensuring Business Continuity during the Coronavirus Lockdown

Your Bank rose to the challenge of delivering banking services during the coronavirus outbreak and the subsequent nationwide lockdown. Although your Bank has braved many calamities in the past such as the Kerala floods and cyclone Fani in Odisha, the pandemic is comparable to none in terms of scale and impact. Your Bank's first priority was to ensure the safety of its people. They were advised to either work from their homes or a nearby location. The Crisis Management Plan was invoked. The Crisis Management Team along with other Group Heads/Senior Management swung into action. The team prioritised critical functions such as IT and Treasury to ensure minimal or no business disruptions. While this has been an unprecedented crisis, it has also been a period where your Bank's employees worked as one unit across functions and verticals.

(Please refer to page 63 for more details).

II. Implementation of Indian Accounting Standards (IND-AS)

The Ministry of Corporate Affairs, in its press release dated January 18, 2016, had issued a roadmap for implementation of Indian Accounting Standards (IND-AS) for scheduled commercial banks, insurers/insurance companies and non-banking financial companies. This roadmap required these institutions to prepare IND-AS based financial statements for the accounting periods beginning April 1, 2018 with comparatives for the periods beginning April 1, 2017. The Reserve Bank of India (RBI), through its circular dated February 11, 2016, required all scheduled commercial banks to comply with IND-AS for financial statements for the stated periods. The RBI did not permit banks to adopt IND-AS earlier than the stated timelines. The said guidelines also stated that the RBI shall issue necessary instructions/guidance/clarifications on the relevant aspects for implementation of IND-AS as and when required.

The implementation of IND-AS by banks requires certain legislative changes in the format of financial statements to comply with the disclosures required under IND-AS. The change in the format requires an amendment to the third schedule of the Banking Regulation Act, 1949 to make it compatible with the presentation of financial statements under IND-AS. Considering the amendments needed to the Banking Regulation Act, 1949, as well as the level of preparedness of several banks, the RBI through its Statement on Developmental and Regulatory Policies dated April 5, 2018 had deferred the implementation of IND-AS by a year by when the necessary legislative amendments were expected. The legislative amendments recommended by the RBI are under consideration by the Government of India. Accordingly, the RBI, through its circular dated March 22, 2019 deferred the implementation of IND-AS until further notice.

The implementation of IND-AS is expected to result in significant changes to the way your Bank prepares and presents its financial statements. The areas that are expected to have significant accounting impact on the application of IND-AS are summarised below:

1) Financial assets (which include advances and investments) shall be classified under amortised cost, fair value through other comprehensive income (a component of reserves and surplus) or fair value through profit/loss categories on the basis of the nature of the cash flows and the intention of holding the financial assets.

2) Interest will be recognised in the income statement using the effective interest method, where the coupon, fees net of transaction costs and all other premiums or discounts will be amortised over the life of the financial instrument.

3) Stock options will be required to be fair valued on the date of grant and be recognised as staff expenses in the income statement over the vesting period of the stock options.

4) The impairment requirements of IND-AS 109, Financial Instruments, are based on an expected credit loss (ECL) model that replaces the incurred loss model under the extant framework. Your Bank will be generally required to recognise either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. IND-AS 109 will change the Bank's current methodology for calculating the provision for standard assets and non-performing assets (NPAs). Your Bank will be required to apply a three-stage approach to measure ECL on financial instruments accounted for at amortised cost or fair value through other comprehensive income. Financial assets will migrate through the following three stages based on the changes in credit quality since initial recognition:

   Stage 1: 12-Month ECL
   For exposures which have not been assessed as credit-impaired or where there has not been a significant increase in credit risk since initial recognition, the portion of the ECL associated with the probability of default events occurring within the next twelve months will need to be recognised.

   Stage 2: Lifetime ECL - Not Credit Impaired
   For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL will need to be recognised.

   Stage 3: Lifetime ECL - Credit Impaired
   Financial assets will be assessed as credit impaired when one or more events having a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL will need to be recognised.

   Interest revenue will be recognised at the original effective interest rate applied on the gross carrying amount for assets falling under stages 1 and 2 and on written down amount for the assets falling under stage 3.

5) Accounting impact on the application of IND-AS at the transition date shall be recognised in equity (reserves and surplus).

Your Bank, being an associate of Housing Development Finance Corporation Limited (the 'Corporation'), is required to submit its consolidated financial information ('fit-for-consolidation information'), prepared in accordance with the recognition and measurement principles of IND-AS as specified under Section 133 of the Companies Act, 2013, to the Corporation for the purposes of the consolidated financial statements/results of the Corporation. The results of the Bank upon its first time adoption of and transition to IND-AS, based on the updated regulations and accounting standards/guidance and business strategy at the date of actual transition, could differ from those reported in the fit-for-consolidation information.

III. Internal Controls, Audit and Compliance

Your Bank has put in place extensive internal controls and processes to mitigate operational risks, including centralised operations and 'segregation of duty' between the front office and back office. The front-office units usually act as customer touch-points and sales and service outlets while the back-office carries out the entire processing, accounting and settlement of transactions in the Bank's core banking system. The policy framework, definition and monitoring of limits is carried out by various mid-office and risk management functions. The credit sanctioning and debt management units are also segregated and do not have any sales and operations responsibilities.

Your Bank has set up various executive-level committees, with participation from various business and control functions, that are designed to review and oversee matters pertaining to capital, assets and liabilities, business practices and customer service, operational risk, information security, business continuity planning and internal risk-based supervision among others. The control functions set standards and lay down policies and procedures by which the business functions manage risks including compliance with applicable laws, compliance with regulatory guidelines, adherence to operational controls and relevant standards of conduct. At the ground level, your Bank has a mix of preventive and detective controls implemented through systems and processes ensuring a robust framework in your Bank to enable correct and complete accounting, identification of outliers (if any) by the Management on a timely basis for corrective action and mitigating operational risks.

Your Bank has put in place various preventive controls:

(a) Limited and need-based access to systems by users
(b) Dual custody over cash and near-cash items
(c) Segregation of duty in processing of transactions vis-à-vis creation of user IDs
(d) Segregation of duty in processing of transactions vis-à-vis monitoring and review of transactions/reconciliation
(e) Four eye principle (maker-checker control) for processing of transactions
(f) Stringent password policy
(g) Booking of transactions in core banking system mandates the earmarking of line/limit (fund as well as non-fund based) assigned to the customer
(h) STP processes between core banking system and payment interface systems for transmission of messages
(i) Additional authorisation leg in payment interface systems in applicable cases
(j) Audit logs directly extracted from systems
(k) Empowerment grid

Your Bank also has detective controls in place:

(a) Periodic review of user IDs
(b) Post transaction monitoring at the back-end by way of call back process (through daily log reports) by an independent person, i.e., to ascertain that entries in the core banking system/messages in payment interface systems are based on valid/authorised transactions and customer requests
(c) Daily tally of cash and near-cash items at end of day
(d) Reconciliation of Nostro accounts (by an independent team) to ascertain and match-off the Nostro credits and debits (External or Internal) regularly to

avoid/identify any unreconciled/unmatched entries passing through the system

(e) Reconciliation of all Suspense Accounts and establishment of responsibility in case of outstanding

(f) Independent and surprise checks periodically by supervisors.

Your Bank has an Internal Audit Department which is responsible for independently evaluating the adequacy and effectiveness of all internal controls, risk management, governance systems and processes and is manned by appropriately qualified personnel.

This department adopts a risk-based audit approach and carries out audits across various businesses i.e. Retail, Wholesale and Treasury (for India and Overseas books), audit of Operations units, Management Audits, Information Security Audit, Revenue Audit and Concurrent Audit in order to independently evaluate the adequacy and effectiveness of internal controls on an ongoing basis and pro-actively recommending enhancements thereof. The Internal Audit Department during the course of audit also ascertains the extent of adherence to regulatory guidelines, legal requirements and operational processes and provides timely feedback to the Management for corrective actions. A strong oversight on the operations is also kept through off-site monitoring.

The Internal Audit Department also independently reviews your Bank's implementation of Internal Rating Based (IRB)-approach for calculation of capital charge for Credit Risk, the appropriateness of Bank's Internal Capital Adequacy Assessment Process (ICAAP), as well as evaluates the quality and comprehensiveness of the Bank's disaster recovery and business continuity plans and also carries out management self-assessment of adequacy of the Bank's internal financial controls and operating effectiveness of such controls in terms of Sarbanes Oxley (SOX) Act and Companies Act, 2013.

Any new product/process introduced in the Bank is reviewed by Compliance function in order to ensure adherence to regulatory guidelines and also by Internal Audit from the perspective of existence of internal controls. The Audit function also proactively recommends improvements in operational processes and service quality, wherever deemed fit.

To ensure independence, the Internal Audit Function has a reporting line to the Chairman of the Audit Committee of the Board and a dotted line reporting to the Managing Director.

The Compliance function independently tracks, reviews and ensures compliance with regulatory guidelines and promotes a compliance culture in the Bank.

Your Bank has a comprehensive Know Your Customer, Anti Money Laundering (AML) and Combating Financing of Terrorism (CFT) policy (based on the RBI guidelines/provisions of the Prevention of Money Laundering Act, 2002) incorporating the key elements of Customer Acceptance Policy, Customer Identification Procedures, Risk Management and Monitoring of Transactions. The policy is subjected to an annual review and is duly approved by the Board.

The Bank has taken significant measures in developing and enhancing an effective and sustainable KYC AML and CFT Compliance Programme. The adherence to the guidelines prescribed in the policy is monitored by your Bank at various stages of the customer lifecycle. Your Bank has robust controls in place to ensure adherence to the KYC guidelines at the time of account opening.

The Bank also has a continuous review process in the form of transaction monitoring including a dedicated AML CFT monitoring team, which carries out transaction reviews for identification of suspicious patterns/trends that helps your Bank to further carry out enhanced due diligence and appropriate actions thereafter. The status of adherence to the KYC, AML and CFT guidelines is also placed before the Audit Committee of the Board for their review at quarterly intervals.

The Audit team and the Compliance team undergo regular training both in-house and external to equip them with the necessary knowhow and expertise to carry out the function.

The Audit Committee of the Board reviews the effectiveness of controls, compliance with regulatory guidelines as also the performance of the Audit and Compliance functions in your Bank and provides direction, wherever deemed fit.

Your Bank has always adhered to the highest standards of compliance and has put in place appropriate controls and risk measurement and risk management tools to ensure a robust compliance and governance structure.

IV. Responsible Financing

Your Bank is committed to Responsible Financing and refrains from funding projects that have an adverse impact on Environment, Health and Safety (EHS). EHS is an integral part of the Bank's overall credit risk assessment and monitoring process. Every project funded has to pass the Bank's muster in terms of the EHS risk it entails, potential impact and mitigation measures in place or proposed.

The key aspects of the assessment process are:

For all loans exceeding ₹ 10 crore in amount and five years in tenure, borrowers have to submit a declaration of compliance with EHS norms.

In select large-ticket projects, your Bank appoints a Lender's Independent Engineer (LIE) who conducts due diligence across several parameters including EHS. The findings of the LIE's assessment report are then discussed with the client to ensure compliance.

The LIE regularly monitors such projects during the construction period through site visits and reports progress which includes status of approvals and relief and rehabilitation measures undertaken. Your Bank officials also conduct independent site inspections from time to time to ensure that the project is progressing to the Bank's satisfaction.

After the project becomes operational, the borrower has to submit an annual declaration of compliance with various national laws including those related to EHS. This is also followed up by onsite visits of bank executives.

Your Bank deals with the client primarily through its Relationship Manager (RM). The RM has to report compliance with EHS norms in the Credit Assessment Memorandum (CAM) both at the time of initial sanction and during the annual review process. Such certification is based on information/disclosures provided by the borrower at the time of initial appraisal and during periodic review of the facilities.

The RM records outstanding EHS issues if any and follows them up with the client for prompt resolution. The Bank levies default interest in case of deviations and, thus, ensures compliance with the agreed EHS norms. If there are significant deviations that could affect the viability of the project, your Bank reserves the right to either reduce its exposure or recall the loan.

Performance of Subsidiary Companies

Your Bank has two subsidiaries, HDB Financial Services Limited (HDBFSL) and HDFC Securities Limited (HSL). HDBFSL is a leading NBFC that caters primarily to segments not covered by the Bank while HSL is among India's largest retail broking firms. The financial results of the subsidiaries are prepared in accordance with notified Indian Accounting Standards ('Ind-AS') with effect from April 1, 2018 (April 1, 2017 being the transition date). Accordingly, the financial results for the comparative reporting period have also been prepared in accordance therewith.

The detailed financial performance of the companies is given below.

1) HDB Financial Services Limited

Incorporated in 2007, HDB Financial Services Limited ('HDB') is a subsidiary company of HDFC Bank. It has a network of 1,468 branches in 1,070 towns and cities.

HDB's net interest revenue grew 22.9% to ₹ 4,152 crore for the year ended March 31, 2020, from ₹ 3,378.80 crore in the previous year. This resulted in a net profit of ₹ 1,004.8 crore (₹ 1,153.2 crore in previous year). Its Assets Under Management for FY 2019-20 stood at ₹ 58,832.75 crore.

HDB is a leading NBFC that caters to the growing needs of an aspirational India, serving retail, small and medium commercial clients. HDB offer loans to first time buyers and other underserved-segments through its distribution network and digital channels.

HDB has a wide range of financial solutions that help customers meet their growing financial needs. These include Consumer Loans, Enterprise Loans and Asset Finance. With a seamless distribution channel and a committed workforce, HDB brings in convenience to customers.

Products

The current product portfolio consists of Loans, Fee based products and BPO services.

Loans

The Company offers a wide range of loan products (secured and unsecured) to various customer segments. These include Consumer Loans, Enterprise Loans and Asset Finance.

Consumer Loans

The Company provides loans for purchase of white goods (such as washing machines and refrigerators etc.), brown goods (such as televisions, audio equipment and similar household appliances etc.), digital products (such as mobile phones, computer/laptop etc.) and life style products.

The Company also provides loans to individuals for personal, family or household purposes to meet their short or medium term requirements.

Enterprise Loans

Small & Micro Enterprises need funding, whether it is for the working capital or for setting up new machinery for faster production. The Company offers secured and unsecured Loans to cater to the needs of these Enterprises.

Asset Finance

The Company offers loans for purchase of new & used vehicles and equipment's that generate income for the borrowers. It provides finance to a broad spectrum of customers including fleet owners, first time users, first time buyers and captive use buyers.

Fee based products/Insurance Services

The Company distributes third party products. The Company is a registered Corporate Insurance Agent having license from Insurance Regulatory & Development Authority of India (IRDAI). IRDAI has renewed Corporate Agency license of the Company for a period of 3 years from April 01, 2019 to March 31, 2022. The Company sells Life and General insurance products of HDFC Standard Life Insurance Company Limited and HDFC Ergo General Insurance Company Limited respectively.

BPO Services

HDB runs a collections BPO business offering end-to-end, specialised collection services with domain expertise in collections tele-calling, recovery management, collections analytics and cash reconciliation management. Its call centres with fulfilment infrastructure in over 200 towns offer best-in-class performance to its clients.

HDB's BPO services division delivers back-office services such as forms processing, documents verification, finance and accounting services and correspondence management. HDB also delivers front office services such as contact centre management, outbound marketing and collection services.

The Enablers

Compelling Product Offering

HDB brings in a compelling product offering across secured/unsecured loans, investments or insurance. The company offers instant loan approvals for consumer loans with intelligent web application forms as well as personalised credit appraisal for large business loans.

Robust Risk Management

The quest for growth has also been balanced by a robust risk management framework, which has enabled HDB to maintain net NPA levels at about 2 per cent (among the lowest in the industry) and strong credit ratings. HDB's long-term debt is rated AAA/stable by CARE and CRISIL, and its short-term debt is rated A1+ by CARE and CRISIL, indicating the highest degree of safety regarding timely servicing of financial obligations.

Focus on Phygital: Physical cum Digital

With its ever-growing network of 1,468 branches across 1,070 cities/towns, HDB is reaching out to customers across the country. Over 85 percent of its branches are outside the top 25 cities of India.

The company leverages digital channels to offer financial solutions to customers. For instance, customers can access their loan account through the website www.hdbfs.com. The self-service mobile application and customer service portal "HDB On-The-Go" aims to bring account management to the customer's fingertips.

As on March 31, 2020, your Bank held 95.30% stake in HDB.

2) **HDFC Securities Limited ('HSL')**

HSL's Total Income under Indian Accounting Standards was ₹ 862.2 crore as against ₹ 770.6 crore in the previous year and Net Profit was ₹ 384.1 crore as against ₹ 329.8 crore in the previous year.

The company has a customer base of 24.1 lakh to whom it offers an exhaustive range of investment and protection products. In the year under review, HSL had 7.6 lakh transacting customers, the third highest number of active (transacting) customers among all broking houses. The focus on digitisation continued. Notably, Customers accessing HSL's services digitally increased to 79 per cent from 68 per cent in the previous year. For the mobile app, this increased to 50 per cent from 37 per cent. In a conscious effort to rationalise the distribution network with greater emphasis on digital offerings, HSL consolidated its existing branches to end with 262 branches across 161 cities/towns at the end of the year.

The company's performance was influenced by the sluggish macroeconomic environment and the fall in stock markets over the year. Benchmark Indices like the Sensex and Nifty fell by 24 per cent and 26 per cent respectively over the year. This was their worst ever performance in over a decade, caused by the slowing economy, global trade wars and the COVID pandemic towards the end of the year.

As on March 31, 2020, your Bank held 96.57% stake in HSL.

The annual reports of HDB and HSL are available on the website of the Bank (www.hdfcbank.com). Shareholders who wish to have a copy of the annual accounts and detailed information may write to HDFC Bank. These documents will also be available for inspection by shareholders at the registered offices of the Bank and its two subsidiaries.

Other Statutory Disclosures

Number of Meetings of the Board, attendance, meetings and constitution of various Committees

Nine meetings of the Board were held during the year under review. The details of Board meetings, attendance of Directors at the meetings and constitution of various Committees of the Board are included separately in the Corporate Governance Report.

Extract of Annual Return

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, the extract of the Annual Return in the prescribed format (MGT-9) is annexed as **Annexure 3** to this Report. Further, the Annual Return of the Bank in the prescribed Form MGT-7 is available on the website of the Bank at the link www.hdfcbank.com.

Requirement for maintenance of cost records

The cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, are not required to be maintained by the Bank.

Reporting of Frauds by Auditors

During the year under review, no instances of fraud committed against the Bank by its officers or employees were reported by the Statutory Auditors and Secretarial Auditor under Section 143(12) of the Companies Act, 2013 to the Audit Committee or the Board of Directors of the Bank.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, the Board of Directors hereby confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as on March 31, 2020 and of the profit of the Bank for the year ended on that date.
- We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- We have prepared the annual accounts on a going concern basis.
- We have laid down internal financial controls to be followed by the Bank and have ensured that such internal financial controls were adequate and operating effectively.
- We have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

Compliance with Secretarial Standards

The Bank is in compliance with all applicable Secretarial Standards as notified from time to time.

Statutory Auditors

The Bank's current Statutory Auditors are MSKA & Associates, Chartered Accountants, Mumbai. MSKA & Associates were

appointed as Statutory Auditor at the previous Annual General Meeting (AGM) of the Bank, to hold office for a period of four consecutive years, which is the maximum permissible tenure as per RBI, from FY 2019-20 till (and including) FY 2022-23, subject to the approval of the RBI.

During the year ended March 31, 2020, fees paid to the MSKA & Associates and its network firms are as follows:

(₹ in crores)

Fees (including taxes)	HDFC Bank to Statutory Auditors	HDFC Bank to network firms of Statutory Auditors	Subsidiaries of HDFC Bank to Statutory Auditors and its network firms
Statutory Audit	2.85	-	-
Certification & other attest services	0.54	-	-
Non-audit services	-	-	-
Outlays and Taxes	0.39	-	-
Total	3.78	-	-

The requirement to place the matter relating to appointment of Statutory Auditors for ratification by Members at every AGM has been done away with by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the ensuing AGM and a note in respect of the same has been included in the Notice for this AGM. However, resolution is being proposed for ratification of additional fees paid to Statutory Auditors for FY 2019-20, as well as for approval of fees payable to them for FY 2020-21.

Disclosure under Foreign Exchange Management Act, 1999

As far as FEMA compliances in relation to strategic downstream investments in the Bank's subsidiaries are concerned, during the year under review, there have been no strategic downstream investments made by Bank in its subsidiaries. Accordingly, the Bank has obtained a certificate from its Statutory Auditors to this effect.

Related Party Transactions

Particulars of transactions with related parties referred to in Section 188 (1), as prescribed in Form AOC-2 under Rule 8(2) of the Companies (Accounts) Rules, 2014 is enclosed as **Annexure 4**.

Particulars of Loans, Guarantees or Investments

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186 of Companies Act, 2013, except sub-section (1), do not apply to a loan made, guarantee given or security provided or any investment made by a banking company in the ordinary course of business. The particulars of investments made by the Bank are disclosed in Note No. 11 of Schedule 18 of the Financial Statements as per the applicable provisions of Banking Regulation Act, 1949.

Financial Statements of Subsidiaries and Associates

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

Whistle Blower Policy / Vigil Mechanism

The Bank encourages an open and transparent system of working and dealing amongst its stakeholders. While the Bank's 'Code of Conduct & Ethics Policy' directs employees to uphold Bank's values and conduct business worldwide with integrity and highest ethical standards, the Bank has also adopted a 'Whistle Blower Policy' which encompasses a comprehensive framework of managing complaints of every stakeholder. It encourages its employees and various stakeholders to raise concerns about illegal/ unethical behaviour observed in the Bank, compromise/ violation of Bank's code of conduct and ethics policy or legal or regulatory provisions, corruption, misuse of office, criminal offences, actual or suspected fraud and other malpractices detrimental to the interest of the Bank without any fear of reprisal, discrimination, harassment or victimization of any kind.

The policy also covers reporting of instances of leakage/suspected leakage of unpublished price sensitive information which are in violation to SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Share Dealing Code of the Bank.

All such concerns/ complaints are received by the Chief of Internal Vigilance of the Bank and/or by the Whistle Blower Committee through a dedicated email ID or by way of letters etc. All such complaints are enquired into by the appropriate authority within the Bank while ensuring confidentiality of the identity of such complainants. On the basis of their investigation, if the allegations are proved to be correct, then the Competent Authority shall recommend to the appropriate Disciplinary Authority to take suitable action against the responsible official and corrective measures in consultation with the concerned stakeholders. The decision of the Whistle Blower Committee is final and binding on all. Other actions/measures considered necessary to prevent/ curb recurrence of events is also taken by the Competent Authority.

Details of Whistle blower complaints received and subsequent action taken and the functioning of the Whistle Blower mechanism are reviewed periodically by the Audit Committee of the Board. No person has been denied access to the Audit Committee of the Board. During the FY 2019-20, a total of 84 such complaints were received and taken up for investigation which has resulted in certain staff actions in 34 cases post investigation. The broad categories of whistle blower complaints were in the areas of improper business practices, unethical HR practices and corruption related.

The Policy is available on the website of the Bank at the link-https://www.hdfcbank.com/personal/about-us/corporate-governance/shareholders-information-and-helpdesk/whistle-blower-policy-vigil-mechanism

Statement on Declaration by Independent Directors

Mrs. Shyamala Gopinath, Mr. Malay Patel, Mr. Umesh Chandra Sarangi, Mr. Sanjiv Sachar, Mr. M. D. Ranganath and Mr. Sandeep Parekh are the Independent Directors on the Board of the Bank as on March 31, 2020.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 the independent directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). There has been no change in the circumstances affecting their status as independent directors of the Bank. In the opinion of the Board, the independent directors possess the requisite integrity, experience, expertise and proficiency required under all applicable laws and the policies of the Bank.

In compliance with Section 149 and 152 of the Companies Act, 2013, Mr. Malay Patel is proposed to be re-appointed as an Independent Director of the Bank at the ensuing Annual General Meeting. A resolution seeking shareholders' approval for his re-appointment forms a part of the Notice of this AGM. A brief profile is furnished in the report on Corporate Governance for the information of shareholders.

Board Performance Evaluation

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

Your Bank has in place a process wherein declarations are obtained from the Directors regarding fulfilment of the 'fit and proper' criteria in accordance with RBI guidelines. The declarations from the Directors other than members of the NRC are placed before the NRC and the declarations of the members of the NRC are placed before the Board. Assessment on whether the Directors fulfil the said criteria is made by the NRC and the Board on an annual basis. In line with the Bank's Board-approved policy on appointment and fit and proper criteria for directors, any director appointed during the financial year for which performance review / evaluation exercise of the Board of Directors is being conducted, must have attended at least three (3) Board meetings convened in that financial year in order to participate in such review / evaluation exercise. Since Mrs. Renu Karnad was appointed on the Board with effect from March 3, 2020, she has attended one Board meeting held in FY 2019-20 and is thus not eligible for the Board performance evaluation for FY 2019-20.

In addition, the framework / policy approved by the NRC provides for a performance evaluation of the Non-Independent Directors by the Independent Directors on key personal and professional attributes. In addition to the above parameters, the Board also evaluates fulfillment of the independence criteria as specified in SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 by the Independent Directors of the Bank and their independence from the management. Such performance evaluation has been duly completed as above.

Policy on Appointment and Remuneration of Directors and Key Managerial Personnel

Your Bank has in place a Policy for appointment and fit and proper criteria for Directors of the Bank. The Policy lays down the criteria for identification of persons who are qualified and 'fit and proper' to become Directors on the Board such as academic qualifications, competence, track record, integrity, etc. which shall be considered by the NRC while recommending appointment of Directors. The Policy is available on the website of the Bank at the link https://v1.hdfcbank.com/assets/pdf/Policy-for-appointment-and-fit-proper-criteria-for-directors.pdf

The remuneration of Whole Time Directors, key managerial personnel and senior management is governed by the Compensation Policy of the Bank. The same is available at the web-link-https://v1.hdfcbank.com/assets/pdf/Compensation-Policy.pdf. The Compensation Policy of the Bank, duly reviewed and recommended by the NRC has been articulated in line with the relevant Reserve Bank of India guidelines.

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

Your Bank's approach is to have a "pay for performance" culture based on the belief that the Performance Management System provides a sound basis for assessing performance holistically. The compensation system should also take into account factors such as roles, skills / competencies, experience and grade / seniority to differentiate pay appropriately on the basis of contribution, skill and availability of talent on account of competitive market forces. The details of the compensation policy are also included in Note No. 26 of Schedule 18 forming part of the Acoounts. Non-Executive Directors are paid remuneration by way of sitting fees for attending meetings of the Board and its Committees, which are determined by the Board based on applicable regulatory prescriptions.

Further, expenses incurred by them for attending meetings of the Board and Committees are reimbursed at actuals. Pursuant to the relevant RBI guidelines and approval of the shareholders, the Non-Executive Directors, other than the Chairperson, are paid profit-related commission of ₹ 1,000,000 (₹ Ten Lakh Only) per annum for each Non-Executive Director.

Mr. Aditya Puri is the Non-Executive Chairman of HDB Financial Services Limited, subsidiary of the Bank. Mr. Puri does not receive any remuneration including stock options from the subsidiary. Mr. Malay Patel is an independent director on the Board of HDFC Securities Limited, subsidiary of the Bank. Mr. Patel receives sitting fess from the said subsidiary. None of the Directors of your Bank other than Mr. Puri and Mr. Patel is a director of the Bank's subsidiaries as on March 31, 2020.

Succession Planning

The Bank's Nomination and Remuneration Committee (NRC) oversees matters of succession planning of its Directors, Senior Management and Key Managerial Personnel. With respect to the tenure of the current Managing Director, Mr. Aditya Puri, ending in October 2020, the Board of Directors of the Bank had constituted a Search Committee comprising certain Board members, and Mr. Puri acting as advisor to the Search Committee, to identify the successor to the Managing Director. On the recommendations of the Search Committee and the NRC, the Board of Directors of the Bank, at its meeting held on April 18, 2020, had finalized the names of three (3) candidates, in the order of preference, for the position of Managing Director & Chief Executive Officer of the Bank. In terms of the Banking Regulation Act and the extant RBI norms, the Bank has submitted its application to RBI with the names of the candidates in the order of preference, for RBI's approval.

Significant and Material Orders Passed by Regulators

During the FY 2019-20, Reserve Bank of India (RBI) had, vide its order dated June 13, 2019, imposed a monetary penalty of ₹ 10 million (Rupees ten million only) on the Bank for non-compliance with directions issued by RBI on Know Your Customer (KYC) / Anti-Money Laundering (AML) Norms and on reporting of frauds. The penalty was imposed in exercise of powers vested in RBI under the provisions of Section 47A (1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949. In the instant case, the Bank had made a reference to the Custom Authorities for verification of Bill of Entry submitted by certain importers. Examination of these customers revealed violations of RBI directions on 'KYC/AML norms' and on reporting of frauds. The Bank has taken necessary measures to strengthen its internal control mechanisms so as to ensure that such incidents do not recur.

RBI had also, vide its order dated January 29, 2020, imposed a monetary penalty of ₹ 10 million (Rupees ten million only) on the Bank for failure to undertake on-going due diligence in case of 39 current accounts opened for bidding in Initial Public Offer (IPO). The penalty was imposed by RBI in exercise of the powers conferred under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949. The Bank has since strengthened its internal control mechanisms so as to ensure that such incidents do not recur.

Directors and Key Managerial Personnel

In compliance with Section 152 of the Companies Act, 2013, Mr. Kaizad Bharucha will retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms a part of the Notice of this AGM. A brief profile is furnished in the report on Corporate Governance for the information of shareholders.

During the year, Mr. Keki Mistry ceased to be Director of the Bank from close of business hours on January 18, 2020, on completing the maximum permitted tenure of eight years as per Banking Regulation Act, 1949. Your Directors place on record their sincere appreciation of the contribution made by Mr. Keki Mistry during his tenure with the Bank and wishes him well in future endeavors.

Mrs. Renu Karnad was appointed as an Additional Non-Executive Director (nominee of Housing Development Finance Corporation Ltd) on the Board of the Bank with effect from March 3, 2020, subject to approval of shareholders at the ensuing AGM.

The Board of Directors had appointed Mr. Sashidhar Jagdishan and Mr. Bhavesh Zaveri each as Additional Director and Executive Director on the Board of the Bank, subject to the approval of the Reserve Bank of India and shareholders, for a period of three (3) years each from November 28, 2019 or for such other period / from such other date as may be approved by the Reserve Bank of India. The Bank had also made an application to the RBI seeking approval for the aforementioned appointments. RBI through its communication dated April 7, 2020, advised the Bank to examine and submit the proposal after a new MD and CEO assumes charge later this year. Accordingly, their appointments as Executive Directors have not taken effect, and further, Mr. Sashidhar Jagdishan and Mr. Bhavesh Zaveri resigned as Additional Directors from the Board of the Bank in terms of Companies Act, 2013 on April 18, 2020.

Mr. Srinivasan Vaidyanathan was appointed as the Chief Financial Officer of the Bank with effect from August 22, 2019.

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

Particulars of Employees

The information in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure 6** and **Annexure 7** to this report.

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

(A) Conservation of Energy

Your Bank has undertaken several initiatives in this area such as:

- Installation of green locks and AC controllers in air conditioning machines in order to save energy and support go-green initiative
- Installation of energy capacitors at high consumption offices to control the power factor and to reduce energy consumption
- All main signboards in branches switched off post 10 pm
- Put controls on usage of lifts, ACs, common passage lights and other electrical equipment
- Provision of LED lamps at branches and offices
- Provision of solar panels for captive power generation at our offices in Pune and Bhubaneswar, Noida

It has also reduced contract demand at Kanjurmarg Hub in Mumbai and Hinjewadi in Maharashtra.

Your Bank has also replaced CFL lamps with LED fixtures at Kanjurmarg Hub / WBO / Fort in Mumbai / Bank House Mumbai

(B) Technology Absorption

This year your Bank has extended the on-line real-time Digital API Technology based collaboration with third party and fintech platforms to shopkeepers and small merchants in line with the Bank's Dukaandaar Dhamaka initiative.Loans worth over ₹ 650 crore were disbursed using this technology in FY 2019-20. Leveraging API based Service Oriented Architecture, your bank has implemented a Consumer Durable Loans origination solution which should now strengthen your Bank's position on the leader board. Personalization of Bank's Brand New website for returning visitors and Omni channel targeting for next best offers to customer's transacting with the Bank on Mobile, Internet, Home Page, Face Book, Instagram etc. have been other significant Technology enablement in FY 2019-20. A Smart Account Opening App has been launched which helps Relationship Managers to Digitally on-board the New to Bank customers.

(C) Foreign Exchange Earnings and Outgo

During the year, the total foreign exchange earned by the Bank was ₹ 2,154.8 crore (on account of net gains arising on all exchange /derivative transactions) and the total foreign exchange outgo was ₹ 2,342.86 crore towards the operating and capital expenditure requirements.

Secretarial Audit

In terms of Section 204 of the Companies Act, 2013 and the Rules made thereunder, M/s. Alwyn Jay & Co., Company Secretaries have been appointed as Secretarial Auditors of the Bank for the FY 2019-20. The report of the Secretarial Auditors is enclosed as **Annexure 8** to this Report. There are no observations/ qualifications/ comments in the Report of the Secretarial Auditor.

Corporate Governance

In compliance with Regulation 34 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate report on Corporate Governance along with a certificate of compliance from the Secretarial Auditors, forms an integral part of this Report.

Business Responsibility Report

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

Information under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The relevant information is included in the Corporate Governance Report

Acknowledgement

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

Conclusion

The year under review ended with the lockdown and the new year began with it. This meant that these are genuinely troubled times for both the global and Indian economy. The first half of the financial year is likely to be largely about contraction with growth expected to rebound only in the second half.

Your Bank cannot remain immune to this. What works in its favour are inherent strengths like : strong capitalisation, asset quality and franchise. These do not constrain its ability to lend, expand into new geographies and come up with out of the box solutions in response to an unprecedented situation.

At the macro-economic level, there is still substantial scope for financial penetration, particularly banking in India. India is also expected to capture a significant part of the global production that is expected to shift from China. In such a scenario the country's traditional strengths like demographic dividend will come into play. All these open up substantial growth opportunities for your Bank.

It will continue to chase growth but maintain its traditional prudence. And leverage its distribution strength and digital platforms to offer a similar experience to customers across urban, semi-urban and rural India.

It will of course continue to focus on its 5 Core Values : Customer Focus, Operational Excellence, Product Leadership, People and Sustainability. Its commitment to the highest possible standards of corporate governance remains unwavering as it embarks on the next stage of its Responsible Growth story.

On behalf of the Board of Directors
Shyamala Gopinath
Chairperson

June 20, 2020

Annexure 1 to the Directors' Report

The ESOP Schemes of the Bank are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 ("the Regulations") and the details as per the Regulations and as required to be disclosed pursuant to sub rule (9) of Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, are as under:

EMPLOYEES' STOCK OPTIONS AS ON MARCH 31, 2020

Schemes	Date of Shareholders' Approval	Total No of Options Approved Face value of ₹ 1/- each	Exercise Price (₹) FV ₹ 1/-	Options Opening balance FV ₹ 1/-	Options Granted / Options Re-instated FV ₹ 1/-	Options Vested FV ₹ 1/-	Options Exercised & Shares Allotted of ₹ 1/-	Options forfeited	Options Lapsed	Total Options in Force as on March 31, 2020
Plan E-ESOS XIX	June 30, 2010	200,000,000	340.00	4,997,400			3,291,900			1,705,500
Plan D-ESOS XX	June 16, 2007	150,000,000	340.00	1,319,800			973,900			345,900
Plan C-ESOS XXI	June 17, 2005	100,000,000	340.00	2,962,000			2,502,200			459,800
Plan C-ESOS XXIII	June 17, 2005	100,000,000	417.75	112,800			84,100		3,400	25,300
Plan F-ESOS XXIV	June 27, 2013	200,000,000	417.75	20,681,000			11,745,000		7,000	8,929,000
Plan F-ESOS XXV	June 27, 2013	200,000,000	546.33	41,309,400			12,414,400	1,800	9,600	28,883,600
Plan F-ESOS XXVI	June 27, 2013	200,000,000	548.90	6,000			6,000			
Plan F-ESOS XXVII	June 27, 2013	200,000,000	716.60	26,448,022		7,972,090	4,362,630	1,347,900	12,200	20,725,292
Plan F-ESOS XXVIII	June 27, 2013	200,000,000	731.08	32,400		8,330		1,470		30,930
Plan G-ESOS XXIX	July 21, 2016	200,000,000	1,030.60	37,192,000		11,902,630	1,276,310	2,793,870		33,121,820
Plan G-ESOS XXX	July 21, 2016	200,000,000	1,003.03	880,000		586,660	16,800	40,540		822,660
Plan G-ESOS XXXI	July 21, 2016	200,000,000	1,045.23	672,000		211,400		70,000		602,000
Plan G -ESOS XXXII	July 21, 2016	200,000,000	1,107.18	0	578,000			0		578,000
Plan G -ESOS XXXII	July 21, 2016	200,000,000	1,229.00	0	46,175,200			559,800		45,615,400
Plan G -ESOS XXXIV	July 21, 2016	200,000,000	882.85	0	1,020,400					1,020,400
Total :-				**136,612,822**	**47,773,600**	**20,681,110**	**36,673,240**	**4,815,380**	**32,200**	**142,865,602**

Options Exercised during the aforesaid period	36,673,240
Share Capital Money received during the above period (₹)	36,673,240
Share Premium Money received during the above period (₹)	18,450,147,562
Perquisite Tax Amount collected during the aforesaid period (₹)	9,697,658,865
Total Amount collected during the aforesaid period (₹)	**28,184,479,667**

Note:
One (1) share of the face value of ₹ 1/- each would arise on exercise of One (1) Equity Stock Option.

Vesting Requirements	Except for the death/ permanent disablement or retirement of the employee, the options will vest only if the employee is in the continuous and uninterrupted employment of the Bank as on the date of vesting.
Maximum Term of Options	Provided the employee is in the continuous and uninterrupted employment of the Bank, the options vested under the ESOP Scheme XIX to ESOP Scheme XXVIII will lapse in case the same are not exercised by the employee within four years from the respective dates of vesting. For the grant of options under the ESOP Scheme XXIX to ESOP Scheme XXXIV, the vested options will lapse in case the same are not exercised by the employee within two years from the respective dates of vesting. In case of death / permanent disablement or retirement of the employee to whom the options are granted, all unvested options shall get vested to the employee on the date of happening of such event, provided that the options have completed the one year period from the date of grant. However, in case the event occurs before the 1st vesting date, then in such case, all such options which are granted shall vest in the employee within one year from the occurrence of the event or on the 1st vesting date whichever is earlier. All such options are required to be exercised within one year from the date of vesting.
Source of shares	Primary
Variation in terms of ESOS	Nil

i. DETAILS OF OPTIONS GRANTED TO CURRENT DIRECTORS AND SENIOR MANAGERIAL PERSONNEL

Sr. No.	Employee Name	Grade	No. of options
1	Aditya Puri	Managing Director	681,600
2	Kaizad Bharucha	Executive Director	266,400
3	Anjani Rathor	Group Head	190,000
4	Arvind Kapil	Group Head	190,000
5	Arvind Vohra	Group Head	260,000
6	Ashima Bhat	Group Head	190,000
7	Ashish Parthasarthy	Group Head	260,000
8	Benjamin Frank	Group Head	190,000
9	Bhavesh Zaveri	Group Head	260,000
10	Chakrapani Venkatachari	Group Head	260,000
11	Dhiraj Relli (on deputation to HDFC Securities Limited, the Bank 's subsidiary)	Group Head	190,000
12	Jimmy Tata	Group Head	260,000
13	Munish Mittal	Group Head	190,000
14	Nirav Shah	Group Head	190,000
15	Parag Rao	Group Head	190,000
16	Rahul Shukla	Group Head	260,000
17	Rakesh Singh	Group Head	260,000
18	S. Sampath Kumar	Group Head	190,000
19	Sashidhar Jagdishan	Group Head	260,000
20	Smita Bhagat	Group Head	190,000
21	Srinivasan Vaidyanathan	Chief Financial Officer	260,000
22	Vinay Razdan	Group Head	260,000
23	Santosh Haldankar	Senior Vice President (Legal) & Company Secretary	30,400

ii.	Other employees who receive a grant in any one year of options amounting to 5 % or more of options granted during that year	None
iii.	Identified employees who were granted options, during any one year, equal to or exceeding 1 percent of the issued capital (excluding outstanding warrants and conversions)	None
iv.	Diluted Earnings Per Share (EPS) pursuant to the issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) - 20 (Earnings Per Share)	The diluted EPS of the Bank calculated after considering the effect of potential equity shares arising on account of exercise of options is ₹ 47.7
v.	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	Had the Bank followed fair value method for accounting, the stock option compensation expense would have been higher by ₹ 719.8 crore. Consequently, profit after tax would have been lower by ₹ 719.8 crore and the basic EPS of the Bank would have been ₹ 46.7 per share (lower by ₹ 1.3 per share) and the diluted EPS would have been ₹ 46.4 per share (lower by ₹ 1.3 per share)
vi.	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock options	The weighted average price of the stock options exercised is ₹ 504.1 and the weighted average fair value is ₹ 171.3

vii	A description of the method and significant assumptions used during the year to estimate the fair value of options, at the time of grant including the following weighted average information:	The Securities and Exchange Board of India (SEBI) has prescribed two methods to account for stock grants; (i) the intrinsic value method; (ii) the fair value method. The Bank adopts the intrinsic value method to account for the stock options it grants to the employees. The Bank also calculates the fair value of options at the time of grant, using binomial option-pricing model with the following assumptions
I.	Risk-free interest rate	5.81% to 6.70%
II.	Expected life	1 to 6 years
III.	Expected volatility	15.30% to 20.13%
IV.	Expected dividends	0.61% to 0.85%
V.	The price of the underlying share in the market at the time of option grant	The market price per share was ₹ 1,107.18, ₹ 1,229.0 and ₹ 882.85 at the time of grant of options under ESOS XXXII, ESOS XXXIII and ESOS XXXIV respectively.
VI.	The weighted average market price of Bank's shares on NSE at the time of option grant	The weighted average market price of Bank's equity shares on NSE was ₹ 2,201.32, ₹ 1,227.68 and ₹ 868.05 at the time of grant of options under ESOS XXXII, ESOS XXXIII and ESOS XXXIV respectively
VII.	Method used and assumptions made to incorporate effects of expected early exercise	The exercise multiple, which is based on historical data of early option exercise decisions of the employees, incorporates early exercise price effect in the valuation of ESOPs. The exercise multiple indicates that option holders tend to exercise their options when the share price reaches a particular multiple of the exercise price.
VIII.	How expected volatility was determined, including explanation of the extent to which expected volatility was based on historical volatility	Stock expected volatility is completely based on GARCH volatility forecasting model using historical stock prices from the market.
IX.	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	Stock price and risk free interest rate are variables based on actual market data at the time of ESOP valuation.

Annexure 2 to the Directors' Report

HDFC Bank Annual CSR Report 2019-2020

1. **Brief outline of the CSR Policy**

   The Bank's CSR is implemented under the aegis of 'Parivartan' which is the umbrella brand for all the Bank's social initiatives. Parivartan aims to bring about a transformation in the communities in which the Bank operates through multiple initiatives in the areas of Education, Skill Training and Livelihood Enhancement, Health Care, Environmental Sustainability and Rural Development. The Bank's programs are guided by CSR Policy duly approved by the Board which is driven by the vision of "Creating Sustainable Communities". The CSR policy and programs are aligned to comply with the requirements of Section 135 of the Companies Act, 2013 and are monitored by a board level committee. The overview of the projects and programs are mentioned in the table under Clause 5 below.

   The Bank's CSR Policy can be found on the corporate website at https://www.hdfcbank.com/csr/pdf/CSR_Policy.pdf

2. **Composition of CSR Committee**

   The Bank has also constituted a board level CSR Committee to govern the implementation of the Policy. The present composition of the Committee is as follows:
   - Umesh Chandra Sarangi, Chairman (Independent Director)
   - Aditya Puri
   - Malay Patel (Independent Director)
   - Sanjiv Sachar (Independent Director)

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

   ₹ 26,680 crore

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

   ₹ 534 crore

5. **Details of CSR spent during the financial year**

   - Total amount spent during the financial year: ₹ 535 crore
   - Amount unspent, if any: NIL
   - The manner in which the amount is spent during the financial year is detailed below

Sr. No.	CSR project /activity	Sector (Schedule VII)	Projects or programs 1.Local area or others 2.State and district	Amount outlay (project-wise) (₹ crore)	Amount spent (₹ crore) 1.Direct expenditure 2.Overheads	Cumulative expenditure up to reporting period (₹ crore)	Amount spent: Direct or through *implementing agency (₹ crore)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)
1	Promoting Education	Promotion of Education	Pan India	70.27	1) 7.82 2) 0.85	218.71	Directly by the Bank: Given in column (VI) Implementing Agency: 61.61
2	Skill Training and Livelihood Enhancement	Skill development and Vocational Training	Pan India	28.63	1) 5.26 2) 0.34	131.31	Directly by the Bank: Given in column (VI) Implementing Agency: 23.03
3	Health Care	Preventive and Curative Healthcare	Pan India	0.13	1) 0.12 2) 0.01	71.76	Directly by the Bank: Given in column (VI)
4	Environmental Sustainability	Environment	Pan India	0.25	1) 0.24 2) 0.01	4.37	Directly by the Bank: Given in column (VI)
5	Eradicating Poverty	Eradicating poverty	Pan India	49.80	1) 0.00 2) 0.61	73.97	Directly by the Bank: Given in column (VI) Implementing Agency: 49.19
6	Rural Development	Rural Development Projects	Pan India	386.23	1) 246.25 2) 4.72	1463.62	Directly by the Bank: Given in column (VI) Implementing Agency: 135.25

*Details of the implementing agencies are listed below:

Promotion of Education: Bangalore Oniyavara Seva Coota, CBM India Trust, International Foundation for Research and Education, K. C. Mahindra Education Trust , Light of Life Trust, Magic Bus India Foundation, Moinee, Save the Children India, Sri Aurobindo Society, Sri Satya Sai Trust, Teach to Lead, The America India Foundation Trust, Yuva Unstoppable, United Way of Mumbai; **Rural Development:** Abhyuday Sansthan, Action for Agricultural Renewal in Maharashtra AFARM, Action for Food Production, Action for Social Advancement, Aga Khan Foundation, Aga Khan Rural Support Programme India, Ambuja Cement Foundation, AROH Foundation, BAIF Development Research Foundation, Centre for Advance Research and Development, Citizens Foundation, Collectives for Integrated Livelihood Initiatives, Family Health India, Foundation for Ecological Security, FXB India Suraksha, Gram Vikas, Gramin Vikas Trust, Gramya Vikash Mancha, Haritika, Indo Global Social Service Society, Integrated Development Foundation, KGVK, Krushi Vikas Va Gramin Prashikshan Sanstha, M.S. Swaminathan Research Foundation, Manjari Foundation, MYRADA, National Institute of Women Child and Youth Development, Nav Bharat Jagriti Kendra, Network For Enterprise Enhancement and Development Support, Participatory Action for Community Empowerment, Participatory Action for Community Empowerment, Peoples Action for National Integration, Prayatn Sanstha, Professional Assistance for Development Action, S.M. Sehgal Foundation, Sahbagi Shikshan Kendra, Sai Jyoti Gramodoyog Samaj Sewa Samiti, Sanjeevani Inst. for Empowerment and Development, Shikhar Yuva Manch, Shramik Bharti, Society for Action in Community Health, Society for the Upliftment of Villagers & Development of Himalayan Areas (SUVIDHA), UDYOGINI, Ugam Gramin Vikas Sanstha UMRA, URMUL Rural Health Research and Development Trust (URMUL), Vikas Sahyog Pratishthan, Vrutti, Watershed Organisation Trust, World Vision India, Yuva Rural Association; **Skills Training & Livelihood Enhancement:** Access Development Services, End Poverty, Friends Union for Energizing Lives, Head Held High Foundation, Jan Jagran Sansthan, Orion Education Society, Pan IIT Alumni Reach for India Foundation, Pratham Education Foundation, Tata Institute of Social Sciences, Udayan Care, Vassar Labs; **Other Donations:** Bhagwan Mahaveer Viklang Sahayata Samiti, Charities Aid Foundation, Common Service Centre (CSC), Emancipaction India Foundation, Foundation for Promotion of Sports and Games, Grow Trees, Isha Outreach, Jai Vakeel Foundation and Research Centre, Oxfam India, Rajni Patel Memorial Foundation, Roti Foundation, The Aangan Trust

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

7. **A responsibility statement of CSR Committee:**
The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Bank are in compliance with the CSR objectives and CSR Policy of the Bank.

Aditya Puri
Managing Director

Umesh Chandra Sarangi
Chairman- CSR Committee

Annexure 3 to the Directors' Report

Form No. MGT-9
Extract of the Annual Return as on the financial year ended March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

i. CIN: L65920MH1994PLC080618
ii. Registration Date: August 30, 1994
iii. Name of the Company: HDFC Bank Limited
iv. Category / Sub-category of the Company: Company Limited by Shares / Indian Non-Government Company
v. Address of the Registered Office and contact details:
HDFC Bank Limited
HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. Tel: 022 3976 0000
vi. Whether listed: Yes
vii. Name, Address and contact details of Registrar and Transfer Agents:
Datamatics Business Solutions Limited (Formerly known as 'Datamatics Financial Services Limited')
Plot No. B5, Part B, Cross Lane, MIDC, Marol, Andheri East, Mumbai 400 093.
Tel: 022- 6671 2213/14, E-mail: hdinvestors@datamaticsbpm.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 per cent or more of the total turnover of the Company shall be stated:

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	Percentage of shares held	Applicable Section
1	**HDB Financial Services Limited** Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380 009.	U65993GJ2007PLC051028	Subsidiary	95.30%	Section 2(87) of Companies Act, 2013
2	**HDFC Securities Limited** I Think, Techno Campus, Building-B, "Alpha" office, 8th Floor, opposite Crompton Greaves, Kanjurmarg (East), Mumbai - 400 042.	U67120MH2000PLC152193	Subsidiary	96.57%	Section 2(87) of Companies Act, 2013

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

(i) Category-wise Shareholding

Category code	Category of shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
(I)	(II)	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A)	**Promoters#**									
1	Indian									
(a)	Individuals/HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Bodies Corporate (#)	582,312,917	0	582,312,917	21.38	1,164,625,834	0	1,164,625,834	21.24	-0.14
(e)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (A)(1)	**582,312,917**	**0**	**582,312,917**	**21.38**	**1,164,625,834**	**0**	**1,164,625,834**	**21.24**	**-0.14**

Category code	Category of shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
(I)	(II)	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2	**Foreign**									
(a)	NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (A)(2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**582,312,917**	**0**	**582,312,917**	**21.38**	**1,164,625,834**	**0**	**1,164,625,834**	**21.24**	**-0.14**
(B)	**Public shareholding**									
1	**Institutions**									
(a)	Mutual Funds	292,857,184	2,000	292,859,184	10.75	668,586,599	4,000	668,590,599	12.19	1.44
(b)	Banks / FI	2,732,591	8,105	2,740,696	0.10	5,422,889	13,660	5,436,549	0.10	0.00
(c)	Central Government	4,341,880	0	4,341,880	0.16	10,195,251	0	10,195,251	0.19	0.03
(d)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Insurance Companies	60,886,798	0	60,886,798	2.24	147,404,983	0	147,404,983	2.69	0.45
(g)	FIIs	850,769,414	2,000	850,771,414	31.24	1,633,952,884	4,000	1,633,956,884	29.80	-1.44
(h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(j)	Alternate Investment Funds	4,204,026	0	4,204,026	0.15	10,699,455	0	10,699,455	0.20	0.04
(k)	Other (specify)	1,056	0	1,056	0.00	136,752,356	0	136,752,356	2.49	2.49
	Sub Total (B)(1)	**1,215,792,949**	**12,105**	**1,215,805,054**	**44.64**	**2,613,014,417**	**21,660**	**2,613,036,077**	**47.65**	**3.01**
2	**Non-institutions**									
(a)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(a)(i)	Indian	148,783,648	110,920	148,894,568	5.47	148,320,448	170,650	148,491,098	2.71	-2.76
(a)(ii)	Overseas	0	270	270	0.00	0	540	540	0.00	0.00
(b)	Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)(i)	Individuals - shareholders holding nominal share capital up to ₹ 1 Lakh	165,544,268	9,714,018	175,258,286	6.44	370,217,387	13,459,542	383,676,929	7.00	0.56
(b)(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	63,168,012	113,000	63,281,012	2.32	119,359,562	226,000	119,585,562	2.18	-0.14
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Other (specify)	2,757,539	0	2,757,539	0.10	6,821,336	0	6,821,336	0.12	0.02
d-i	NRI Rep	1,946,790	33,380	1,980,170	0.07	5,961,078	54,910	6,015,988	0.11	0.04
d-ii	NRI Non - Rept	7,524,679	2,080	7,526,759	0.28	12,907,481	3,640	12,911,121	0.24	-0.04
d-iii	Foreign Bodies	0	0	0	0.00	0	0	0	0.00	0.00
d-iv	Foreign National	1,888	0	1,888	0.00	6,447	0	6,447	0.00	0.00
	Sub Total (B)(2)	**389,726,824**	**9,973,668**	**399,700,492**	**14.68**	**663,593,739**	**13,915,282**	**677,509,021**	**12.36**	**-2.33**
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**1,605,519,773**	**9,985,773**	**1,615,505,546**	**59.33**	**3,276,608,156**	**13,936,942**	**3,290,545,098**	**60.01**	**0.68**
	Total (A+B)	**2,187,832,690**	**9,985,773**	**2,197,818,463**	**80.71**	**4,441,233,990**	**13,936,942**	**4,455,170,932**	**81.25**	**0.54**
(C)	**Custodians for GDRs and ADRs**	525,488,147	0	525,488,147	19.30	1,028,115,528	0	1,028,115,528	18.75	-0.55
	GRAND TOTAL (A)+(B)+(C)	**2,713,320,837**	**9,985,773**	**2,723,306,610**	**100.00**	**5,469,349,518**	**13,936,942**	**5,483,286,460**	**100.00**	**0.00**

On September 21, 2019 the Bank has executed a corporate action for sub-division of its equity shares from the face value of ₹ 2/- each to the face value of ₹ 1/- each

 # Promoters are Indian Companies incorporated under the Indian Companies Act, 1956 and are managed by Indian management. Foreign shareholding in the principal promoter company exceeds 51% of their paid up share capital and accordingly the shareholding of the company in the Bank may be deemed as indirect foreign shareholding in terms of the extant FDI Policy.

The percentage of share capital held by the promoters has been calculated after including the equity shares underlying the depository receipts of the Bank in the total number of equity shares. Pursuant to the Circular No. CIR/CFD/CMD/13/2015 dated November 30, 2015 issued by the Securities and Exchange Board of India, the percentage of promoter shareholding after excluding the equity shares underlying depository receipts from the total number of shares would be 26.14 % of the Bank's total share capital.

(ii) Shareholding of Promoters

Sr. 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 Shares Pledged / encumbered to total shares	No.of Shares	% of total Shares	% of Shares Pledged / encumbered to total shares	
1	Housing Development Finance Corporation Limited	432,307,917	15.87	0.00	864,615,834	15.77	0.00	(0.10)
2	HDFC Investments Limited	150,000,000	5.51	0.00	300,000,000	5.47	0.00	(0.04)
3	HDFC Holdings Limited	5,000	0.00	0.00	10,000	0.00	0.00	0.00
	Total	**582,312,917**	**21.38**	**0.00**	**1,164,625,834**	**21.24**	**0.00**	**(0.14)**

Note: On September 21, 2019, the Bank has executed a corporate action for sub-division of its equity shares from the face value of ₹ 2.00 each to the face value of ₹ 1.00 each.

(iii) Change in Promoters' Shareholding:

Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total Shares	No. of shares	% of total Shares
At the beginning of the year	582,312,917	21.38		
Increase in Promoters' shareholding during the year (On September 21, 2019, the Bank has executed a corporate action for sub-division of its equity shares from the face value of ₹ 2.00 each to the face value of ₹ 1.00 each)	582,312,917	10.64	1,164,625,834	21.29
At the end of the year			1,164,625,834	21.24*

** The change in percentage to share capital at the end of the year is on account of issuance and allotment of additional equity shares upon exercise of equity stock options by the employees of the Bank.*

(iv) Shareholding Pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs):

Sr. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Europacific Growth Fund	**At the beginning of the year**	**30-Mar-2019**	**112,173,464**	**4.12**		
		Increase	31-May-2019	272,000	0.01	112,445,464	4.12
		Decrease	02-Aug-2019	(1,081,163)	(0.04)	111,364,301	4.07
		Decrease	09-Aug-2019	(2937,436)	(0.11)	108,426,865	3.97
		Decrease	16-Aug-2019	(978,198)	(0.04)	107,448,667	3.93
		Decrease	23-Aug-2019	(1,502,915)	(0.06)	105,945,752	3.88
		Decrease	13-Sep-2019	(15,000)	0.00	105,930,752	3.87
		Corporate Action	21-Sep-2019	105,930,752	1.94	211,861,504	3.87
		Increase	10-Jan-2020	850,000	0.02	212,711,504	3.88
		Increase	31-Jan-2020	1,435,230	0.03	214,146,734	3.91
		Increase	07-Feb-2020	4,682,902	0.09	218,829,636	3.99
		Increase	14-Feb-2020	1,903,756	0.04	220,733,392	4.03
		Decrease	06-Mar-2020	(2,461,000)	(0.05)	218,272,392	3.98
		Decrease	13-Mar-2020	(10,991,030)	(0.20)	207,281,362	3.78
		Decrease	20-Mar-2020	(5,241,140)	(0.10)	202,040,222	3.69
		Decrease	27-Mar-2020	(3,508,000)	(0.06)	198,532,222	3.62
		Decrease	31-Mar-2020	(1,721,420)	(0.03)	196,810,802	3.59
		At the end of the year	**31-Mar-2020**			**196,810,802**	**3.59**
2	SBI-ETF NIFTY 50	**At the beginning of the year**	**30-Mar-2019**	**60,379,544**	**2.22**		
		Increase	05-Apr-2019	518,969	0.02	60,898,513	2.24
		Increase	12-Apr-2019	564,600	0.02	61,463,113	2.26
		Increase	19-Apr-2019	295,163	0.01	61,758,276	2.27
		Increase	26-Apr-2019	401,178	0.02	62,159,454	2.28
		Increase	03-May-2019	244,672	0.01	62,404,126	2.29
		Increase	10-May-2019	260,590	0.01	62,664,716	2.30
		Increase	17-May-2019	545,649	0.02	63,210,365	2.32
		Increase	24-May-2019	168,920	0.01	63,379,285	2.33
		Increase	31-May-2019	259,758	0.01	63,639,043	2.33
		Decrease	07-Jun-2019	(336,574)	(0.01)	63,302,469	2.32
		Increase	14-Jun-2019	196,571	0.01	63,499,040	2.33
		Increase	21-Jun-2019	300,317	0.01	63,799,357	2.34
		Increase	28-Jun-2019	470,365	0.02	64,269,722	2.35
		Increase	05-Jul-2019	648,645	0.02	64,918,367	2.38
		Increase	12-Jul-2019	599,170	0.02	65,517,537	2.40
		Increase	19-Jul-2019	506,552	0.02	66,024,089	2.42
		Increase	26-Jul-2019	327,390	0.01	66,351,479	2.43
		Increase	02-Aug-2019	1,074,109	0.04	67,425,588	2.47
		Increase	09-Aug-2019	2,012,293	0.07	69,437,881	2.54
		Increase	16-Aug-2019	291,304	0.01	69,729,185	2.55
		Increase	23-Aug-2019	278,908	0.01	70,008,093	2.56
		Increase	30-Aug-2019	627,692	0.02	70,635,785	2.58
		Increase	06-Sep-2019	101,953	0.00	70,737,738	2.59
		Increase	13-Sep-2019	87,343	0.00	70,825,081	2.59
		Increase	20-Sep-2019	153,597	0.01	7,0978,678	2.60
		Corporate Action	21-Sep-2019	70,978,678	1.30	14,195,7356	2.60
		Increase	27-Sep-2019	178,875	0.00	142,136,231	2.60
		Increase	30-Sep-2019	55,955	0.00	142,192,186	2.60
		Increase	04-Oct-2019	418,604	0.01	142,610,790	2.61
		Decrease	11-Oct-2019	(164,378)	0.00	142,446,412	2.60
		Increase	18-Oct-2019	696,836	0.01	143,143,248	2.62
		Increase	25-Oct-2019	899,797	0.02	14,4043,045	2.63
		Increase	01-Nov-2019	682,723	0.01	14,4725,768	2.64
		Increase	08-Nov-2019	133,053	0.00	144,858,821	2.65
		Increase	15-Nov-2019	666,382	0.01	145,525,203	2.66
		Increase	22-Nov-2019	497,542	0.01	14,602,2745	2.67
		Increase	29-Nov-2019	631,384	0.01	146,654,129	2.68
		Increase	06-Dec-2019	1,118,686	0.02	147,772,815	2.70
		Decrease	13-Dec-2019	(406,583)	(0.01)	147,366,232	2.69
		Increase	20-Dec-2019	735,059	0.01	148,101,291	2.70
		Increase	27-Dec-2019	401,215	0.01	148,502,506	2.71
		Increase	31-Dec-2019	547,641	0.01	149,050,147	2.72
		Increase	03-Jan-2020	242,681	0.00	149,292,828	2.73
		Increase	10-Jan-2020	401,808	0.01	149,694,636	2.73
		Increase	17-Jan-2020	341405	0.01	150,036,041	2.74
		Increase	24-Jan-2020	95,210	0.00	150,131,251	2.74
		Increase	31-Jan-2020	133,084	0.00	150,264,335	2.74
		Increase	07-Feb-2020	290,303	0.01	150,554,638	2.75
		Increase	14-Feb-2020	1,040,116	0.02	151,594,754	2.77
		Increase	21-Feb-2020	105,374	0.00	151,700,128	2.77
		Increase	28-Feb-2020	1,504,245	0.03	153,204,373	2.80
		Increase	06-Mar-2020	1,973,095	0.04	155,177,468	2.83
		Increase	13-Mar-2020	1,960,304	0.04	157,137,772	2.87
		Increase	20-Mar-2020	3,352,686	0.06	160,490,458	2.93
		Increase	27-Mar-2020	3,262,871	0.06	163,753,329	2.99
		Increase	31-Mar-2020	2,508,243	0.05	166,261,572	3.03
		At the end of the year	**31-Mar-2020**			**166,261,572**	**3.03**
3	Life Insurance Corporation of India	**At the beginning of the year**	**30-Mar-2019**	**55,816,664**	**2.05**		
		Increase	12-Jul-2019	1,268,287	0.05	57,084,951	2.09
		Increase	19-Jul-2019	796,993	0.03	57,881,944	2.12
		Increase	26-Jul-2019	598,463	0.02	58,480,407	2.14
		Increase	02-Aug-2019	283,500	0.01	58,763,907	2.15
		Increase	09-Aug-2019	318,724	0.01	59,082,631	2.16
		Increase	16-Aug-2019	313,921	0.01	59,396,552	2.17
		Increase	23-Aug-2019	578,232	0.02	59,974,784	2.19
		Increase	30-Aug-2019	600,942	0.02	60,575,726	2.22
		Increase	06-Sep-2019	338,234	0.01	60,913,960	2.23
		Increase	13-Sep-2019	121,500	0.00	61,035,460	2.23
		Corporate Action	21-Sep-2019	61,035,460	1.12	122,070,920	2.23
		Increase	17-Jan-2020	155,300	0.00	122,226,220	2.23
		Increase	24-Jan-2020	206,000	0.00	122,432,220	2.24
		Increase	31-Jan-2020	348,046	0.01	122,780,266	2.24
		Increase	07-Feb-2020	674,814	0.01	123,455,080	2.25
		Increase	14-Feb-2020	175,461	0.00	123,630,541	2.26
		Increase	21-Feb-2020	90,400	0.00	123,720,941	2.26
		Increase	28-Feb-2020	258,738	0.01	123,979,679	2.26
		Increase	06-Mar-2020	2,582,712	0.05	126,562,391	2.31
		Increase	13-Mar-2020	3,073,907	0.06	129,636,298	2.37
		Increase	20-Mar-2020	3,118,706	0.06	132,755,004	2.42
		Increase	27-Mar-2020	1423,300	0.03	134,178,304	2.45
		Increase	31-Mar-2020	1,047,700	0.02	135,226,004	2.47
		At the end of the year	**31-Mar-2020**			**135,226,004**	**2.47**

Sr. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
4	ICICI Prudential Bluechip Fund	**At the beginning of the year**	**30-Mar-2019**	**17,868,509**	**0.66**		
		Decrease	05-Apr-2019	(287,397)	(0.01)	17,581,112	0.65
		Increase	12-Apr-2019	122,684	0.01	17,703,796	0.65
		Decrease	19-Apr-2019	(123,86)	0.00	17,691,410	0.65
		Increase	26-Apr-2019	57,066	0.00	17748476	0.65
		Increase	03-May-2019	191,928	0.01	17,940,404	0.66
		Increase	10-May-2019	616,419	0.02	18,556,823	0.68
		Increase	17-May-2019	10,445	0.00	18,567,268	0.68
		Decrease	24-May-2019	(42,814)	0.00	18,524,454	0.68
		Increase	31-May-2019	1,700,895	0.06	20,225,349	0.74
		Increase	07-Jun-2019	608,807	0.02	20,834,156	0.76
		Increase	14-Jun-2019	351,074	0.01	21,185,230	0.78
		Increase	21-Jun-2019	602,761	0.02	21,787,991	0.80
		Increase	28-Jun-2019	340,023	0.01	22,128,014	0.81
		Increase	05-Jul-2019	164,306	0.01	22,292,320	0.82
		Increase	12-Jul-2019	117,241	0.00	22,409,561	0.82
		Increase	19-Jul-2019	48,933	0.00	22,458,494	0.82
		Increase	26-Jul-2019	875,441	0.03	23,333,935	0.85
		Increase	02-Aug-2019	382,156	0.01	23,716,091	0.87
		Increase	09-Aug-2019	1,275,002	0.05	24,991,093	0.91
		Increase	16-Aug-2019	146,929	0.01	25,138,022	0.92
		Increase	23-Aug-2019	10,655	0.00	25,148,677	0.92
		Decrease	30-Aug-2019	(408,823)	(0.02)	24,739,854	0.91
		Increase	06-Sep-2019	192,672	0.01	24,932,526	0.91
		Decrease	13-Sep-2019	(67,408)	0.00	24,865,118	0.91
		Increase	20-Sep-2019	205,590	0.01	25,070,708	0.92
		Corporate Action	21-Sep-2019	25,070,708	0.46	50,141,416	0.92
		Decrease	27-Sep-2019	(549,121)	(0.01)	49,592,295	0.91
		Increase	30-Sep-2019	461,181	0.01	50,053,476	0.92
		Increase	04-Oct-2019	271,834	0.01	50,325,310	0.92
		Decrease	11-Oct-2019	(189,131)	0.00	50,136,179	0.92
		Increase	18-Oct-2019	582,015	0.01	50,718,194	0.93
		Decrease	25-Oct-2019	(213,392)	0.00	50,504,802	0.92
		Decrease	01-Nov-2019	(472,128)	(0.01)	50,032,674	0.91
		Decrease	08-Nov-2019	(299,438)	(0.01)	49,733,236	0.91
		Decrease	15-Nov-2019	(821,297)	(0.02)	48,911,939	0.89
		Increase	22-Nov-2019	176,242	0.00	49,088,181	0.90
		Decrease	29-Nov-2019	(1,279,138)	(0.02)	47,809,043	0.87
		Increase	06-Dec-2019	255,059	0.01	48,064,102	0.88
		Increase	13-Dec-2019	340,712	0.01	48,404,814	0.88
		Increase	20-Dec-2019	258,344	0.01	48,663,158	0.89
		Decrease	27-Dec-2019	(416,384)	(0.01)	48,246,774	0.88
		Increase	31-Dec-2019	366,879	0.01	48,613,653	0.89
		Increase	03-Jan-2020	46,016	0.00	48,659,669	0.89
		Increase	10-Jan-2020	1893,118	0.04	50,552,787	0.92
		Increase	17-Jan-2020	1,128,697	0.02	51,681,484	0.94
		Increase	24-Jan-2020	3297,878	0.06	54,979,362	1.00
		Increase	31-Jan-2020	1,471,371	0.03	56,450,733	1.03
		Increase	07-Feb-2020	921,009	0.02	57,371,742	1.05
		Increase	14-Feb-2020	606,762	0.01	57,978,504	1.06
		Decrease	21-Feb-2020	(240,212)	0.00	57,738,292	1.05
		Decrease	28-Feb-2020	(89,103)	0.00	57,649,189	1.05
		Increase	06-Mar-2020	5,341,395	0.10	62,990,584	1.15

Sr. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
		Decrease	13-Mar-2020	(993,970)	(0.02)	61,996,614	1.13
		Increase	20-Mar-2020	1,141,635	0.02	63,138,249	1.15
		Increase	27-Mar-2020	793,353	0.01	63,931,602	1.17
		Decrease	31-Mar-2020	(379,801)	(0.01)	63,551,801	1.16
		At the end of the year	**31-Mar-2020**			**63,551,801**	**1.16**
5	Government of Singapore	**At the beginning of the year**	**30-Mar-2019**	**27,538,825**	**1.01**		
		Increase	05-Apr-2019	228,583	0.01	27,767,408	1.02
		Decrease	12-Apr-2019	(469)	0.00	27,766,939	1.02
		Increase	26-Apr-2019	13,686	0.00	27,780,625	1.02
		Decrease	03-May-2019	(39,378)	0.00	27,741,247	1.02
		Decrease	10-May-2019	(10,187)	0.00	27,731,060	1.02
		Increase	17-May-2019	65,653	0.00	27,796,713	1.02
		Decrease	24-May-2019	(15,000)	0.00	27,781,713	1.02
		Decrease	21-Jun-2019	438	0.00	27,781,275	1.02
		Increase	12-Jul-2019	295,544	0.01	28,076,819	1.03
		Increase	19-Jul-2019	274,353	0.01	2,835,1172	1.04
		Increase	02-Aug-2019	57,964	0.00	28,409,136	1.04
		Increase	09-Aug-2019	82,223	0.00	28,491,359	1.04
		Increase	16-Aug-2019	2,488	0.00	28,493,847	1.04
		Increase	23-Aug-2019	32,102	0.00	28,525,949	1.04
		Increase	30-Aug-2019	85,822	0.00	28,611,771	1.05
		Decrease	13-Sep-2019	(26,707)	0.00	28,585,064	1.05
		Increase	20-Sep-2019	9,179	0.00	28,594,243	1.05
		Corporate Action	21-Sep-2019	28,594,243	0.52	57,188,486	1.05
		Decrease	27-Sep-2019	(12,221)	0.00	57,176,265	1.05
		Decrease	30-Sep-2019	(200,412)	0.00	56,975,853	1.04
		Decrease	04-Oct-2019	(54,150)	0.00	5,6921,703	1.04
		Increase	11-Oct-2019	6,335	0.00	56,928,038	1.04
		Increase	18-Oct-2019	30,490	0.00	56,958,528	1.04
		Increase	25-Oct-2019	12,478	0.00	56,971,006	1.04
		Decrease	01-Nov-2019	(11,765)	0.00	56,959,241	1.04
		Decrease	08-Nov-2019	(180,000)	0.00	56,779,241	1.04
		Decrease	29-Nov-2019	(5,903)	0.00	56,773,338	1.04
		Decrease	06-Dec-2019	(97,914)	0.00	56,675,424	1.04
		Decrease	13-Dec-2019	(195,532)	0.00	56,479,892	1.03
		Decrease	20-Dec-2019	(55,572)	0.00	56,424,320	1.03
		Decrease	10-Jan-2020	(21,1900)	0.00	56,212,420	1.03
		Decrease	17-Jan-2020	(138,099)	0.00	56,074,321	1.02
		Decrease	24-Jan-2020	(453,198)	(0.01)	55,621,123	1.02
		Decrease	31-Jan-2020	(160,047)	0.00	55,461,076	1.01
		Decrease	07-Feb-2020	(366,593)	(0.01)	55,094,483	1.01
		Increase	14-Feb-2020	11,534	0.00	55,106,017	1.01
		Decrease	21-Feb-2020	(244,526)	0.00	54,861,491	1.00
		Increase	28-Feb-2020	153,956	0.00	55,015,447	1.00
		Decrease	06-Mar-2020	(306,219)	(0.01)	54,709,228	1.00
		Increase	13-Mar-2020	513,800	0.01	55,223,028	1.01
		Increase	20-Mar-2020	855,734	0.02	560,78,762	1.02
		Increase	27-Mar-2020	110,268	0.00	56,189,030	1.02
		At the end of the year	**31-Mar-2020**			**56,189,030**	**1.02**

Sr. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
6	Reliance Capital Trustee Co. Ltd-A/C Nippon India ETF Bank Bees	**At the beginning of the year**	**30-Mar-2019**	**26,060,792**	**0.96**		
		Decrease	05-Apr-2019	(350,655)	(0.01)	25,710,137	0.94
		Increase	12-Apr-2019	52,215	0.00	25,762,352	0.95
		Increase	19-Apr-2019	189,245	0.01	25,951,597	0.95
		Decrease	26-Apr-2019	(144,131)	(0.01)	25,807,466	0.95
		Decrease	03-May-2019	(505,130)	(0.02)	25,302,336	0.93
		Decrease	10-May-2019	(507,643)	(0.02)	24,794,693	0.91
		Decrease	17-May-2019	(674,711)	(0.03)	24,119,982	0.89
		Increase	24-May-2019	22,156	0.00	24,142,138	0.89
		Increase	31-May-2019	687,677	0.03	24,829,815	0.91
		Decrease	07-Jun-2019	(345,848)	(0.01)	24,483,967	0.90
		Increase	14-Jun-2019	649,983	0.02	25,133,950	0.92
		Increase	21-Jun-2019	324,806	0.01	25,458,756	0.93
		Decrease	28-Jun-2019	(591,629)	(0.02)	24,867,127	0.91
		Increase	05-Jul-2019	319,497	0.01	25,186,624	0.92
		Decrease	12-Jul-2019	(1,294,133)	(0.05)	23,892,491	0.87
		Increase	19-Jul-2019	69,311	0.00	23,961,802	0.88
		Increase	26-Jul-2019	462,304	0.02	24,424,106	0.89
		Decrease	02-Aug-2019	(145,166)	(0.01)	24,278,940	0.89
		Increase	09-Aug-2019	3,256,125	0.12	27,535,065	1.01
		Decrease	16-Aug-2019	(587,079)	(0.02)	26,947,986	0.99
		Decrease	23-Aug-2019	(78,939)	0.00	26,869,047	0.98
		Decrease	30-Aug-2019	(391,606)	(0.01)	26,477,441	0.97
		Decrease	06-Sep-2019	(325,119)	(0.01)	26,152,322	0.96
		Decrease	13-Sep-2019	(47,443)	0.00	26,104,879	0.95
		Decrease	20-Sep-2019	(17,579)	0.00	26,087,300	0.95
		Corporate Action	21-Sep-2019	26,087,300	0.48	52,174,600	0.95
		Increase	27-Sep-2019	1,874,484	0.03	54,049,084	0.99
		Increase	30-Sep-2019	143,570	0.00	54,192,654	0.99
		Increase	04-Oct-2019	420,026	0.01	54,612,680	1.00
		Increase	11-Oct-2019	381,118	0.01	54,993,798	1.01
		Increase	18-Oct-2019	1,304,828	0.02	56,298,626	1.03
		Increase	25-Oct-2019	45,120	0.00	56,343,746	1.03
		Decrease	01-Nov-2019	(1,296,103)	(0.02)	55,047,643	1.01
		Decrease	08-Nov-2019	(1,426,031)	(0.03)	53,621,612	0.98
		Decrease	15-Nov-2019	(781,288)	(0.01)	52,840,324	0.97
		Decrease	22-Nov-2019	(329,123)	(0.01)	52,511,201	0.96
		Decrease	29-Nov-2019	(326,452)	(0.01)	52,184,749	0.95
		Increase	06-Dec-2019	728,844	0.01	52,913,593	0.97
		Decrease	13-Dec-2019	(363,587)	(0.01)	52,550,006	0.96
		Decrease	20-Dec-2019	(309,043)	(0.01)	52,240,963	0.95
		Decrease	27-Dec-2019	(1,821,836)	(0.03)	50,419,127	0.92
		Decrease	31-Dec-2019	(301,156)	(0.01)	50,117,971	0.92
		Decrease	03-Jan-2020	(49,208)	0.00	50,068,763	0.91
		Increase	10-Jan-2020	112,235	0.00	50,180,998	0.92
		Increase	17-Jan-2020	359,556	0.01	50,540,554	0.92
		Decrease	24-Jan-2020	(1,638,827)	(0.03)	48,901,727	0.89
		Increase	31-Jan-2020	549,646	0.01	49,451,373	0.90
		Increase	07-Feb-2020	1,218,147	0.02	50,669,520	0.93
		Increase	14-Feb-2020	529,392	0.01	51,198,912	0.94
		Increase	21-Feb-2020	1,512,700	0.03	52,711,612	0.96
		Increase	28-Feb-2020	1,895,423	0.04	54,607,035	1.00
		Increase	06-Mar-2020	2,177,603	0.04	56,784,638	1.04
		Decrease	13-Mar-2020	(861,532)	(0.02)	55,923,106	1.02
		Decrease	20-Mar-2020	(2,313,172)	(0.04)	53,609,934	0.98
		Decrease	27-Mar-2020	(629,641)	(0.01)	52,980,293	0.97
		Decrease	31-Mar-2020	(230,517)	0.00	52,749,776	0.96
		At the end of the year	**31-Mar-2020**			**52,749,776**	**0.96**
7	HDFC Trustee Company Ltd - A/C HDFC Hybrid Equity Fund	**At the beginning of the year**	**30-Mar-2019**	**29,783,566**	**1.09**		
		Increase	05-Apr-2019	638	0.00	29,784,204	1.09
		Increase	12-Apr-2019	141,096	0.01	29,925,300	1.10
		Decrease	19-Apr-2019	(5,744)	0.00	29,919,556	1.10
		Increase	26-Apr-2019	(101,841)	0.00	30,021,397	1.10
		Increase	03-May-2019	(5,2034)	0.00	30,073,431	1.10
		Decrease	10-May-2019	(73,3048)	(0.03)	29,340,383	1.08
		Decrease	17-May-2019	(11,255)	0.00	29,329,128	1.08
		Decrease	24-May-2019	(407,139)	(0.02)	28,921,989	1.06
		Increase	31-May-2019	3,406	0.00	28,925,395	1.06
		Increase	07-Jun-2019	3,624	0.00	28,929,019	1.06
		Decrease	14-Jun-2019	(376,663)	(0.01)	28,552,356	1.05
		Decrease	21-Jun-2019	(85,610)	0.00	28,466,746	1.04
		Increase	28-Jun-2019	4,641	0.00	28,471,387	1.04
		Increase	05-Jul-2019	39,765	0.00	28,511,152	1.04
		Increase	12-Jul-2019	29,029	0.00	28,540,181	1.04
		Increase	19-Jul-2019	9,894	0.00	28,550,075	1.05
		Decrease	26-Jul-2019	(187,928)	(0.01)	28,362,147	1.04
		Decrease	02-Aug-2019	(74,887)	0.00	28,287,260	1.04
		Increase	09-Aug-2019	586,637	0.02	28,873,897	1.06
		Increase	16-Aug-2019	9,135	0.00	28,883,032	1.06
		Increase	23-Aug-2019	10,397	0.00	28,893,429	1.06
		Increase	30-Aug-2019	639,031	0.02	29,532,460	1.08
		Increase	06-Sep-2019	510,083	0.02	30,042,543	1.10
		Increase	13-Sep-2019	10,202	0.00	30,052,745	1.10
		Increase	20-Sep-2019	379,587	0.01	30,432,332	1.11
		Corporate Action	21-Sep-2019	30,432,332	0.56	60,864,664	1.11
		Decrease	27-Sep-2019	(576,455)	(0.01)	60,288,209	1.10
		Increase	30-Sep-2019	4,277	0.00	60,292,486	1.10
		Increase	04-Oct-2019	155,934	0.00	60,44,8420	1.11
		Decrease	11-Oct-2019	(23,540)	0.00	60,424,880	1.11
		Increase	18-Oct-2019	64,169	0.00	60,489,049	1.11
		Decrease	25-Oct-2019	(95,860)	0.00	60,393,189	1.10
		Decrease	01-Nov-2019	(34,686)	0.00	60,358,503	1.10
		Decrease	08-Nov-2019	(517,777)	(0.01)	59,840,726	1.09
		Decrease	15-Nov-2019	(207,734)	0.00	59,632,992	1.09
		Increase	22-Nov-2019	16,644	0.00	59,649,636	1.09
		Increase	29-Nov-2019	30,189	0.00	59,679,825	1.09
		Increase	06-Dec-2019	334,475	0.01	60,014,300	1.10
		Decrease	13-Dec-2019	(1,295,788)	(0.02)	58,718,512	1.07
		Decrease	20-Dec-2019	(589,842)	(0.01)	58,128,670	1.06
		Decrease	27-Dec-2019	(1,048,741)	(0.02)	57,079,929	1.04
		Decrease	31-Dec-2019	(307062)	(0.01)	56,772,867	1.04

Sr. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
		Decrease	03-Jan-2020	(466489)	(0.01)	56,306,378	1.03
		Decrease	10-Jan-2020	(1632449)	(0.03)	54,673,929	1.00
		Decrease	17-Jan-2020	(911807)	(0.02)	53,762,122	0.98
		Decrease	24-Jan-2020	(711,286)	(0.01)	53,050,836	0.97
		Decrease	31-Jan-2020	(30,562)	0.00	53,020,274	0.97
		Decrease	07-Feb-2020	(121,145)	0.00	52,899,129	0.97
		Increase	14-Feb-2020	12,054	0.00	52,911,183	0.97
		Increase	21-Feb-2020	39,809	0.00	52,950,992	0.97
		Increase	28-Feb-2020	17,287	0.00	52,968,279	0.97
		Increase	06-Mar-2020	77,049	0.00	53,045,328	0.97
		Decrease	13-Mar-2020	(645,286)	(0.01)	52,400,042	0.96
		Decrease	20-Mar-2020	(1,408,509)	(0.03)	50,991,533	0.93
		Decrease	27-Mar-2020	(1,967,865)	(0.04)	49,023,668	0.89
		Increase	31-Mar-2020	434,854	0.01	49,458,522	0.90
		At the end of the year	**31-Mar-2020**			**49,458,522**	**0.90**
8	ICICI Prudential Life Insurance Company Limited	**At the beginning of the year**	**30-Mar-2019**	**30,501,652**	**1.12**		
		Decrease	05-Apr-2019	(187,124)	(0.01)	30,314,528	1.11
		Increase	12-Apr-2019	335,198	0.01	30,649,726	1.13
		Increase	19-Apr-2019	19,675	0.00	30,669,401	1.13
		Decrease	26-Apr-2019	(23,138)	0.00	30,646,263	1.13
		Decrease	03-May-2019	(166,532)	(0.01)	30,479,731	1.12
		Decrease	10-May-2019	(168,723)	(0.01)	30,311,008	1.11
		Decrease	17-May-2019	(619,700)	(0.02)	29,691,308	1.09
		Decrease	24-May-2019	(289,953)	(0.01)	29,401,355	1.08
		Increase	31-May-2019	58,928	0.00	29,460,283	1.08
		Decrease	07-Jun-2019	(85,071)	0.00	29,375,212	1.08
		Decrease	14-Jun-2019	(94,737)	0.00	29,280,475	1.07
		Increase	21-Jun-2019	24,750	0.00	29,305,225	1.07
		Increase	28-Jun-2019	54,590	0.00	29,359,815	1.07
		Decrease	05-Jul-2019	(312,930)	(0.01)	29,046,885	1.06
		Decrease	12-Jul-2019	(391,970)	(0.01)	28,654,915	1.05
		Decrease	19-Jul-2019	(320,646)	(0.01)	28,334,269	1.04
		Decrease	26-Jul-2019	(24,705)	0.00	28,309,564	1.04
		Decrease	02-Aug-2019	(205,431)	(0.01)	28,104,133	1.03
		Decrease	09-Aug-2019	(110,914)	0.00	27,993,219	1.02
		Decrease	16-Aug-2019	(245,258)	(0.01)	27,747,961	1.02
		Increase	23-Aug-2019	25,996	0.00	27,773,957	1.02
		Decrease	30-Aug-2019	(233,662)	(0.01)	2,7540,295	1.01
		Decrease	06-Sep-2019	(121,334)	0.00	27,418,961	1.00
		Increase	13-Sep-2019	20,022	0.00	27,438,983	1.00
		Decrease	20-Sep-2019	(388,384)	(0.01)	27,050,599	0.99
		Corporate Action	21-Sep-2019	27,050,599	0.49	54,101,198	0.99
		Increase	27-Sep-2019	107,396	0.00	54,208,594	0.99
		Decrease	30-Sep-2019	(129,985)	0.00	54,078,609	0.99
		Increase	04-Oct-2019	253,394	0.01	54,332,003	0.99
		Increase	11-Oct-2019	1,094,192	0.02	55,426,195	1.01
		Decrease	18-Oct-2019	(974,581)	(0.02)	54,451,614	1.00
		Decrease	25-Oct-2019	(1,148,130)	(0.02)	53,303,484	0.97
		Decrease	01-Nov-2019	(281,452)	(0.01)	53,022,032	0.97
		Decrease	08-Nov-2019	(738,429)	(0.01)	52,283,603	0.96
		Decrease	15-Nov-2019	(208,828)	0.00	52,074,775	0.95

Sr. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
		Decrease	22-Nov-2019	(223,090)	0.00	51,851,685	0.95
		Decrease	29-Nov-2019	(1,111,265)	(0.02)	50,740,420	0.93
		Decrease	06-Dec-2019	(752,745)	(0.01)	49,987,675	0.91
		Decrease	13-Dec-2019	(1,034,240)	(0.02)	48,953,435	0.89
		Increase	20-Dec-2019	505,580	0.01	49,459,015	0.90
		Increase	27-Dec-2019	645,735	0.01	50,104,750	0.92
		Increase	31-Dec-2019	30,582	0.00	50,135,332	0.92
		Increase	03-Jan-2020	254,705	0.01	50,390,037	0.92
		Decrease	10-Jan-2020	(215,978)	0.00	50,174,059	0.92
		Increase	17-Jan-2020	103,682	0.00	502,77,741	0.92
		Decrease	24-Jan-2020	(947,736)	(0.02)	49,330,005	0.90
		Decrease	31-Jan-2020	(54,636)	0.00	49,275,369	0.90
		Decrease	07-Feb-2020	(292,911)	(0.01)	48,982,458	0.89
		Decrease	14-Feb-2020	(189,271)	0.00	48,793,187	0.89
		Decrease	21-Feb-2020	(752,210)	(0.01)	48,040,977	0.88
		Decrease	28-Feb-2020	(997,626)	(0.02)	47,043,351	0.86
		Decrease	06-Mar-2020	(85,646)	0.00	46,957,705	0.86
		Increase	13-Mar-2020	96,896	0.00	47,054,601	0.86
		Decrease	20-Mar-2020	(926,479)	(0.02)	46,128,122	0.84
		Increase	27-Mar-2020	1,069,688	0.02	47,197,810	0.86
		Decrease	31-Mar-2020	(47,229)	0.00	47,150,581	0.86
		At the end of the year	**31-Mar-2020**			**47,150,581**	**0.86**
9	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Frontline Equity Fund	**At the beginning of the year**	**30-Mar-2019**	**26,698,137**	**0.98**		
		Increase	05-Apr-2019	130,283	0.01	26,828,420	0.99
		Increase	12-Apr-2019	507,642	0.02	27,336,062	1.00
		Decrease	19-Apr-2019	(750)	0.00	27,335,312	1.00
		Decrease	26-Apr-2019	(25,750)	0.00	27,309,562	1.00
		Decrease	03-May-2019	(102,000)	0.00	27,207,562	1.00
		Decrease	10-May-2019	(99,913)	0.00	27,107,649	1.00
		Decrease	17-May-2019	(13,647)	0.00	27,094,002	0.99
		Increase	24-May-2019	54,808	0.00	27,148,810	1.00
		Increase	31-May-2019	82,250	0.00	27,231,060	1.00
		Decrease	07-Jun-2019	(17,485)	0.00	27,213,575	1.00
		Decrease	14-Jun-2019	(498,700)	(0.02)	26,714,875	0.98
		Decrease	21-Jun-2019	(404,500)	(0.02)	26,310,375	0.96
		Decrease	28-Jun-2019	(75,010)	0.00	26,235,365	0.96
		Increase	05-Jul-2019	124,036	0.01	26,359,401	0.97
		Decrease	12-Jul-2019	(51,004)	0.00	26,308,397	0.96
		Decrease	19-Jul-2019	(7,921)	0.00	26,300,476	0.96
		Decrease	26-Jul-2019	(277,750)	(0.01)	26,022,726	0.95
		Increase	09-Aug-2019	30,250	0.00	26,052,976	0.95
		Decrease	23-Aug-2019	(5,961)	0.00	26,047,015	0.95
		Decrease	30-Aug-2019	(143,221)	(0.01)	25,903,794	0.95
		Increase	06-Sep-2019	169,250	0.01	26,073,044	0.95
		Decrease	13-Sep-2019	(550,187)	(0.02)	25,522,857	0.93
		Decrease	20-Sep-2019	(250)	0.00	25,522,607	0.93
		Corporate Action	21-Sep-2019	25,522,607	0.47	51,045,214	0.93
		Increase	27-Sep-2019	327,133	0.01	51,372,347	0.94
		Decrease	30-Sep-2019	(231,500)	0.00	51,140,847	0.94
		Decrease	04-Oct-2019	(811,000)	(0.02)	50,329,847	0.92
		Decrease	11-Oct-2019	(235)	0.00	50,329,612	0.92
		Decrease	18-Oct-2019	(87,000)	0.00	50,242,612	0.92
		Increase	25-Oct-2019	354,333	0.01	50,596,945	0.93
		Decrease	01-Nov-2019	(140,115)	0.00	50,456,830	0.92

Sr. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
		Decrease	08-Nov-2019	(183,400)	0.00	50,273,430	0.92
		Decrease	15-Nov-2019	(299,433)	(0.01)	49,973,997	0.91
		Decrease	22-Nov-2019	(172,500)	0.00	49,801,497	0.91
		Decrease	29-Nov-2019	(418,280)	(0.01)	49,383,217	0.90
		Decrease	06-Dec-2019	(572)	0.00	49,382,645	0.90
		Increase	13-Dec-2019	143,500	0.00	49,526,145	0.90
		Increase	20-Dec-2019	150,000	0.00	49,676,145	0.91
		Decrease	27-Dec-2019	(184,533)	0.00	49,491,612	0.90
		Decrease	31-Dec-2019	(200,000)	0.00	49,291,612	0.90
		Decrease	03-Jan-2020	(538,367)	(0.01)	48,753,245	0.89
		Decrease	10-Jan-2020	(386,915)	(0.01)	48,366,330	0.88
		Increase	17-Jan-2020	124,327	0.00	48,490,657	0.89
		Decrease	24-Jan-2020	(517,898)	(0.01)	47,972,759	0.88
		Decrease	31-Jan-2020	(3,647)	0.00	47,969,112	0.88
		Decrease	07-Feb-2020	(131,500)	0.00	47,837,612	0.87
		Decrease	14-Feb-2020	(233,808)	0.00	47,603,804	0.87
		Decrease	21-Feb-2020	(270,569)	(0.01)	47,333,235	0.86
		Decrease	28-Feb-2020	(637,271)	(0.01)	46,695,964	0.85
		Decrease	06-Mar-2020	(696,956)	(0.01)	45,999,008	0.84
		Decrease	13-Mar-2020	(362,462)	(0.01)	45,636,546	0.83
		Increase	20-Mar-2020	1,110,905	0.02	46,747,451	0.85
		Decrease	27-Mar-2020	(90,555)	0.00	46,656,896	0.85
		Increase	31-Mar-2020	3,797	0.00	46,660,693	0.85
		At the end of the year	**31-Mar-2020**			**46,660,693**	**0.85**
10	UTI - NIFTY Exchange Traded Fund	**At the beginning of the year**	**30-Mar-2019**	**18,783,741**	**0.69**		
		Increase	05-Apr-2019	142,166	0.01	18,925,907	0.70
		Increase	12-Apr-2019	79,511	0.00	19,005,418	0.70
		Increase	19-Apr-2019	2,465	0.00	19,007,883	0.70
		Increase	26-Apr-2019	9,739	0.00	19,017,622	0.70
		Increase	03-May-2019	31,312	0.00	19,048,934	0.70
		Increase	10-May-2019	149,971	0.01	19,198,905	0.71
		Increase	17-May-2019	145,759	0.01	19,344,664	0.71
		Increase	24-May-2019	189,23	0.00	19,363,587	0.71
		Decrease	31-May-2019	(30,134)	0.00	19,333,453	0.71
		Increase	07-Jun-2019	43,418	0.00	19,376,871	0.71
		Increase	14-Jun-2019	49,375	0.00	19,426,246	0.71
		Increase	21-Jun-2019	9,891	0.00	19,436,137	0.71
		Decrease	28-Jun-2019	(2,937)	0.00	19,433,200	0.71
		Increase	05-Jul-2019	125,644	0.01	19,558,844	0.72
		Increase	12-Jul-2019	116,127	0.00	19,674,971	0.72
		Increase	19-Jul-2019	148,510	0.01	19,823,481	0.73
		Increase	26-Jul-2019	103,773	0.00	19,927,254	0.73
		Increase	02-Aug-2019	14,027	0.00	19,941,281	0.73
		Increase	09-Aug-2019	168,980	0.01	20,110,261	0.74
		Increase	16-Aug-2019	56,633	0.00	20,166,894	0.74
		Increase	23-Aug-2019	55,604	0.00	20,222,498	0.74
		Increase	30-Aug-2019	66,651	0.00	20,289,149	0.74
		Increase	06-Sep-2019	12,604	0.00	20,301,753	0.74
		Decrease	13-Sep-2019	(106,241)	0.00	20,195,512	0.74
		Increase	20-Sep-2019	15,347	0.00	20,210,859	0.74
		Corporate Action	21-Sep-2019	20,210,859	0.37	40,421,718	0.74
		Decrease	27-Sep-2019	(1,038,812)	0.02	39,382,906	0.72
		Increase	30-Sep-2019	30,933	0.00	39413839	0.72

Sr. No.	Name	Remarks	Date *	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
		Increase	04-Oct-2019	225,923	0.00	39639762	0.73
		Increase	11-Oct-2019	217,314	0.00	39857076	0.73
		Increase	18-Oct-2019	141,561	0.00	39998637	0.73
		Increase	25-Oct-2019	111,793	0.00	40,110,430	0.73
		Increase	01-Nov-2019	128,282	0.00	40,238,712	0.74
		Increase	08-Nov-2019	357,115	0.01	40,595,827	0.74
		Decrease	15-Nov-2019	(136,265)	0.00	40,459,562	0.74
		Increase	22-Nov-2019	85,322	0.00	40,544,884	0.74
		Increase	29-Nov-2019	46,415	0.00	40,591,299	0.74
		Increase	06-Dec-2019	16,006	0.00	40,607,305	0.74
		Increase	13-Dec-2019	224,655	0.00	40,831,960	0.75
		Decrease	20-Dec-2019	(74,494)	0.00	40,757,466	0.74
		Decrease	27-Dec-2019	(18,844)	0.00	40,738,622	0.74
		Increase	31-Dec-2019	99,703	0.00	40,838,325	0.75
		Increase	03-Jan-2020	55,927	0.00	40,894,252	0.75
		Increase	10-Jan-2020	84,215	0.00	40,978,467	0.75
		Increase	17-Jan-2020	62,981	0.00	41,041,448	0.75
		Increase	24-Jan-2020	56,404	0.00	41,097,852	0.75
		Increase	31-Jan-2020	236,356	0.00	41,334,208	0.75
		Decrease	14-Feb-2020	(27,19)	0.00	41,543,612	0.76
		Increase	21-Feb-2020	320,474	0.01	41,864,086	0.76
		Increase	28-Feb-2020	1,065,850	0.02	42,929,936	0.78
		Increase	06-Mar-2020	828,163	0.02	43,758,099	0.80
		Increase	13-Mar-2020	459,073	0.01	44,217,172	0.81
		Increase	20-Mar-2020	416,863	0.01	44,634,035	0.81
		Increase	27-Mar-2020	373,440	0.01	45,007,475	0.82
		Increase	31-Mar-2020	80,2563	0.02	45,810,038	0.84
		At the end of the year	**31-Mar-2020**			**45,810,038**	**0.84**

** Date: This date has been considered as the date on which the beneficiary position was provided by the Depositories to the Bank*
Increase: Purchase of shares of the Bank
Decrease: Sale of shares of the Bank
Corporate Action: This is the date of sub-division of the Bank's equity shares from the face value of ₹ 2/- each to the face value of ₹ /- each

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	Remarks	Date*	Shareholding at the beginning of the year		Shareholding at the end of the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Aditya Puri	At the beginning of the year	30-Mar-2019	3,704,544	0.14		
		Increase	21-Jun-2019	448,000	0.02	4,152,544	0.15
		Decrease	09-Aug-2019	(280,000)	(0.01)	3,872,544	0.14
		Corporate Action	21-Sep-2019	3,872,544	0.07	7,745,088	0.14
		Decrease	14-Feb-2020	(1,252,037)	0.02	6,493,051	0.12
		Increase	28-Feb-2020	1,303,200	0.02	7,796,251	0.14
		At the end of the year	31-Mar-2020			7,796,251	0.14
2	Kaizad Bharucha	At the beginning of the year	30-Mar-2019	891,051	0.03		
		Increase	26-Apr-2019	50,000	0.00	941,051	0.03
		Increase	31-May-2019	104,000	0.00	1,045,051	0.04

Sr. No.	Name	Remarks	Date*	Shareholding at the beginning of the year: No. of shares	Shareholding at the beginning of the year: % of total shares	Shareholding at the end of the year: No. of shares	Shareholding at the end of the year: % of total shares
		Corporate Action	21-Sep-2019	1045,051	0.02	2,090,102	0.04
		Decrease	25-Oct-2019	(30,000)	0.00	2,060,102	0.04
		Decrease	01-Nov-2019	(30,000)	0.00	2,030,102	0.04
		Decrease	15-Nov-2019	(30,000)	0.00	2,000,102	0.04
		Increase	29-Nov-2019	108,000	0.00	2,108,102	0.04
		Decrease	20-Dec-2019	(1,000)	0.00	2,107,102	0.04
		Increase	28-Feb-2020	20,000	0.00	2,127,102	0.04
		Increase	20-Mar-2020	7,000	0.00	2,134,102	0.04
		At the end of the year	31-Mar-2020			2,134,102	0.04
	Jointly With Relatives	At the beginning of the year	30-Mar-2019	500	0.00		
		Corporate Action	21-Sep-2019	500	0.00	1,000	0.00
		At the end of the year	31-Mar-2020			1,000	0.00
3	Renu Karnad	At the beginning of the year	30-Mar-2019	297,660	0.01		
		Corporate Action	21-Sep-2019	297,660	0.01	595,320	0.01
		At the end of the year	31-Mar-2020			595,320	0.01
4	Sashidhar Jagdishan	At the beginning of the year	30-Mar-2019	708,094	0.03		
		Increase	21-Jun-2019	112,000	0.00	820,094	0.03
		Decrease	09-Aug-2019	(72,000)	0.00	748,094	0.03
		Corporate Action	21-Sep-2019	748,094	0.01	1,496,188	0.03
		At the end of the year	31-Mar-2020			1,496,188	0.03
5	Srinivasan Vaidyanathan	At the beginning of the year	30-Mar-2019	48	0.00		
		Corporate Action	21-Sep-2019	48	0.00	96	0.00
		At the end of the year	31-Mar-2020			96	0.00
6	Santosh Haldankar	At the beginning of the year	30-Mar-2019	0	0.00		
		Increase	01-Nov-2019	500	0.00	500	0.00
		At the end of the year	31-Mar-2020			500	0.00

** Date: This date has been considered as the date on which the beneficiary position was provided by the Depositories to the Bank*

Increase: Allotment of equity shares on exercise of employee stock option

Decrease: Sale of shares of the Bank

Corporate Action: This is the date of sub-division of Bank's equity shares from the face value of ₹ 2/- each to the face Value of ₹ 1/- each

V. INDEBTEDNESS

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

	Secured Loans excluding deposits (1)	Unsecured Loans (2)	Deposits (3)	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	17,400.00	99,685.12	-	117,085.12
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	6.95	2,500.93	-	2,507.88
Total (i+ii+iii)	**17,406.95**	**102,186.05**	**-**	**119,593.00**
Change in Indebtedness during the financial year				
• Addition	35,125.76	27,543.43	-	62,669.19
• Reduction	-	(35,714.72)	-	(35,714.72)
Net change	**35,125.76**	**(8,171.29)**	**-**	**26,954.47**
Indebtedness at the end of the financial year				
i) Principal Amount	52,524.20	92,104.35		1,44,628.55
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	8.51	1,910.41	-	1,918.92
Total (i+ii+iii)	**52,532.71**	**94,014.76**	**-**	**1,46,547.47**

(1) Secured borrowings represent borrowings under collateralized borrowing and lending obligations and transactions under liquidity adjustment facility and marginal standing facility.

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Sr. No.	Particulars of Remuneration	Name of Managing Director / Whole Time Director / Manager: Aditya Puri (Managing Director)	Kaizad Bharucha (Executive Director)	Total Amount
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	159,256,673	75,530,565	234,787,238
	b) Value of perquisites u/s. 17(2) of Income Tax Act, 1961 except stock options	21,977,704	8,014,247	29,991,951
	c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961.	-	-	-
2	Stock options exercised during the year***	1,615,645,280	316,239,220	1,931,884,500
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as per cent of profits			
	- others, specify			
5	Others *	7,982,688	2,876,436	10,859,124
	Total (A) **	**189,217,065**	**86,421,248**	**275,638,313**
	Ceiling as per the Act^			

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

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

** *Does not include the value of the stock options exercised during the year.*

*** *This includes stock options granted and vested over several previous years, but exercised during the last financial year.*

B. Remuneration to other Directors: (Amount in ₹)

Sr. No.	Name of Director	Particulars of Remuneration: Fees for attending Board / committee meetings	Commission#	Others	Total Amount
	Independent Directors				
1	Shyamala Gopinath	2,900,000	-	3,500,000	6,400,000
2	Malay Patel	3,350,000	1,000,000	-	4,350,000
3	Umesh Chandra Sarangi	2,100,000	1,000,000	-	3,100,000
4	Sanjiv Sachar	2,300,000	1,000,000	-	3,300,000
5	Sandeep Parekh	2,100,000	1,000,000	-	3,100,000
6	M.D. Ranganath	2,650,000	1,000,000	-	3,650,000
	Sub total (i)	**15,400,000**	**5,000,000**	**3,500,000**	**23,900,000**

Sr. No.	Name of Director	Particulars of Remuneration: Fees for attending Board / committee meetings	Commission#	Others	Total Amount
	Other Non-Executive Directors				
7	Keki Mistry*	1,450,000	1,000,000	-	2,450,000
8	Srikanth Nadhamuni	2,750,000	1,000,000	-	3,750,000
9	Renu Karnad**	150,000	-	-	150,000
	Sub total (ii)	**4,350,000**	**2,000,000**	**-**	**6,350,000**
	Total (i+ii)	**19,750,000**	**7,000,000**	**3,500,000**	**30,250,000**
	Ceiling as per the Act^				

 # Refers to commission for FY 2018-19, paid out in FY 2019-20.
**Mr. Keki Mistry ceased to be Director of the Bank with effect from the close of business hours on January 18, 2020*
*** Mrs. Renu Karnad was appointed as Director of the Bank with effect from March 3, 2020*
^ Section 198 of the Companies Act, 1956 (which corresponds to the now applicable section 197 of the Companies Act, 2013) does not, by virtue of Section 35B (2A) of the Banking Regulation Act, 1949, apply to Banking companies.

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

(₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel: Sashidhar Jagdishan (Group Head and Change Agent)	Srinivasan Vaidyanathan (Chief Financial Officer from August 22, 2019#)	Santosh Haldankar (Company Secretary)	Total
1	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27,963,215	14,198,263	5,393,611	**47,555,089**
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 except stock options	548,075	2,938,796	75,730	**3,562,601**
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-	**-**
2	Stock options exercised during the year***	151,822,040	-	560,645	**152,382,685**
3	Sweat Equity	-	-	-	**-**
4	Commission	-	-	-	**-**
	- as percent of profits	-	-	-	**-**
	- others, specify	-	-	-	**-**
5	Others*	666,266	795,626	312,946	**1,774,838**
	Total**	**29,177,556**	**17,932,684**	**5,782,288**	**52,892,528**

** Includes Provident Fund and tax exempted portion of superannuation.*
*** Does not include the value of stock options exercised during the year.*
**** This includes stock options granted and vested over several previous years, but exercised during FY 2019-20.*
 # Salary pertains to entire FY 2019-20

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

Annexure 4 to the Directors' Report

Form No. AOC - 2

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

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

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

(₹ crore)

(a)	Name(s) of the Related Party	HDFC Limited	
	Nature of Relationship	Promoter of the Bank	
(b)	Nature of contracts / arrangements / transactions	Purchase of home loans	Derivative and Foreign exchange transactions
(c)	Duration of the contracts / arrangements / transactions	1 year	Varying maturities
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	The Bank has an option to purchase up to 70% of the loans sourced by it. HDFC Ltd continues servicing of the assigned portfolio for which Bank pays servicing fees. Home loans purchased: 24,127.25	Derivative and foreign exchange transactions with the Bank. Outstanding Credit Exposure : 136.86
(e)	Date(s) of approval by the Board, if any:	N.A.	N.A.
(f)	Amount paid as advances, if any:	Nil	Nil

** The above mentioned transactions were entered into by the Bank in its ordinary course of business. Materiality threshold is as prescribed in Rule 15 (3) of the Companies (Meetings of Board and its Powers) Amendment Rules, 2019.*

Annexure 5 to the Directors' Report

Performance and financial position of subsidiaries and associates of the Bank as on March 31, 2020

(₹ crore)

Name of entity	Net assets as of March 31, 2020		Profit or loss for the year ended March 31, 2020	
	As % of consolidated net assets**	**Amount*****	**As % of consolidated profit or loss**	**Amount****
Parent:				
HDFC Bank Limited	96.95%	170,986.02	96.34%	26,257.32
Subsidiaries*:				
1. HDFC Securities Limited	0.71%	1,245.50	1.55%	423.37
2. HDB Financial Services Limited	4.64%	8,179.26	3.80%	1,036.94
Minority Interest in all subsidiaries	0.33%	576.64	0.16%	42.31

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

Annexure 6 to the Directors' Report

Disclosures on Remuneration

1. Ratio of Remuneration of each director to the median employees' remuneration for the FY 2019-20

Name and Designation	Ratio
Shyamala Gopinath, Chairperson & Independent Director	14.73
Malay Patel, Independent Director	10.01
Umesh Chandra Sarangi, Independent Director	7.14
Sanjiv Sachar, Independent Director	7.60
Sandeep Parekh, Independent Director	7.14
M.D. Ranganath, Independent Director	8.40
Keki Mistry, Non-Executive Director	5.64
Srikanth Nadhamuni, Non-Executive Director	8.63
Renu Karnad, Additional Non-Executive Director	0.35
Aditya Puri, Managing Director	282
Kaizad Bharucha, Executive Director	128

Note:

a. *All employees of the Bank, excluding overseas employees, have been considered.*

b. *In case of Managing Director and Executive Director, we have considered fixed pay for the computation of ratios. Fixed pay includes - salary, allowances, retiral benefits as well as value of perquisites excluding ESOPs.*

c. *In case of independent and non-executive directors, sitting fees paid for attending Board and Committee meetings during FY 2019-20 and commission paid as permitted by relevant RBI guidelines has been considered, except in case of Chairperson who is not eligible for commission but was paid remuneration of ₹ 3,500,000 during FY 2019-20 as approved by the RBI. The commission paid out in FY 2019-20 pertains to FY 2018-19.*

d. *Mr. Keki Mistry ceased to be Director of the Bank with effect from the close of business hours on January 18, 2020.*

e. *Mrs. Renu Karnad was appointed as Director of the Bank with effect from March 3, 2020.*

2. Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any, in the FY 2019-20

Designation	Percentage Increase
Managing Director	20.00
Executive Director	20.00
Group Head & Change Agent of the Bank (KMP)	16.12
Chief Financial Officer	15.58
Company Secretary	33.94

Non-Executive / Independent Directors:

During FY 2019-20, sitting fees of ₹ 100,000 for attending each Board meeting and ₹ 50,000 for attending each Committee meeting were paid to non-executive / independent directors. The amount of sitting fees paid per Board and Committee meeting remains unchanged from previous FY 2018-19. Further, the eligible non-executive directors (excluding Chairperson) were paid commission as permitted by the relevant RBI guidelines of ₹ 1,000,000 each. The commission paid out in FY 2019-20 pertains to FY 2018-19. There has been no change in the amount of commission from the previous 2018-19. The Chairperson was paid remuneration of ₹ 3,500,000 during FY 2019-20, in addition to sitting fees. The remuneration remains unchanged from FY 2018-19, and has been approved by RBI.

3. Percentage increase in the median remuneration of employees in the FY 2019-20

The percentage increase in median remuneration of employees in the FY 2019-20 was 12.96%. This excludes front line sales and overseas staff.

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

As of March 31, 2020 the number of permanent employees on the rolls of the Bank was **116,971.**

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

The average percentage increase for Key Managerial Personnel : **21.13**%

The average percentage increase for Non Managerial Staff : **10.16%**

The average percentage increase in the salaries is primarily on account of annual fixed pay increase and promotions.

6. Affirmation that the remuneration is as per the remuneration policy of the company: Yes

Annexure 7 to the Directors' Report

Statement under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for year ended March 31, 2020

Sr. No.	Name of the Employee	Designation	Date of joining the Bank	Qualifications	Age	Exp. (No. of years)	Total (₹)	Last Employment
	Persons in service for the whole year and drawing emoluments more than ₹ 1,02,00,000/- per annum							
	Details of top ten employees in terms of remuneration drawn							
1	Aditya Puri	Managing Director	12-Sep-1994	B.Com, CA.	69	47	189,217,065	Citibank
2	Kaizad Bharucha	Executive Director	04-Oct-1995	B.Com	54	34	86,421,248	SBI Commercial & Intl. Bank Ltd.
3	Ashish Parthasarthy	Group Head	01-Nov-1994	B.E., PGDM	52	31	32,775,187	INDSEC Investments Ltd.
4	Rahul Shukla	Group Head	01-Mar-2018	MBA, B.Tech	51	28	32,669,004	Citibank
5	Arvind Vohra	Group Head	12-Sep-2018	PG Diploma - Others, B.E.	48	25	31,724,907	Vodafone India Ltd
6	Bhavesh Zaveri	Group Head	13-Apr-1998	M.Com, CAIIB	54	31	31,492,491	Barclays Bank
7	Rakesh Singh	Group Head	11-Apr-2011	MBA, B.Sc.	51	27	31,285,890	Roth Child
8	Sashidhar Jagdishan	Group Head	05-Feb-1996	B.Sc., ACA., M.A. (Economics)	55	31	29,177,556	Deutsche Bank
9	Vinay Razdan	Group Head	06-Sep-2018	MBA	53	32	27,818,912	Vodafone Idea Ltd
10	Nirav Shah	Group Head	15-Jul-1999	MMS, B.Com	48	25	27,447,300	Global Trust Bank
	Persons in service for the whole year and drawing emoluments more than ₹ 1,02,00,000/- per annum, other than above							
1	Abheek Barua	Executive Vice President	16-Feb-2015	M.Sc.	53	32	13,045,115	ICRIER
2	Abhishek Bhagat	Senior Vice President - II	28-Sep-2016	MBA, B.Com	44	21	11,634,711	Chryseum Advisors LLP
3	Aditya Dhananjai Kumat	Assistant Vice President	01-Jun-2012	MBA, B.Tech	31	8	10,225,137	NIL
4	Aditya Prakash Deshpande	Vice President	02-Jan-2006	MBA, BMS	38	14	11,612,352	Standard Chartered Bank
5	Ajay Kumar Kapoor	Senior Executive Vice President	09-Oct-1995	M.Sc.	56	34	15,222,635	Times Bank Ltd.
6	Ajay Pancholi	Senior Vice President - II	18-Feb-2019	CA, B.Com	48	24	11,729,327	Edelweiss Financial Services Ltd
7	Ajit Cherian Kuruvilla	Senior Vice President - II	23-Aug-1999	Diploma (3-yr Diploma), CA, B.Com	52	27	11,094,114	Global Trust Bank
8	Akshat Lakhera	Senior Vice President - II	09-Sep-2010	PGDM, B.Sc.	43	19	19,401,878	BNP Paribas
9	Akshay Dixit	Senior Vice President - I	29-Sep-2012	CFA, M.Com, CA, B.Com	40	20	10,825,108	Mape Advisory Group Pvt Ltd
10	Ameya Shekhar Shenoy	Senior Vice President - I	20-Mar-2006	MBA, CA, B.Com	40	16	14,100,090	Tionale Enterprises Pvt Ltd
11	Amit Dayal	Executive Vice President	19-Dec-1994	B.Sc., DBM	53	29	18,236,584	SBI Commercial & Intl. Bank Ltd
12	Amit Prakash Kapadia	Deputy Vice President	06-Sep-2006	PGDBM, M.Com, B.Com	41	15	11,870,053	Citibank
13	Amol Padhye	Senior Vice President - II	01-Jul-2017	CA, B.Com	39	16	11,732,942	Ernst & Young LLP
14	Anand Dusane	Senior Executive Vice President	01-Jan-1996	CAIIB, M.Com, B.Com	47	27	14,389,198	State Bank Of Travancore
15	Anand Mankodi	Executive Vice President	02-Apr-1997	CA, B.Com	47	26	11,982,185	Dalal & Shah
16	Anand Sankararaman	Executive Vice President	03-Mar-2000	PGDBA, B.E.	46	25	10,553,963	P&O Nedlloyd (I) Pvt Ltd
17	Anil Bhavnani	Senior Executive Vice President	16-Jun-2003	CS, B.Com	46	26	14,274,404	CitiCorp Finance I Ltd.
18	Anil Onkarnath Tandon	Senior Vice President - II	14-Aug-2003	B.Com	50	25	10,862,182	Hongkong & Shanghai Banking Corporation
19	Anita Iyer	Executive Vice President	18-May-2017	MMS, B.Sc.	55	33	12,018,369	Kotak Mahindra Bank
20	Anupama Rajesh Munagekar	Senior Vice President - I	14-Feb-2007	LL.B, B.Com	58	28	17,894,041	Strategic Capital Corporation Pvt Ltd
21	Arun Mediratta	Executive Vice President	05-May-1998	MBA, M.A., B.A.	52	30	11,914,591	Punjab & Sind Bank
22	Arun Mohanty	Senior Executive Vice President	09-Nov-2005	B.A.	61	38	19,260,752	Reserve Bank of India
23	Arup Kumar Rakshit	Senior Executive Vice President	01-Aug-2006	PGDM, B.E.	51	28	22,581,305	ABN Amro Bank
24	Arvind Kapil	Group Head	18-Dec-1998	MMS, B.E	48	26	22,085,754	GE Countrywide Consumer Financial Services Ltd
25	Ashima Khanna Bhat	Group Head	07-Nov-1994	B.Bus, MMS	49	27	24,187,861	A F Ferguson & Co
26	Ashok Khanna	Group Head	19-Jun-2002	M.A.	63	39	25,460,554	Centurion Bank Ltd
27	Ashtosh Raina	Senior Vice President - II	03-Sep-2007	CAIIB, B.Sc.	52	29	16,383,464	State Bank of India

Annexure 7 to the Directors' Report

Sr. No.	Name of the Employee	Designation	Date of joining the Bank	Qualifications	Age	Exp. (No. of years)	Total (₹)	Last Employment
28	Augustine S. Quadros	Senior Executive Vice President	18-Sep-2000	B.Sc., LL.B.,Solicitor (Bom.), Solicitor (Eng & Wales)	57	35	12,787,900	Tata Housing Development Co. Ltd
29	B. P. Tikekar	Senior Executive Vice President	30-Aug-1995	B.Com	57	37	14,089,951	New Ind Co-Op Bank Ltd
30	Bardan Sharma	Senior Vice President - II	23-Nov-2011	Master's Degree/Dip - Others, B.Com	45	20	10,294,466	Diageo India Pvt Ltd
31	Beena Shah	Vice President	26-May-2015	MBA, B.Com	42	16	17,179,306	Kotak Mahindra Bank
32	Benjamin Frank	Group Head	05-Apr-2004	MBA, B.Sc.	55	34	20,346,308	IDBI Bank Ltd
33	Benson Benadict	Deputy Vice President	27-Nov-2013	MBA, B.Tech	40	15	11,839,961	Standard Chartered Bank
34	Bharat Badhwar	Executive Vice President	28-Sep-2002	B.A.	47	26	11,603,062	Bharti Telenet Ltd
35	Bhaskar C. Panda	Executive Vice President	21-Nov-1997	B.A.	57	35	17,313,473	Times Bank Ltd
36	Brijesh Prabhakar	Deputy Vice President	31-Oct-2011	MBA, B.E.	40	16	11,320,965	Citibank
37	Charmaine Pereira	Senior Vice President - II	01-Nov-1994	DBM, B.A.	47	25	14,844,512	NIL
38	Cheshta Chopra Sharma	Vice President	22-Aug-2000	PGDBA, B.A.	46	21	11,876,599	NSE of India Ltd
39	Debajeet Das	Executive Vice President	06-Aug-1996	M.A.	48	25	19,403,674	Texport syndicate
40	Deepak Kumar Mohanty	Senior Executive Vice President	24-Dec-2003	M.Sc, MBA, B.Sc.	56	27	13,692,950	ICICI Bank Ltd
41	Deepak Narsinh Shinde	Executive Vice President	08-Feb-2003	B.Com	53	32	11,871,563	Centurion Bank Ltd
42	Doulat Phiroze Kutar	Vice President	18-May-2010	M.A., B.A.	45	23	12,819,983	IL & FS Financial Service
43	Faisal Ikbal Sara	Senior Vice President - II	05-Dec-2001	PGDBM, Diploma (3-yr Diploma), B.Com	47	27	11,533,620	American Express Bank Ltd
44	Gaurav Khandelwal	Senior Vice President - II	17-May-2005	PG Diploma - Others, B.E.	41	15	11,300,622	IDBI Bank Ltd
45	Gourab Roy	Executive Vice President	01-Mar-1996	M.Com, B.Com	53	27	13,887,486	UTI Bank Ltd
46	Harpuneet Singh	Executive Vice President	10-Apr-2018	Others, CA	46	21	20,575,505	Hongkong & Shanghai Banking Corporation
47	Harrish Mahadevan	Vice President	06-Apr-2011	BCA	36	15	14,725,847	Citibank
48	Jagat Dave	Senior Vice President - II	02-May-2018	MMS, ICWA, B.Com	52	27	15,435,397	Ambit Private Ltd
49	Jasmeet Singh	Senior Vice President - II	07-Mar-2005	B.Com	45	23	12,203,735	IDBI Bank Ltd
50	Jay Sonawala	Executive Vice President	12-Aug-1999	MMS, B.Com,	43	21	15,373,453	NIL
51	Jimmy Tata	Group Head	15-Dec-1994	B.Com., M.F.M., CFA	53	32	26,633,606	Apple Industries Ltd
52	Kapil Bansal	Senior Vice President - II	30-Sep-2004	PGPM, B.Com	41	21	16,379,100	ICICI Bank Ltd
53	Lavesh K Sardana	Executive Vice President	31-Jul-2000	PG Diploma - Others, PGDBM, B.Com	45	24	13,786,325	GE Countrywide Consumer Financial Services Ltd
54	Madhuri Desai	Executive Vice President	10-Oct-1994	Others,Diploma (3-yr Diploma), B.A.	49	30	10,436,802	Hongkong & Shanghai Banking Corporation Ltd
55	Madhusoodan Hegde	Senior Executive Vice President	11-Feb-1997	CAIIB, B.Sc.	58	35	16,049,280	Times Bank Ltd
56	Mayuresh Vasant Apte	Executive Vice President	06-Nov-2000	MMS, B.Tech	50	27	16,695,839	Centurion Bank Ltd
57	Mohandeep Singh Bedi	Senior Vice President - II	21-Dec-2002	B.A.	46	21	10,749,201	Standard Chartered Bank
58	Munish Mittal	Group Head	17-Aug-1996	PGDM, B.Sc.	51	33	18,688,273	Bank Of Punjab
59	N. Srinivasan	Senior Executive Vice President	11-Nov-1996	CA, CWA, CS, B.Com	52	30	16,857,673	Credential Finance
60	Nasir Khan	Executive Vice President	14-Nov-2011	M.A., B.A.	50	24	12,117,741	BNY Mellon (India), Pune
61	Navneet Singh	Senior Vice President - II	16-Aug-2018	MBA, B.Tech	48	27	13,291,409	Avendus Capital Private Limited
62	Neeraj Chawla	Senior Vice President - II	06-Jan-2014	CA, B.Com	43	18	11,678,991	Citibank
63	Nishant Santkumar Jitani	Senior Vice President - I	03-Jun-2002	PG Diploma - Others, M.Com, B.Com	41	22	10,470,466	Ampoules & Vials Mfg. Co
64	Nitish Nagori	Senior Executive Vice President	01-Jun-2010	PG Diploma - Others, B.Sc.	49	17	13,168,381	ICICI Bank Ltd
65	Pankaj Bhatla	Senior Vice President - II	22-Oct-2001	PG Diploma - Others, B.Com	45	23	10,227,362	Blue Dart Express Ltd
66	Parag Rao	Group Head	15-Apr-2002	MMS, B.E.	54	31	23,811,084	IBM Global Services
67	Prashant Mehra	Senior Executive Vice President	28-Dec-1998	MMS, PGDBM, B.E.	48	26	12,950,387	Maruti Countrywide Auto Financial Services Ltd

Sr. No.	Name of the Employee	Designation	Date of joining the Bank	Qualifications	Age	Exp. (No. of years)	Total (₹)	Last Employment
68	Priyanka Bakshi	Senior Vice President - II	26-Mar-2004	B.A.	41	20	10,703,090	CitiFinancial India Ltd
69	Rajeev Kumar	Executive Vice President	28-Apr-2003	PG Diploma - Others, B.Sc.	48	26	10,799,115	CitiFinancial Retail Services India Ltd
70	Rajeev Sengupta	Senior Executive Vice President	21-Sep-2007	PG (Gen Mgmt), B.E.	59	37	11,511,465	Hutchison Essar Ltd
71	Rajesh Kanubhai Naik	Senior Vice President - II	21-Sep-2007	CA, B.Com	49	25	10,396,044	Yes Bank Ltd
72	Rajesh Sharma	Senior Vice President - II	15-Nov-2000	CA, CS, B.Com	44	26	13,070,371	LCC Infotech Ltd
73	Rajinder Babbar	Senior Executive Vice President	16-Jan-2001	LL.B, B.Sc.	52	33	17,485,017	Centurion Bank Ltd
74	Rashmi Singh	Vice President	29-Mar-2010	MBA, B.Sc.	36	12	11,667,629	Religare Macquarie Wealth Management Ltd
75	Raveesh Kumar Bhatia	Senior Executive Vice President	03-May-2010	PGDM, B.Com	54	29	17,126,167	Fore Consultants Pvt Ltd
76	Ravi Santhanam	Executive Vice President	01-Mar-2017	PG Diploma	50	27	19,996,220	Vodafone India Ltd
77	Ravi Ssn	Executive Vice President	26-Nov-2010	B.Com	51	27	14,803,590	Deutsche Bank
78	Resham A. Mahtani	Senior Vice President - II	01-May-2001	PGPIM, PGDBM, B.A.	44	22	16,277,177	Mecklai Financial & Commercial Services Ltd
79	Ritesh Sampat	Executive Vice President	03-Jan-2012	CA, B.Com	43	20	20,132,971	Standard Chartered Bank
80	Roopesh H. Patil	Senior Vice President - I	28-Feb-2000	MBA, B.Com	46	24	15,838,462	Dalal & Broacha Stock Broking Pvt Ltd
81	Sameer Ratolikar	Executive Vice President	09-Jan-2015	CISA, B.E.	48	27	12,610,348	Bank of India
82	Sammeer Saurabbh	Executive Vice President	16-Jan-2016	B.Sc.	52	26	12,332,161	Daiwa Capital Markets India Pvt Ltd
83	Samrat Bose	Senior Vice President - II	17-May-2002	Master's Degree/Dip - Others, B.Com	43	20	18,216,304	Parasmoney Investments
84	Sandeep Bansal	Deputy Vice President	20-Jan-2011	PGDBA, BBA	42	17	10,990,026	RBS Bank
85	Sandeep Kumar	Executive Vice President	09-Jul-2002	MBA, B.E.	47	22	11,449,566	IDBI Bank Ltd
86	Sanjay D Souza	Senior Executive Vice President	01-Dec-1999	MMS, B.E.	53	31	15,158,972	Nucleus Securities Ltd
87	Sanjay Kumar Singh	Senior Vice President - II	02-Jun-2005	MBA, B.Sc.	42	16	10,465,100	IDBI Bank Ltd
88	Sanjeev Kumar	Executive Vice President	15-Jan-1996	MBA, B.Sc.	50	28	10,927,192	ANZ Grindlays Bank
89	Sanjiv Bhuyan	Executive Vice President	30-Aug-2004	PGDBM, B.E.	49	25	10,898,398	Global Trust Bank
90	Sanmoy Chakrabarti	Senior Executive Vice President	15-Jun-2010	MS, B.Sc.	44	21	15,990,749	Bank Danamon
91	Santhosh Machangada Medappa	Executive Vice President	20-Nov-2003	Others, MBA, B.Sc.	46	18	11,654,486	ICICI Home Finanace Co Ltd
92	Saroj Kumar Swain	Senior Vice President - I	25-Aug-2004	MBA, B.Com	42	19	11,904,152	Jaquar & Co Ltd
93	Sathyamurthy Sampath Kumar	Group Head	07-Aug-2000	B.Com	47	30	20,941,701	Integrated Finance Co. Ltd
94	Satish Chandra	Senior Vice President - I	16-Dec-2004	B.Com	52	30	11,554,473	Global Trust Bank (Merged into Oriental Bank of Commerce)
95	Sharad Rungta	Executive Vice President	02-Jun-2012	CFA, CA, B.Com	42	19	19,955,344	Credit Suisse AG
96	Sharad Vijay Goenka	Senior Vice President - II	27-Jan-2011	CA, B.Com	41	17	11,723,738	Hongkong & Shanghai Banking Corporation
97	Shekhar Kumar Mishra	Senior Vice President - II	25-Jul-2000	PGDBM,CAIIB, M.Com, B.Com	50	28	10,283,748	SIDBI
98	Silvestre Anthony Pereira	Vice President	15-Sep-2006	MBA, PG Diploma, B.Com	42	18	12,699,855	UTI Bank Ltd
99	Sitanshu Mitra	Senior Executive Vice President	01-Sep-1995	MBA, B.Sc.	52	32	14,242,110	ABN Amro Bank Ltd
100	Smita Bhagat	Group Head	12-Jul-1999	M.Com, MBA	54	32	21,545,451	PDCOR Ltd
101	Srinivasan Vaidyanathan	Group Head	01-Dec-2018	MBA, FCA, FCMA, LIC ICSI, FAIA (UK), CMA (USA)	56	32	17,932,684	Citibank
102	Sumant Rampal	Executive Vice President	10-Aug-1999	MBA, B.Com	44	23	13,711,506	Walchand Capital Ltd
103	Sunali Rohra	Executive Vice President	14-Sep-2018	M.Sc., B.Com	42	22	10,306,237	Facebook India Online Services Pvt Ltd
104	Sundaresan M.	Senior Executive Vice President	02-May-2002	B.E. (Mechanical), PSG, MBA	48	26	14,600,877	GE Countrywide Consumer Financial Services Ltd
105	Susmita Subu	Senior Vice President - II	15-Apr-1996	B.Com	49	27	10,286,145	Thomas Cook India Ltd

Annexure 7 to the Directors' Report

Sr. No.	Name of the Employee	Designation	Date of joining the Bank	Qualifications	Age	Exp. (No. of years)	Total (₹)	Last Employment
106	Thomson Jose	Executive Vice President	01-Dec-1999	PG Diploma - Others, B.Com	45	23	2,638,151	Esanda Finance & Leasing Ltd
107	V. Chakrapani	Group Head	24-Nov-1994	B.Com, CAIIB, ACS	56	36	23,518,230	Standard Chartered Bank
108	Venkatesh Krishnan	Executive Vice President	27-Sep-2018	CA, B.Com	52	29	12,094,639	Hongkong & Shanghai Banking Corporation
109	Venkateswaran L	Executive Vice President	12-Nov-2018	MBA, B.Tech	50	25	10,927,610	Citibank
110	Venkatraman Balan Iyer	Senior Executive Vice President	02-Sep-2000	PG Diploma - Others, B.Com	53	33	12,585,150	American Express Bank Ltd
111	Vijapurapu Sundar	Executive Vice President	20-Feb-2015	Master's Degree/Dip - Others, B.Com	53	33	11,024,987	ICICI Bank Ltd
112	Vijay Krishna Mulbagal	Senior Executive Vice President	02-Jan-2007	PGPM, B.Sc.	49	25	17,898,417	Diamond Management & Technology Consultants
113	Vikas Wahal	Executive Vice President	01-Sep-1998	PGDBM, B.Com	53	31	10,383,873	Hanil Bank
114	Vineet Arora	Executive Vice President	11-Dec-2000	CAIIB,CA, B.Com	52	31	11,011,744	Small Industries Devlopment
115	Vitthal Mangesh Kulkarni	Senior Vice President - II	22-Sep-2007	M.Sc., B.E.	48	26	15,665,941	Barclays Capital
116	Vivek Capoor	Executive Vice President	25-Jun-1998	CA, B.Com	50	26	10,800,942	UTI Securities Exchange Ltd
117	Vivek Nigam	Executive Vice President	03-Apr-2017	MBA, B.Tech	51	29	16,501,602	ICICI Bank Ltd
118	Vivek Ramesh Vazirani	Senior Vice President - II	29-Mar-2004	CA	39	18	10,806,202	Standard Chartered Bank
119	Anuj Tilak Raj Batra*	Senior Manager	19-Dec-2012	MBA, BBA	36	10	10,267,424	ICICI Bank Ltd
120	Ahmed Abdulqawi Al Jneibi*	Senior Manager	18-Oct-2017	BBA	37	7	10,825,888	Tourism Development and Investment Company
121	Dolreich D'Mello*	Deputy Vice President	09-Jan-1997	B.Com	44	23	14,625,741	ANZ Grindlays Bank
122	Khairnar Dnyanesh T.*	Senior Vice President - I	07-May-2007	MMS, CA, B.Com	40	15	21,009,555	ICICI Bank Ltd
123	Dhruven Subodhchandra Shah*	Assistant Vice President	02-Jul-2015	B.E.	46	19	13,825,866	First Wealth
124	Harsh Sarup Gupta*	Senior Vice President - II	04-Sep-2000	PGDBA, B.Sc.	44	22	25,124,714	ICICI Cap Ltd
125	Jay Prakash C*	Vice President	05-Jul-2004	MBA, B.Com	41	19	15,846,950	Global Trust Bank
126	Rheetu Karthik*	Vice President	15-Mar-2005	MBA, M.A., B.A.	48	22	12,335,881	MetLife India Insurance Co Ltd
127	Kinjul Sharma*	Deputy Vice President	22-Sep-2008	Master's Degree/Dip, B.Com	38	15	14,437,764	Citifinancial
128	Mohammed Mansoor Azher*	Deputy Vice President	10-Feb-2003	MBA, B.Com	41	17	12,567,512	NIL
129	Mandeep Singh*	Deputy Vice President	21-Mar-2005	MBA, B.Com	39	16	10,250,580	The Lakshmi Vilas Bank Ltd
130	Mathew Varghese*	Deputy Vice President	15-Jul-2010	MMS, B.E.	41	18	15,762,350	Citibank
131	Nishant Nangia*	Deputy Vice President	04-Apr-2005	B.Com	38	17	15,106,589	E-Serve International Ltd
132	Naresh Chandiramani*	Deputy Vice President	01-Jul-2010	B.Com	49	18	12,806,970	Citibank
133	Payal Mandhyan*	Senior Vice President - I	18-Jan-2005	PGDBM	41	16	25,901,082	India Bulls Securities Ltd.
134	Pallava Rathore*	Senior Vice President - I	27-Jun-2008	Master's Degree/ Diploma	44	19	19,292,490	IDBI Bank Ltd
135	Rohit Ganpatrao Pathrabe*	Deputy Vice President	16-Apr-2007	B.E.	42	20	12,383,488	Hongkong & Shanghai Banking Corporation
136	Rajeev Wariar*	Senior Vice President - I	15-Apr-2010	PGDBA, B.E.	44	21	18,716,361	Citibank
137	Reji John*	Assistant Vice President	30-Aug-2010	PG Diploma, M.A., B.A.	38	16	18,679,331	Aviva India Life Insurance Co Ltd
138	Roli Jamthe*	Vice President	05-Apr-2011	MBA, B.Sc., PGDSM	42	19	28,159,089	Royal Bank of Scotland
139	Sharad Kourani*	Assistant Vice President	10-Aug-2008	B.Com	41	24	16,127,403	HDFC Bank Ltd (as contract staff)
140	Sheetal Kapadia*	Vice President	06-May-2009	PGDMS, B.Com	43	20	22,277,071	ICICI Bank Ltd
141	Steven Noronha*	Deputy Vice President	19-Jul-2011	B.Com	44	12	11,976,053	Al Maha Financial Services Ltd
142	Santanu Ghosh*	Assistant Vice President	30-Apr-2012	PG Diploma - Others, B.E.	33	8	11,704,453	NIL
143	Sachin Sethi*	Vice President	28-Aug-2017	MBA, B.Sc.	42	20	12,383,166	ICICI Bank Ltd
144	Faishal Khan*	Vice President	10-Aug-2006	PGDBA, B.Com	39	17	12,305,381	ICICI Bank Ltd
145	Sunjay Ashok Shanbhag*	Deputy Vice President	16-May-2005	MBA, B.E.	39	15	12,522,393	NIL
146	Umashankar Gopalan*	Vice President	13-Dec-2012	B.Com	51	26	22,253,459	ICICI Bank Ltd
147	Siddalingaswamy Veeresh Hiremath*	Deputy Vice President	28-Apr-2008	B.Com	38	14	15,142,235	RAK Bank

Sr. No.	Name of the Employee	Designation	Date of joining the Bank	Qualifications	Age	Exp. (No. of years)	Total (₹)	Last Employment
148	Zubeda Khetsi*	Assistant Vice President	04-Dec-2016	B.Com	36	18	11,277,850	RAK Bank
	Employed for part of the year							
1	Abhay Aima	Group Head	02-Jan-1995	Grad. from National Defence Academy	57	33	28,783,513	INDSEC Securities & Finance Ltd
2	Ajith Damodaran	Senior Vice President - I	24-Nov-2004	PG Diploma - Others, B.Tech	39	15	4,502,379	National Agricultural Co-Op Marketing Federation of India Ltd
3	Abhishek Deshmukh	Executive Vice President	09-Dec-2019	MBA, B.Com	46	23	3,623,046	IndusInd Bank Ltd
4	Anjani Rathor	Group Head	01-Feb-2020	MBA, B.Tech	47	24	3,009,745	Bharti Airtel
5	Chandramoulee Palani	Senior Vice President - II	16-Jun-2017	MBA, B.Tech	42	19	6,492,228	Credit Agricole
6	Geethaa G	Executive Vice President	07-May-2019	MBA, B.Com	51	27	11,267,409	Raheja Universal Pvt. Ltd
7	Guneet Singh	Senior Vice President - II	26-Sep-2019	MBA, B.Com	45	24	6,272,515	Validus Wealth
8	Lalit Pareek	Senior Vice President - II	17-Jun-1999	PG Diploma - Others, B.Sc.	60	33	7,365,955	Centurion Bank Ltd
9	M. Ramachandran	Executive Vice President	06-Feb-1998	Diploma (3 yr Diploma), LL.B, CAIIB, M.Com	60	31	4,973,241	Corporation Bank Ltd
10	Nitin Chugh	Group Head	16-Apr-2001	PGDM, B.TECH	48	25	5,770,498	Standered Chartered Bank
11	Nagarajan Chandran	Executive Vice President	11-Jan-2019	Master's Degree/Dip - Others, B.Sc.	48	14	1,989,025	Bajaj Auto finance
12	Prashanth TS	Senior Vice President - II	16-Jun-2000	PG Diploma - Others, Bachelors Degree - Other	43	20	10,379,367	NIL
13	Prem Chand	Executive Vice President	13-Aug-2007	B.A.	60	43	7,961,693	UTI Bank Ltd
14	Rajesh Kumar Rathanchand	Group Head	22-May-2000	PGDM, B.Sc.	48	31	21,942,935	Trans America Apple Finance Ltd
15	Ramesh Chandrasekaran	Executive Vice President	10-Apr-2019	MBA	46	16	10,315,949	Standard Chartered Bank
16	Shailendra Nagarseth	Senior Vice President - II	22-May-1995	CAIIB, LL.B, Diploma (3 yr Diploma), B.Com	59	37	6,634,092	Central Bank of India
17	Saurabh Jain	Senior Vice President - II	02-Jul-2018	CA, B.Com	43	20	7,659,575	Standard Chartered Bank
18	Srinivas Sishtla	Executive Vice President	02-May-2019	MBA, B.A.	49	27	10,418,998	Citibank
19	Sumit Ghosh	Senior Vice President - II	11-Sep-2019	MBA, B.Tech	45	22	5,704,655	Citibank
20	Sanjay K.Singla	Executive Vice President	10-Nov-2007	PGDM, B.Com	60	38	9,989,552	State Bank of India
21	Vikas Rathore	Deputy Vice President	16-Jun-2008	MMS, B.Tech	36	12	8,602,499	NIL
22	Gagan Salil Malik*	Assistant Vice President	26-Jun-2016	B.Com	37	16	10,218,721	Standard Chartered Bank
23	Mohammed Hannan Abdul*	Deputy Vice President	01-Jul-2009	MBA, B.Sc.	40	17	9,797,141	Barclays Bank Plc
24	Rahul Bhandari*	Vice President	05-Feb-2002	PGDBM, B.Com	42	18	14,471,840	NIL
25	C K Srinivasan*	Deputy Vice President	01-Sep-2016	B.Sc.	53	33	5,037,352	National Bank of Abu Dhabi
26	Sachin Talwar*	Deputy Vice President	15-Jan-2020	MBA, B.E.	43	17	2,438,813	Abu Dhabi Commercial Bank
27	VS Unni Krishnan*	Senior Vice President - I	12-Apr-2003	MBA, B.Sc., PUC	44	22	15,301,912	Global Trust Bank Ltd
28	Varun Mehra*	Deputy Vice President	10-Nov-2019	B.Com	39	18	4,063,211	Bank International Luxembourg

Notes :

1. *Remuneration shown above includes basic salary, allowances, performance bonus, cash allowances in lieu of perquisites or taxable value of perquisites, if availed as computed as per Income-tax rules but excludes gratuity,PF settlement, super annuation settlement, perquisite on ESOP & super annuation perquisite*
2. *All appointments are terminable by one / three month's notice as the case may be on either side.*
3. *The above list does not include employees sent on deputation whose salary is reimbursed by the other company.*
4. **Employee in overseas location*
5. *None of the employees listed above hold 2% or more of the paid-up share capital of the Bank as at March 31, 2020.*
6. *Other than Mr. Aditya Puri, Managing Director, who holds 0.14% of the paid up share capital of the Bank, the shareholding of the employees listed above does not exceed 0.05% of the paid up share capital of the Bank as at March 31, 2020.*
7. *None of the employees listed above is a relative of any director of the Bank*

Annexure 8 to the Directors' Report

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2020

[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
HDFC Bank Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HDFC Bank Limited (CIN: L65920MH1994PLC080618) (hereinafter called "the Bank").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct and statutory compliance and expressing our opinion thereon.

Based on the verification of the Bank's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Bank and the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Bank has followed proper Board-processes and has required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Bank for the financial year ended on March 31, 2020 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 for compliance in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, as applicable;

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

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

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

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

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

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

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not applicable as the Bank is not registered as Registrar to issue and Share Transfer Agent during the financial year under review;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2016 -Not applicable as the Bank has not delisted / proposed to delist its equity shares from any stock exchange during the financial year under review;

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not applicable as the Bank has not bought back / proposed to buy-back any of its securities during the financial year under review;

i) The Securities and Exchange Board of India (Bankers to an Issue) Regulations,1994;

j) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992;

k) The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019;

l) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 - Not applicable as the bank has not issued or listed Non Convertible and Redeemable Preference Shares during the financial year under review;

m) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

(vi) Other specific business/industry related laws applicable to the Bank - The Bank has complied with the provisions of the Banking Regulation Act, 1949, Master Circulars, Notifications and Guidelines and other directions pertaining to commercial banking issued by the Reserve Bank of India from time to time. Further, the Bank has complied with other applicable general business laws, rules, regulations and guidelines.

We have also examined compliance of:

(a) the Secretarial Standards with regards to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India; and

(b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that-

(a) The Board of Directors of the Bank is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors;

(b) 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;

(c) Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and shorter notice with consent of all the Directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting; and

(d) The minutes of the Board meetings have not identified any dissent by members of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present

We further report that there are adequate systems and processes in the Bank commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Bank has responded appropriately to notices received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period there were following specific events / actions having major bearing on Bank's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards etc.:

1. The Board of Directors and the Shareholders of the Bank at their meetings held on April 20, 2019 and July 12, 2019 respectively have approved the issue of Perpetual Debt Instruments (Part of Additional Tier I Capital), Tier II Capital Bonds and Long Term Bonds (financing of Infrastructure and affordable housing) upto a total amount of upto a total amount of ₹ 50,000 Crores in the period of next twelve months through private placement mode.
2. The Board of Directors of the Bank at its meeting held on April 20, 2019 has approved the termination of the Global Depository Receipts ("GDRs") program and delisting of 22 GDRs (representing 11 underlying equity shares of the Bank cumulatively) from the Luxembourg Stock Exchange.
3. The Bank has allotted 48,301,348 Equity Shares of ₹ 2/- each and 12,522,566 Equity Shares of ₹ 1/- each under 'Employee Stock Option Schemes' of the Bank.
4. The Board of Directors and the Shareholders of the Bank at their meetings held on May 22, 2019 and July 12, 2019 respectively have approved the Sub-division of Equity Shares of the Bank from One (1) Equity Share of face value of ₹ 2 each to two (2) Equity Shares of face value of ₹ 1 each and alteration of the Capital Clause of Memorandum of Association of the Bank pursuant to the sub-division of Equity Shares.
5. The Reserve Bank of India (RBI) has, vide its order dated June 13, 2019, imposed a monetary penalty of ₹ 10 million on the Bank for non-compliance with directions issued by RBI on Know Your Customer (KYC)/ Anti-Money Laundering (AML) Norms and on reporting of frauds. The penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949. However, the Bank has taken necessary measures to strengthen its internal control mechanisms so as to ensure that such incidents do not recur.
6. The Reserve Bank of India has, vide its order dated January 29, 2020 imposed a monetary penalty of ₹ 10 million on the Bank for failure to undertake on-going due diligence in case of 39 Current Accounts opened for bidding in Initial Public Offer. The penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949.The Bank has since strengthened its internal control mechanisms so as to ensure that such incidents do not recur.

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.

For Alwyn Jay & Co.
Company Secretaries
[Firm Regn. No. P2010MH021500]

Alwyn D'Souza
Partner
FCS No.:5559 / C P No.:5137
UDIN: F005559B000360342

Place: Mumbai
Date: June 20, 2020

Annexure A

To
The Members,
HDFC Bank Limited,
Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to HDFC Bank Limited (hereinafter called 'the Bank') is the responsibility of the management of the Bank. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Bank. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Bank, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. Further part of the verification was done on the basis of electronic data provided to us by the Bank due to COVID-19 lockdown and on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.
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 Alwyn Jay & Co.
Company Secretaries
[Firm Regn. No. P2010MH021500]

Alwyn D'Souza
Partner
FCS No.:5559 / C P No.:5137
UDIN: F005559B000360342

Place: Mumbai
Date: June 20, 2020

Independent Auditor's Report

To the Members of HDFC Bank Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of HDFC Bank Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2020, the Profit and Loss Account, Cash Flow Statement for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for Banking Companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2020 and its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 43 to the standalone financial statements, which describes that the extent to which the COVID-19 Pandemic will impact the Bank's standalone financial statements will depend on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Identification of Non-performing advances (NPA) and provisioning on advances:
Total Loans and Advances (Net of Provision) as at March 31, 2020: ₹ 993,702.88 Crores
Provision for NPA as at March 31, 2020: ₹ 9,107.61 Crores
(Refer Schedule 9, Schedule 17(C)(2), Schedule 18(13))

Key audit matters	How our audit addressed the key audit matter
The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of non-performing assets ("NPA") and the minimum provision required for such assets. The Bank is required to have Board approved policy as per IRAC guidelines for NPA identification and provision. The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors. The provision on NPA are estimated based on ageing and classification of NPAs, recovery estimates, nature of loan product, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI and approved policy of the Bank in this regard. Additionally, the Bank makes provisions on exposures that are not classified as NPAs including advances in certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified as contingency provisions. In line with the COVID-19 Regulatory Package, the Bank has framed policies for providing moratorium as a relief measure to the borrowers. Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a key audit matter.	Tested the design and operating effectiveness of key controls (including application controls) over approval, recording, monitoring and recovery of loans, monitoring overdue / stressed accounts, identification of NPA, provision for NPA and valuation of security and collateral. Testing of Application controls include testing of automated controls, reports and system reconciliations. Evaluated the governance process and review controls over calculations of provision of non-performing advances, basis of provisioning in accordance with the Board approved policy. Selected the borrowers based on quantitative and qualitative risk factors for their assessment of appropriate classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per extant IRAC norms and Bank policy. Performed other substantive procedures included and not limited to the following; • Selected samples of performing loans and assessed independently as to whether those should be classified as NPA; • For samples selected reviewed the collateral valuation, financial statements and other qualitative information; • Considered the accounts reported by the Bank and other Banks as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRILC) to identify stress; • For selected samples assessed independently accounts that can potentially be classified as NPA and Red Flagged Accounts; • Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA; • Examined the early warning reports generated by the Bank to identify stressed loan accounts; • Held specific discussions with the management of the Bank on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors; • Selected samples for standard accounts, default but standard accounts and overdue accounts and assessed compliance with RBI circular on COVID-19 Regulatory Package. Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.

Evaluation of open tax litigations (Direct and Indirect Tax)
Total claim not acknowledged as debt - Taxation as on March 31, 2020: ₹ 1,291.91 Crores
(Refer Schedule 12, Schedule 17(C)(18), Schedules 18(18)(d)(1))

Key Audit Matter	How our audit addressed the key audit matter
The Bank has material open tax litigations including matters under dispute which involve significant judgment to determine the possible outcome of these disputes. Significant management judgement is needed in determining whether an obligation exists and whether a provision should be recognised as at the reporting date, in accordance with the accounting criteria set under Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets ('AS 29'), or whether it needs to be disclosed as a contingent liability. Further significant judgements are also involved in measuring such obligations, the most significant of which are: • Assessment of liability: Judgement is involved in the determination of whether an outflow in respect of identified material matters are probable and can be estimated reliably; • Adequacy of provisions: The appropriateness of assumptions and judgements used in the estimation of significant provisions; and • Adequacy of disclosures of provision for liabilities and charges, and contingent liabilities. The Bank's assessment is supported by the facts of matter, their own judgment, experience, and advices from legal and independent tax consultants wherever considered necessary. Since the assessment of these open tax litigations requires significant level of judgement in interpretation of law, we have included this as a key audit matter.	Testing the design and operating effectiveness of the Bank's key controls over the estimation, monitoring and disclosure of provisions and contingent liabilities. Our substantive audit procedures included and were not limited to the following: - • Obtained an understanding of the Bank's process for determining tax liabilities, tax provisions and contingent liabilities pertaining to taxation matters; • Obtained list of cases / matters in respect of which litigations were outstanding as at reporting date. For significant matters, we involved our tax specialist to gain an understanding of the current status of the litigations, including understanding of various orders / notices received by the Bank and the management's grounds of appeals before the relevant appellate authorities; • Evaluated the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice; • Agreed underlying tax balances to supporting documentation, including correspondence with tax authorities. Assessed the disclosures within the standalone financial statements in this regard.

Information Technology ("IT") Systems and Controls

Key Audit Matter	How our audit addressed the key audit matter
The Bank has a complex IT architecture to support its day to day business operations. High volume of transactions is processed and recorded on single or multiple applications. The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.	For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems. We gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. Our key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access, change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed and authorized. Also, entity level controls pertaining to policy and procedure and Business continuity plan assessment due impact of COVID-19 was also part of our audit procedure. In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our test. Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information in the Basel III - Pillar 3 disclosures and graphical representation of financial highlights (but does not include the financial statements and our auditor's reports thereon), which we obtained prior to the date of this auditor's report, and Annual Report, which is expected to be made available to us after that date.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance.

Responsibilities of Management and those charged with Governance for Standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the Reserve Bank of India from time to time as applicable to Bank. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The standalone financial statements of the Bank for the year ended March 31, 2019, were audited by another auditor whose report dated April 20, 2019 expressed an unmodified opinion on those standalone financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
2. As required by sub-section 3 of Section 30 of the Banking Regulation Act, 1949, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;
   b) The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank;
   c) Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we visited 192 branches.
3. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
   c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d) In our opinion, the aforesaid standalone financial statements comply with the 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 the Reserve Bank of India;
   e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.

      The Bank is a Banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under section 197 of the Companies Act, 2013 do not apply; and
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
      i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Schedule 12, Schedule 17(C)(18) and Schedule 18(18)(d)(1) to the standalone financial statements;
      ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Schedule 17(C)(8) and 17(C)(18), Schedule 18(12) and Schedule 18(18)(d) to the standalone financial statements; and
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

UDIN: 20117812AAAAET9256

Mumbai
April 18, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HDFC BANK LIMITED

[Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of HDFC Bank Limited on the Financial Statements for the year ended March 31, 2020]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of HDFC Bank Limited ("the Bank") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls With reference to Financial Statements

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject

to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

UDIN: 20117812AAAAET9256

Mumbai
April 18, 2020

Balance Sheet

As at March 31, 2020

₹ in '000

	Schedule	As at 31-Mar-20	As at 31-Mar-19
CAPITAL AND LIABILITIES			
Capital	1	**5,483,286**	5,446,613
Reserves and surplus	2	**1,704,377,008**	1,486,616,908
Deposits	3	**11,475,022,947**	9,231,409,284
Borrowings	4	**1,446,285,372**	1,170,851,238
Other liabilities and provisions	5	**673,943,976**	551,082,863
Total		**15,305,112,589**	**12,445,406,906**
ASSETS			
Cash and balances with Reserve Bank of India	6	**722,051,210**	467,636,184
Balances with banks and money at call and short notice	7	**144,135,970**	345,840,208
Investments	8	**3,918,266,581**	2,931,160,725
Advances	9	**9,937,028,781**	8,194,012,167
Fixed assets	10	**44,319,155**	40,300,043
Other assets	11	**539,310,892**	466,457,579
Total		**15,305,112,589**	**12,445,406,906**
Contingent liabilities	12	**11,289,534,044**	10,247,151,183
Bills for collection		**515,849,020**	499,528,010
Significant accounting policies and notes to the financial statements	17 & 18		

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

Mumbai, April 18, 2020

For and on behalf of the Board

Shyamala Gopinath
Part Time Non-Executive Chairperson & Independent Director

Umesh Chandra Sarangi
Independent Director

Aditya Puri
Managing Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Profit and Loss Account

For the year ended March 31, 2020

₹ in '000

		Schedule	Year ended 31-Mar-20	Year ended 31-Mar-19
I	**INCOME**			
	Interest earned	13	**1,148,126,509**	989,720,505
	Other income	14	**232,608,187**	176,258,849
	Total		**1,380,734,696**	**1,165,979,354**
II	**EXPENDITURE**			
	Interest expended	15	**586,263,979**	507,288,285
	Operating expenses	16	**306,975,289**	261,193,700
	Provisions and contingencies		**224,922,278**	186,715,716
	Total		**1,118,161,546**	**955,197,701**
III	**PROFIT**			
	Net profit for the year		**262,573,150**	210,781,653
	Balance in the Profit and Loss account brought forward		**492,233,022**	404,534,155
	Total		**754,806,172**	**615,315,808**
IV	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		**65,643,288**	52,695,413
	Dividend (including tax / cess thereon) pertaining to previous year paid during the year, net of dividend tax credits		**48,933,585**	40,525,854
	Interim Dividend (including tax)		**16,469,504**	-
	Transfer to General Reserve		**26,257,315**	21,078,165
	Transfer to Capital Reserve		**11,238,460**	1,053,354
	Transfer to / (from) Investment Reserve Account		**-**	-
	Transfer to / (from) Investment Fluctuation Reserve		**11,340,000**	7,730,000
	Balance carried over to Balance Sheet		**574,924,020**	492,233,022
	Total		**754,806,172**	**615,315,808**
V	**EARNINGS PER EQUITY SHARE (FACE VALUE ₹ 1 PER SHARE)**		**₹**	₹
	Basic		**48.01**	39.33
	Diluted		**47.66**	38.94
Significant accounting policies and notes to the financial statements		17 & 18		

The schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

Mumbai, April 18, 2020

For and on behalf of the Board

Shyamala Gopinath
Part Time Non-Executive Chairperson & Independent Director

Umesh Chandra Sarangi
Independent Director

Aditya Puri
Managing Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Cash Flow Statement

For the year ended March 31, 2020

₹ in '000

	Year ended 31-Mar-20	Year ended 31-Mar-19
Cash flows from operating activities		
Profit before income tax	366,071,513	321,996,620
Adjustments for :		
Depreciation on fixed assets	11,958,533	11,401,037
(Profit) / loss on revaluation of investments	7,021,095	152,437
Amortisation of premium on held to maturity investments	5,014,137	4,534,626
(Profit) / loss on sale of fixed assets	83,208	(64,341)
Provision / charge for non performing assets	93,523,605	65,820,705
Provision for standard assets and contingencies	30,515,777	11,512,607
Dividend from subsidiaries	(4,237,182)	(2,044,422)
	509,950,686	**413,309,269**
Adjustments for :		
(Increase) / decrease in investments	(999,216,055)	(513,892,438)
(Increase) / decrease in advances	(1,836,404,567)	(1,676,454,898)
Increase / (decrease) in deposits	2,243,613,663	1,343,702,888
(Increase) / decrease in other assets	(71,801,285)	(86,877,312)
Increase / (decrease) in other liabilities and provisions	91,939,987	81,830,094
	(61,917,571)	**(438,382,397)**
Direct taxes paid (net of refunds)	(104,980,179)	(122,164,302)
Net cash flow used in operating activities	**(166,897,750)**	**(560,546,699)**
Cash flows from investing activities		
Purchase of fixed assets	(15,468,752)	(15,517,953)
Proceeds from sale of fixed assets	182,351	212,346
Dividend from subsidiaries	4,237,182	2,044,422
Net cash flow used in investing activities	**(11,049,219)**	**(13,261,185)**

₹ in '000

	Year ended 31-Mar-20	Year ended 31-Mar-19
Cash flows from financing activities		
Proceeds from issue of share capital, net of issue expenses	18,486,821	257,904,302
Redemption of Tier II capital bonds	-	(28,750,000)
Increase / (decrease) in other borrowings	275,434,134	(31,448,462)
Dividend paid during the year (including tax on dividend)	(65,403,089)	(40,525,854)
Net cash flow from financing activities	**228,517,866**	**157,179,986**
Effect of exchange fluctuation on translation reserve	**2,139,891**	**953,463**
Net increase / (decrease) in cash and cash equivalents	**52,710,788**	**(415,674,435)**
Cash and cash equivalents as at April 1st	**813,476,392**	**1,229,150,827**
Cash and cash equivalents as at March 31st	**866,187,180**	**813,476,392**

As per our report of even date.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

Mumbai, April 18, 2020

For and on behalf of the Board

Shyamala Gopinath
Part Time Non-Executive Chairperson & Independent Director

Umesh Chandra Sarangi
Independent Director

Aditya Puri
Managing Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Schedules to the Financial Statements

As at March 31, 2020

₹ in '000

	As at 31-Mar-20	As at 31-Mar-19
SCHEDULE 1 - CAPITAL		
Authorised capital		
6,50,00,00,000 (31 March, 2019 : 6,50,00,00,000) Equity Shares of ₹ 1/- each	6,500,000	6,500,000
Issued, subscribed and paid-up capital		
5,48,32,86,460 (31 March, 2019 : 5,44,66,13,220) Equity Shares of ₹ 1/- each	5,483,286	5,446,613
Total	**5,483,286**	**5,446,613**
SCHEDULE 2 - RESERVES AND SURPLUS		
I Statutory reserve		
Opening balance	280,171,092	227,475,679
Additions during the year	65,643,288	52,695,413
Total	**345,814,380**	**280,171,092**
II General reserve		
Opening balance	110,234,043	89,155,878
Additions during the year	26,257,315	21,078,165
Total	**136,491,358**	**110,234,043**
III Balance in profit and loss account	574,924,020	492,233,022
IV Share premium		
Opening balance	569,105,180	311,457,310
Additions during the year	18,450,148	258,910,728
Deductions during the year [Refer Schedule 18 (6)]	-	(1,262,858)
Total	**587,555,328**	**569,105,180**
V Amalgamation reserve		
Opening balance	10,635,564	10,635,564
Additions during the year	-	-
Total	**10,635,564**	**10,635,564**
VI Capital reserve		
Opening balance	15,409,264	14,355,910
Additions during the year	11,238,460	1,053,354
Total	**26,647,724**	**15,409,264**
VII Investment reserve		
Opening balance	-	-
Additions during the year	-	162,237
Deductions during the year	-	(162,237)
Total	**-**	**-**

₹ in '000

	As at 31-Mar-20	As at 31-Mar-19
VIII Investment fluctuation reserve		
Opening balance	7,730,000	-
Additions during the year	11,340,000	7,730,000
Total	**19,070,000**	**7,730,000**
IX Foreign currency translation account		
Opening balance	1,098,743	145,280
Additions / (deductions) during the year	2,139,891	953,463
Total	**3,238,634**	**1,098,743**
Total	**1,704,377,008**	**1,486,616,908**
SCHEDULE 3 - DEPOSITS		
A I Demand deposits		
(i) From banks	36,285,672	34,189,112
(ii) From others	1,706,193,073	1,390,788,586
Total	1,742,478,745	1,424,977,698
II Savings bank deposits	**3,103,771,353**	**2,487,003,765**
III Term deposits		
(i) From banks	136,163,876	60,287,319
(ii) From others	6,492,608,973	5,259,140,502
Total	**6,628,772,849**	**5,319,427,821**
Total	**11,475,022,947**	**9,231,409,284**
B I Deposits of branches in India	11,426,592,411	9,173,767,517
II Deposits of branches outside India	48,430,536	57,641,767
Total	**11,475,022,947**	**9,231,409,284**
SCHEDULE 4 - BORROWINGS		
I Borrowings in India		
(i) Reserve Bank of India	17,260,000	174,000,000
(ii) Other banks	11,339,756	9,155,858
(iii) Other institutions and agencies	696,576,700	278,316,800
(iv) Upper and lower tier II capital and innovative perpetual debts	182,320,000	182,320,000
(v) Bonds and Debentures (excluding subordinated debt)	186,750,000	186,750,000
Total	**1,094,246,456**	**830,542,658**
II Borrowings outside India	**352,038,916**	**340,308,580**
Total	**1,446,285,372**	**1,170,851,238**

Secured borrowings included in I and II above: Nil (March 31, 2019: Nil) except borrowings of ₹ 52,524.20 Cr (March 31, 2019: ₹ 17,400.00 Cr) under Tri-party repo and transactions under Liquidity Adjustment Facility and Marginal Standing Facility.

Schedules to the Financial Statements

As at March 31, 2020

₹ in '000

	As at 31-Mar-20	As at 31-Mar-19
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I Bills payable	75,837,207	70,403,952
II Interest accrued	68,199,560	69,509,400
III Others (including provisions)	485,528,626	374,772,935
IV Contingent provisions against standard assets	44,378,583	36,396,576
Total	**673,943,976**	**551,082,863**
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I Cash in hand *(including foreign currency notes)*	92,076,984	73,914,902
II Balances with Reserve Bank of India:		
(a) In current accounts	377,974,226	391,721,282
(b) In other accounts	252,000,000	2,000,000
Total	**629,974,226**	**393,721,282**
Total	**722,051,210**	**467,636,184**
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I In India		
(i) Balances with banks:		
(a) In current accounts	1,717,287	3,236,030
(b) In other deposit accounts	1,759,869	175,545
Total	**3,477,156**	**3,411,575**
(ii) Money at call and short notice:		
(a) With banks	-	18,000,000
(b) With other institutions	-	77,213,500
Total	**-**	**95,213,500**
Total	**3,477,156**	**98,625,075**
II Outside India		
(i) In current accounts	47,628,696	83,970,273
(ii) In deposit accounts	10,176,943	2,863,017
(iii) Money at call and short notice	82,853,175	160,381,843
Total	**140,658,814**	**247,215,133**
Total	**144,135,970**	**345,840,208**

₹ in '000

	As at 31-Mar-20	As at 31-Mar-19
SCHEDULE 8 - INVESTMENTS		
A Investments in India in		
(i) Government securities	3,230,399,049	2,421,293,559
(ii) Other approved securities	-	-
(iii) Shares	4,044,055	3,980,968
(iv) Debentures and bonds	264,503,537	286,969,969
(v) Subsidiaries / joint ventures	38,264,875	38,264,875
(vi) Others (Units, CDs, CPs, PTCs and security receipts)	359,227,260	165,599,323
Total	**3,896,438,776**	**2,916,108,694**
B Investments outside India in		
(i) Government securities (including Local Authorities)	8,409,391	7,236,612
(ii) Other investments		
(a) Shares	35,024	35,024
(b) Debentures and bonds	13,383,390	7,780,395
Total	**21,827,805**	**15,052,031**
Total	**3,918,266,581**	**2,931,160,725**
SCHEDULE 9 - ADVANCES		
A (i) Bills purchased and discounted	387,832,198	320,438,660
(ii) Cash credits, overdrafts and loans repayable on demand	2,340,489,951	2,022,142,263
(iii) Term loans	7,208,706,632	5,851,431,244
Total	**9,937,028,781**	**8,194,012,167**
B (i) Secured by tangible assets*	6,812,916,518	5,705,087,854
(ii) Covered by bank / government guarantees	201,580,178	278,716,962
(iii) Unsecured	2,922,532,085	2,210,207,351
Total	**9,937,028,781**	**8,194,012,167**
** Including advances against book debts*		
C I Advances in India		
(i) Priority sector	2,541,995,300	2,174,223,445
(ii) Public sector	623,353,731	216,010,200
(iii) Banks	68,550,435	139,904,171
(iv) Others	6,419,015,531	5,414,048,012
Total	**9,652,914,997**	**7,944,185,828**
C II Advances outside India		
(i) Due from banks	33,250,983	35,655,221
(ii) Due from others		
(a) Bills purchased and discounted	51,070	860,526
(b) Syndicated loans	12,531,145	16,686,474
(c) Others	238,280,586	196,624,118
Total	**284,113,784**	**249,826,339**
Total	**9,937,028,781**	**8,194,012,167**

(Advances are net of provisions)

Schedules to the Financial Statements

As at March 31, 2020

₹ in '000

	As at 31-Mar-20	As at 31-Mar-19
SCHEDULE 10 - FIXED ASSETS		
A Premises *(including land)*		
Gross block		
At cost on 31 March of the preceding year	17,984,742	17,011,976
Additions during the year	737,974	1,079,471
Deductions during the year	(85,864)	(106,705)
Total	**18,636,852**	**17,984,742**
Depreciation		
As at 31 March of the preceding year	5,786,797	5,296,456
Charge for the year	630,315	579,806
On deductions during the year	(75,309)	(89,465)
Total	**6,341,803**	**5,786,797**
Net block	**12,295,049**	**12,197,945**
B Other fixed assets *(including furniture and fixtures)*		
Gross block		
At cost on 31 March of the preceding year	100,927,994	87,766,853
Additions during the year	15,512,364	14,702,443
Deductions during the year	(5,143,488)	(1,541,302)
Total	**111,296,870**	**100,927,994**
Depreciation		
As at 31 March of the preceding year	72,825,896	63,410,328
Charge for the year	11,335,351	10,826,104
On deductions during the year	(4,888,483)	(1,410,536)
Total	**79,272,764**	**72,825,896**
Net block	**32,024,106**	**28,102,098**
C Assets on lease *(plant and machinery)*		
Gross block		
At cost on 31 March of the preceding year	4,546,923	4,546,923
Additions during the year	-	-
Total	**4,546,923**	**4,546,923**
Depreciation		
As at 31 March of the preceding year	4,104,467	4,104,467
Charge for the year	-	-
Total	**4,104,467**	**4,104,467**
Lease adjustment account		
As at 31 March of the preceding year	442,456	442,456
Charge for the year	-	-
Total	**442,456**	**442,456**
Unamortised cost of assets on lease	-	-
Total	**44,319,155**	**40,300,043**

₹ in '000

	As at 31-Mar-20	As at 31-Mar-19
SCHEDULE 11 - OTHER ASSETS		
I Interest accrued	103,041,783	93,031,638
II Advance tax / tax deducted at source (net of provisions)	25,983,290	19,441,857
III Stationery and stamps	430,930	345,677
IV Non banking assets acquired in satisfaction of claims	-	-
V Bond and share application money pending allotment	-	146,197
VI Security deposit for commercial and residential property	5,410,271	5,112,892
VII Others*	404,444,618	348,379,318
Total	**539,310,892**	**466,457,579**
**Includes deferred tax asset (net) of ₹ 3,835.45 crore (previous year: ₹ 4,352.14 crore) and deposits placed with NABARD / SIDBI / NHB on account of shortfall in lending to priority sector of ₹ 9,196.86 crore (previous year: ₹ 10,832.25 crore)*		
SCHEDULE 12 - CONTINGENT LIABILITIES		
I Claims against the bank not acknowledged as debts - taxation	12,919,109	12,612,436
II Claims against the bank not acknowledged as debts - others	915,938	1,190,364
III Liability on account of outstanding forward exchange contracts	6,079,194,921	5,561,859,469
IV Liability on account of outstanding derivative contracts	4,130,061,603	3,639,008,146
V Guarantees given on behalf of constituents - in India	590,864,399	536,870,994
- outside India	859,639	752,190
VI Aceptances, endorsements and other obligations	440,232,727	475,617,760
VII Other items for which the Bank is contingently liable	34,485,708	19,239,824
Total	**11,289,534,044**	**10,247,151,183**

₹ in '000

	Year ended 31-Mar-20	Year ended 31-Mar-19
SCHEDULE 13 - INTEREST EARNED		
I Interest / discount on advances / bills	917,878,779	775,441,902
II Income from investments	206,333,232	199,974,579
III Interest on balance with RBI and other inter-bank funds	18,289,329	6,357,012
IV Others	5,625,169	7,947,012
Total	**1,148,126,509**	**989,720,505**
SCHEDULE 14 - OTHER INCOME		
I Commission, exchange and brokerage	163,336,852	137,787,988
II Profit / (loss) on sale of investments (net)	26,364,839	4,020,717
III Profit / (loss) on revaluation of investments (net)	(7,021,095)	(152,437)
IV Profit / (loss) on sale of building and other assets (net)	257,807	331,785
V Profit / (loss) on exchange / derivative transactions (net)	21,547,462	17,203,935
VI Income earned by way of dividends from subsidiaries / associates and / or joint ventures abroad / in India	4,237,182	2,044,422
VII Miscellaneous income	23,885,140	15,022,439
Total	**232,608,187**	**176,258,849**
SCHEDULE 15 - INTEREST EXPENDED		
I Interest on deposits	508,037,575	410,518,998
II Interest on RBI / inter-bank borrowings	78,033,042	95,063,879
III Other interest	193,362	1,705,408
Total	**586,263,979**	**507,288,285**
SCHEDULE 16 - OPERATING EXPENSES		
I Payments to and provisions for employees	95,256,682	77,617,595
II Rent, taxes and lighting	16,584,727	14,821,006
III Printing and stationery	4,466,320	5,244,100
IV Advertisement and publicity	979,091	1,573,670
V Depreciation on bank's property	11,958,533	11,401,037
VI Directors' fees / remuneration, allowances and expenses	37,041	32,788
VII Auditors' fees and expenses	37,823	36,230
VIII Law charges	1,587,423	1,419,023
IX Postage, telegram, telephone etc.	4,275,952	4,074,980
X Repairs and maintenance	12,675,704	12,618,088
XI Insurance	12,292,295	10,414,269
XII Other expenditure*	146,823,698	121,940,914
Total	**306,975,289**	**261,193,700**

**Includes professional fees, commission to sales agents, card and merchant acquiring expenses and system management fees*

SCHEDULE 17 - Significant accounting policies appended to and forming part of the financial statements for the year ended March 31, 2020

A BACKGROUND

HDFC Bank Limited ('HDFC Bank' or 'the Bank'), incorporated in Mumbai, India is a publicly held banking company engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013. The Bank has overseas branch operations in Bahrain, Hong Kong, Dubai and Offshore Banking Unit at International Financial Service Centre (IFSC), at GIFT City, Gandhinagar in Gujarat. The financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by branches of the Bank.

B BASIS OF PREPARATION

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time (RBI guidelines), Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, in so far as they apply to banks.

Use of estimates

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

C PRINCIPAL ACCOUNTING POLICIES

1 Investments

Classification:

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

Purchase and sale transactions in securities are recorded under settlement date of accounting, except in the case of equity shares where trade date accounting is followed.

Basis of classification:

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

Acquisition cost:

Brokerage, commission, etc. and broken period interest on debt instruments are recognised in the Profit and Loss Account and are not included in the cost of acquisition.

Disposal of investments:

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

Short sale:

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is categorised under HFT category and netted off from investments in the Balance Sheet. The short position is marked to market and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Profit / Loss on settlement of the short position is recognised in the Profit and Loss Account.

Valuation:

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

Traded investments are valued based on the trades / quotes on the recognised stock exchanges or prices published by Financial Benchmarks India Pvt Ltd. (FBIL) with Fixed Income Money Market and Derivatives Association (FIMMDA) as the calculating agent.

The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR') included in the AFS and HFT categories is computed as per the prices published by FBIL with FIMMDA as the calculating agent.

The valuation of other unquoted fixed income securities (viz. State Government securities, other approved securities, bonds and debentures), and preference shares, is done with appropriate mark-up over the Yield to Maturity (YTM) rates for Central Government Securities as published by Primary Dealers Association of India ("PDAI") / FIMMDA / FBIL.

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

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

Units of mutual funds are valued at the latest net asset value declared by the respective schemes of the mutual fund.

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

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

Investment in unquoted venture capital fund are categorised under HTM category for the initial period of three years and valued at cost. Such investment is required to be transferred to AFS thereafter.

Pass Through Certificates (PTC) including Priority Sector-PTCs are valued by using FIMMDA credit spread as applicable for the NBFC category, based on the credit rating of the respective PTC over the YTM rates for government securities published by FBIL with FIMMDA as the calculating agent.

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

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

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

Repurchase and reverse repurchase transactions:

In accordance with the RBI guidelines, repurchase (Repo) and reverse repurchase (Reverse Repo) transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively.

Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

2 Advances

Classification:

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

Provisioning:

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

The specific provision levels for retail non-performing assets are also based on the nature of product and delinquency levels. Specific loan loss provisions in respect of non-performing advances are charged to the Profit and Loss Account and included under Provisions and Contingencies.

Non-performing advances are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognised in the Profit and Loss Account and included under other income.

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

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

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

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

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

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

3 Securitisation and transfer of assets

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

The Bank enters into transactions for transfer of standard assets through the direct assignment of cash flows, which are similar to asset-backed securitisation transactions through the SPV route, except that such portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates (PTCs).

The RBI issued addendum guidelines on securitisation of standard assets vide its circular dated May 7, 2012. Accordingly, the Bank does not provide liquidity or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines. The Bank amortises any profit received for every individual securitisation or direct assignment transaction based on the method prescribed in these guidelines.

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

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

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank invests in PTCs issued by other SPVs. These are accounted for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenor of the loans.

4 Priority Sector Lending Certificates (PSLCs)

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as miscellaneous income and the fee paid for purchase of the PSLCs is recorded as other expenditure in Profit and Loss Account. These are amortised over the period of the Certificate.

5 Fixed assets and depreciation

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

Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis. The management believes that the useful life of assets assessed by the Bank, pursuant to Part C of Schedule II to the Companies Act, 2013, taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use, fairly reflects its estimate of useful lives of the fixed assets. The estimated useful lives of key fixed assets are given below:

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

- Improvements to lease hold premises are charged off over the remaining primary period of lease.
- Software and system development expenditure is depreciated over a period of 5 years.
- Point of sales terminals are depreciated over a period of 4 years.
- For assets purchased and sold during the year, depreciation is provided on pro-rata basis by the Bank.
- Whenever there is a revision of the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.
- Profit on sale of immovable property net of taxes and transfer to statutory reserve, are transferred to capital reserve account.
- Assets (other than POS terminals) costing less than ₹ 5,000 individually are fully depreciated in the year of purchase.

6 Impairment of assets

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

7 Translation of foreign currency items

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

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

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

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

8 Foreign exchange and derivative contracts

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

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

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

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

9 Revenue recognition

Interest income is recognised in the Profit and Loss Account on an accrual basis, except in the case of non-performing assets. Also in case of domestic advances, where interest is collected on rear end basis, such interest is accounted on receipt basis in accordance with the RBI communication.

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

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

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

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

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

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

10 Employee benefits

Employee Stock Option Scheme (ESOS):

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

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

Gratuity:

The Bank has an obligation towards gratuity, a defined benefit retirement plan covering all eligible employees. The plan benefit vests upon completion of five years of service and is in the form of lump sum payment to employees on resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 days' basic salary payable for each completed year of service without upper limit. The Bank makes contributions to recognized Trusts administered by trustees and whose funds are managed by insurance companies, of amounts notified by the said insurance companies. In respect of erstwhile Lord Krishna Bank (eLKB) employees, the Bank makes contribution to a fund set up by eLKB and administered by the Board of Trustees.

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

Superannuation:

The Bank has a Superannuation Plan under which employees of the Bank, above a prescribed grade, are entitled to receive retirement benefits either under a cash-out option through salary or under a defined contribution plan. For those opting for a defined contribution plan, the Bank contributes a sum equivalent to 13% of the employee's eligible annual basic salary (15% for the whole time directors and for certain eligible employees of the erstwhile Centurion Bank of Punjab (eCBoP) staff) to Trust administered by trustees and whose funds are managed by insurance companies. The Bank has no liability towards future superannuation fund benefits other than its annual contribution, and recognises such contributions as an expense in the year incurred.

Provident fund:

The Bank is covered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and accordingly all employees of the Bank are entitled to receive benefits under the provident fund. The Bank contributes an amount, on a monthly basis, at a determined rate (currently 12% of employee's basic salary). Of this, the Bank contributes an amount equal to 8.33% of employee's basic salary up to a maximum salary level of ₹ 15,000/- per month, to the Pension Scheme administered by the Regional Provident Fund Office. The balance amount of the 12% employer's share is contributed to an exempted Trust set up by the Bank and administered by a Board of Trustees. In respect of eCBoP employees, employer's and employee's share of contribution to Provident Fund till March 2009, was administered by the Regional Provident Fund Office and from April 2009 onwards, the same is transferred to the exempted Trust set up by the Bank and administered by the Board of Trustees. In respect of eLKB employees, the Bank contributes to a Trust set up by eLKB and administered by a Board of Trustees. The Bank recognises such contributions as an expense in the year in which it is incurred. Interest payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Bank.

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

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

Leave encashment / Compensated absences:

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

Pension:

In respect of pension payable to certain eLKB employees under IBA structure, which is a defined benefit scheme, the Bank contributes 10% of basic salary to a pension trust set up by the Bank and administered by the Board of Trustees and an additional amount towards the liability shortfall based on an independent actuarial valuation as at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases and interest rates.

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

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

New Pension Scheme (NPS):

In respect of employees who opt for contribution to the NPS, the Bank contributes certain percentage of the basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year incurred.

11 Debit and credit cards reward points

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

12 Bullion

The Bank imports bullion including precious metal bars on a consignment basis. The imports are typically on a back-to-back basis and are priced to the customer based on the price quoted by the supplier. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers and reported as "Other Income".

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

13 Lease accounting

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

14 Income tax

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

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

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

15 Earnings per share

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

16 Share issue expenses

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

17 Segment information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

18 Accounting for provisions, contingent liabilities and contingent assets

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

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

A disclosure of contingent liability is made when there is:

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

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

Onerous contracts

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

19 Cash and cash equivalents

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

20 Corporate social responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss Account.

SCHEDULE 18 - Notes forming part of the financial statements for the year ended March 31, 2020

Amounts in notes forming part of the financial statements for the year ended March 31, 2020 are denominated in rupee crore to conform to extant RBI guidelines, except where stated otherwise.

1 Special Dividend

The Bank has paid Special Interim Dividend of ₹ 5 per equity share of face value of ₹ 2 each (pre-split) for the financial year 2019-20, to commemorate 25 years of the Bank's operation, aggregating to ₹ 1,646.95 crore inclusive of tax on dividend.

2 Sub-division of Equity Shares

The shareholders of the Bank at the 25th Annual General Meeting held on July 12, 2019 approved sub-division (split) of one equity share of the Bank from face value of ₹ 2/- each into two equity shares of face value of ₹ 1/- each. All shares and per share information in the financial statements reflect the effect of sub-division (split) retrospectively.

3 Proposed dividend

The Reserve Bank of India, vide its circular dated April 17, 2020, has decided that banks shall not make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, at their meeting held on April 18, 2020, has not proposed any final dividend for the year ended March 31, 2020.

During the previous year ended March 31, 2019, the Board of Directors had proposed a dividend of ₹15 per equity share aggregating to ₹ 4,924.64 crore inclusive of tax on dividend, which was subsequently approved by the shareholders at the Annual General Meeting and paid out. In terms of the revised Accounting Standard (AS) 4 'Contingencies and Events Occurring After the Balance Sheet Date' the Bank had then not appropriated the proposed dividend from the Profit and Loss Account. However the effect of the proposed dividend was then reckoned in determining the capital funds in the computation of the capital adequacy ratio.

4 Capital adequacy

The Bank's capital to risk-weighted assets ratio ('Capital Adequacy Ratio') as at March 31, 2020 is calculated in accordance with the RBI guidelines on Basel III capital regulations ('Basel III'). The phasing-in of the minimum capital ratio requirement under Basel III is as follows:

(% of RWAs)

Minimum ratio of capital to risk-weighted assets	As at March 31,		
	2018	2019	**2020**
Common equity tier 1 (CET 1)	7.375	7.525	**7.575**
Tier I capital	8.875	9.025	**9.075**
Total capital	**10.875**	**11.025**	**11.075**

The above minimum CET 1, tier I and total capital ratio requirements include capital conservation buffer (CCB) and additional capital applicable to our Bank being Domestic-Systemically Important Bank (D-SIB).

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

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Tier I capital	**171,414.44**	147,022.76
Of which CET 1 capital	**163,414.44**	139,172.76
Tier II capital	**12,843.41**	12,434.88
Total capital	**184,257.85**	**159,457.64**
Total risk weighted assets	**994,715.74**	**931,929.87**
Capital adequacy ratios under Basel III		
Tier I	**17.23%**	15.78%
Of which CET 1	**16.43%**	14.93%
Tier II	**1.29%**	1.33%
Total	**18.52%**	**17.11%**

During the year ended March 31, 2020 and March 31, 2019, the Bank has not raised Additional Tier I and Tier II capital.

The Bank's subordinated and perpetual debt capital instruments amounted to ₹ 10,232.00 crore and ₹ 8,000.00 crore respectively during the year ended March 31, 2020 and March 31, 2019.

In accordance with RBI guidelines, banks are required to make Pillar 3 disclosures under the Basel III capital regulations. The Bank's Pillar 3 disclosures are available on its website at the following link: https://www.hdfcbank.com/aboutus/basel_disclosures/default.htm. These Pillar 3 disclosures have not been subjected to audit or review by the statutory auditors.

Capital infusion

During the year ended March 31, 2020, the Bank allotted 3,66,73,240 equity shares (previous year: 4,75,44,608 equity shares) aggregating to face value ₹ 3.67 crore (previous year: ₹ 4.75 crore) in respect of stock options exercised. Accordingly, the share capital increased by ₹ 3.67 crore (previous year: ₹ 4.75 crore) and the share premium increased by ₹ 1,845.01 crore (previous year: ₹ 2,196.06 crore).

During the year ended March 31, 2019, pursuant to the shareholder and regulatory approvals, the Bank on July 17, 2018, made a preferential allotment of 3,90,96,817 equity shares of face value of ₹ 2 each to Housing Development Finance Corporation Limited at a price of ₹ 2,174.09 per equity share (including share premium of ₹ 2,172.09 per equity share), aggregating to ₹ 8,500.00 crore and on August 2, 2018, concluded a Qualified Institutional Placement (QIP) of 1,28,47,222 equity shares of face value of ₹ 2 each at a price of ₹ 2,160.00 per equity share aggregating to ₹ 2,775.00 crore and an American Depository Receipt (ADR) offering of 1,75,00,000 ADR (representing 5,25,00,000 equity shares of face value of ₹ 2 each) at a price of USD 104 per ADR, aggregating to USD 1,820.00 million (equivalent ₹ 12,440.90 crore). Consequent to the above issuances, share capital increased by ₹ 20.89 crore and share premium increased by ₹ 23,568.72 crore, net of share issue expenses of ₹ 126.29 crore.

The details of the movement in the paid-up equity share capital of the Bank are given below:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance	544.66	519.02
Addition pursuant to Preferential allotment / QIP / ADR offering	-	20.89
Addition pursuant to stock options exercised	3.67	4.75
Closing balance	548.33	544.66

5 Earnings per equity share

Basic and diluted earnings per equity share of the Bank have been calculated based on the net profit after tax of ₹ 26,257.32 crore (previous year: ₹ 21,078.17 crore) and the weighted average number of equity shares outstanding during the year of 5,46,88,02,148 (previous year: 5,36,00,68,058).

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

Particulars	For the years ended	
	March 31, 2020	March 31, 2019
Nominal value per share (₹)	1.00	1.00
Basic earnings per share (₹)	48.01	39.33
Effect of potential equity shares (per share) (₹)	(0.35)	(0.39)
Diluted earnings per share (₹)	47.66	38.94

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

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

Particulars	For the years ended	
	March 31, 2020	March 31, 2019
Weighted average number of equity shares used in computing basic earnings per equity share	5,46,88,02,148	5,36,00,68,058
Effect of potential equity shares outstanding	4,10,17,673	5,32,75,290
Weighted average number of equity shares used in computing diluted earnings per equity share	5,50,98,19,821	5,41,33,43,348

6 Reserves and Surplus

Statutory Reserve

The Bank has made an appropriation of ₹ 6,564.33 crore (previous year: ₹ 5,269.54 crore) out of profits for the year ended March 31, 2020 to the Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

Capital Reserve

During the year ended March 31, 2020, the Bank appropriated ₹ 1,123.85 crore (previous year: ₹ 105.34 crore), being the profit from sale of investments under HTM category and profit on sale of immovable properties, net of taxes and transfer to statutory reserve, from the Profit and Loss Account to the Capital Reserve.

General Reserve

The Bank has made an appropriation of ₹ 2,625.73 crore (previous year: ₹ 2,107.82 crore) out of profits for the year ended March 31, 2020 to the General Reserve.

Investment Fluctuation Reserve

In accordance with RBI guidelines, banks are required to create an Investment Fluctuation Reserve (IFR) equivalent to 2% of their HFT and AFS investment portfolios, within a period of three years starting fiscal 2019. Accordingly, during the year ended March 31, 2020, the Bank has made an appropriation of ₹ 1,134.00 crore (previous year: ₹ 773.00 crore), to the Investment Fluctuation Reserve from the Profit and Loss Account.

Investment Reserve Account

During the year ended March 31, 2020, the net transfer between Investment Reserve Account and Profit and Loss Account was Nil (previous year: Nil) as per RBI guidelines.

Draw down from reserves

Share Premium

The Bank has not undertaken any drawdown from share premium during the year ended March 31, 2020 and March 31, 2019 except that during year ended March 31, 2019, share issue expenses of ₹ 126.29 crore, incurred for the equity raised through the QIP and ADR offering, had been adjusted against the share premium account in terms of section 52 of the Companies Act, 2013.

7 Dividend on shares allotted pursuant to exercise of stock options

Shares allotted after the Balance Sheet date pursuant to any exercise of employee stock options but before book closure date are eligible for dividend when declared by the Bank and approved at a General Body Meeting of the shareholders of the Bank.

8 Accounting for employee share based payments

The shareholders of the Bank approved the grant of equity share options under Plan "C" in June 2005, Plan "D" in June 2007, Plan "E" in June 2010, Plan "F" in June 2013 and Plan "G" in July 2016. Under the terms of each of these Plans, the Bank may issue to its employees and Whole Time Directors, Equity Stock Options ('ESOPs') each of which is convertible into one equity share. All the plans were framed in accordance with the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and as applicable at the time of the grant. The accounting for the stock options has been in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 to the extent applicable.

Plans C, D, E, F and G provide for the issuance of options at the recommendation of the Nomination and Remuneration Committee of the Board ('NRC') at the closing price on the working day immediately preceding the date when options are granted. This closing price is the closing price of the Bank's equity share on an Indian stock exchange with the highest trading volume as of the working day preceding the date of grant.

The vesting conditions applicable to the options are at the discretion of the NRC. These options are exercisable on vesting, for a period as set forth by the NRC at the time of the grant. The period in which the options may be exercised cannot exceed five years from date of expiry of vesting period. During the years ended March 31, 2020 and March 31, 2019, no modifications were made to the terms and conditions of ESOPs.

Activity in the options outstanding under the Employee Stock Option Plans

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2020:

Particulars	Number of options	Weighted average exercise price (₹)
Options outstanding, beginning of year	13,66,12,822	682.99
Granted during the year	4,77,73,600	1,220.13
Exercised during the year	3,66,73,240	504.10
Forfeited / Lapsed during the year	48,47,580	962.85
Options outstanding, end of year	14,28,65,602	899.03
Options exercisable	6,44,64,392	638.18

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2019:

Particulars	Number of options	Weighted average exercise price (₹)
Options outstanding, beginning of year	15,08,87,600	525.11
Granted during the year	3,97,90,000	1,030.24
Exercised during the year	4,75,44,608	462.90
Forfeited / Lapsed during the year	65,20,170	753.50
Options outstanding, end of year	13,66,12,822	682.99
Options exercisable	8,06,09,722	508.89

- The following table summarises the information about stock options outstanding as at March 31, 2020:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	340.00 to 417.75	4,85,100	0.34	344.05
Plan D	340.00	3,45,900	0.30	340.00
Plan E	340.00	17,05,500	0.30	340.00
Plan F	417.75 to 731.08	5,85,68,822	2.02	587.08
Plan G	882.85 to 1,229.00	8,17,60,280	3.45	1,139.82

- The following table summarises the information about stock options outstanding as at March 31, 2019

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	340.00 to 417.75	30,74,800	0.87	342.85
Plan D	340.00	13,19,800	0.97	340.00
Plan E	340.00	49,97,400	0.96	340.00
Plan F	417.75 to 731.08	8,84,76,822	2.71	567.24
Plan G	1,003.03 to 1,045.23	3,87,44,000	3.57	1,030.23

Fair value methodology

The fair value of options used to compute the *proforma* net profit and earnings per equity share have been estimated on the dates of each grant using the binomial option-pricing model. The Bank estimates the volatility based on the historical prices of its equity shares. The Bank granted 4,77,73,600 options during the year ended March 31, 2020 (previous year: 3,97,90,000). The various assumptions considered in the pricing model for the ESOPs granted during the year ended March 31, 2020 are:

Particulars	March 31, 2020	March 31, 2019
Dividend yield	0.61% to 0.85%	0.62% to 0.65%
Expected volatility	15.30% to 20.13%	14.53% to 18.68%
Risk-free interest rate	5.81% to 6.70%	7.23% to 8.31%
Expected life of the options	1 to 6 years	1 to 6 years

Impact of the fair value method on the net profit and earnings per share (EPS)

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

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Net profit (as reported)	26,257.32	21,078.17
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	719.80	535.90
Net profit *(proforma)*	25,537.52	20,542.27
	(₹)	(₹)
Basic earnings per share (as reported)	48.01	39.33
Basic earnings per share *(proforma)*	46.70	38.32
Diluted earnings per share (as reported)	47.66	38.94
Diluted earnings per share *(proforma)*	46.35	37.95

9 Other liabilities

- The Bank held provisions towards standard assets amounting to ₹ 4,437.86 crore as at March 31, 2020 (previous year: ₹ 3,639.66 crore). These are included under other liabilities.
  - ✓ Provision for standard assets is made @ 0.25% for direct advances to agriculture and Small and Micro Enterprises (SMEs) sectors, @ 1% for advances to commercial real estate sector, @ 0.75% for advances to commercial real estate - residential housing sector, @ 5% on restructured standard advances, @ 2% until after one year from the date on which the rates are reset at higher rates for housing loans offered at a comparatively lower rate of interest in the first few years and @ 2% on all exposures to the wholly owned step down subsidiaries of the overseas subsidiaries of Indian companies, sanctioned / renewed after December 31, 2015.
  - ✓ Provision is maintained at rates higher than the regulatory minimum, on standard advances based on evaluation of the risk and stress in various sectors as per the policy approved by the Board of the Bank.
  - ✓ In accordance with regulatory guidelines and based on the information made available by its customers to the Bank, for exposures to customers who have not hedged their foreign currency exposures, provision for standard assets is made at levels ranging up to 0.80% depending on the likely loss the entities could incur on account of exchange rate movements.
  - ✓ Provision for standard assets of overseas branches is made at higher of rates prescribed by the overseas regulator or RBI.
  - ✓ For all other loans and advances including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, provision for standard assets is made @ 0.40%.
  - ✓ In accordance with RBI guidelines, an additional provision is made @ 3% on the incremental exposure to the "Specified Borrowers" (except NBFCs / HFCs) beyond normally permitted lending limit (NPLL) as defined by RBI.
- Other liabilities include contingent provisions of ₹ 2,995.80 crore as at March 31, 2020 (previous year: ₹ 800.10 crore) in respect of advances.
- The Bank has presented gross unrealised gain on foreign exchange and derivative contracts under other assets and gross unrealised loss on foreign exchange and derivative contracts under other liabilities. Accordingly, other liabilities as at March 31, 2020 include unrealised loss on foreign exchange and derivative contracts of ₹ 18,470.93 crore (previous year: ₹ 12,772.60 crore).

10 Unhedged foreign currency exposure

The Bank has in place a policy and process for managing currency induced credit risk. The credit appraisal memorandum prepared at the time of origination and review of a credit facility is required to discuss the exchange risk that the customer is exposed to from all sources, including trade related, foreign currency borrowings and external commercial borrowings. It could cover the natural hedge available to the customer as well as other hedging methods adopted by the customer to mitigate exchange risk. For foreign currency loans granted by the Bank beyond a defined threshold the customer is encouraged to enter into appropriate risk hedging mechanisms with the Bank. Alternatively, the Bank satisfies itself that the customer has the financial capacity to bear the exchange risk in the normal course of its business and / or has other mitigants to reduce the risk.

On a monthly basis, the Bank reviews information on the unhedged portion of foreign currency exposures of customers, whose total foreign currency exposure with the Bank exceeds a defined threshold. Based on the monthly review, the Bank proposes suitable hedging techniques to the customer to contain the risk. A Board approved credit risk rating linked limit on unhedged foreign currency position of customers is applicable when extending credit facilities to a customer. The compliance with the limit is assessed by estimating the extent of drop in a customer's annual Earnings Before Interest and Depreciation ('EBID') due to a potentially large adverse movement in exchange rate impacting the unhedged foreign currency exposure of the customer. Where a breach is observed in such a simulation, the customer is advised to reduce its unhedged exposure.

In accordance with RBI guidelines, as at March 31, 2020 the Bank holds standard asset provisions of ₹ 129.95 crore (previous year: ₹ 203.48 crore) and maintains capital (including CCB & D-SIB) of ₹ 574.13 crore (previous year: ₹ 959.77 crore) in respect of the unhedged foreign currency exposure of its customers.

11 Investments

- **Value of investments**

(₹ crore)

Particulars	**March 31, 2020**	March 31, 2019
Gross value of investments		
- In India	**390,573.74**	291,878.72
- Outside India	**2,231.39**	1,512.03
Provisions for depreciation on investments		
- In India	**929.86**	267.85
- Outside India	**48.61**	6.83
Net value of investments		
- In India	**389,643.88**	291,610.87
- Outside India	**2,182.78**	1,505.20

- **Movement in provisions held towards depreciation on investments:**

(₹ crore)

Particulars	**March 31, 2020**	March 31, 2019
Opening balance	**274.68**	260.17
Add: Provision made during the year (including provision on non-performing investments)	**709.60**	51.58
Less: Write-off, write back of excess provision during the year	**5.81**	37.07
Closing balance	**978.47**	274.68

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

- **Repo transactions**
  - ✓ Details of repo / reverse repo deals excluding tri-party repo / reverse repo (in face value terms) done during the year ended March 31, 2020:

(₹ crore)

Particulars	**Minimum outstanding during the year**	**Maximum outstanding during the year**	**Daily average outstanding during the year**	**Outstanding as at March 31, 2020**
Securities sold under repo				
1 Government securities	**-**	**26,368.04**	**1,357.92**	**1,747.44**
2 Corporate debt securities	**-**	**-**	**-**	**-**
3 Any other securities	**-**	**-**	**-**	**-**
Securities purchased under reverse repo				
1 Government securities	**-**	**89,162.10**	**27,524.91**	**22,389.54**
2 Corporate debt securities	**-**	**-**	**-**	**-**
3 Any other securities	**-**	**-**	**-**	**-**

✓ Details of repo / reverse repo deals excluding tri-party repo / reverse repo (in face value terms) done during the year ended March 31, 2019:

(₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2019
Securities sold under repo				
1 Government securities	-	40,230.19	6,533.93	17,551.52
2 Corporate debt securities	-	-	-	-
3 Any other securities	-	-	-	-
Securities purchased under reverse repo				
1 Government securities	-	62,745.05	8,320.06	-
2 Corporate debt securities	-	-	-	-
3 Any other securities	-	-	-	-

✓ Details of Tri-party repo / reverse repo deals (in amount of funds borrowed or lent terms) done during the year ended March 31, 2020:

(₹ crore)

Particulars	**Minimum outstanding during the year**	**Maximum outstanding during the year**	**Daily average outstanding during the year**	**Outstanding as at March 31, 2020**
Securities sold under tri-party repo				
1 Government securities	**-**	**56,036.05**	**11,478.42**	**50,798.20**
2 Corporate debt securities	**-**	**-**	**-**	**-**
3 Any other securities	**-**	**-**	**-**	**-**
Securities purchased under tri-party repo				
1 Government securities	**-**	**7,700.00**	**319.25**	**-**
2 Corporate debt securities	**-**	**-**	**-**	**-**
3 Any other securities	**-**	**-**	**-**	**-**

✓ Details of Tri-party repo / reverse repo deals (in amount of funds borrowed or lent terms) done during the year ended March 31, 2019:

(₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2019
Securities sold under tri-party repo				
1 Government securities	-	36,798.00	5,650.95	-
2 Corporate debt securities	-	-	-	-
3 Any other securities	-	-	-	-
Securities purchased under tri-party repo				
1 Government securities	-	7,621.35	93.02	7,621.35
2 Corporate debt securities	-	-	-	-
3 Any other securities	-	-	-	-

Schedules to the Financial Statements

For the year ended March 31, 2020

- **Non-SLR investment portfolio**

✓ Issuer-wise composition of non-SLR investments as at March 31, 2020:

(₹ crore)

Sr. 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	Public sector undertakings	3,122.15	1,554.09	-	-	-
2	Financial institutions	6,263.47	3,282.00	-	-	-
3	Banks	4,482.97	944.33	-	-	-
4	Private corporate	27,708.92	23,189.75	1,960.83	15.42	1,695.91
5	Subsidiaries / Joint ventures(4)	3,826.49	3,826.49	-	-	-
6	Others	23,520.28	14,993.21	-	434.32	-
7	Provision held towards depreciation	(978.47)				
	Total	**67,945.81**	**47,789.87**	**1,960.83**	**449.74**	**1,695.91**

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

(1) *Excludes investments in securities issued by foreign sovereign aggregating to ₹ 840.94 crore.*

(2) *Excludes investments in equity shares and units of equity oriented mutual funds and venture capital funds in line with extant RBI guidelines.*

(3) *Excludes investments in equity shares, units of equity oriented mutual funds and venture capital funds, pass through certificates, security receipts, commercial paper, certificate of deposits and convertible debentures in line with extant RBI guidelines.*

(4) *Investments in debt securities issued by subsidiaries / joint ventures have been classified under private corporate.*

✓ Issuer-wise composition of non-SLR investments as at March 31, 2019:

(₹ crore)

Sr. 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	Public sector undertakings	669.08	669.08	-	-	-
2	Financial institutions	2,345.29	1,260.38	-	-	-
3	Banks	546.01	230.00	-	-	-
4	Private corporate	29,159.10	25,936.92	25.00	21.23	4,134.39
5	Subsidiaries / Joint ventures(4)	3,826.49	3,826.49	-	-	-
6	Others	13,991.77	4,976.38	-	1.33	-
7	Provision held towards depreciation	(274.68)				
	Total	**50,263.06**	**36,899.25**	**25.00**	**22.56**	**4,134.39**

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

(1) *Excludes investments in securities issued by foreign sovereign aggregating to ₹ 723.66 crore.*

(2) *Excludes investments in equity shares and units of equity oriented mutual funds and venture capital funds in line with extant RBI guidelines.*

(3) *Excludes investments in equity shares, units of equity oriented mutual funds and venture capital funds, pass through certificates, security receipts, commercial paper, certificate of deposits and convertible debentures in line with extant RBI guidelines.*

(4) *Investments in debt securities issued by subsidiaries / joint ventures have been classified under private corporate.*

✓ Non-performing non-SLR investments:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance	88.25	92.07
Additions during the year	-	-
Reductions during the year	5.81	3.82
Closing balance	82.44	88.25
Total provisions held	**77.61**	**75.93**

- **Details of investments category-wise**

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

(₹ crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Government securities	38,335.31	91,847.40	193,698.14	323,880.85	12,900.81	68,584.58	161,367.62	242,853.01
Other approved securities	-	-	-	-	-	-	-	-
Shares	-	407.91	-	407.91	-	401.60	-	401.60
Debentures and bonds	447.04	25,920.99	1,420.66	27,788.69	3,524.01	24,530.37	1,420.66	29,475.04
Subsidiary / Joint ventures	-	-	3,826.49	3,826.49	-	-	3,826.49	3,826.49
Others	8,517.08	27,395.44	10.20	35,922.72	9,005.39	7,547.94	6.60	16,559.93
Total	**47,299.43**	**145,571.74**	**198,955.49**	**391,826.66**	**25,430.21**	**101,064.49**	**166,621.37**	**293,116.07**

- **Securities kept as margin**

The details of securities that are kept as margin are as under:

(₹ crore)

Sr. No.	Particulars	Face value as at March 31, 2020	2019
I	Securities kept as margin with Clearing Corporation of India towards:		
	a) Collateral and funds management - Securities segment	1,820.00	1,420.00
	b) Collateral and funds management - Tri-party Repo	57,899.98	47,713.88
	c) Default fund - Forex Forward segment	150.00	110.00
	d) Default fund - Forex Settlement segment	51.05	51.05
	e) Default fund - Rupee Derivatives (Guaranteed Settlement) segment	48.00	43.00
	f) Default fund - Securities segment	65.00	65.00
	g) Default fund - Tri-party repo segment	50.00	45.00
II	Securities kept as margin with the RBI towards:		
	a) Real Time Gross Settlement (RTGS)	54,944.95	72,411.67
	b) Repo transactions	54,622.56	37,216.66
	c) Reverse repo transactions	22,389.54	-
III	Securities kept as margin with National Securities Clearing Corporation of India (NSCCIL) towards NSE Currency Derivatives segment.	107.72	309.72
IV	Securities kept as margin with Indian Clearing Corporation Limited towards BSE Currency Derivatives segment.	161.00	241.00
V	Securities kept as margin with Metropolitan Clearing Corporation of India towards MCX Currency Derivatives segment.	13.00	13.00

- Other investments as at the Balance Sheet date include investments in commercial paper amounting to ₹ 10,929.00 crore (previous year: ₹ 2,568.16 crore) and certificate of deposit amounting to ₹ 1,473.44 crore (previous year: Nil).

- During the year ended March 31 2020, the aggregate book value of investments sold from, and transferred to / from HTM category was in excess of 5% of the book value of investments held in HTM category at the beginning of the year. The market value of investments (excluding book value of investments in subsidiaries aggregating to ₹ 3,826.49 crore and unquoted units of venture capital funds aggregating to ₹ 10.20 crore) under HTM category as on March 31, 2020 was ₹ 201,105.11 crore and was higher than the book value thereof as of that date. In accordance with the RBI guidelines, sale from, and transfer to / from, HTM category excludes:
  a. one-time transfer of securities permitted to be undertaken by banks at the beginning of the accounting year with approval of the Board of Directors;
  b. sale to the RBI under pre-announced open market operation auctions;
  c. repurchase of Government securities by Government of India from banks;
  d. additional shifting of securities explicitly permitted by the RBI from time to time;
  e. direct sales from HTM for bringing down SLR holdings in the HTM category; and
  f. repurchase of State Development Loans (SDLs) by the concerned state government.

12 Derivatives

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

(₹ crore)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
i)	The total notional principal of swap agreements	364,130.26	315,803.02
ii)	Total losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	4,993.40	2,796.54
iii)	Collateral required by the Bank upon entering into swaps***	35.41	-
iv)	Concentration of credit risk arising from swaps (%)**	60.90%	64.62%
v)	Concentration of credit risk arising from swaps (Amount)**	3,041.17	1,807.15
vi)	The fair value of the swap book	(203.05)	88.18

** Interest Rate Swaps are comprised of INR Interest Rate Swaps and FCY Interest Rate Swaps.*
*** Concentration of credit risk arising from swaps is with banks as at March 31, 2020 and March 31, 2019.*
**** Represents outstanding amount of net margin received from customers as at March 31, 2020.*

The nature and terms of Rupee IRS outstanding as at March 31, 2020 are set out below:

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	1	25.00	INBMK	Floating receivable v/s fixed payable
Trading	3	1,100.00	INCMT	Floating receivable v/s fixed payable
Trading	2985	134,283.88	OIS	Fixed receivable v/s floating payable
Trading	2933	140,906.49	OIS	Floating receivable v/s fixed payable
Trading	518	28,568.50	MIFOR	Fixed receivable v/s floating payable
Trading	329	16,410.00	MIFOR	Floating receivable v/s fixed payable
Total		321,293.87		

The nature and terms of foreign currency IRS as on March 31, 2020 are set out below:

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	84	12,786.71	USD LIBOR	Fixed receivable v/s floating payable
Trading	226	30,049.68	USD LIBOR	Floating receivable v/s fixed payable
Total		42,836.39		

There were no forward rate agreements outstanding as on March 31, 2020.

The nature and terms of Rupee IRS outstanding as at March 31, 2019 are set out below:

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	1	25.00	INBMK	Floating receivable v/s fixed payable
Trading	4	1,250.00	INCMT	Floating receivable v/s fixed payable
Trading	2,249	117,220.21	OIS	Fixed receivable v/s floating payable
Trading	2,358	120,778.99	OIS	Floating receivable v/s fixed payable
Trading	397	23,018.50	MIFOR	Fixed receivable v/s floating payable
Trading	307	15,985.00	MIFOR	Floating receivable v/s fixed payable
Total		278,277.70		

The nature and terms of foreign currency IRS as on March 31, 2019 are set out below:

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	90	13,859.57	USD LIBOR	Fixed receivable v/s floating payable
Trading	202	23,665.75	USD LIBOR	Floating receivable v/s fixed payable
Total		37,525.32		

There were no forward rate agreements outstanding as on March 31, 2019.

- **Exchange traded interest rate derivatives**

(₹ crore)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
i)	The total notional principal amount of exchange traded interest rate derivatives undertaken during the years reported	Nil	Nil
ii)	The total notional principal amount of exchange traded interest rate derivatives outstanding	Nil	Nil
iii)	The notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective'	N.A.	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not 'highly effective'	N.A.	N.A.

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

Overview of business and processes

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

Interest rate contracts

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

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

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

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

Exchange rate contracts

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

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

Currency options (including Exchange Traded Currency Option) give the buyer, on payment of a premium, the right but not an obligation, to buy or sell specified amounts of currency at agreed rates of exchange on or before a specified future date.

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

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

Constituents involved in derivative business

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

Derivative policy

The Bank has in place a Derivative Policy which covers various aspects that apply to the functioning of the derivative business. The derivative business is administered through various market risk limits such as position limits, tenor limits, sensitivity limits, GAP limit, scenario based profit and loss limit for option portfolio, stop loss triggers and value-at-risk limits that are recommended by the Risk Policy and Monitoring Committee ('RPMC') to the Board of Directors for approval. All methodologies used to assess market and credit risks for derivative transactions are specified by the credit and market risk units. Limits are monitored on a daily basis by the mid-office.

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

Classification of derivatives book

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

Hedging policy

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

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

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

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

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

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

Sr. No.	Particulars	Currency derivatives		Interest rate derivatives	
		March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019
1	Derivatives (notional principal amount)				
	a) Hedging	**-**	-	**-**	-
	b) Trading	**48,556.58**	47,914.10	**364,449.58**	315,986.71
2	Marked to market positions				
	a) Asset (+)	**1,469.15**	823.55	**4,994.01**	2,797.45
	b) Liability (-)	**(1,090.17)**	(663.14)	**(5,197.06)**	(2,709.26)
3	Credit exposure	**3,562.03**	3,234.07	**6,734.23**	4,888.09
4	Likely impact of one percentage change in interest rate (100*PV01)				
	a) On hedging derivatives	**-**	-	**-**	-
	b) On trading derivatives	**45.10**	29.84	**70.94**	94.61
5	Maximum of 100*PV01 observed during the year				
	a) On hedging	**-**	-	**-**	-
	b) On trading	**45.10**	29.84	**181.04**	94.61
6	Minimum of 100*PV01 observed during the year				
	a) On hedging	**-**	-	**-**	-
	b) On trading	**32.39**	5.97	**44.41**	31.51

✓ As at March 31, 2020, the notional principal amount of outstanding foreign exchange contracts classified as trading amounted to ₹ 607,919.49 crore (previous year: ₹ 549,616.22 crore). There were no foreign exchange contracts classified as hedging outstanding as at March 31, 2020 (previous year: ₹ 6,569.73 crore).

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

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

✓ For the purpose of this disclosure, interest rate derivatives include interest rate swaps, forward rate agreements and interest rate caps and floors.

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

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

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

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

13 Asset quality

- **Movements in NPAs (funded)**

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
(i) Net NPAs to net advances	**0.36%**	0.39%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	**11,224.16**	8,606.97
(b) Additions (fresh NPAs) during the year	**17,563.13**	14,382.03
(c) Reductions during the year:	**16,137.32**	11,764.84
- Upgradation*	**3,604.60**	3,251.98
- Recoveries (excluding recoveries made from upgraded accounts)	**4,278.23**	3,932.50
- Write-offs	**8,254.49**	4,580.36
(d) Closing balance	**12,649.97**	11,224.16
(iii) Movement of net NPAs		
(a) Opening balance	**3,214.52**	2,601.02
(b) Additions during the year	**4,885.53**	4,946.36
(c) Reductions during the year	**4,557.69**	4,332.86
(d) Closing balance	**3,542.36**	3,214.52
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	**8,009.64**	6,005.95
(b) Additions during the year	**12,677.60**	9,435.67
(c) Write-offs	**8,254.49**	4,580.36
(d) Write-back of excess provisions	**3,325.14**	2,851.62
(e) Closing balance	**9,107.61**	8,009.64

NPAs include all loans, investments and foreign exchange and derivatives that are classified as non-performing by the Bank.
**includes those accounts where all overdue have been paid.*

- **Technical or prudential write-offs**

Technical or prudential write-offs refer to the amount of non-performing assets which are outstanding in the books of the branches, but have been written-off (fully or partially) at the head office level. The financial accounting systems of the Bank are integrated and there are no write-offs done by the Bank which remain outstanding in the books of the branches. Movement in the stock of technically or prudentially written-off accounts is given below:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance of technical / prudential write-offs	**-**	-
Technical / Prudential write-offs during the year	**-**	-
Recoveries made from previously technically / prudentially written-off accounts during the year	**-**	-
Closing balance of technical / prudential write-offs	**-**	-

- **Floating provisions**

Floating provision of ₹ 1,451.28 crore (previous year: ₹ 1,451.28 crore) have been included under "Other Liabilities". Movement in floating provision is given below:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance	**1,451.28**	1,451.28
Provisions made / reinstated during the year	**-**	-
Draw down made during the year	**-**	-
Closing balance	**1,451.28**	1,451.28

Floating provisions shall be utilised as per the Board approved policy for contingencies under extraordinary circumstances and for making specific provision for impaired accounts in accordance with the RBI guidelines / directives.

- **Divergence in the asset classification and provisioning**

In terms of the RBI guidelines, banks are required to disclose the divergence in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever the additional provisioning assessed / additional gross NPAs identified by RBI exceeds the threshold specified by RBI. The current threshold for provisioning is 10 per cent of the reported profit before provisions and contingencies for the reference period and that for additional gross NPAs is 15 per cent of the published incremental Gross NPAs for the reference period. The threshold for the year ended March 31, 2019 was 15 percent of profit after tax and 15 per cent of the published incremental Gross NPAs respectively.

Based on the above, there was no reportable divergence in asset classification and provisioning for NPAs for the years ended March 31, 2020 and March 31, 2019.

- **Disclosure on accounts subjected to restructuring for the year ended March 31, 2020:**

(₹ crore, except numbers)

Sr. No.	Type of restructuring / Asset Classification → / Details ↓		Under Corporate Debt Restructuring (CDR) Mechanism					Under Small & Medium Enterprises (SME) Debt Restructuring Mechanism					Others					Total				
			Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured accounts as at April 1, 2019*	No. of borrowers	-	-	4	-	4	-	-	-	-	-	1	1	3	4	9	1	1	7	4	13
		Amount outstanding	-	-	56.67	-	56.67	-	-	-	-	-	52.37	1.79	182.69	15.96	252.81	52.37	1.79	239.36	15.96	309.48
		Provision thereon	-	-	2.90	-	2.90	-	-	-	-	-	-	-	0.50	0.91	1.41	-	-	3.40	0.91	4.31
2	Fresh restructuring during the year #	No. of borrowers	-	-	-	-	-	27	-	-	-	27	1	6	-	-	7	28	6	-	-	34
		Amount outstanding	-	-	-	-	-	48.11	-	-	-	48.11	2.35	51.07	-	-	53.42	50.46	51.07	-	-	101.53
		Provision thereon	-	-	-	-	-	2.08	-	-	-	2.08	-	2.22	-	-	2.22	2.08	2.22	-	-	4.30
3	Upgradation to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	-	-1	-	1	-	-	-1	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	0.94	-	-	-0.94	-	0.94	-	-	-0.94	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Advances not shown as restructured standard advances at the beginning of the next year^	No. of borrowers	-				-	-				-	-				-	-				-
		Amount outstanding	-				-	-				-	-				-	-				-
		Provision thereon	-				-	-				-	-				-	-				-
5	Down gradation of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the year ##	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	1	1	2	4	-	1	1	2	4
		Amount outstanding	-	-	11.63	-	11.63	-	-	-	-	-	0.32	1.79	177.95	13.63	193.69	0.32	1.79	189.58	13.63	205.32
7	Restructured accounts as at March 31, 2020*	No. of borrowers	-	-	4	-	4	27	-	-	-	27	3	6	2	1	12	30	6	6	1	43
		Amount outstanding	-	-	45.04	-	45.04	48.11	-	-	-	48.11	55.34	51.07	4.74	1.39	112.54	103.45	51.07	49.78	1.39	205.69
		Provision thereon	-	-	-	-	-	2.08	-	-	-	2.08	-	2.22	-	0.02	2.24	2.08	2.22	-	0.02	4.32

* *Excludes the figures of standard restructured advances which do not attract higher provisioning or risk weight.*
^ *These are restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year.*
\# *includes ₹ 1.89 crore of additional sanction (1 account and nil provision) to existing restructured account.*
\#\# *includes ₹ 27.77 crore (9 accounts and provision ₹ 2.52 crore) of reduction in existing restructured accounts by way of recovery / sale.*

Disclosure on accounts subjected to restructuring for the year ended March 31, 2019:

(₹ crore, except numbers)

Sr. No.	Type of restructuring / Asset Classification → / Details ↓		Under Corporate Debt Restructuring (CDR) Mechanism					Under Small & Medium Enterprises (SME) Debt Restructuring Mechanism					Others					Total				
			Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured accounts as at April 1, 2018*	No. of borrowers	-	2	3	-	5	-	-	-	-	-	1	1	2	5	9	1	3	5	5	14
		Amount outstanding	-	44.50	40.65	-	85.15	-	-	-	-	-	1,300.41	2.16	199.40	24.95	1,526.92	1,300.41	46.66	240.05	24.95	1,612.07
		Provision thereon	-	2.50	0.79	-	3.29	-	-	-	-	-	-	-	0.50	1.06	1.56	-	2.50	1.29	1.06	4.85
2	Fresh restructuring during the year #	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	1	1	-	3	1	1	1	-	3
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	52.37	1.79	0.77	-	54.93	52.37	1.79	0.77	-	54.93
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradation to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Advances not shown as restructured standard advances at the beginning of the next year^	No. of borrowers	-				-	-				-	1				1	1				1
		Amount outstanding	-				-	-				-	1,300.41				1,300.41	1,300.41				1,300.41
		Provision thereon	-				-	-				-	-				-	-				-
5	Down gradation of restructured accounts during the year	No. of borrowers	-	-2	+2	-	-	-	-	-	-	-	-	-1	-	+1	-	-	-3	+2	+1	-
		Amount outstanding	-	-44.50	+44.50	-	-	-	-	-	-	-	-	-2.16	-	+2.16	-	-	-46.66	+44.50	+2.16	-
		Provision thereon	-	-2.50	+2.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-2.50	+2.50	-	-
6	Write-offs of restructured accounts during the year ##	No. of borrowers	-	-	1	-	1	-	-	-	-	-	-	-	-	2	2	-	-	1	2	3
		Amount outstanding	-	-	28.48	-	28.48	-	-	-	-	-	-	-	17.48	11.15	28.63	-	-	45.96	11.15	57.11
7	Restructured accounts as at March 31, 2019*	No. of borrowers	-	-	4	-	4	-	-	-	-	-	1	1	3	4	9	1	1	7	4	13
		Amount outstanding	-	-	56.67	-	56.67	-	-	-	-	-	52.37	1.79	182.69	15.96	252.81	52.37	1.79	239.36	15.96	309.48
		Provision thereon	-	-	2.90	-	2.90	-	-	-	-	-	-	-	0.50	0.91	1.41	-	-	3.40	0.91	4.31

* *Excludes the figures of standard restructured advances which do not attract higher provisioning or risk weight.*
^ *These are restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year.*
\# *includes ₹ 0.02 crore of additional sanction (1 account and provision ₹ 0.50 crore) to existing restructured account.*
\#\# *includes ₹ 29.25 crore (8 accounts and provision ₹ 3.43 crore) of reduction in existing restructured accounts by way of recovery / sale.*

Schedules to the Financial Statements

For the year ended March 31, 2020

- Details of accounts restructured under Micro, Small and Medium Enterprises (MSME) sector under RBI guidelines issued in January 2019.

(₹ crore)

March 31, 2020		March 31, 2019	
No. of accounts restructured	**Amount outstanding**	No. of accounts restructured	Amount outstanding
27	48.11	-	-

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

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Number of accounts	24,906	-
Aggregate value (net of provisions) of accounts sold to SC / RC	472.99	-
Aggregate considerations	610.76	-
Additional consideration realised in respect of accounts transferred in earlier years	218.25	-
Aggregate gain / (loss) over net book value	137.77	-
Provision made to meet shortfall in sale of NPA	-	-
Amount of unamortised provision debited to 'other reserve'	-	-

- Details of book value of investment in security receipts (SRs) backed by NPAs:

(₹ crore)

Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	Total March 31, 2020
(i) Backed by NPAs sold by the Bank as underlying*	432.36	0.19	-	432.55
Provision held against (i)	-	-	-	-
(ii) Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	0.43	3.15	1.99	5.57
Provision held against (ii)	-	-	-	-
Total	**432.79**	**3.34**	**1.99**	**438.12**

** During the year ended March 31, 2020, contingent provision of ₹ 185.64 crore was made and held towards investment in security receipts backed by NPAs sold by the Bank.*

(₹ crore)

Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	Total March 31, 2019
(i) Backed by NPAs sold by the Bank as underlying*	190.90	-	-	190.90
Provision held against (i)	-	-	-	-
(ii) Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	0.81	3.44	1.32	5.57
Provision held against (ii)	-	-	-	-
Total	**191.71**	**3.44**	**1.32**	**196.47**

**The Bank held contingent provision of ₹ 76.36 crore towards investment in security receipts backed by NPAs sold by the Bank as at March 31, 2019.*

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

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
(i) No of accounts sold	35,018	1
(ii) Aggregate outstanding	127.20	121.75
(iii) Aggregate consideration received	28.45	66.27

- During the years ended March 31, 2020 and March 31, 2019, no non-performing financial assets were purchased by the Bank.

- Securitised assets as per books of SPVs sponsored by the Bank:
  There are no SPVs sponsored by the Bank as at March 31, 2020 and as at March 31, 2019.

- Detail of Resolution Plan (RP) implemented:

(₹ crore)

	No. of borrowers	Amount Outstanding
March 31, 2020	1	53.31

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

- Details of exposure to real estate sector
  Exposure is higher of limits sanctioned or the amounts outstanding as at the year end.

(₹ crore)

Category	March 31, 2020	March 31, 2019
a) Direct exposure	**1,09,166.57**	92,051.52
(i) Residential mortgages*	66,415.79	56,967.32
(of which housing loans eligible for inclusion in priority sector advances)	(26,822.41)	(25,006.05)
(ii) Commercial real estate	42,293.93	35,078.57
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
(a) Residential	298.59	5.63
(b) Commercial real estate	118.45	-
(c) Others	39.81	-
b) Indirect exposure	**24,158.97**	23,740.43
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	24,158.97	23,740.43
Total exposure to real estate sector	**1,33,325.54**	**1,15,791.95**

**includes loans purchased under the direct loan assignment route*
Of the above, exposure to real estate developers as at March 31, 2020 is 0.5% (previous year: 0.5%) of total advances.

- **Details of capital market exposure**
  Exposure is higher of limits sanctioned or the amount outstanding as at the year end.

(₹ crore)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
(i)	Direct investments made in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	1,625.14	97.52
(ii)	Advances against shares, bonds, debentures or other securities or on clean basis to individuals for investment in shares (including IPO's / ESOP's), convertible bonds, convertible debentures and units of equity oriented mutual funds	172.30	235.82
(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	5,145.02	5,098.48
(iv)	Advances for any other purposes to the extent secured by collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	787.94	427.15
(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers	10,045.51	12,510.28
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	1,220.47	2,202.40
(vii)	Bridge loans to companies against expected equity flows / issues	-	-
(viii)	Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix)	Financing to stock brokers for margin trading	-	-
(x)	All exposures to venture capital funds (both registered and unregistered)	10.55	6.95
Total exposure to capital market		**19,006.93**	20,578.60

- **Details of risk category wise country exposure**

(₹ crore)

Risk Category	March 31, 2020		March 31, 2019	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	19,459.44	-	31,262.20	-
Low	10,448.08	-	11,200.11	-
Moderately low	190.19	-	202.27	-
Moderate	359.70	-	305.98	-
Moderately high	32.59	-	43.27	-
High	0.32	-	-	-
Very high	-	-	-	-
Total	**30,490.32**	**-**	**43,013.83**	**-**

- **Details of factoring exposure**
  The factoring exposure of the Bank as at March 31, 2020 is ₹ 3,687.86 crore (previous year: ₹ 3,214.40 crore).

- **Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Bank**
  The RBI has prescribed single and group borrower exposure limits linked to a bank's eligible capital base. These limits can be enhanced by a further 5 percent thereof with the approval of the Board of Directors of the Bank. During the year ended March 31, 2020 and March 31, 2019 the Bank was within the limits prescribed by the RBI.

- **Unsecured advances**
  Advances for which intangible collaterals such as rights, licenses, authority, trademarks, patents, etc. are charged in favour of the Bank in respect of projects financed by the Bank, are reckoned as unsecured advances under Schedule 9 of the Balance Sheet in line with extant RBI guidelines. There are no such advances outstanding as at March 31, 2020 (previous year: Nil).

- **Inter-bank Participation with risk sharing**
  The aggregate amount of participation issued by the Bank and reduced from advances as per regulatory guidelines as at March 31, 2020 was ₹ 4,543.53 crore (previous year: ₹ 30,734.43 crore).

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

a) Concentration of deposits

(₹ crore, except percentages)

Particulars	March 31, 2020	March 31, 2019
Total deposits of twenty largest depositors	45,454.28	56,760.18
Percentage of deposits of twenty largest depositors to total deposits of the Bank	4.0%	6.1%

b) Concentration of advances

(₹ crore, except percentages)

Particulars	March 31, 2020	March 31, 2019
Total advances to twenty largest borrowers	178,942.74	133,373.25
Percentage of advances of twenty largest borrowers to total advances of the Bank	11.6%	10.6%

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

c) Concentration of exposure

(₹ crore, except percentages)

Particulars	March 31, 2020	March 31, 2019
Total exposure to twenty largest borrowers / customers	194,311.35	144,610.12
Percentage of exposure of twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	12.0%	11.1%

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

d) Concentration of NPAs

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Total gross exposure to top four NPA accounts	1,271.99	730.54

e) Sector-wise advances

(₹ crore)

Sr. No.	Sector	March 31, 2020			March 31, 2019		
		Gross advances	Gross non-performing loans	% of gross non-performing loans to gross advances in that sector	Gross advances	Gross non-performing loans	% of gross non-performing loans to gross advances in that sector
A	**Priority sector**						
1	Agriculture and allied activities	82,326.72	3,527.34	4.28%	74,272.49	3,185.41	4.29%
2	Advances to industries eligible as priority sector lending	43,310.54	399.22	0.92%	33,559.14	289.74	0.86%
3	Services	100,504.02	1,720.75	1.71%	83,260.85	1,207.50	1.45%
4	Personal loans	32,181.93	84.97	0.26%	29,558.28	26.02	0.09%
Sub-total (A)		**258,323.21**	**5,732.28**	**2.22%**	**220,650.76**	**4,708.67**	**2.13%**
B	**Non Priority sector**						
1	Agriculture and allied activities	23,112.31	75.21	0.33%	8,631.99	181.68	2.10%
2	Industry	274,581.39	2,777.47	1.01%	201,476.02	2,252.89	1.12%
3	Services	190,097.21	2,307.48	1.21%	183,403.18	1,808.92	0.99%
4	Personal loans	256,612.68	1,666.94	0.65%	213,172.97	2,183.75	1.02%
Sub-total (B)		**744,403.59**	**6,827.10**	**0.92%**	**606,684.16**	**6,427.24**	**1.06%**
Total (A) + (B)		**1,002,726.80**	**12,559.38**	**1.25%**	**827,334.92**	**11,135.91**	**1.35%**

- **Details of Priority Sector Lending Certificates (PSLCs)**

(₹ crore)

Type of PSLCs	For the year ended March 31, 2020		For the year ended March 31, 2019	
	PSLC bought during the year	PSLC sold during the year	PSLC bought during the year	PSLC sold during the year
Agriculture	10,341.50	-	5,572.00	500.00
Small and Marginal farmers	42,077.25	-	31,294.00	10.00
Micro Enterprises	5,666.50	3,000.00	7,338.75	-
General	6,433.00	13,750.00	1,750.00	11,171.25
Total	64,518.25	16,750.00	45,954.75	11,681.25

15 Other fixed assets

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

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Cost		
As at March 31 of the previous year	2,902.29	2,391.59
Additions during the year	334.29	510.70
Deductions during the year	(0.01)	-
Total (a)	**3,236.57**	**2,902.29**
Depreciation		
As at March 31 of the previous year	2,098.76	1,748.61
Charge for the year	375.01	350.15
On deductions during the year	(0.01)	-
Total (b)	**2,473.76**	**2,098.76**
Net value (a-b)	**762.81**	**803.53**

16 Other assets

- Other assets include deferred tax asset (net) of ₹ 3,835.45 crore (previous year: ₹ 4,352.14 crore). The break-up of the same is as follows:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Deferred tax asset arising out of:		
Loan loss provisions	2,600.56	3,498.19
Employee benefits	145.41	201.19
Depreciation	41.25	14.13
Others	1,048.23	638.63
Total (a)	**3,835.45**	**4,352.14**
Deferred tax liability (b)	**-**	**-**
Deferred tax asset (net) (a-b)	**3,835.45**	**4,352.14**

- Key items under “Others” in Other assets are as under:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Deposit with NABARD / SIDBI / NHB - PSL shortfall	9,196.86	10,832.25
Unrealised gain on foreign exchange and derivative contracts*	19,006.28	13,261.24
Deferred tax assets	3,835.45	4,352.14
Accounts receivable	5,087.55	4,301.76
Deposits & amounts paid in advance	2,578.18	1,773.70
Advances for capital assets	736.63	314.50
Residual items	3.51	2.35
Total	**40,444.46**	**34,837.94**

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

Schedules to the Financial Statements

For the year ended March 31, 2020

17. Maturity pattern of key assets and liabilities

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

(₹ crore)

As at March 31, 2020	1 day	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Loans & advances	12,722.61	18,099.10	9,557.66	39,190.53	43,819.13	43,795.02	92,951.14	105,649.35	413,729.18	101,036.33	113,152.83	993,702.88
Investments	77,686.21	72,070.41	7,769.36	17,119.26	27,089.49	16,297.62	18,004.39	23,003.06	76,309.73	9,106.89	47,370.24	391,826.66
Deposits	12,155.87	81,253.28	25,576.42	32,137.36	42,663.01	41,246.82	72,352.76	98,470.17	429,557.14	14,631.23	297,458.23	1,147,502.29
Borrowings	52.73	54,615.20	1,633.38	12,036.07	6,240.38	5,286.05	4,351.60	7,134.38	18,571.75	8,800.00	25,907.00	144,628.54
Foreign currency assets	9,357.92	8,717.05	3,364.26	9,485.24	5,983.83	4,854.08	6,637.88	7,413.61	3,795.55	1,007.66	76.72	60,693.80
Foreign currency liabilities	1,442.61	4,349.35	2,406.31	7,370.43	7,876.25	7,081.26	6,636.89	8,142.49	8,124.43	1,120.03	10,607.72	65,157.77

(₹ crore)

As at March 31, 2019	1 day	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Loans & advances	7,280.74	18,850.29	11,742.16	33,696.10	34,566.05	36,542.85	62,718.61	92,877.93	368,566.87	81,466.29	71,093.33	819,401.22
Investments	57,663.34	25,447.22	6,409.97	9,012.71	14,141.11	9,749.20	16,925.45	28,324.91	79,389.22	7,279.98	38,772.96	293,116.07
Deposits	13,111.87	40,587.89	18,962.81	19,518.87	38,382.32	26,397.68	68,412.16	114,915.37	361,745.09	14,083.51	207,023.36	923,140.93
Borrowings	493.81	19,550.83	1,693.69	10,606.75	3,243.77	3,214.22	16,209.29	11,414.78	15,442.98	12,240.00	22,975.00	117,085.12
Foreign currency assets	10,816.83	17,357.93	2,704.59	8,681.45	5,791.17	5,430.28	9,249.36	2,286.01	4,260.31	864.01	294.69	67,736.63
Foreign currency liabilities	1,758.14	3,229.25	2,841.92	7,230.39	5,674.92	4,887.61	8,901.82	12,320.30	8,024.93	1,206.80	11,650.63	67,726.71

Classification of assets and liabilities under the maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI. Maturity profile of foreign currency assets and liabilities excludes off-balance sheet items. The above does not include the effect of moratorium, that the Bank may extend.

18 Provisions and contingent liabilities

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

a) Provision for credit card and debit card reward points

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening provision for reward points	603.09	471.12
Provision for reward points made during the year	517.94	387.56
Utilisation / write-back of provision for reward points	(386.88)	(255.59)
Closing provision for reward points	734.15	603.09

b) Provision for legal and other contingencies

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening provision	398.43	314.01
Movement during the year (net)	46.92	84.42
Closing provision	445.35	398.43

c) Provision pertaining to fraud accounts reported during the year

Particulars	March 31, 2020	March 31, 2019
No. of frauds reported	7,580	5,484
Amount involved in fraud (₹ crore)	222.60	498.44
Amount involved in fraud net of recoveries / write-offs as at the end of the year (₹ crore)	168.88	431.42
Provisions held as at the end of the year (₹ crore)	168.88	431.42
Amount of unamortised provision debited from "other reserves" as at the end of the year (₹ crore)	-	-

d) Description of contingent liabilities

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

**Also refer Schedule 12 - Contingent liabilities*

19 Business ratios / information

Particulars	March 31, 2020	March 31, 2019
Interest income as a percentage to working funds[1]	8.78%	8.93%
Net interest income as a percentage to working funds	4.29%	4.35%
Non-interest income as a percentage to working funds	1.78%	1.59%
Operating profit[2] as a percentage to working funds	3.73%	3.58%
Return on assets (average)	2.01%	1.90%
Business[3] per employee (₹ in crore)	17.49	16.87
Profit per employee[4] (₹ in crore)	0.24	0.23
Gross non-performing assets to gross advances[5]	1.26%	1.36%
Gross non-performing advances to gross advances	1.25%	1.35%
Percentage of net non-performing assets[6] to net advances[7]	0.36%	0.39%
Provision coverage ratio[8]	72.00%	71.36%

Definitions of certain items in Business ratios / information:

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

20 Interest income

Interest income under the sub-head Income from Investments includes dividend on units of mutual funds and equity and preference shares received during the year ended March 31, 2020 amounting to ₹ 147.09 crore (previous year: ₹ 408.27 crore).

21 Earnings from standard assets securitised-out

There are no Special Purpose Vehicles ('SPV's) sponsored by the Bank for securitisation transactions. During the years ended March 31, 2020 and March 31, 2019, there were no standard assets securitised-out by the Bank.

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

The Bank has provided credit and liquidity enhancements in the form of cash collaterals / guarantees / subordination of cash flows etc., to the senior Pass Through Certificates ('PTC's) as well as in loan assignment transactions. The RBI issued addendum guidelines on securitisation of standard assets vide its circular dated May 7, 2012. Accordingly, the Bank does not provide liquidity or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines. The total value of credit enhancement outstanding in the books as at March 31, 2020 was ₹ 221.26 crore (previous year: ₹ 223.25 crore) and outstanding servicing liability was ₹ 0.03 crore (previous year: ₹ 0.03 crore).

22 Other income

- **Commission, exchange and brokerage income**
  - ✓ Commission, exchange and brokerage income is net of correspondent bank charges.
  - ✓ Commission income for the year ended March 31, 2020 includes fees of ₹ 2,182.76 crore (previous year: ₹ 1,473.37 crore) in respect of life insurance business and ₹ 272.25 crore (previous year: ₹ 222.68 crore) is in respect of general insurance and health insurance business, of which ₹ 1,012.64 crore (previous year: ₹ 554.82 crore) is for displaying publicity materials at the Bank's branches / ATMs.
- **Miscellaneous income**
  Miscellaneous income includes recoveries from written-off accounts amounting to ₹ 2,253.45 crore (previous year: ₹ 1,430.81 crore).

23 Other expenditure

Other expenditure includes commission paid to sales agents amounting to ₹ 3,154.21 crore (previous year: ₹ 2,805.61 crore), exceeding 1% of the total income of the Bank.

24 Provisions and contingencies

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

Particulars	March 31, 2020	March 31, 2019
Provision for income tax		
- Current	9,833.15	12,129.61
- Deferred	516.69	(1,008.12)
Provision for NPAs	9,083.32	6,394.11
Provision for diminution in value of non-performing investments	7.50	4.71
Provision for standard assets	795.97	648.38
Other provisions and contingencies*	2,255.60	502.88
Total	22,492.23	18,671.57

*Includes provisions for tax, legal and other contingencies ₹ 2,252.38 crore (previous year: ₹ 500.29 crore), provisions / (write-back) for securitised-out assets ₹ 1.14 crore (previous year: ₹ 2.59 crore) and standard restructured assets ₹ 2.08 crore (previous year: Nil).

25 Employee benefits

Gratuity (₹ crore)

Particulars	March 31, 2020	March 31, 2019
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	617.95	542.97
Interest cost	39.22	39.69
Current service cost	88.12	73.06
Benefits paid	(47.46)	(46.81)
Actuarial (gain) / loss on obligation:		
Experience adjustment	(8.46)	7.12
Assumption change	36.50	1.92
Present value of obligation as at March 31	725.87	**617.95**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	501.71	416.40
Expected return on plan assets	35.58	32.13
Contributions	89.51	88.29
Benefits paid	(47.46)	(46.81)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	(64.41)	11.70
Assumption change	-	-
Fair value of plan assets as at March 31	514.93	**501.71**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	514.93	501.71
Present value of obligation as at March 31	(725.87)	(617.96)
Asset / (liability) as at March 31	(210.94)	(116.25)
Expenses recognised in Profit and Loss Account		
Interest cost	39.22	39.69
Current service cost	88.12	73.06

Schedules to the Financial Statements

For the year ended March 31, 2020

Particulars	March 31, 2020	March 31, 2019
Expected return on plan assets	(35.58)	(32.13)
Net actuarial (gain) / loss recognised in the year	92.44	(2.67)
Net cost	**184.20**	**77.95**
Actual return on plan assets	(28.83)	43.84
Estimated contribution for the next year	104.45	89.51
Assumptions		
Discount rate	6.60% per annum	7.64% per annum
Expected return on plan assets	7.00% per annum	7.00% per annum
Salary escalation rate	7.00% per annum	8.00% per annum

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

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

Category of plan assets	% of fair value to total plan assets	
	as at March 31, 2020	as at March 31, 2019
Government securities	25.55%	23.79%
Debenture and bonds	30.31%	28.96%
Equity shares	41.03%	45.03%
Others	3.11%	2.22%
Total	100.00%	100.00%

Experience adjustment (₹ crore)

Particulars	Years ended March 31,				
	2020	2019	2018	2017	2016
Plan assets	514.93	501.71	416.40	355.57	287.93
Defined benefit obligation	725.87	617.96	542.97	488.00	390.47
Surplus / (deficit)	(210.94)	(116.25)	(126.57)	(132.43)	(102.54)
Experience adjustment gain / (loss) on plan assets	(64.41)	11.70	0.13	32.44	(13.69)
Experience adjustment (gain) / loss on plan liabilities	(8.46)	7.12	10.44	35.48	16.24

Pension (₹ crore)

Particulars	March 31, 2020	March 31, 2019
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	69.54	73.06
Interest cost	4.11	5.10
Current service cost	0.67	0.75
Benefits paid	(14.65)	(12.57)
Actuarial (gain) / loss on obligation:		
Experience adjustment	9.06	3.32
Assumption change	(4.58)	(0.12)
Present value of obligation as at March 31	**64.15**	**69.54**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	21.95	31.30
Expected return on plan assets	1.10	1.86

Particulars	March 31, 2020	March 31, 2019
Contributions	0.83	0.88
Benefits paid	(14.65)	(12.57)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	0.28	0.48
Assumption change	-	-
Fair value of plan assets as at March 31	**9.51**	**21.95**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	9.51	21.95
Present value of obligation as at March 31	(64.15)	(69.54)
Asset / (liability) as at March 31	**(54.64)**	**(47.59)**
Expenses recognised in Profit and Loss Account		
Interest cost	4.11	5.10
Current service cost	0.67	0.75
Expected return on plan assets	(1.10)	(1.86)
Net actuarial (gain) / loss recognised in the year	4.19	2.72
Net cost	**7.87**	**6.71**
Actual return on plan assets	1.39	2.34
Estimated contribution for the next year	7.72	14.03
Assumptions		
Discount rate	6.60% per annum	7.64% per annum
Expected return on plan assets	7.00% per annum	7.00% per annum
Salary escalation rate	7.00% per annum	8.00% per annum

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

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

Category of plan assets	% of fair value to total plan assets	
	as at March 31, 2020	as at March 31, 2019
Government securities	20.81%	8.49%
Debenture and bonds	17.14%	73.88%
Others	62.05%	17.63%
Total	100.00%	100.00%

Experience adjustment (₹ crore)

Particulars	Years ended March 31,				
	2020	2019	2018	2017	2016
Plan assets	9.51	21.95	31.30	36.16	38.38
Defined benefit obligation	64.15	69.54	73.06	73.55	70.88
Surplus / (deficit)	(54.64)	(47.59)	(41.76)	(37.39)	(32.50)
Experience adjustment gain / (loss) on plan assets	0.28	0.48	0.59	0.39	1.43
Experience adjustment (gain) / loss on plan liabilities	9.06	3.32	3.95	4.65	17.35

Provident fund

The guidance note on AS-15, Employee Benefits, states that employer established provident funds, where interest is guaranteed are to be considered as defined benefit plans and the liability has to be valued. The Institute of Actuaries of India (IAI) has issued a guidance note on valuation of interest rate guarantees on exempt provident funds. The actuary has accordingly valued the same and the Bank held a provision of Nil as at March 31, 2020 (previous year: Nil), towards the present value of the guaranteed interest benefit obligation. The actuary has followed the deterministic approach as prescribed by the guidance note.

Assumptions

Particulars	March 31, 2020	March 31, 2019
Discount rate (GOI security yield)	6.60% per annum	7.64% per annum
Expected guaranteed interest rate	8.50% per annum	8.65% per annum

The Bank does not have any unfunded defined benefit plan. The Bank contributed ₹ 326.22 crore (previous year: ₹ 247.95 crore) to the provident fund, ₹ 3.79 crore (previous year: ₹ 3.27 crore) to the National Pension Scheme and ₹ 75.41 crore (previous year: ₹ 80.66 crore) to the superannuation plan.

The Bank has implemented the judgement of the Hon'ble Supreme Court in Swami Vivekananda Vidyamandir on clubbing of identified allowances with basic salary up to the maximum salary ceiling specified in the Employees Provident Fund and Miscellaneous Provisions Act 1952 with effect from April 2019.

Compensated absences

The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the Bank is given below:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Privileged leave	353.37	321.30
Sick leave	73.94	66.99
Total actuarial liability	**427.31**	**388.29**
Assumptions		
Discount rate	6.60% per annum	7.64% per annum
Salary escalation rate	7.00% per annum	8.00% per annum

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

26 Disclosures on remuneration

Qualitative Disclosures

A. Information relating to the bodies that oversee remuneration

Name and composition

The Board of Directors of the Bank has constituted the Nomination and Remuneration Committee (hereinafter, the 'NRC') for overseeing and governing the compensation policies of the Bank. The NRC is comprised of four non-executive directors as of March 31, 2020. Further, two members of the NRC are also members of the Risk Policy and Monitoring Committee (hereinafter, the 'RPMC') of the Board.

The NRC is comprised of Mrs. Shyamala Gopinath, Mr. Sanjiv Sachar, Mr. Sandeep Parekh and Mr. M.D. Ranganath. Further, Mrs. Shyamala Gopinath and Mr. M.D. Ranganath are also members of the RPMC. Mr. Sanjiv Sachar is the chairperson of the NRC.

Mandate of the NRC

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

External Consultants

The Bank engaged with AON in the area of compensation market benchmarking and executive compensation. The Bank also engaged with Towers Willis Watson in the area of Long Term Incentives.

Scope of the Bank's Remuneration Policy

The Remuneration Policy of the Bank includes within its scope all business lines, all permanent staff in the Bank's domestic as well as international offices. The principles articulated in the compensation policy are applicable uniformly across the Bank. However any statutory / regulatory provisions applicable in overseas locations take precedence over the Remuneration Policy of the Bank.

All permanent employees of the Bank except those covered under the long term wage agreement are covered by the said Remuneration Policy. The number of employees covered under the compensation policy was 1,16,726 as at March 31, 2020 (previous year: 97,805).

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

I. Key Features and Objectives of Remuneration Policy

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

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

The NRC reviews the following critical principles enunciated in the policy and ensures that:

(a) the compensation is adjusted for all types of prudent risk taking;
(b) compensation outcomes are symmetric with risk outcomes;
(c) compensation payouts are sensitive to the time horizon of risk; and
(d) the mix of cash, equity and other forms of compensation are aligned with risk.

Review of Remuneration Policy of the Bank

The Remuneration Policy of the Bank was reviewed by the NRC during the year ended March 31, 2020 and the following material change was incorporated therein:

- ✓ The ESOPs granted subsequent to April 1, 2019 vest no faster than on a pro rata basis.
- ✓ Assessment of performance of employees at the time of vesting ESOPs shall not be considered for ESOPs vesting effective October 19, 2019.
- ✓ Remuneration of the Group Heads is placed before the Board of Directors for approval with effect from the financial year commencing on April 1, 2019.

II. Design and Structure of Remuneration

a) Fixed Pay

The NRC ensures that the fixed component of the compensation is reasonable, taking into account all relevant factors including industry practice.

Elements of Fixed Pay

The fixed pay component of the Bank's compensation structure typically consists of elements such as base salary, allowances, perquisites and retirement benefits. Perquisites extended are in the nature of company car, hard furnishing, company leased accommodation, club membership and such other benefits or allowances in lieu of such perquisites / benefits. Retirement benefits include contributions to provident fund, superannuation fund (for certain job bands), national pension scheme and gratuity. The Whole Time Directors of the Bank are entitled to other post-retirement benefits such as car and medical facilities, in accordance with specified terms of employment as per the policy of the Bank, subject to RBI approval. The Bank also provides pension to certain employees of the erstwhile Lord Krishna Bank (eLKB) under the Indian Banks' Association ('IBA') structure.

Determinants of Fixed Pay

The fixed pay is primarily determined by taking into account factors such as the job size, performance, experience, location, market competitiveness of pay and is designed to meet the following key objectives of:

(a) fair compensation given the role complexity and size;
(b) fair compensation given the individual's skill, competence, experience and market pay position;
(c) sufficient contribution to post retirement benefits; and
(d) compliance with all statutory obligations.

For Whole Time Directors additional dimensions such as prominence of leadership among industry leaders, consistency of the Bank's performance over the years on key parameters such as profitability, growth and asset quality in relation to its own past performance and that of its peer banks are considered. The quantum of fixed pay for Whole Time Directors is approved by the NRC as well as the Board and is subject to the approval of the RBI.

b) Variable Pay

The performance management system forms the basis for variable pay allocation of the Bank. The Bank ensures that the performance management system is comprehensive and considers both, quantitative and qualitative performance measures.

Whole Time Directors

The bonus for Whole Time Directors does not exceed 70% of the fixed pay in a year, thereby ensuring that there is a balance between the fixed and variable pays. The variable pay for Whole Time Directors is approved by the NRC as well as the Board and is subject to the approval of the RBI. The variable pay component is paid out subject to the following conditions:

- Where the variable pay constitutes 50% or more of the fixed pay, a portion of the same is deferred as per the schedule mentioned in the table below:

Tranche	Portion of Variable Pay	Timelines
Tranche 1	60%	Payable effective April 1 of the financial year immediately following the performance year.
Tranche 2	13.33%	Payable effective April 1 of the second financial year following the reference performance year.
Tranche 3	13.33%	Payable effective April 1 of the third financial year following the reference performance year.
Tranche 4	13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

- The Bank has devised appropriate malus and claw back clauses as risk mitigants for any negative contributions of the Bank and / or relevant line of business in any year. Under the malus clause the incumbent foregoes the payout of the deferred variable pay in full or in part. Under the claw back clause the incumbent is obligated to return all the tranches of payout received of bonus amounts pertaining to the relevant performance year. The deferred bonus is paid out post review and approval by the NRC.

Employees other than Whole Time Directors

The Bank has formulated the following variable pay plans:

- Annual bonus plan

  The quantum of variable payout is a function of the performance of the Bank, performance of the business unit, performance of the individual employee, job band of the employee and the functional category. Basis these key determinants and due adjustment for risk alignment, a payout matrix for variable pay is developed. Market trends for specific businesses / functions along with inputs from compensation surveys may also be used in finalising the payout.

  Bonus pools are designed to meet specific business needs therefore resulting in differentiation in both the quantum and the method of payout across functions. Typically higher levels of responsibility receive a higher proportion of variable pay vis-à-vis fixed pay. The Bank ensures that the time horizon for risk is assessed and the deferment period, if any, for bonus is set accordingly. The following is taken into account while administering the annual bonus:

✓ In the event the proportion of variable pay to fixed pay is substantially high (variable pay exceeding 50% of fixed pay) for employees in certain grades, the Bank has devised the following deferment schedule after taking into consideration the nature of risk, time horizon of risk, and the materiality of risk.

Tranche	Portion of Variable Pay	Timelines
Tranche 1	60%	Payable effective April 1 of the financial year immediately following the performance year.
Tranche 2	13.33%	Payable effective April 1 of the second financial year following the reference performance year.
Tranche 3	13.33%	Payable effective April 1 of the third financial year following the reference performance year.
Tranche 4	13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

✓ In cases of deferment of variable pay, the Bank makes an assessment prior to the due date for payment of the deferred portion for any negative contribution. The criteria for negative contribution are decided basis pre-defined financial benchmarks. The Bank has in place appropriate methods for prevention of vesting of deferred variable pay or any part thereof, on account of negative contribution. The Bank also has in place claw back arrangements in relation to amounts already paid in the eventuality of a negative contribution.

- Performance-linked Plans (PLPs)

  PLPs are formulated for sales personnel who are given sales targets but have limited impact on risk since credit decisions are exercised independent of the sales function. All PLP payouts are based on a balanced scorecard framework which factors not just quantitative, but also qualitative measures, such as quality of business sourced, customer complaints etc., and are subject to achievement of individual targets enumerated in the respective scorecards of the employees. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks. Employees who are on the PLPs are excluded from the Annual Bonus Plan.

c) Guaranteed Bonus

Guaranteed bonuses may not be consistent with sound risk management or pay for performance principles of the Bank and therefore do not form an integral part of the general compensation practice.

For critical hiring for some select strategic roles, the Bank may consider granting of bonus, based on the performance rating upon confirmation, as a prudent way to avoid loading the entire cost of attraction into the fixed component of the compensation which could have a long term cost implication for the Bank. For such hiring, the said bonus is generally decided by taking into account appropriate risk factors and market conditions.

For hiring at levels of Whole Time Directors / Managing Director and certain employees in select strategic roles, a sign-on bonus, if any, is limited to the first year only and is only in the form of Employee Stock Options.

d) Employee Stock Option Plan ('ESOP's)

The Bank considers ESOPs as a vehicle to create a balance between short term rewards and long term sustainable value creation. ESOPs play a key role in the attraction and retention of key talent. The Bank grants equity share options to its Whole Time Directors and other employees above a certain grade. All plans for grant of options are framed in accordance with the SEBI guidelines, 1999 as amended from time to time and are approved by the shareholders of the Bank. These plans provide for the grant of options post approval by the NRC.

The grant of options is reviewed and approved by the NRC. The NRC grants options after considering parameters such as the incumbent's grade and performance rating, and such other factors as may be deemed appropriate by the NRC. Equity share options granted to the Whole Time Directors are subject to the approval of the NRC, the Board and the RBI. With effect from April 1, 2018, the Bank has amended its policy for grant of ESOPs. Under this policy, ESOPs granted to eligible employees vest over four tranches spread over a period of 48 months. The ESOPs granted subsequent to April 1, 2019 vest no faster than on a pro rata basis. Vesting for all ESOPs granted subsequent to April 1, 2017 was based on the assessment of performance of the employee at the time of vesting. During the year ended March 31, 2020, the Bank reviewed its policy of conditional vesting for employee Stock Options. For this purpose the Bank commissioned the services of Towers Willis Watson, a consulting firm in the area of Reward and Benefits. Basis the recommendations of the firm, to the NRC, the Bank discontinued the practice of conditional vesting for employee stock options.

e) Severance Pay

The Bank does not grant severance pay other than accrued benefits (such as gratuity, pension) except in cases where it is mandated by any statute.

f) Hedging

The Bank does not provide any facility or fund or permit its Whole Time Directors and employees to insure or hedge their compensation structure to offset the risk alignment effects embedded in their compensation arrangement.

g) Statutory Bonus

Some section of employees are also paid statutory bonus as per the Payment of Bonus Act (1965) as amended from time to time.

III. Remuneration Processes

Fitment at the time of Hire

Pay scales at the Bank are set basis the job size, experience, location and the academic and professional credentials of the incumbent.

The compensation of new hires is in line with the existing pay ranges and consistent with the compensation levels of the existing employees of the Bank at similar profiles. The pay ranges are subject to change basis market trends and the Bank's talent management priorities. While the Bank believes in the internal equity and parity as a key determinant of pay it does acknowledge the external competitive pressures of the talent market. Accordingly, there could be certain key profiles with critical competencies which may be hired at a premium and treated as an exception to the overall pay philosophy. Any deviation from the defined pay ranges is treated as a hiring exception requiring approval with appropriate justification.

Pay Increment / Pay Revision

The Bank strives to ensure external competitiveness as well as internal equity without diluting the overall focus on optimising cost. In order to enhance the Bank's external competitiveness, it participates in an annual salary survey of the banking sector to understand key market trends as well as get insights on relative market pay position compared to peers. The Bank endeavors to ensure that most employees progress to the median of the market in terms of fixed pay over time. This coupled with key internal data indicators like performance score, job family, experience, job grade and salary budget form the basis of decision making on revisions in fixed pay.

Increments in fixed pay for majority of the employee population are generally undertaken once every financial year. However, promotions, confirmations and change in job dimensions could also lead to a change in the fixed pay during other times of the financial year.

The Bank also makes salary corrections and adjustments during the financial year for those employees whose compensation is found to be below the market pay and who have a good performance track record. However, such pay revisions are done on an exception basis.

Risk, Control and Compliance Staff

The Bank has separated the Risk, Control and Compliance functions from the Business functions in order to create a strong culture of checks and balances thereby ensuring good asset quality and to eliminate any possible conflict of interest between revenue generation and risk management and control. Accordingly, the overall variable pay as well as the annual salary increment of the employees in the Risk, Control and Compliance functions is based on their performance, functional objectives and goals. The Bank ensures that the mix of fixed to variable compensation for these functions is weighted in favour of fixed compensation.

C. Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks

The Bank takes into account various types of risks in its remuneration processes. The Bank follows a comprehensive framework that includes within its ambit the key dimensions of remuneration such as fixed pay, variable pay and long term incentives (i.e. Employee Stock Options).

Fixed pay: The Bank conducts a comprehensive market benchmarking study to ensure that employees are competitively positioned in terms of fixed pay. The Bank follows a robust salary review process wherein revisions in fixed compensation are based on performance. The Bank also makes salary adjustments taking into consideration pay positioning of employees vis-à-vis market reference points. Through this approach the Bank endeavors to ensure that the talent risk due to attrition is mitigated as much as possible. Fixed pay could be revised downwards as well in the event of certain proven cases of misconduct by an employee.

Variable pay: The Bank has distinct types of variable pay plans as given below:

(a) Quarterly / monthly performance-linked pay (PLP) plans:

All quarterly / monthly PLP plans are based on the principle of balanced scorecard framework that includes within its ambit both quantitative and qualitative factors including key strategic objectives that ensure future competitive advantage for the Bank. PLP plans, by design, have deterrents that play a role of moderating payouts based on the non-fulfillment of established quantitative / qualitative risk factors. Deterrents also include risks arising out of non-compliance, mis-sell etc. Further, a portion of all payouts under the PLP plans is deferred till the end of the financial year to provide for any unforeseen performance risks. Employees who are on the PLPs are excluded from the Annual Bonus Plan.

(b) Annual bonus plan:

The Bank takes into consideration the fact that a portion of the Bank's profits are directly attributable to various types of risks the Bank is exposed to such as credit risk, market risk, operational risk and other quantifiable risks.

The framework developed by the Bank in order to arrive at the quantum of bonus pool is based on the performance of the Bank and profitability. The annual bonus is distributed based on business unit and individual performance. The business unit performance is based on factors such as growth in revenue, growth in profit, cost to income ratio and achievement vis-à-vis plans and key objectives. Bonus pay out for an individual employee in a particular grade is linked to the performance rating of the employee and subject to meeting the Bank's standards of ethical conduct.

The Bank has devised appropriate malus and claw back clauses as a risk mitigant for any negative contributions of the Bank and / or relevant line of business in any year for Whole Time Directors. Under the malus clause the incumbent foregoes the vesting of the deferred variable pay in full or in part. Under the claw back clause the incumbent is obligated to return all the tranches of bonus payout pertaining to the reference performance year. The deferred bonus is paid out post review and approval by the NRC.

The bonus for Whole Time Directors is capped at 70% of the fixed pay in a year. The variable pay for Whole Time Directors is approved by the NRC as well as the Board of Directors of the Bank and is subject to the approval of the RBI.

The variable pay component for Whole Time Directors and employees in certain grades is paid out subject to the following conditions:

Where the variable pay constitutes 50% or more of the fixed pay, a portion of the same would be deferred as per the schedule mentioned in the table below:

Tranche	Portion of Variable Pay	Timelines
Tranche 1	60%	Payable effective April 1 of the financial year immediately following the performance year.
Tranche 2	13.33%	Payable effective April 1 of the second financial year following the reference performance year.
Tranche 3	13.33%	Payable effective April 1 of the third financial year following the reference performance year.
Tranche 4	13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

(c) Long term incentives (employee stock options):
The Bank also grants employee stock options to employees in certain job bands. The grant is based on performance rating of the individual.

D. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration

The Bank has a very comprehensive multi-dimensional performance measurement metrics that takes into consideration multiple factors that include qualitative as well as quantitative factors. The following are the key performance measurement metrics for the Bank. These also form part of the key metrics for the measurement of the performance of Whole Time Directors and impact the final remuneration:

a) Business Growth - This includes growth in advances and deposits;
b) Profitability - This includes growth in profit after tax;
c) Asset Quality - Gross NPA, Net NPA and % of Restructured assets to net advances;
d) Financial Soundness - Capital Adequacy Ratio and Tier I capital ratio;
e) Shareholder value creation - Return on equity; and
f) Financial Inclusion - Growth in number of households covered, growth in the value of loans disbursed under this category and achievement against priority sector lending targets.

Most of the above parameters are evaluated in two steps:
A. Achievement against the plans of the Bank; and
B. Achievement against the performance of peers.

Apart from the factors related to business growth there is also a key qualitative factor such as regulatory compliance. Compliance is the key qualitative factor that acts as the moderator in the entire organisation evaluation process. A low score on compliance can significantly moderate the other performance measures and depending on severity may even nullify their impact.

While the above parameters form the core evaluation parameters for the Bank each of the business units are measured on the following from a remuneration standpoint:

a) Increase in plan over the previous year;
b) Actual growth in revenue over previous year;
c) Growth in net revenue (%);
d) Achievement of net revenue against plan (%);
e) Actual profit before tax;
f) Growth in profit before tax compared to the previous year;
g) Improvement in cost to income over the previous year; and
h) Achievement of key strategic initiatives.

Apart from the above the business units are also measured against certain key business objectives that are qualitative in nature.

The process by which levels of remuneration in the Bank are aligned to the performance of the Bank, business unit and individual employees is articulated below:

Fixed Pay

The Bank reviews the fixed pay portion of the compensation structure basis merit-based increments and market corrections. These are based on a combination of performance rating, job band and the functional category of the individual employee. For a given job band, the merit increment is directly related to the performance rating. The Bank strives to ensure that most employees progress to the median of the market in terms of fixed pay over time. All other things remaining equal, the correction percentage is directly related to the performance rating of the individual.

Variable Pay

Basis the performance of the business unit, individual performance and role, the Bank has formulated the following variable pay plans:

- Annual Bonus Plan
  The Bank's annual bonus is computed as a percentage of the gross salary for every job band. The bonus multiple is based on performance of the business unit (based on the parameters above), performance rating, job band and the functional category of the individual employee. The business performance level determines the multiplier for the bonus. All other things remaining equal, for a given job band, the bonus is directly related to the performance rating.

  The proportion of variable pay to fixed pay increases with job band. Employees on the annual bonus plan are not part of the PLPs.

- Performance-linked Plans (PLPs)
  The Bank has formulated PLPs for its sales personnel who are given sales targets basis a balanced scorecard methodology. All PLP payouts are subject to the achievement of individual targets enumerated in the respective scorecards of the employees and moderated by qualitative parameters. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks. All PLP plans are based on balanced scorecard framework.

E. Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance

A discussion of the Bank's policy on deferral and vesting of variable remuneration and criteria for adjusting deferred remuneration before vesting and after vesting is given below:

Whole Time Directors

The bonus for Whole Time Directors does not exceed 70% of the fixed pay in a year, thereby ensuring that there is a balance between the fixed and variable pay. The variable pay for Whole Time Directors is approved by the NRC as well as the Board and is subject to the approval of the RBI. The variable pay component is paid out subject to the following conditions:

- Where the variable pay constitutes 50% or more of the fixed pay, an appropriate portion thereof is deferred and vests as per the schedule mentioned in the table below:

Tranche	Portion of Variable Pay	Timelines
Tranche 1	60%	Payable effective April 1 of the financial year immediately following the performance year.
Tranche 2	13.33%	Payable effective April 1 of the second financial year following the reference performance year.
Tranche 3	13.33%	Payable effective April 1 of the third financial year following the reference performance year.
Tranche 4	13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

- The Bank has devised appropriate malus and claw back clauses as risk mitigants for any negative contributions of the Bank and / or relevant line of business in any year.
  - ✓ Malus clause
    Under the malus clause the incumbent foregoes the vesting of the deferred variable pay in full or in part. In the event there is a deterioration in specific performance criteria (such as criteria relating to profit or asset quality) that are laid down by the NRC, then the NRC would review the deterioration in the performance taking into consideration the macroeconomic environment as well as internal performance indicators and accordingly decide whether any part of the deferred tranche pertaining to the reference financial year merits a withdrawal. The deferred bonus is paid out post review and approval by the NRC.
  - ✓ Claw back clause
    Under the claw back clause the incumbent is obligated to return all the tranches of payout received of bonus amounts pertaining to the relevant performance year. In the event there is any act attributable to the concerned Whole Time Director / Managing Director resulting in an incident of willful and deliberate misinterpretation / misreporting of financial performance (inflating the financials) of the Bank, for a financial year, which comes to light in the subsequent three years, the incumbent is obligated to return all the tranches of bonus payout received pertaining to the relevant performance year.

The specific criteria on the applicability of malus and claw back arrangements are reviewed by the NRC annually.

Employees other than Whole Time Directors

The Bank has formulated the following variable pay plans:

- Annual bonus plan

  The quantum of variable payout is a function of the performance of the Bank, performance of the individual employee, job band of the employee and the functional category. Basis these key determinants and due adjustment for risk alignment, a payout matrix for variable pay is developed. Market trends for specific businesses / functions along with inputs from compensation surveys may also be used in finalising the payout.

  Bonus pools are designed to meet specific business needs therefore resulting in differentiation in both the quantum and the method of payout across functions. Typically higher levels of responsibility receive a higher proportion of variable pay vis-à-vis fixed pay. The Bank ensures that the time horizon for risk is assessed and the deferment period, if any, for bonus is set accordingly. Employees on the annual bonus plan are not part of the PLPs.

  The following is taken into account while administering the annual bonus:

  ✓ In the event the proportion of variable pay to fixed pay is substantially high (typically variable pay exceeding 50% of fixed pay), for employees in certain grade the Bank has devised the following deferment schedule after taking into consideration the nature of risk, time horizon of risk, and the materiality of risk.

Tranche	Portion of Variable Pay	Timelines
Tranche 1	60%	Payable effective April 1 of the financial year immediately following the performance year.
Tranche 2	13.33%	Payable effective April 1 of the second financial year following the reference performance year.
Tranche 3	13.33%	Payable effective April 1 of the third financial year following the reference performance year.
Tranche 4	13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

  ✓ In cases of deferment of variable pay, the Bank makes an assessment prior to the due date for payment of the deferred portion for any negative contribution. The criteria for negative contribution are decided basis pre-defined financial benchmarks. The Bank has in place appropriate methods for prevention of vesting of deferred variable pay or any part thereof, on account of negative contribution. The Bank also has in place claw back arrangements in relation to amounts already paid in the eventuality of a negative contribution.

- Performance-linked Plans (PLPs)

  PLPs are formulated for sales personnel who are given sales targets but have limited impact on risk since credit decisions are exercised independent of the sales function. All PLP payouts are subject to the achievement of individual targets enumerated in the respective scorecards of the employees. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks.

F. Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilises and the rationale for using these different forms

The Bank recognises the importance of variable pay in reinforcing a pay for performance culture. Variable pay stimulates employees to stretch their abilities to exceed expectations.

- Annual bonus plan

  These are paid to reward performance for a given financial year. This covers all employees (excluding employees under PLPs). This is based on performance of the business unit, performance rating, job band and functional category of the individual. For higher job bands the proportion of variable pay to total compensation tends to be higher.

- Performance-linked Plans (PLPs)

  These are paid to frontline sales staff for the achievement of specific sales targets but have limited impact on risk as credit decisions are exercised independent of the sales function. Further, it has been the endeavor of the Bank to ensure that the objectives set are based on the principles of a balanced scorecard that takes into account quantitative and qualitative measures rather than just the achievement of financial numbers. Further all PLPs have inherent risk adjustment mechanisms manifested in the form of deterrents. All PLP payouts are subject to the achievement of parameters, both qualitative and quantitative enumerated in the respective scorecards of the employees. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks.

- Employee stock option plan

  This is to reward for contribution of employees in creating a long term, sustainable earnings and enhancing shareholder value. Only employees in a certain job band and with a specific performance rating are eligible for stock options. Performance is the key criteria for granting stock options.

Quantitative disclosures

The quantitative disclosures cover the Bank's Whole Time Directors and Key Risk Takers. Key Risk Takers are individuals who can materially set, commit or control significant amounts of the Bank's resources, and / or exert significant influence over its risk profile. The Bank's Key Risk Takers include Whole Time Directors, Group Heads, Business Heads directly reporting to the Managing Director and select roles in the Bank's Treasury and Investment Banking functions.

Sr. No.	Subject	**March 31, 2020**	March 31, 2019
(a)	Number of meetings held by the NRC during the financial year and remuneration paid to its members	Number of meetings: 9 Remuneration paid: ₹ 0.17 crore	Number of meetings: 11 Remuneration paid: ₹ 0.17 crore
(b) (i)	Number of employees having received a variable remuneration award during the financial year	32 employees	33 employees
(b) (ii)	Number and total amount of sign-on awards made during the financial year	1,90,000 stock options granted as sign-on awards during the year ended March 31, 2020.	4,65,000 stock options granted as sign-on awards during the year ended March 31, 2019.
(b) (iii)	Number and total amount of guaranteed bonuses awarded during the financial year	None	None
(b) (iv)	Details of severance pay, in addition to accrued benefits, if any	None	None
(c) (i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 5.92 crore.	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 1.91 crore.
(c) (ii)	Total amount of deferred remuneration paid out in the financial year	₹ 2.64 crore	₹ 2.28 crore

Sr. No.	Subject	March 31, 2020	March 31, 2019
(d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	₹ 67.48 crore (Fixed*) ₹ 18.89 crore (variable pay pertaining to financial year ended March 31, 2019, in relation to employees where there was no deferment of pay) The approval of the RBI on the variable pay of the Bank's Whole Time Directors for the years ended March 31, 2018 and 2019 has since been received. ₹ 9.00 crore (variable pay pertaining to financial year ended March 31, 2018, in relation to employees where there was a deferment of pay), of which ₹ 5.40 crore was non-deferred variable pay and ₹ 3.60 crore was deferred variable pay. ₹ 9.42 crore (variable pay pertaining to financial year ended March 31, 2019 in relation to employees where there was a deferment of pay), of which ₹ 6.36 crore was non-deferred variable pay and ₹ 3.06 crore was deferred variable pay. Number of stock options granted during the financial year: 59,58,200 The approval of the RBI in relation to grant of stock options to the Bank's Whole Time Directors for the year ended March 31, 2020 is awaited. The approval of the RBI in relation to grant of stock options to the Bank's Whole Time Directors for the year ended March 31, 2019 has since been received.	₹ 66.59 crore (Fixed*) ₹ 13.69 crore (variable pay pertaining to financial year ended March 31, 2018, in relation to employees where there was no deferment of pay). ₹ 5.90 crore (variable pay pertaining to financial year ended March 31, 2017, in relation to employees where there was a deferment of pay), of which ₹ 4.51 crore was non-deferred variable pay and ₹ 1.39 crore was deferred variable pay. The approval of the RBI on the variable pay of the Bank's Whole Time Directors for the year ended March 31, 2018 is awaited. There were no other employees where there was deferment of variable pay. Number of stock options granted during the financial year: 40,14,000 (unadjusted for share split) The approval of the RBI in relation to grant of stock options to the Bank's Whole Time Directors for the year ended March 31, 2019 is awaited.
(e) (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 5.92 crore.	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 1.91 crore.
(e) (ii)	Total amount of reductions during the financial year due to ex-post explicit adjustments	Nil	Nil
(e) (iii)	Total amount of reductions during the financial year due to ex-post implicit adjustments	Nil	Nil

** Excludes gratuity benefits, since the same is computed at Bank level.*

27. Segment reporting

Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by RBI. The Bank operates in the following segments:

a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending, gains or losses on investment operations and on account of trading in foreign exchange and derivative contracts.

b) Retail banking

The retail banking segment serves retail customers through the Bank's branch network and other channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof.

Revenues of the retail banking segment are derived from interest earned on retail loans, interest earned from other segments for surplus funds placed with those segments, subvention received from dealers and manufacturers, fees from services rendered, foreign exchange earnings on retail products etc. Expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

c) Wholesale banking

The wholesale banking segment provides loans, non-fund facilities and transaction services to large corporates, emerging corporates, public sector units, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers, interest / fees earned on the cash float arising from transaction services, earnings from trade services and other non-fund facilities and also earnings from foreign exchange and derivative transactions on behalf of customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

d) Other banking business

This segment includes income from parabanking activities such as credit cards, debit cards, third party product distribution, primary dealership business and the associated costs.

e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes capital and reserves, debt classified as Tier I or Tier II capital and other unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue less interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Interest income is charged by a segment that provides funding to another segment, based on yields benchmarked to an internally approved yield curve or at a certain agreed transfer price rate. Transaction charges are levied by the retail banking segment to the wholesale banking segment for the use by its customers of the retail banking segment's branch network or other delivery channels. Segment capital employed represents the net assets in that segment.

Geographic segments

The geographic segments of the Bank are categorised as domestic operations and foreign operations. Domestic operations comprise branches in India and foreign operations comprise branches outside India.

Schedules to the Financial Statements

For the year ended March 31, 2020

Segment reporting for the year ended March 31, 2020 is given below:

Business segments: (₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	26,558.44	107,999.94	61,134.45	19,033.41	214,726.24
2	Unallocated revenue					2.19
3	Less: Inter-segment revenue					76,654.96
4	Income from operations (1) + (2) - (3)					138,073.47
5	Segment results	3,462.77	12,942.46	14,121.09	7,784.63	38,310.95
6	Unallocated expenses					1,703.79
7	Income tax expense (including deferred tax)					10,349.84
8	Net profit (5) - (6) - (7)					26,257.32
9	Segment assets	457,240.91	484,270.74	520,567.01	60,500.57	1,522,579.23
10	Unallocated assets					7,932.03
11	Total assets (9) + (10)					1,530,511.26
12	Segment liabilities	102,012.09	907,258.10	317,628.87	5,032.43	1,331,931.49
13	Unallocated liabilities					27,593.74
14	Total liabilities (12) + (13)					1,359,525.23
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	355,228.82	(422,987.36)	202,938.14	55,468.14	190,647.74
16	Unallocated (10) - (13)					(19,661.71)
17	Total (15) + (16)					170,986.03
18	Capital expenditure	43.29	1,381.75	119.49	80.50	1,625.03
19	Depreciation	32.79	938.71	126.71	97.64	1,195.85
20	Provisions for non - performing assets / others*	7.50	6,632.33	3,756.44	1,725.92	12,122.19
21	Unallocated other provisions*					20.20

** Represents material non-cash charge other than depreciation and taxation.*

Geographic segments: (₹ crore)

Particulars	Domestic	International
Revenue	136,903.00	1,170.47
Assets	1,481,234.90	49,276.36
Capital expenditure	1,623.31	1.72

Segment reporting for the year ended March 31, 2019 is given below:

Business segments: (₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	23,576.48	89,222.34	54,563.54	15,299.43	182,661.79
2	Unallocated revenue					52.78
3	Less: Inter-segment revenue					66,116.65
4	Income from operations (1) + (2) - (3)					116,597.92
5	Segment results	1,305.76	11,796.27	14,224.12	6,791.53	34,117.68
6	Unallocated expenses					1,918.04
7	Income tax expense (including deferred tax)					11,121.50
8	Net profit (5) - (6) - (7)					21,078.14
9	Segment assets	348,766.21	428,790.92	408,749.72	50,854.71	1,237,161.56
10	Unallocated assets					7,379.15
11	Total assets (9) + (10)					1,244,540.71
12	Segment liabilities	61,438.85	732,294.96	271,887.13	5,357.06	1,070,978.00
13	Unallocated liabilities					24,356.39
14	Total liabilities (12) + (13)					1,095,334.39
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	287,327.36	(303,504.04)	136,862.59	45,497.65	166,183.56
16	Unallocated (10) - (13)					(16,977.24)
17	Total (15) + (16)					149,206.32
18	Capital expenditure	93.67	1,149.97	192.62	141.93	1,578.19
19	Depreciation	26.31	912.24	104.52	97.04	1,140.11
20	Provisions for non - performing assets / others*	(0.20)	4,608.34	1,689.09	1,247.44	7,544.67
21	Unallocated other provisions*					5.41

** Represents material non-cash charge other than depreciation and taxation.*

Geographic segments: (₹ crore)

Particulars	Domestic	International
Revenue	115,358.96	1,238.96
Assets	1,210,826.50	33,714.21
Capital expenditure	1,576.84	1.35

Schedules to the Financial Statements

For the year ended March 31, 2020

28. Liquidity coverage ratio

Quantitative information on Liquidity Coverage Ratio (LCR) for year ended March 31, 2020 is given below:

(₹ crore)

	Particulars	Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019	
		Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*
1	Total High Quality Liquid Assets (HQLA)		281,400.84		276,928.43		253,440.66		225,515.60
2	Retail deposits and deposits from small business customers, of which:	679,608.08	60,624.61	663,427.11	61,722.61	613,920.13	56,976.14	580,808.20	53,857.85
(i)	Stable deposits	146,723.83	7,336.19	92,402.01	4,620.11	88,317.44	4,415.87	84,459.31	4,222.96
(ii)	Less stable deposits	532,884.25	53,288.42	571,025.10	57,102.50	525,602.69	52,560.27	496,348.89	49,634.89
3	Unsecured wholesale funding, of which:	304,344.42	172,804.61	281,082.43	161,380.77	266,629.81	154,200.50	251,528.82	144,006.73
(i)	Operational deposits (all counterparties)	42,366.96	10,444.47	34,686.67	8,597.58	31,496.13	7,800.30	34,903.88	8,651.04
(ii)	Non-operational deposits (all counterparties)	251,513.79	151,896.47	238,057.41	144,444.84	226,600.14	137,866.76	207,750.30	126,481.05
(iii)	Unsecured debt	10,463.67	10,463.67	8,338.35	8,338.35	8,533.54	8,533.44	8,874.64	8,874.64
4	Secured wholesale funding		3,792.62		874.87		7,397.92		7,397.92
5	Additional requirements, of which	113,635.81	65,326.40	110,281.91	62,648.74	96,419.47	65,085.57	95,759.03	64,300.46
(i)	Outflows related to derivative exposures and other collateral requirement	57,080.24	57,080.24	54,957.64	54,957.63	56,818.08	56,818.07	55,710.21	55,710.21
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	56,555.57	8,246.16	55,324.27	7,691.11	39,601.39	8,267.50	40,048.82	8,590.25
6	Other contractual funding obligation	19,175.58	19,175.58	13,698.21	13,698.21	17,492.56	17,492.57	17,106.30	17,106.30
7	Other contingent funding obligations	78,141.66	2,344.25	73,360.81	2,200.83	72,616.20	2,178.49	71,632.78	2,148.98
8	**Total Cash Outflows**		**324,068.07**		**302,526.03**		**303,331.19**		**288,818.24**
9	Secured lending (e.g. reverse repo)	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	66,199.09	35,402.81	64,887.50	34,429.38	68,415.09	37,644.26	64,170.94	34,634.66
11	Other cash inflows	83,565.18	75,800.89	76,947.14	69,971.85	80,699.85	73,867.50	80,255.71	74,079.86
12	**Total Cash Inflows**	**149,764.27**	**111,203.70**	**141,834.64**	**104,401.23**	**149,114.94**	**111,511.76**	**144,426.65**	**108,714.52**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**TOTAL HQLA**		281,400.84		**276,928.43**		**253,440.66**		**225,515.60**
14	**Total Net Cash Outflows**		212,864.38		**198,124.80**		**191,819.43**		**180,103.72**
15	**Liquidity Coverage Ratio(%)**		132.20%		**139.77%**		**132.12%**		**125.21%**

** The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the respective quarters.*

Quantitative information on Liquidity Coverage Ratio (LCR) for year ended March 31, 2019 is given below:

(₹ crore)

	Particulars	Quarter ended March 31, 2019		Quarter ended December 31, 2018		Quarter ended September 30, 2018		Quarter ended June 30, 2018	
		Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*
1	Total High Quality Liquid Assets (HQLA)		202,599.15		188,250.76		178,276.15		175,093.91
2	Retail deposits and deposits from small business customers, of which:	541,900.33	50,120.87	520,268.66	48,092.79	502,045.40	46,411.31	476,575.65	43,977.35
(i)	Stable deposits	81,383.24	4,069.16	78,681.49	3,934.07	75,864.72	3,793.24	73,604.32	3,680.22
(ii)	Less stable deposits	460,517.09	46,051.71	441,587.17	44,158.72	426,180.68	42,618.07	402,971.33	40,297.13
3	Unsecured wholesale funding, of which:	246,345.36	128,744.90	227,318.17	113,256.87	220,583.99	108,041.95	229,841.48	114,864.45
(i)	Operational deposits (all counterparties)	48,828.51	12,129.38	37,321.49	9,253.61	29,619.33	7,328.47	29,621.23	7,329.11
(ii)	Non-operational deposits (all counterparties)	185,626.41	104,725.08	174,949.82	88,956.40	179,240.43	88,989.25	187,489.34	94,804.43
(iii)	Unsecured debt	11,890.44	11,890.44	15,046.86	15,046.86	11,724.23	11,724.23	12,730.91	12,730.91
4	Secured wholesale funding		8,430.54		1,772.41		7,336.78		4,790.74
5	Additional requirements, of which	103,036.61	70,251.68	118,812.30	88,217.02	104,875.38	74,165.59	98,242.91	67,486.12
(i)	Outflows related to derivative exposures and other collateral requirement	60,637.90	60,637.90	79,939.76	79,939.76	65,418.01	65,418.01	59,024.43	59,024.43
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	42,398.71	9,613.78	38,872.54	8,277.26	39,457.37	8,747.58	39,218.48	8,461.69
6	Other contractual funding obligation	17,948.21	17,948.21	17,361.18	17,361.18	16,669.89	16,669.89	16,435.76	16,435.76
7	Other contingent funding obligations	71,060.49	2,131.81	71,246.42	2,137.39	66,669.99	2,000.10	66,965.75	2,008.97
8	**Total Cash Outflows**		**277,628.01**		**270,837.66**		**254,625.62**		**249,563.39**
9	Secured lending (e.g. reverse repo)	-	-	-	-	213.46	-	-	-
10	Inflows from fully performing exposures	59,980.73	32,853.96	58,509.81	32,376.30	54,193.26	28,899.47	50,922.85	26,538.23
11	Other cash inflows	77,422.45	72,019.99	93,685.78	89,094.61	80,956.77	75,328.74	71,191.50	66,337.13
12	**Total Cash Inflows**	**137,403.18**	**104,873.95**	**152,195.59**	**121,470.91**	**135,363.49**	**104,228.21**	**122,114.35**	**92,875.36**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**TOTAL HQLA**		**202,599.15**		**188,250.76**		**178,276.15**		**175,093.91**
14	**Total Net Cash Outflows**		**172,754.06**		**149,366.75**		**150,397.41**		**156,688.03**
15	**Liquidity Coverage Ratio (%)**		**117.28%**		**126.03%**		**118.54%**		**111.75%**

** The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the respective quarters.*

Qualitative disclosure on LCR

The Liquidity Coverage Ratio (LCR) is one of the Basel Committee's key reforms to develop a more resilient banking sector. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile of banks. It does this by ensuring that banks have an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately into cash to meet their liquidity needs for a 30 calendar day liquidity stress scenario. The LCR is expected to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy.

The Liquidity Risk Management of the Bank is governed by the Asset Liability Management (ALM) Policy approved by the Board. The Asset Liability Committee (ALCO) is a decision-making unit responsible for implementing the liquidity and interest rate risk management strategy of the Bank in line with its risk management objectives and ensures adherence to the risk tolerance / limits set by the Board. In order to determine cash outflows, the Bank segregates its deposits into various customer segments, viz Retail (which include deposits from individuals), Small Business Customers (those with deposits under ₹ 5 crore), and Wholesale (which would cover all residual deposits). Within Wholesale, deposits that are attributable to clearing, custody, and cash management services are classified as Operational Deposits. Other contractual funding, including a portion of other liabilities which are expected to run down in a 30 day time frame are included in the cash outflows. This does not include the effect of moratorium, that the Bank may extend. These classifications, based on extant regulatory guidelines, are part of the Bank's LCR framework, and are also submitted to the RBI.

The LCR is calculated by dividing a Bank's stock of HQLA by its total net cash outflows over a 30-day stress period. The guidelines for LCR were effective January 1, 2015, with the minimum requirement at 60% which would rise in equal annual steps to reach 100% on January 1, 2019. This graduated approach was designed to ensure that the LCR could be introduced without material disruption to the orderly strengthening of banking systems or the ongoing financing of economic activity. The present requirement, as on March 31, 2020 is 100%.

In the Indian context, the run-off factors for the stressed scenarios are prescribed by the RBI, for various categories of liabilities (viz., deposits, unsecured and secured wholesale borrowings), undrawn commitments, derivative-related exposures, and offset with inflows emanating from assets maturing within the same time period. Given below is a table of run-off factors and the average LCR maintained by the Bank quarter-wise over the past two years:

Particulars	Run-off factors
Retail Deposits	5% - 10%
Small Business Customers	5% - 10%
Operational deposits	5% - 25%
Non-financial corporates, sovereigns, central banks, multilateral development banks, and PSEs	40%
Other legal entities	100%

Quarter ended	LCR Maintained (Average)	LCR Required
March 31, 2020	132.20%	100.00%
December 31, 2019	139.77%	100.00%
September 30, 2019	132.12%	100.00%
June 30, 2019	125.07%	100.00%
March 31, 2019	117.28%	100.00%
December 31, 2018	126.03%	90.00%
September 30, 2018	118.54%	90.00%
June 30, 2018	111.75%	90.00%

The average LCR for the quarter ended March 31, 2020 was at 132.20% as against 117.28% for the quarter ended March 31, 2019, and well above the present prescribed minimum requirement of 100%. The average HQLA for the quarter ended March 31, 2020 was ₹ 281,400.84 crore, as against was ₹ 202,599.15 crore for the quarter ended March 31, 2019. During the same period the composition of government securities and treasury bills in the HQLA remained at 91%.

For the quarter ended March 31, 2020, derivative exposures (net of cash inflows) / collateral requirements and undrawn commitments constituted just about 0.4% and 2.5% respectively of average cash outflow, in line earlier periods. The Bank has consistently maintained a robust funding profile with a significant portion of funding through deposits. As of March 31, 2020 the top 20 depositors comprised of 4% of total deposits indicating a healthy and stable deposit profile.

29. Related party disclosures

As per AS-18, Related Party Disclosure, the Bank's related parties are disclosed below:

Promoter
Housing Development Finance Corporation Limited

Subsidiaries
HDFC Securities Limited
HDB Financial Services Limited

Welfare trust of the Bank
HDB Employees Welfare Trust

Key management personnel
Aditya Puri, Managing Director
Kaizad Bharucha, Executive Director

Relatives of key management personnel
Anita Puri, Amit Puri, Amrita Puri, Adishwar Puri, Aarti Sood, Havovi Bharucha, Huzaan Bharucha, Danesh Bharucha, Daraius Bharucha.

Entities in which key management personnel / their relatives are interested
Salisbury Investments Private Limited, Akuri by Puri

In accordance with paragraph 5 of AS - 18, the Bank has not disclosed certain transactions with relatives and interested entities of key management personnel as they are in the nature of banker-customer relationship.

The significant transactions between the Bank and related parties for year ended March 31, 2020 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of all related party transactions in that category:

- Interest paid: HDB Financial Services Limited ₹ 11.06 crore (previous year: ₹ 4.56 crore); Housing Development Finance Corporation Limited ₹ 8.53 crore (previous year: ₹ 5.49 crore).
- Interest received: HDB Financial Services Limited ₹ 430.63 crore (previous year: ₹ 294.50 crore).
- Rendering of services: Housing Development Finance Corporation Limited ₹ 308.94 crore (previous year: ₹ 282.97 crore).
- Receiving of services: HDB Financial Services Limited ₹ 2,459.50 crore (previous year: ₹ 1,916.90 crore); Housing Development Finance Corporation Limited ₹ 586.66 crore (previous year: ₹ 486.95 crore).
- Dividend paid: Housing Development Finance Corporation Limited ₹ 864.62 crore (previous year: ₹ 511.17 crore).
- Dividend received: HDB Financial Services Limited ₹ 135.11crore (previous year: ₹ 52.54 crore); HDFC Securities Limited ₹ 288.61 crore (previous year: ₹ 151.90 crore).

The Bank's related party balances and transactions for the year ended March 31, 2020 are summarised as follows:

(₹ crore)

Items / Related party	Promoter	Subsidiaries	Key management personnel	Total
Deposits taken	3,679.07	1,423.41	18.54	5,121.02
	(7,717.90)	(1,423.41)	(22.51)	(9,163.82)
Deposits placed	0.47	10.62	0.76	11.85
	(0.47)	(10.62)	(0.76)	(11.85)
Advances given	-	5,181.82	2.55	5,184.37
	-	(5,477.27)	(2.87)	(5,480.14)
Fixed assets purchased from	-	-	-	-
Fixed assets sold to	-	-	-	-
Interest paid to	8.53	11.88	1.82	22.23
Interest received from	-	431.26	0.09	431.35
Income from services rendered to	308.94	62.91	#	371.85
Expenses for receiving services from	586.66	2,470.47	0.31	3,057.44

Schedules to the Financial Statements

For the year ended March 31, 2020

Items / Related party		Promoter	Subsidiaries	Key management personnel	Total
Equity investments		-	3,826.49	-	3,826.49
		-	(3,826.49)	-	(3,826.49)
Other Investments		-	650.00	-	650.00
			(1,101.22)	-	(1,101.22)
Dividend paid to		864.62	-	10.40	875.02
Dividend received from		-	423.72	-	423.72
Receivable from		44.48	14.34	-	58.82
		(55.33)	(14.34)	-	(69.67)
Payable to		100.28	147.26	-	247.54
		(100.28)	(206.74)	-	(307.02)
Guarantees given		0.39	-	-	0.39
		(0.40)	-	-	(0.40)
Remuneration paid		-	-	27.56	27.56
Loans purchased from		24,127.25	-	-	24,127.25

\# *Denotes amount less than ₹ 1 lakh.*

- *Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.*
- *Remuneration paid excludes value of employee stock options exercised during the year.*
- *Bonus and retiral benefits for key managerial personnel are accrued as a part of an overall pool and are not allocated against the key managerial personnel. These will be paid based on approval from RBI. As of March 31, 2020, approved unpaid deferred bonus in respect of earlier years was ₹ 5.92 crore.*

The Bank being an authorised dealer, deals in foreign exchange and derivative transactions with parties which include its promoter. The foreign exchange and derivative transactions are undertaken in line with the RBI guidelines. The notional principal amount of foreign exchange and derivative contracts transacted with the promoter that were outstanding as on March 31, 2020 is ₹ 12,009.95 crore (previous year: ₹ 5,865.50 crore). The contingent credit exposure pertaining to these contracts computed in line with the extant RBI guidelines on exposure norms was ₹ 136.86 crore (previous year: ₹ 79.12 crore).

During the year ended March 31, 2020, the Bank purchased debt securities from HDB Financial Services Limited ₹ 2,004.60 crore (previous year: ₹ 2,180.58 crore) issued by it.

During the year ended March 31, 2020, the Bank made investment of ₹ 1,982.47 crore (previous year: ₹ 963.22 crore) in pass through certificates in respect of assets securitised out by HDB Financial Services Limited for which the outstanding as on March 31, 2020 was ₹ 1,553.06 crore.

During the year ended March 31, 2020, the Bank paid rent of ₹ 0.66 crore (previous year: ₹ 0.66 crore) to party related to the Bank's key management personnel in relation to residential accommodation. As at March 31, 2020, the security deposit outstanding was ₹ 3.50 crore (previous year: ₹ 3.50 crore).

The deposit outstanding from HDB Employees Welfare Trust as at March 31, 2020 was ₹ 39.37 crore (previous year: ₹ 37.19 crore). The Bank also paid interest on deposit from HDB Employees Welfare Trust aggregating to ₹ 3.14 crore (previous year: ₹ 3.00 crore).

The Bank's related party balances and transactions for the year ended March 31, 2019 are summarised as follows:

(₹ crore)

Items / Related party	Promoter	Subsidiaries	Key management personnel	Total
Deposits taken	3,290.99	614.20	27.02	3,932.21
	(3,290.99)	(614.20)	(27.02)	(3,932.21)
Deposits placed	0.47	10.62	0.76	11.85
	(0.47)	(10.62)	(2.51)	(13.60)
Advances given	-	3,104.74	2.96	3,107.70
	-	(3,104.74)	(3.11)	(3,107.85)
Fixed assets purchased from	-	-	-	-
Fixed assets sold to	-	-	-	-

Items / Related party	Promoter	Subsidiaries	Key management personnel	Total
Interest paid to	5.49	4.65	1.13	11.27
Interest received from	35.20	294.50	0.10	329.80
Income from services rendered to	282.97	49.65	#	332.62
Expenses for receiving services from	486.95	1,922.45	0.61	2,410.01
Equity investments	-	3,826.49	-	3,826.49
	-	(3,826.49)	-	(3,826.49)
Other Investments	-	964.95	-	964.95
	(1,740.49)	(1,154.65)	-	(2,895.14)
Dividend paid to	511.17	-	7.43	518.60
Dividend received from	-	204.44	-	204.44
Receivable from	30.55	16.41	-	46.96
	(48.40)	(16.41)	-	(64.81)
Payable to	83.64	85.16	-	168.80
	(83.64)	(85.16)	-	(168.80)
Guarantees given	0.37	-	-	0.37
	(0.40)	-	-	(0.40)
Remuneration paid	-	-	25.88	25.88
Loans purchased from	23,982.42	-	-	23,982.42

\# *Denotes amount less than ₹ 1 lakh.*

- *Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.*
- *Remuneration paid excludes value of employee stock options exercised during the year.*
- *Bonus and retiral benefits for key managerial personnel are accrued as a part of an overall pool and are not allocated against the key managerial personnel. These will be paid based on approval from RBI. As of March 31, 2019, approved unpaid deferred bonus in respect of earlier years was ₹ 1.91 crore.*

30. Intra-Group exposure

Intra-Group exposures in accordance with RBI guidelines are as follows:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Total amount of intra-group exposures	8,542.59	7,368.31
Total amount of top 20 intra-group exposures	8,542.59	7,368.31
Percentage of intra-group exposures to total exposure of the Bank on borrowers / customers	0.53%	0.56%
Details of breach of limits on intra-group exposures and regulatory action thereon, if any	Nil	Nil

31. Leases

Operating leases primarily comprise office premises, staff residences and Automated Teller Machines ('ATM's), which are renewable at the option of the Bank. The details of maturity profile of future operating lease payments are given below:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Not later than one year	1,115.49	993.31
Later than one year and not later than five years	3,646.15	3,217.18
Later than five years	4,756.70	4,016.39
Total	**9,518.34**	**8,226.88**

Particulars	March 31, 2020	March 31, 2019
The total of minimum lease payments recognised in the Profit and Loss Account for the year	1,345.43	1,199.66
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	64.23	29.31
Sub-lease amounts recognised in the Profit and Loss Account for the year	9.60	9.35
Contingent (usage based) lease payments recognised in the Profit and Loss Account for the year	270.14	206.55

The Bank has sub-leased certain of its properties taken on lease.

The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

32 Transfers to Depositor Education and Awareness Fund (DEAF)

The details of amount transferred during the respective year to DEAF are as under: (₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance of amounts transferred to DEAF	496.60	367.68
Add: Amounts transferred to DEAF during the year	131.64	132.28
Less: Amounts reimbursed by DEAF towards claims	(10.55)	(3.36)
Closing balance of amounts transferred to DEAF	617.69	496.60

33 Penalties levied by the RBI

During the year ended March 31, 2020, RBI has imposed a penalty of ₹ 1 crore (previous year: ₹ 0.20 crore) for non-compliance with various directions issued by RBI on Know Your Customer (KYC) / Anti-Money Laundering (AML) standards. Additionally, RBI has imposed a monetary penalty of ₹ 1 crore on the Bank for failure to undertake on-going due diligence in case of 39 current accounts opened for bidding in Initial Public Offer (IPO).

34 Disclosure for customer complaints / unimplemented awards of Banking Ombudsman

- **Customer complaints**

(A) Customer complaints other than ATM transaction disputes

Particulars	March 31, 2020	March 31, 2019
(a) No. of complaints pending at the beginning of the year	4,688	4,064
(b) No. of complaints received during the year	205,458	169,846
(c) No. of complaints redressed during the year	208,136	169,222
(d) No. of complaints pending at the end of the year	2,010	4,688

(B) ATM transaction disputes relating to the Bank's customers on the Bank's ATMs

Particulars	March 31, 2020	March 31, 2019
(a) No. of complaints pending at the beginning of the year	182	225
(b) No. of complaints received during the year	19,885	19,438
(c) No. of complaints redressed during the year	20,041	19,481
(d) No. of complaints pending at the end of the year	26	182
(e) Complaints per ten thousand transactions	0.96	0.94

(C) ATM transaction disputes relating to the Bank's customers on other banks' ATMs

Particulars	March 31, 2020	March 31, 2019
(a) No. of complaints pending at the beginning of the year	2,772	2,553
(b) No. of complaints received during the year	156,892	209,083
(c) No. of complaints redressed during the year	159,204	208,864
(d) No. of complaints pending at the end of the year	460	2,772
(e) Complaints per ten thousand transactions	5.14	7.31

(D) Total customer complaints and ATM transaction disputes [total of tables (A), (B) and (C) above]

Particulars	March 31, 2020	March 31, 2019
(a) No. of complaints pending at the beginning of the year	7,642	6,842
(b) No. of complaints received during the year	382,235	398,367
(c) No. of complaints redressed during the year	387,381	397,567
(d) No. of complaints pending at the end of the year	2,496	7,642

Note: ATM transaction disputes reported in the above tables are in accordance with RBI guidelines on disclosure of customer complaints.

- **Awards passed by the Banking Ombudsman (BO)**

Particulars	March 31, 2020	March 31, 2019
(a) No. of unimplemented awards at the beginning of the year	-	-
(b) No. of awards passed by the BO during the year	-	-
(c) No. of awards implemented during the year	-	-
(d) No. of unimplemented awards at the end of the year	-	-

- **Top areas of customer complaints**

The average number of customer complaints per branch, including ATM transaction disputes, was 6.2 per month during the year ended March 31, 2020 (previous year: 6.9 per month). For the year ended March 31, 2020, of the total complaints retail liability segment accounted for 67.77% (previous year: 80.37%), credit cards at 27.34% (previous year: 14.56%), retail assets at 4.43% (previous year: 4.50%), and other segments accounted at 0.46% (previous year: 0.57%). The top 10 areas of customer complaints for the year ended March 31, 2020, including ATM transaction disputes, aggregated to 307,753 complaints (previous year: 3,18,540 complaints) which accounted for 80.51% of total complaints (previous year: 79.96%). The top 5 areas of customer complaints on which the Bank is working towards root cause remediation are - Unauthorized usage through Credit Card, Unauthorized usage through Debit Card online, Cash not dispensed or less cash dispensed in the Bank's ATMs, BHIM - UPI Unauthorized transactions through accounts and Unauthorized usage through Debit Card done at other Bank ATMs.

35 Disclosure of Letters of Comfort (LoC) issued by the Bank

The Bank has not issued any Letter of Comfort during the years ended March 31, 2020 and March 31, 2019.

36 Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments during the years ended March 31, 2020 and March 31, 2019. The above is based on the information available with the Bank which has been relied upon by the auditors.

37 Overseas assets, NPAs and revenue

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Total Assets	43,257.00	33,714.21
Total NPAs	194.93	23.31
Total Revenue	1,170.47	1,238.96

38 Off-Balance Sheet SPVs

There are no Off-Balance Sheet SPVs sponsored by the Bank, which need to be consolidated as per accounting norms.

39 Credit default swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2020 (previous year: Nil).

40. Corporate social responsibility

Operating expenses include ₹ 535.31 crore (previous year: ₹ 443.77 crore) for the year ended March 31, 2020 towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013.

The Bank has spent 2.01% (previous year: 2.02%) of its average net profit for the last three financial years as part of its CSR for the year ended March 31, 2020. As a responsible bank, it has approached the mandatory requirements of CSR spends positively by laying a foundation on which it would build and scale future projects and partnerships. The Bank continues to evaluate strategic avenues for CSR expenditure in order to deliver maximum impact. In the years to come, the Bank will further strengthen its processes as per requirement.

The details of amount spent during the respective year towards CSR are as under: (₹ crore)

Sr. No.	Particulars	**March 31, 2020**			March 31, 2019		
		Amount spent	**Amount unpaid / provision**	**Total**	Amount spent	Amount unpaid / provision	Total
(i)	Construction / acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	532.18	3.13	535.31	443.77	-	443.77

41 Investor education and protection fund

There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank during the years ended March 31, 2020 and March 31, 2019.

42 Disclosure on remuneration to Non-Executive Directors

Remuneration by way of sitting fees to the Non-Executive Directors for attending meetings of the Board and its committees during the year ended March 31, 2020 amounted to ₹ 1.98 crore (previous year: ₹ 1.62 crore).

Further, in accordance with RBI guidelines, profit related commission to all Non-Executive Directors other than the Chairperson for the year ended March 31, 2020 amounted to ₹ 0.90 crore (previous year: ₹ 0.90 crore).

43 COVID-19

The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and companies, including the Bank, have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank would be granting a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

The quantitative disclosures as required by the above referred RBI circular dated April 17, 2020 are given below:

(₹ crore)

Particulars	**Amount**
Respective amounts in SMA / overdue categories, where the moratorium / deferment was extended, in terms of paragraph 2 and 3 of the circular Term Loan Instalments: ₹ 617.75 crore Cash Credit / Overdraft: ₹ 458.19 crore	1,075.94 (1)
Respective amount where asset classification benefits is extended Term Loan Instalments: ₹ 617.75 crore Cash Credit / Overdraft: ₹ 458.19 crore	1,075.94
Provisions made during the quarter ended March 31, 2020 in terms of para 5 of the circular	463.00 (2)
Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 of the circular	Nil
Residual provisions as of March 31, 2020 in terms of paragraph 6 of the circular	463.00

(1) Represents amounts in SMA / overdue categories where the asset classification benefit is extended, consequent to the said circular dated April 17, 2020. The Bank may extend moratorium / deferment in terms of the said circular for additional accounts in the SMA / overdue categories.

(2) Excludes other provisions held by the Bank as at March 31, 2020, against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Bank are in excess of the RBI prescribed norms.

44 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation. The previous year comparative numbers were audited by a firm of Chartered Accountants other than MSKA & Associates.

As per our report of even date.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

Mumbai, April 18, 2020

For and on behalf of the Board

Shyamala Gopinath
Part Time Non-Executive Chairperson & Independent Director

Umesh Chandra Sarangi
Independent Director

Aditya Puri
Managing Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Basel III - Pillar 3 Disclosures

As at March 31, 2020

The Reserve Bank of India (RBI) vide its circular under reference DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on ‘Basel III Capital Regulations’ (‘Basel III circular’) read together with the circular under reference DBR.No.BP.BC.80/21.06.201/2014-15 dated March 31, 2015 on ‘Prudential Guidelines on Capital Adequacy and Liquidity Standards - Amendments’ requires banks to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under the Basel III Framework. These disclosures are available on HDFC Bank’s website under the ‘Regulatory Disclosures’ section. The link to this section is given below:

https://www.hdfcbank.com/aboutus/basel_disclosures/default.htm

The Regulatory Disclosures section contains the following disclosures:

- Qualitative and quantitative Pillar 3 disclosures:
  - Scope of application
  - Capital adequacy
  - Credit risk
  - Credit risk: Portfolios subject to the standardised approach
  - Credit risk mitigation: Disclosures for standardised approach
  - Securitisation exposures
  - Market risk in trading book
  - Operational risk
  - Asset Liability Management (‘ALM’) risk management
  - General disclosures for exposures related to counterparty credit risk
  - Equities: Disclosure for banking book positions
- Composition of capital and reconciliation requirements.
- Main features and full terms and conditions of regulatory capital instruments.
- Leverage ratio disclosures.
- Liquidity coverage ratio disclosure.

Independent Auditor’s Report

To the Members of HDFC Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of HDFC Bank Limited (hereinafter referred to as the “Bank”) and its subsidiaries (the Bank and its subsidiaries together referred to as “the Group”), which comprise the consolidated Balance Sheet as at March 31, 2020, the consolidated Profit and Loss Account, the consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2020 and of their consolidated profit and their consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of Code of Ethics issued by Institute of Chartered Accountant of India (“ICAI”), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 25 to the consolidated financial statements, which describes that the extent to which the COVID-19 Pandemic will impact the Bank’s consolidated financial statements will depend on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Identification of Non-Provision advances (NPA) and provision on advances	
Key Audit Matter	**How our audit addressed the key audit matter**
The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of non-performing assets ("NPA") and the minimum provision required for such assets. The Bank is required to have Board approved policy as per IRAC guidelines for NPA identification and provision. The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors. The provision on NPA are estimated based on ageing and classification of NPAs, recovery estimates, nature of loan product, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI and approved policy of the Bank in this regard. Additionally, the Bank makes provisions on exposures that are not classified as NPAs including advances in certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified as contingency provisions. In line with the COVID-19 Regulatory Package, the Bank has framed policies for providing moratorium as a relief measure to the borrowers. Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a key audit matter.	Tested the design and operating effectiveness of key controls (including application controls) over approval, recording, monitoring and recovery of loans, monitoring overdue / stressed accounts, identification of NPA, provision for NPA and valuation of security and collateral. Testing of Application controls include testing of automated controls, reports and system reconciliations. Evaluated the governance process and review controls over calculations of provision of non-performing advances, basis of provisioning approved in accordance with the Board approved policy. Selected the borrowers based on quantitative and qualitative risk factors for their assessment of appropriate classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per extant IRAC norms and Bank policy. Performed other substantive procedures included and not limited to the following; • Selected samples of performing loans and assessed independently as to whether those should be classified as NPA; • For samples selected reviewed the collateral valuation, financial statements and other qualitative information; • Considered the accounts reported by the Bank and other Banks as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRILC) to identify stress; • For selected samples assessed independently accounts that can potentially be classified as NPA and Red Flagged Accounts; • Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA; • Examined the early warning reports generated by the Bank to identify stressed loan accounts; • Held specific discussions with the management of the Bank on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors; • Selected samples for standard accounts, default but standard accounts and overdue accounts and assessed compliance with RBI circular on Covid-19 Regulatory Package. Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.

Evaluation of open tax litigations (Direct and Indirect Tax)	
Key Audit Matter	**How our audit addressed the key audit matter**
The Bank has material open tax litigations including matters under dispute which involve significant judgment to determine the possible outcome of these disputes. Significant management judgement is needed in determining whether an obligation exists and whether a provision should be recognised as at the reporting date, in accordance with the accounting criteria set under Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets ('AS 29'), or whether it needs to be disclosed as a contingent liability. Further significant judgements are also involved in measuring such obligations, the most significant of which are: • Assessment of liability: Judgement is involved in the determination of whether an outflow in respect of identified material matters are probable and can be estimated reliably; • Adequacy of provisions: The appropriateness of assumptions and judgements used in the estimation of significant provisions; and • Adequacy of disclosures of provision for liabilities and charges, and contingent liabilities The Bank's assessment is supported by the facts of matter, their own judgment, experience, and advices from legal and independent tax consultants wherever considered necessary. Since the assessment of these open tax litigations requires significant level of judgement in interpretation of law, we have included this as a key audit matter.	Testing the design and operating effectiveness of the Bank's key controls over the estimation, monitoring and disclosure of provisions and contingent liabilities. Our substantive audit procedures included and were not limited to the following: - • Obtained an understanding of the Bank's process for determining tax liabilities, tax provisions and contingent liabilities pertaining to taxation matters; • Obtained list of cases/matters in respect of which litigations were outstanding as at reporting date. For significant matters, we involved our tax specialist to gain an understanding of the current status of the litigations, including understanding of various orders / notices received by the Bank and the management's grounds of appeals before the relevant appellate authorities; • Evaluated the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice; • Agreed underlying tax balances to supporting documentation, including correspondence with tax authorities; Assessed the disclosures within the standalone financial statements in this regard;

Information Technology ("IT") Systems and Controls	
Key Audit Matter	**How our audit addressed the key audit matter**
The Bank has a complex IT architecture to support its day to day business operations. High volume of transactions is processed and recorded on single or multiple applications. The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.	For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems. We gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. Our key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access, change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to Backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed and authorized. Also, entity level controls pertaining to policy and procedure and Business continuity plan assessment due impact of COVID-19 was also part of our audit procedure. In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation/ record/reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our test. Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information in the Basel III - Pillar 3 disclosures and graphical representation of financial highlights (but does not include the financial statements and our auditor's reports thereon), which we obtained prior to the date of this auditor's report, and Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Bank's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the Reserve Bank of India from time to time as applicable to Bank. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Bank and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a. We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 6,195,554 Lacs as at March 31, 2020, total revenues of Rs. 1,170,933 Lacs and net cash flows amounting to ₹ 133,856 Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

   Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors

b. The consolidated financial statements of the Group for the year ended March 31, 2019, were audited by another auditor whose report dated April 20, 2019 expressed an unmodified opinion on those consolidated financial statements. Our opinion is not modified in respect this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and the consideration of the report of the other auditors on separate financial statements as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   c. The Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
   d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards 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;
   e. On the basis of the written representations received from the directors of the Bank as on March 31, 2020 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
   f. With respect to the adequacy of internal financial controls with reference to the consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A";
   g. With respect to the matter to be included in the Auditor's Report under Section 197(16):

      In our opinion and according to the information and explanations given to us and based on the report of the statutory auditors of subsidiary companies which were not audited by us, the remuneration paid during the current year by the subsidiary companies to their directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us. Further, the bank is a banking company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply to the Bank; and
   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Schedule 12, Schedule 17(D)(17) and Schedule 18(13)(d)(1) to the consolidated financial statements;
      ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Schedule 17(D)(7) & 17(D)(17) and Schedule 18(13)(d) to the consolidated financial statements in respect of such items as it relates to the Group; and
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank and its subsidiary companies incorporated in India.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

UDIN: 20117812AAAAEV9284

Mumbai
April 18, 2020

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HDFC BANK LIMITED

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of HDFC Bank limited on the consolidated Financial Statements for the year ended March 31, 2020]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Bank as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of HDFC Bank Limited (hereinafter referred to as "the Bank") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Bank, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Bank, its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Bank, its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A Bank's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Bank, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

UDIN: 20117812AAAAEV9284

Mumbai
April 18, 2020

Consolidated Balance Sheet

As at March 31, 2020

₹ in '000

	Schedule	As at 31-Mar-20	As at 31-Mar-19
CAPITAL AND LIABILITIES			
Capital	1	5,483,286	5,446,613
Reserves and surplus	2	1,758,103,766	1,531,279,982
Minority interest	2A	5,766,413	5,017,945
Deposits	3	11,462,071,336	9,225,026,779
Borrowings	4	1,868,343,231	1,577,327,790
Other liabilities and provisions	5	708,536,341	583,957,956
Total		**15,808,304,373**	**12,928,057,065**
ASSETS			
Cash and balances with Reserve Bank of India	6	722,110,033	468,045,896
Balances with banks and money at call and short notice	7	157,291,086	350,130,527
Investments	8	3,893,049,519	2,894,458,722
Advances	9	10,436,708,771	8,692,226,631
Fixed assets	10	46,268,558	42,198,371
Other assets	11	552,876,406	480,996,918
Total		**15,808,304,373**	**12,928,057,065**
Contingent liabilities	12	11,304,740,615	10,251,253,094
Bills for collection		515,849,020	499,528,010
Significant accounting policies and notes to the Consolidated financial statements	17 & 18		
The schedules referred to above form an integral part of the Consolidated Balance Sheet.			

As per our report of even date.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

Mumbai, April 18, 2020

For and on behalf of the Board

Shyamala Gopinath
Part Time Non-Executive Chairperson & Independent Director

Umesh Chandra Sarangi
Independent Director

Aditya Puri
Managing Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Consolidated Profit and Loss Account

For the year ended March 31, 2020

₹ in '000

		Schedule	Year ended 31-Mar-20	Year ended 31-Mar-19
I	**INCOME**			
	Interest earned	13	1,221,892,915	1,051,607,400
	Other income	14	248,789,748	189,470,509
	Total		**1,470,682,663**	**1,241,077,909**
II	**EXPENDITURE**			
	Interest expended	15	621,374,216	537,126,876
	Operating expenses	16	330,360,555	276,947,604
	Provisions and contingencies		245,985,239	202,547,300
	Total		**1,197,720,010**	**1,016,621,780**
III	**PROFIT**			
	Net profit for the year		272,962,653	224,456,129
	Less : Minority interest		423,147	1,131,820
	Consolidated profit for the year		272,539,506	223,324,309
	Balance in the Profit and Loss Account brought forward		528,496,075	430,989,822
	Total		**801,035,581**	**654,314,131**
IV	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		67,717,167	54,997,602
	Tax (including cess) on dividend		902,672	433,081
	Dividend (including tax / cess thereon) pertaining to previous year paid during the year, net of dividend tax credits		48,933,585	40,525,854
	Interim Dividend (including tax)		16,469,504	-
	Transfer to General Reserve		26,257,315	21,078,165
	Transfer to Capital Reserve		11,238,460	1,053,354
	Transfer to / (from) Investment Reserve Account		-	-
	Transfer to / (from) Investment Fluctuation Reserve		11,340,000	7,730,000
	Balance carried over to Balance Sheet		618,176,878	528,496,075
	Total		**801,035,581**	**654,314,131**
V	**EARNINGS PER EQUITY SHARE (FACE VALUE ₹ 1 PER SHARE)**		₹	₹
	Basic		49.84	41.66
	Diluted		49.46	41.25
	Significant accounting policies and notes to the Consolidated financial statements	17 & 18		
	The schedules referred to above form an integral part of the Consolidated Profit and Loss Account.			

As per our report of even date.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

Mumbai, April 18, 2020

For and on behalf of the Board

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Chief Financial Officer

Santosh Haldankar
Company Secretary

Consolidated Cash Flow Statement

For the year ended March 31, 2020

₹ in '000

	Year ended 31-Mar-20	Year ended 31-Mar-19
Cash flows from operating activities		
Consolidated profit before income tax	381,525,366	342,049,793
Adjustments for:		
Depreciation on fixed assets	12,767,714	12,206,675
(Profit) / loss on revaluation of investments	7,021,095	152,437
Amortisation of premium on held to maturity investments	5,014,137	4,534,626
(Profit) / loss on sale of fixed assets	81,865	(62,054)
Provision / charge for non performing assets	110,657,129	74,233,774
Provision for standard assets and Contingencies	30,574,317	11,852,505
	547,641,623	**444,967,756**
Adjustments for:		
(Increase) / decrease in investments	(1,010,700,996)	(514,583,611)
(Increase) / decrease in advances	(1,855,003,617)	(1,766,074,976)
Increase / (decrease) in deposits	2,237,044,557	1,341,275,360
(Increase) / decrease in other assets	(72,497,457)	(97,167,983)
Increase / (decrease) in other liabilities and provisions	93,598,719	87,851,107
	(59,917,171)	**(503,732,347)**
Direct taxes paid (net of refunds)	(108,773,749)	(124,983,100)
Net cash flow used in operating activities	**(168,690,920)**	**(628,715,447)**
Cash flows used in investing activities		
Purchase of fixed assets	(16,358,706)	(16,206,124)
Proceeds from sale of fixed assets	189,462	222,037
Net cash flow used in investing activities	**(16,169,244)**	**(15,984,087)**

₹ in '000

	Year ended 31-Mar-20	Year ended 31-Mar-19
Cash flows from financing activities		
Increase in minority interest	748,468	1,454,623
Proceeds from issue of share capital, net of issue expenses	18,486,821	257,904,302
Proceeds from issue of Tier I and Tier II capital bonds	7,435,000	9,000,000
Redemption of Tier II capital bonds	-	(28,750,000)
Increase / (decrease) in other borrowings	283,580,441	32,656,942
Dividend paid during the year (including tax on dividend)	(66,305,761)	(40,958,935)
Net cash flow from financing activities	**243,944,969**	**231,306,932**
Effect of exchange fluctuation on translation reserve	**2,139,891**	**953,463**
Net increase / (decrease) in cash and cash equivalents	**61,224,696**	**(412,439,139)**
Cash and cash equivalents as at April 1st	**818,176,423**	**1,230,615,562**
Cash and cash equivalents as at March 31st	**879,401,119**	**818,176,423**

As per our report of even date.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

Mumbai, April 18, 2020

For and on behalf of the Board

Shyamala Gopinath
Part Time Non-Executive Chairperson & Independent Director

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Independent Director

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Managing Director

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Chief Financial Officer

Santosh Haldankar
Company Secretary

Schedules to the Consolidated Financial Statements

As at March 31, 2020

₹ in '000

	As at 31-Mar-20	As at 31-Mar-19
SCHEDULE 1 - CAPITAL		
Authorised capital		
6,50,00,00,000 (31 March, 2019 : 6,50,00,00,000) Equity Shares of ₹ 1/- each	6,500,000	6,500,000
Issued, subscribed and paid-up capital		
5,48,32,86,460 (31 March, 2019 : 5,44,66,13,220) Equity Shares of ₹ 1/- each	5,483,286	5,446,613
Total	**5,483,286**	**5,446,613**
SCHEDULE 2 - RESERVES AND SURPLUS		
I Statutory reserve		
Opening balance	288,321,113	233,323,511
Additions during the year	67,717,167	54,997,602
Total	**356,038,280**	**288,321,113**
II General reserve		
Opening balance	110,484,043	89,405,878
Additions during the year	26,257,315	21,078,165
Total	**136,741,358**	**110,484,043**
III Balance in profit and loss account	618,176,878	528,496,075
IV Share premium account		
Opening balance	569,105,180	311,945,097
Additions during the year	18,450,148	258,422,941
Deductions during the year [Refer Schedule 18 (6)]	-	(1,262,858)
Total	**587,555,328**	**569,105,180**
V Amalgamation reserve		
Opening balance	10,635,564	10,635,564
Additions during the year	-	-
Total	**10,635,564**	**10,635,564**
VI Capital reserve		
Opening balance	15,409,264	14,355,910
Additions during the year	11,238,460	1,053,354
Total	**26,647,724**	**15,409,264**

₹ in '000

	As at 31-Mar-20	As at 31-Mar-19
VII Investment reserve account		
Opening balance	-	-
Additions during the year	-	162,237
Deductions during the year	-	(162,237)
Total	**-**	**-**
VIII Investment fluctuation reserve		
Opening balance	7,730,000	-
Additions during the year	11,340,000	7,730,000
Deductions during the year	-	-
Total	**19,070,000**	**7,730,000**
IX Foreign currency translation account		
Opening balance	1,098,743	145,280
Additions / (deductions) during the year	2,139,891	953,463
Total	**3,238,634**	**1,098,743**
Total	**1,758,103,766**	**1,531,279,982**
SCHEDULE 2 A - MINORITY INTEREST		
Minority interest at the date on which parent subsidiary relationship came into existence	276,029	276,029
Subsequent increase	5,490,384	4,741,916
Total	**5,766,413**	**5,017,945**
Includes reserves of Employee Welfare Trust of ₹ 147.61 crore (March 31, 2019: ₹ 142.75 crore)		
SCHEDULE 3 - DEPOSITS		
A I Demand deposits		
(i) From banks	36,285,672	34,189,112
(ii) From others	1,695,304,394	1,386,120,241
Total	**1,731,590,066**	1,420,309,353
II Savings bank deposits	**3,103,769,443**	**2,487,001,601**
III Term deposits		
(i) From banks	136,163,876	60,287,319
(ii) From others	6,490,547,951	5,257,428,506
Total	**6,626,711,827**	**5,317,715,825**
Total	**11,462,071,336**	**9,225,026,779**
B I Deposits of branches in India	11,413,640,800	9,167,385,012
II Deposits of branches outside India	48,430,536	57,641,767
Total	**11,462,071,336**	**9,225,026,779**

Schedules to the Consolidated Financial Statements

As at March 31, 2020

₹ in '000

	As at 31-Mar-20	As at 31-Mar-19
SCHEDULE 4 - BORROWINGS		
I Borrowings in India		
(i) Reserve Bank of India	17,260,000	174,000,000
(ii) Other banks	138,040,829	145,278,089
(iii) Other institutions and agencies	749,824,337	325,310,645
(iv) Upper and lower tier II capital and innovative perpetual debts	218,755,000	211,320,000
(v) Bonds and Debentures (excluding subordinated debt)	392,424,149	381,110,476
Total	**1,516,304,315**	**1,237,019,210**
II Borrowings outside India	352,038,916	340,308,580
Total	**1,868,343,231**	**1,577,327,790**
Secured borrowings included in I & II above: ₹ 36,342.70 crore (March 31, 2019: ₹ 32,819.98 crore) except borrowings of ₹ 52,524.20 crore (March 31, 2019: ₹ 17,400.00 crore) under Tri-party repo and transactions under Liquidity Adjustment Facility and Marginal Standing Facility.		
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I Bills payable	75,837,207	70,403,952
II Interest accrued	85,825,548	82,477,845
III Others (including provisions)	500,355,960	392,586,642
IV Contingent provisions against standard assets	46,517,626	38,489,517
Total	**708,536,341**	**583,957,956**
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I Cash in hand *(including foreign currency notes)*	92,135,807	74,324,614
II Balances with Reserve Bank of India:		
(a) In current accounts	377,974,226	391,721,282
(b) In other accounts	252,000,000	2,000,000
Total	**629,974,226**	393,721,282
Total	**722,110,033**	**468,045,896**
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I In India		
(i) Balances with banks:		
(a) In current accounts	4,155,423	3,458,949
(b) In other deposit accounts	12,476,849	4,242,945
Total	**16,632,272**	**7,701,894**
(ii) Money at call and short notice:		
(a) With banks	-	18,000,000
(b) With other institutions	-	77,213,500
Total	**-**	**95,213,500**
Total	**16,632,272**	**102,915,394**

₹ in '000

	As at 31-Mar-20	As at 31-Mar-19
II Outside India		
(i) In current accounts	47,628,696	83,970,273
(ii) In deposit accounts	10,176,943	2,863,017
(iii) Money at call and short notice	82,853,175	160,381,843
Total	**140,658,814**	**247,215,133**
Total	**157,291,086**	**350,130,527**
SCHEDULE 8 - INVESTMENTS		
A Investments in India in		
(i) Government securities	3,230,399,049	2,421,293,559
(ii) Other approved securities	-	-
(iii) Shares	4,182,471	4,095,538
(iv) Debentures and bonds	258,011,937	277,328,845
(v) Others (Units, CDs, CPs, PTCs and security receipts)	378,628,257	176,688,749
Total	**3,871,221,714**	**2,879,406,691**
B Investments outside India in		
(i) Government securities (including Local Authorities)	8,409,391	7,236,612
(ii) Other investments		
(a) Shares	35,024	35,024
(b) Debentures and bonds	13,383,390	7,780,395
Total	**21,827,805**	**15,052,031**
Total	**3,893,049,519**	**2,894,458,722**
SCHEDULE 9 - ADVANCES		
A (i) Bills purchased and discounted	387,832,198	320,438,660
(ii) Cash credits, overdrafts and loans repayable on demand	2,340,489,951	2,022,142,263
(iii) Term loans	7,708,386,622	6,349,645,708
Total	**10,436,708,771**	**8,692,226,631**
B (i) Secured by tangible assets*	7,174,666,685	6,085,438,502
(ii) Covered by bank / government guarantees	201,580,178	278,716,962
(iii) Unsecured	3,060,461,908	2,328,071,167
Total	**10,436,708,771**	**8,692,226,631**
** Including advances against book debts*		
C I Advances in India		
(i) Priority sector	2,582,817,659	2,213,382,045
(ii) Public sector	623,353,731	216,010,200
(iii) Banks	68,550,435	139,904,171
(iv) Others	6,877,873,162	5,873,103,876
Total	**10,152,594,987**	**8,442,400,292**

Schedules to the Consolidated Financial Statements

As at March 31, 2020

₹ in '000

	As at 31-Mar-20	As at 31-Mar-19
C II Advances outside India		
(i) Due from banks	33,250,983	35,655,221
(ii) Due from others		
(a) Bills purchased and discounted	51,070	860,526
(b) Syndicated loans	12,531,145	16,686,474
(c) Others	238,280,586	196,624,118
Total	**284,113,784**	**249,826,339**
Total	**10,436,708,771**	**8,692,226,631**
(Advances are net of provisions)		
SCHEDULE 10 - FIXED ASSETS		
A Premises *(including land)*		
Gross block		
At cost on 31 March of the preceding year	18,258,591	17,285,825
Additions during the year	737,974	1,079,471
Deductions during the year	(85,864)	(106,705)
Total	**18,910,701**	**18,258,591**
Depreciation		
As at 31 March of the preceding year	5,816,393	5,321,464
Charge for the year	634,858	584,394
On deductions during the year	(75,309)	(89,465)
Total	**6,375,942**	**5,816,393**
Net block	**12,534,759**	**12,442,198**
B Other fixed assets *(including furniture and fixtures)*		
Gross block		
At cost on 31 March of the preceding year	105,848,358	92,109,943
Additions during the year	16,378,259	15,385,650
Deductions during the year	(5,210,480)	(1,647,235)
Total	**117,016,137**	**105,848,358**
Depreciation		
As at 31 March of the preceding year	76,092,185	65,968,721
Charge for the year	12,139,660	11,627,195
On deductions during the year	(4,949,507)	(1,503,731)
Total	**83,282,338**	**76,092,185**
Net block	**33,733,799**	**29,756,173**

₹ in '000

	As at 31-Mar-20	As at 31-Mar-19
C Assets on lease *(plant and machinery)*		
Gross block		
At cost on 31 March of the preceding year	4,546,923	4,546,923
Additions during the year	-	-
Total	**4,546,923**	**4,546,923**
Depreciation		
As at 31 March of the preceding year	4,104,467	4,104,467
Charge for the year	-	-
Total	**4,104,467**	**4,104,467**
Lease adjustment account		
As at 31 March of the preceding year	442,456	442,456
Charge for the year	-	-
Total	**442,456**	**442,456**
Unamortised cost of assets on lease	-	-
Total	**46,268,558**	**42,198,371**
SCHEDULE 11 - OTHER ASSETS		
I Interest accrued	103,326,928	93,262,783
II Advance tax / tax deducted at source (net of provisions)	26,561,476	19,546,668
III Stationery and stamps	430,930	345,677
IV Non banking assets acquired in satisfaction of claims	-	-
V Bond and share application money pending allotment	-	146,197
VI Security deposit for commercial and residential property	5,626,425	5,293,406
VII Others*	416,930,647	362,402,187
Total	**552,876,406**	**480,996,918**
**Includes deferred tax asset (net) of ₹ 4,144.23 crore (March 31, 2019: ₹ 4,620.68 crore), goodwill of ₹ 148.79 crore (March 31, 2019: ₹ 148.79 crore) and deposits placed with NABARD / SIDBI / NHB on account of shortfall in lending to priority sector of ₹ 9,196.86 crore (March 31, 2019: ₹ 10,832.25 crore)*		
SCHEDULE 12 - CONTINGENT LIABILITIES		
I Claims against the bank not acknowledged as debts - taxation	12,967,986	12,612,813
II Claims against the bank not acknowledged as debts - others	1,799,920	1,255,424
III Liability on account of outstanding forward exchange contracts	6,079,194,921	5,561,859,469
IV Liability on account of outstanding derivative contracts	4,152,761,103	3,639,008,146
V Guarantees given on behalf of constituents - in India	590,864,399	536,870,994
- outside India	859,639	752,190
VI Acceptances, endorsements and other obligations	440,232,727	475,617,760
VII Other items for which the Bank is contingently liable	26,059,920	23,276,298
Total	**11,304,740,615**	**10,251,253,094**

Schedules to the Consolidated Financial Statements

As at March 31, 2020

₹ in '000

	Year ended 31-Mar-20	Year ended 31-Mar-19
SCHEDULE 13 - INTEREST EARNED		
I Interest / discount on advances / bills	990,796,325	837,361,574
II Income from investments	205,727,257	199,247,497
III Interest on balance with RBI and other inter-bank funds	18,687,664	6,606,217
IV Others	6,681,669	8,392,112
Total	**1,221,892,915**	**1,051,607,400**
SCHEDULE 14 - OTHER INCOME		
I Commission, exchange and brokerage	180,171,223	149,045,609
II Profit / (loss) on sale of investments (net)	27,034,829	5,735,619
III Profit / (loss) on revaluation of investments (net)	(7,021,095)	(152,437)
IV Profit / (loss) on sale of building and other assets (net)	259,150	329,498
V Profit / (loss) on exchange / derivative transactions (net)	21,547,462	17,203,935
VI Miscellaneous income	26,798,179	17,308,285
Total	**248,789,748**	**189,470,509**
SCHEDULE 15 - INTEREST EXPENDED		
I Interest on deposits	507,888,796	410,442,557
II Interest on RBI / inter-bank borrowings	113,068,058	124,978,211
III Other interest	417,362	1,706,108
Total	**621,374,216**	**537,126,876**
SCHEDULE 16 - OPERATING EXPENSES		
I Payments to and provisions for employees	129,201,282	104,511,480
II Rent, taxes and lighting	17,796,297	15,775,363
III Printing and stationery	4,484,020	5,261,700
IV Advertisement and publicity	1,004,391	1,593,970
V Depreciation on bank's property	12,767,714	12,206,675
VI Directors' fees / remuneration, allowances and expenses	39,741	35,988
VII Auditors' fees and expenses	37,823	36,230
VIII Law charges	1,587,423	1,419,023
IX Postage, telegram, telephone etc.	4,716,491	4,490,653
X Repairs and maintenance	12,934,396	12,835,334
XI Insurance	12,295,061	10,424,807
XII Other expenditure*	133,495,916	108,356,381
Total	**330,360,555**	**276,947,604**

Includes professional fees, commission to sales agents, card and merchant acquiring expenses and system management fees.

SCHEDULE 17 - Significant accounting policies appended to and forming part of the consolidated financial statements for the year ended March 31, 2020

A BACKGROUND

HDFC Bank Limited ('HDFC Bank' or 'the Bank'), incorporated in Mumbai, India is a publicly held banking company engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013. The Bank has overseas branch operations in Bahrain, Hong Kong, Dubai and Offshore Banking Unit at International Financial Service Centre (IFSC), at GIFT City, Gandhinagar in Gujarat. The financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by branches of the Bank.

HDB Financial Services Limited (HDBFSL) and HDFC Securities Limited (HSL) are subsidiaries of the Bank. HDBFSL is a non-deposit taking non-banking finance company. HSL is a financial services provider along with broking as a core product.

B PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries constituting the 'Group'.

The Bank consolidates its subsidiaries in accordance with Accounting Standard ('AS') 21, Consolidated Financial Statements, specified under Section 133 of the Companies Act, 2013, on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. Capital reserve / Goodwill on consolidation represent the difference between the Bank's share in the net worth of the subsidiary and the cost of acquisition at the time of making the investment in the subsidiary.

C BASIS OF PREPARATION

The consolidated financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time ('RBI guidelines'), Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, in so far as they apply to banks.

Use of estimates

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

Basis of consolidation

The consolidated financial statements present the accounts of HDFC Bank Limited with its following subsidiaries:

Name	Relation	Country of incorporation	Ownership interest**
HDFC Securities Limited	Subsidiary	India	96.57%
HDB Financial Services Limited	Subsidiary	India	95.30%
HDB Employee Welfare Trust	*	India	

The financial statements of HDBFSL and HSL have been prepared in accordance with notified Indian Accounting Standards ('Ind-AS') with effect from April 1, 2018. The financial statements used for consolidation are special purpose financial statements prepared in accordance with Generally Accepted Accounting Principles in India ('GAAP') specified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

* The accounts of HDB Employee Welfare Trust, a trust established for providing general welfare measures such as medical relief and educational assistance to the employees of the Bank and their dependents has been entirely consolidated.

** Denotes HDFC Bank's direct interest.

During the year ended March 31, 2020 the Bank's shareholding in HDB Financial Services Limited decreased from 95.5% to 95.3% on account of the stock options exercised by minority stakeholders.

During the year ended March 31, 2020 the Bank's shareholding in HDFC Securities Limited decreased from 97.3% to 96.6% on account of the stock options exercised by minority stakeholders.

The audited financial statements of the subsidiary companies, entity controlled by the Bank have been drawn up to the same reporting date as that of the Bank, i.e. March 31, 2020.

D PRINCIPAL ACCOUNTING POLICIES

1 Investments

HDFC Bank Limited

Classification:

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

Purchase and sale transactions in securities are recorded under settlement date of accounting, except in the case of equity shares where trade date accounting is followed.

Basis of classification:

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

Acquisition cost:

Brokerage, commission, etc. and broken period interest on debt instruments are recognised in the Profit and Loss Account and are not included in the cost of acquisition.

Disposal of investments:

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

Short sale:

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is categorised under HFT category and netted off from investments in the Balance Sheet. The short position is marked to market and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Profit / Loss on settlement of the short position is recognised in the Profit and Loss Account.

Valuation:

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

Traded investments are valued based on the trades / quotes on the recognised stock exchanges or prices published by Financial Benchmarks India Pvt Ltd. (FBIL) with Fixed Income Money Market and Derivatives Association (FIMMDA) as the calculating agent.

The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR') included in the AFS and HFT categories is computed as per the prices published by FBIL with FIMMDA as the calculating agent.

The valuation of other unquoted fixed income securities (viz. State Government securities, other approved securities, bonds and debentures), and preference shares, is done with appropriate mark-up over the Yield to Maturity (YTM) rates for Central Government Securities as published by Primary Dealers Association of India ("PDAI") / FIMMDA / FBIL.

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

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

Units of mutual funds are valued at the latest net asset value declared by the respective schemes of the mutual fund.

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

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

Investment in unquoted venture capital fund are categorised under HTM category for the initial period of three years and valued at cost. Such investment is required to be transferred to AFS thereafter.

Pass Through Certificates (PTC) including Priority Sector-PTCs are valued by using FIMMDA credit spread as applicable for the NBFC category, based on the credit rating of the respective PTC over the YTM rates for government securities published by FBIL with FIMMDA as the calculating agent.

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

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

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

Repurchase and reverse repurchase transactions:

In accordance with the RBI guidelines, repurchase (Repo) and reverse repurchase (Reverse Repo) transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively.

Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

HDFC Securities Limited

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

HDB Financial Services Limited

Investments expected to mature after twelve months are taken as long term / non-current investment and stated at cost. Provision is recognised only in case of diminution, which is other than temporary in nature. Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash. All other investments are recognised as short term / current investments and are valued at lower of cost and net realisable value.

2 Advances

HDFC Bank Limited

Classification:

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

Provisioning:

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

The specific provision levels for retail non-performing assets are also based on the nature of product and delinquency levels.

Specific loan loss provisions in respect of non-performing advances are charged to the Profit and Loss Account and included under Provisions and Contingencies.

Non-performing advances are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognised in the Profit and Loss Account and included under other income.

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

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

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

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

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

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

HDB Financial Services Limited

Classification:

Advances are classified as standard, sub-standard and doubtful assets as per the Company policy approved by the Board. The rates applied for making provisions on non-performing advances are higher than those required by the relevant RBI guidelines. Interest on non-performing advances is transferred to an interest suspense account and not recognised in the Profit and Loss Account until received. Loan assets are recognised on disbursement of loan and in case of new asset financing on the transfer of ownership.

Provisioning:

The Company assesses all receivables for their recoverability and accordingly recognises provision for non-performing and doubtful assets as per approved Company policies and guidelines. The Company ensures provisions made are not lower than as stipulated by RBI guidelines.

The Company provides 0.40% on standard assets as stipulated by RBI master direction (RBI/DNBR/2016-17/45 Master Direction DNBR PD 008/03.10.119/2016-17) issued on September 1, 2016 Non-Banking Financial Company – Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016 as amended.

Loan origination costs:

Brokerage, commission, incentive to employee, etc. paid at the time of acquisition of loans are charged to expenses.

3 Securitisation and transfer of assets

HDFC Bank Limited

The Bank securities out its receivables to Special Purpose Vehicles (SPVs) in securitisation transactions. Such securitised-out receivables are de-recognised in the Balance Sheet when they are sold (true sale criteria being fully met with) and consideration is received by the Bank. Sales / transfers that do not meet these criteria for surrender of control are accounted for as secured borrowings. In respect of receivable pools securitised-out, the Bank provides liquidity and credit enhancements, as specified by the rating agencies, in the form of cash collaterals / guarantees and / or by subordination of cash flows in line with RBI guidelines. The Bank also acts as a servicing agent for receivable pools securitised-out.

The Bank enters into transactions for transfer of standard assets through the direct assignment of cash flows, which are similar to asset-backed securitisation transactions through the SPV route, except that such portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates (PTCs).

The RBI issued addendum guidelines on securitisation of standard assets vide its circular dated May 7, 2012. Accordingly, the Bank does not provide liquidity or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines. The Bank amortises any profit received for every individual securitisation or direct assignment transaction based on the method prescribed in these guidelines.

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

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

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank invests in PTCs issued by other SPVs. These are accounted for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenor of the loans.

HDB Financial Services Limited

- Prior to Issuance of RBI Circular dated August 21, 2012
    - a) On receivables being assigned / securtised, the assets are de-recognised as all the rights, title, future receivables & interest thereof are assigned to the purchaser.
    - b) Gains arising on assignment of receivables will be recognised at the end of the tenure of assignment contract as per the RBI guidelines, while loss, if any is recognised upfront.
- Post Issuance of RBI Circular dated August 21, 2012
    - a) Securitised receivables are de-recognised in the Balance Sheet when they are sold i.e. they meet true sale criteria.
    - b) Gains arising out of securitisation of assets are recognised over the tenure of the securities issued by Special Purpose Vehicle Trust (SPV).
    - c) The excess interest spread on the securitisation transactions are recognised in the Profit and Loss Account only when it is redeemed in cash by the SPV after adjusting for overdue receivable for more than 90 days. Losses, if any, are recognised upfront.

4 Priority Sector Lending Certificates (PSLCs)

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as miscellaneous income and the fee paid for purchase of the PSLCs is recorded as other expenditure in Profit and Loss Account. These are amortised over the period of the Certificate.

5 Fixed assets and depreciation

HDFC Bank Limited

Fixed assets are stated at cost less accumulated depreciation as adjusted for impairment, if any. Cost includes cost of purchase and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to use.

Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.

Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis. The management believes that the useful life of assets assessed by the Bank, pursuant to Part C of Schedule II to the Companies Act, 2013, taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use, fairly reflects its estimate of useful lives of the fixed assets. The estimated useful lives of key fixed assets are given below:

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

- Improvements to lease hold premises are charged off over the remaining primary period of lease.
- Software and system development expenditure is depreciated over a period of 5 years.
- Point of sales terminals are depreciated over a period of 4 years.
- For assets purchased and sold during the year, depreciation is provided on pro-rata basis by the Bank.
- Whenever there is a revision of the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.
- Profit on sale of immovable property net of taxes and transfer to statutory reserve, are transferred to capital reserve account.
- Assets (other than POS terminals) costing less than ₹ 5,000 individually are fully depreciated in the year of purchase.

HDFC Securities Limited

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price and expenses directly attributable to bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset are added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements.

Gains or losses arising from disposal or retirement of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" or "Other Expenses", as the case maybe, in the Profit and Loss Account in the year of disposal or retirement.

Capital work-in-progress are fixed assets which are not yet ready for their intended use. Such assets are carried at cost comprising direct cost and related incidental expenses.

Depreciation is provided on a pro-rata basis to fully depreciate the assets using the straight-line method over the estimated useful lives of the assets.

For the following categories of assets, depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013:

Asset	Estimated useful life
Computer hardware	3 years
Office equipments	5 years
Furniture and fixtures	10 years
Leasehold improvements	Over the remaining period of the lease
Electricals	10 years
Office premises	60 years

For the following categories of assets, the Company has assessed useful life based on technical advice, taking into account the nature of the asset, the estimates usage of asset, the operating condition of asset, anticipated technological changes and utility in the business, as below:

Asset	Estimated useful life
Vehicles	4 years
Network & servers	4 years

- All tangible and intangible assets costing less than ₹ 5,000 individually are fully depreciated in the year of purchase.
- Useful lives are reviewed at each financial year end and adjusted if required.
- Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.
- Cost of an intangible asset includes purchase price, non-refundable taxes and duties and any other directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset is charged to the Profit and Loss Account as an expense unless it is probable that such expenditure will enable the intangible asset increase the future benefits from the existing asset beyond its previously assessed standard of performance and such expenditure can be measured and attributed to the intangible asset reliably, in which case, such expenditure is capitalised.
- Expenditure on software development eligible for capitalisation are carried as intangible assets under development where such assets are not yet ready for their intended use.
- Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each reporting date. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.
- Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Profit and Loss Account in the year of disposal.

The estimated useful lives of intangible assets used for amortisation are:

Asset	Estimated useful life
Computer software licenses	5 years
Electronic trading platform (Website)	5 years
Bombay Stock Exchange card	10 years

HDB Financial Services Limited

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. The cost of fixed assets comprise purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.

Depreciation is charged over the estimated useful life of the fixed assets on a straight line basis in the manner prescribed in Schedule II of the Companies Act, 2013. The estimated lives used and differences from the lives prescribed under Schedule II are noted in the table below: -

Asset	Estimated useful life as assessed by the Company	Estimated useful life under Schedule II of the Companies Act, 2013
Building	60 years	60 years
Leasehold improvements	Tenure of lease agreements	Tenure of lease agreements
Motor cars	4 years	8 years
Computers	2-5 years	3 years
Furniture and fixtures	3-7 years	10 years
Office equipments	3 years	5 years

- Improvements to lease hold premises are charged off over the primary period of lease or its useful life, whichever is lower.
- Items costing less than ₹ 5,000 are fully depreciated in the year of purchase.
- The Company has estimated Nil residual value at the end of the useful life for all block of assets.
- For assets purchased and sold during the year, depreciation is being provided on pro-rata basis by the Company.

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to bring the same in working condition and the useful life of the same is estimated of 3 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the Profit and Loss Account.

5 Impairment of assets

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

6 Translation of foreign currency items

HDFC Bank Limited

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

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

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

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

HDFC Securities Limited

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognized in the Profit and Loss Account. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognised in the Profit and Loss Account and related assets and liabilities are accordingly restated in the Balance Sheet.

7 Foreign exchange and derivative contracts

HDFC Bank Limited

Foreign exchange spot and forward contracts outstanding as at the Balance Sheet date and held for trading, are revalued at the closing spot and forward rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities.

The USD-INR rate for valuation of contracts having longer maturities i.e. greater than one year is implied from MIFOR and LIBOR curves. For other currency pairs, the forward points (for rates / tenors not published by FEDAI) are obtained from Reuters for valuation of the forex deals. Valuation is considered on present value basis, as directed by FEDAI. For this purpose the forward profit or loss on the deals are discounted till the valuation date using the discounting yields. The resulting profit or loss on valuation is recognised in the Profit and Loss Account. Foreign exchange contracts are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value).

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

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

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

HDB Financial Services Limited

Derivative contracts are designated as cash flow hedges, the hedging instrument is measured at fair value and any gain or loss that is determined to be an effective hedge is recognised within equity i.e., Cashflow Hedge Reserve. Amounts recognised in equity are transferred to the Statement of Profit and Loss in the same period as the cash flows of hedged items affect the Statement of Profit and Loss. When a derivative contract expires or is sold or if a hedge no longer meets the criteria for hedge accounting, any cumulative profit or loss in the Cash Flow Hedge Reserve is retained in equity until the hedged cash flow is recognised in the Statement of Profit and Loss. However, if hedged cash flows are no longer expected to occur, the profit or loss against the corresponding derivative contract, accumulated in the Cash Flow Hedge Reserve, is immediately released through the Statement of Profit and Loss. Changes in the fair values of derivative instruments that do not qualify for hedge accounting are recognised immediately in the Statement of Profit and Loss.

8 Revenue recognition

HDFC Bank Limited

- Interest income is recognised in the Profit and Loss Account on an accrual basis, except in the case of non-performing assets. Also in case of domestic advances, where interest is collected on rear end basis, such interest is accounted on receipt basis in accordance with the RBI communication.
- Interest income on investments in PTCs and loans bought out through the direct assignment route is recognised at their effective interest rate.
- Income on non-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant effective yield basis.
- Loan processing fee is recognised as income when due. Syndication / Arranger fee is recognised as income when a significant act / milestone is completed.
- Gain / loss on sell down of loans is recognised in line with the extant RBI guidelines.
- Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.
- Guarantee commission, commission on letter of credit, annual locker rent fees and annual fees for credit cards are recognised on a straight-line basis over the period of contract. Other fees and commission income are recognised when due, where the Bank is reasonably certain of ultimate collection.

HDFC Securities Limited

- Income from services rendered as a broker is recognised upon rendering of the services.
- Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract.
- Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant or as the case may be, issue of the insurance policy to the applicant.
- Commissions and fees recognised as aforesaid are exclusive of goods and service tax, securities transaction tax, stamp duties and other levies by SEBI and stock exchanges.
- Interest is earned on delayed payments from clients and amounts funded to them as well as term deposits with banks.
- Interest income is recognised on a time proportion basis taking into account the amount outstanding from customers or on the financial instrument and the rate applicable.
- Dividend income is recognised when the right to receive the dividend is established.

HDB Financial Services Limited

- Interest income is recognised in the Profit and Loss Account on an accrual basis. In case of Non Performing Assets (NPA), interest income is recognised upon realisation as per the RBI Guidelines. Interest accrued and not realised before the classification of the asset as an NPA is reversed and credited to the interest suspense account.
- Income from BPO services and other financial charges are recognised on an accrual basis, except in case of cheque bouncing charges, late payment charges, foreclosure charges and application money, which are accounted as and when received.
- Upfront / processing fees are recovered and recognised at the time of disbursement of loan.
- Income from dividend is recognised in the Profit and Loss Account when the right to receive is established.

9 Employee benefits

HDFC Bank Limited

Employee Stock Option Scheme (ESOS):

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

The Bank follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan.

The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any is amortised over the vesting period.

Gratuity:
The Bank has an obligation towards gratuity, a defined benefit retirement plan covering all eligible employees. The plan benefit vests upon completion of five years of service and is in the form of lump sum payment to employees on resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 days' basic salary payable for each completed year of service without upper limit. The Bank makes contributions to recognized Trusts administered by trustees and whose funds are managed by insurance companies, of amounts notified by the said insurance companies. In respect of erstwhile Lord Krishna Bank (eLKB) employees, the Bank makes contribution to a fund set up by eLKB and administered by the Board of Trustees.

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

Superannuation:
The Bank has a Superannuation Plan under which employees of the Bank, above a prescribed grade, are entitled to receive retirement benefits either under a cash-out option through salary or under a defined contribution plan. For those opting for a defined contribution plan, the Bank contributes a sum equivalent to 13% of the employee's eligible annual basic salary (15% for the whole time directors and for certain eligible employees of the erstwhile Centurion Bank of Punjab (eCBoP) staff) to Trust administered by trustees and whose funds are managed by insurance companies. The Bank has no liability towards future superannuation fund benefits other than its annual contribution, and recognises such contributions as an expense in the year incurred.

Provident fund:
The Bank is covered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and accordingly all employees of the Bank are entitled to receive benefits under the provident fund. The Bank contributes an amount, on a monthly basis, at a determined rate (currently 12% of employee's basic salary). Of this, the Bank contributes an amount equal to 8.33% of employee's basic salary up to a maximum salary level of ₹ 15,000/- per month, to the Pension Scheme administered by the Regional Provident Fund Office. The balance amount of the 12% employer's share is contributed to an exempted Trust set up by the Bank and administered by a Board of Trustees. In respect of eCBoP employees, employer's and employee's share of contribution to Provident Fund till March 2009, was administered by the Regional Provident Fund Office and from April 2009 onwards, the same is transferred to the exempted Trust set up by the Bank and administered by the Board of Trustees. In respect of eLKB employees, the Bank contributes to a Trust set up by eLKB and administered by a Board of Trustees. The Bank recognises such contributions as an expense in the year in which it is incurred. Interest payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Bank.

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

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

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

Pension:
In respect of pension payable to certain eLKB employees under IBA structure, which is a defined benefit scheme, the Bank contributes 10% of basic salary to a pension trust set up by the Bank and administered by the Board of Trustees and an additional amount towards the liability shortfall based on an independent actuarial valuation as at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases and interest rates.

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

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

New Pension Scheme (NPS):
In respect of employees who opt for contribution to the NPS, the Bank contributes certain percentage of the basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year incurred.

HDFC Securities Limited
Short term
Short term employee benefits include salaries and performance incentives. A liability is recognised for the amount expected to be paid under short-term cash bonus or target based incentives if the Company has a present legal or informal obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. These costs are recognised as an expense in the Profit and Loss Account at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

Long term
The Company offers its employees long term benefits by way of defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

Defined-contribution plans
These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the National Pension Scheme, Employees' Provident Fund, Family Pension Fund and Superannuation Fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

Defined-benefit plans
Expenses for defined-benefit gratuity plan are calculated as at the Balance Sheet date by an independent actuary in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. The fair values of the plan assets are deducted in determining the net liability. When the fair value of plan assets exceeds the commitments computed as aforesaid, the recognised asset is limited to the net total of any cumulative past service costs and the present value of any economic benefits available in the form of reductions in future contributions to the plan.

Actuarial losses or gains are recognised in the Profit and Loss Account in the year in which they arise.

Other employee benefits
Compensated absences which accrue to employees and which can be carried to future periods but are expected to be availed in twelve months immediately following the year in which the employee has rendered service are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits.

Share-based payment transactions
Equity settled stock options granted under the Company's Employee Stock Option Schemes are accounted for as per the accounting treatment prescribed by the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The intrinsic value of the option being excess of fair value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Profit and Loss Account on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the unamortised portion.

HDB Financial Services Limited
Gratuity
The Company provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to fund administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The defined benefit plan are valued by an independent external actuary as at the Balance Sheet date using the projected unit credit method to determine the present value of defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognised in the Profit and Loss Account.

Provident fund
In accordance with the applicable law, all employees of the Company are entitled to receive benefits under the Provident Fund Act, 1952. The Company contributes an amount, on a monthly basis, at a determined rate to the Pension Scheme administered by the Regional Provident Fund Commissioner ('RPFC') and the Company has no liability for future provident fund benefits other than its annual contribution. Since it is a defined contribution plan, the contributions are accounted for on an accrual basis and recognized in the Profit and Loss Account.

Compensated absences
The Company neither have a policy of encashment of unavailed leaves for its employees nor allow the leaves to be carry forward to next year. Hence, in accordance with AS 15 (revised 2005) Employee Benefits issued by Institute of Chartered Accountants of India, leave actuarial valuation is not required.

10 Debit and credit cards reward points
HDFC Bank Limited
The Bank estimates the probable redemption of debit and credit card reward points and cost per point using an actuarial method by employing an independent actuary, which includes assumptions such as mortality, redemption and spends. Provisions for liabilities on the outstanding reward points are made based on an independent actuarial valuation as at the Balance Sheet date and included in other liabilities and provisions.

11 Bullion
HDFC Bank Limited
The Bank imports bullion including precious metal bars on a consignment basis. The imports are typically on a back-to-back basis and are priced to the customer based on the price quoted by the supplier. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers and reported as "Other Income".

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

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

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

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

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

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

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

16 Segment information
The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

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

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

A disclosure of contingent liability is made when there is:

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

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

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

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

19 Corporate social responsibility
Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss Account.

SCHEDULE 18 - Notes forming part of the consolidated financial statements for the year ended March 31, 2020

Amounts in notes forming part of the consolidated financial statements for the year ended March 31, 2020 are denominated in rupee crore to conform to extant RBI guidelines, except where stated otherwise.

1 Special Dividend

The Bank has paid Special Interim Dividend of ₹ 5 per equity share of face value of ₹ 2 each (pre-split) for the financial year 2019-20, to commemorate 25 years of the Bank's operation, aggregating to ₹ 1,646.95 crore inclusive of tax on dividend.

2 Sub-division of Equity Shares

The shareholders of the Bank at the 25th Annual General Meeting held on July 12, 2019 approved sub-division (split) of one equity share of the Bank from face value of ₹ 2/- each into two equity shares of face value of ₹ 1/- each. All shares and per share information in the financial statements reflect the effect of sub-division (split) retrospectively.

3 Proposed dividend

The Reserve Bank of India, vide its circular dated April 17, 2020, has decided that banks shall not make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, at their meeting held on April 18, 2020, has not proposed any final dividend for the year ended March 31, 2020.

During the previous year ended March 31, 2019, the Board of Directors had proposed a dividend of ₹ 15 per equity share aggregating to ₹ 4,924.64 crore inclusive of tax on dividend, which was subsequently approved by the shareholders at the Annual General Meeting and paid out. In terms of the revised Accounting Standard (AS) 4 'Contingencies and Events Occurring After the Balance Sheet Date' the Bank had then not appropriated the proposed dividend from the Profit and Loss Account. However, the effect of the proposed dividend was then reckoned in determining the capital funds in the computation of the capital adequacy ratio.

4 Capital infusion

During the year ended March 31, 2020, the Bank allotted 3,66,73,240 equity shares (previous year: 4,75,44,608 equity shares) aggregating to face value ₹ 3.67 crore (previous year: ₹ 4.75 crore) in respect of stock options exercised. Accordingly, the share capital increased by ₹ 3.67 crore (previous year: ₹ 4.75 crore) and the share premium increased by ₹ 1,845.01 crore (previous year: ₹ 2,196.06 crore).

During the year ended March 31, 2019, pursuant to the shareholder and regulatory approvals, the Bank on July 17, 2018, made a preferential allotment of 3,90,96,817 equity shares of face value of ₹ 2 each to Housing Development Finance Corporation Limited at a price of ₹ 2,174.09 per equity share (including share premium of ₹ 2,172.09 per equity share), aggregating to ₹ 8,500.00 crore and on August 2, 2018, concluded a Qualified Institutional Placement (QIP) of 1,28,47,222 equity shares of face value of ₹ 2 each at a price of ₹ 2,160.00 per equity share aggregating to ₹ 2,775.00 crore and an American Depository Receipt (ADR) offering of 1,75,00,000 ADR (representing 5,25,00,000 equity shares of face value of ₹ 2 each) at a price of USD 104 per ADR, aggregating to USD 1,820.00 million (equivalent ₹ 12,440.90 crore). Consequent to the above issuances, share capital increased by ₹ 20.89 crore and share premium increased by ₹ 23,568.72 crore, net of share issue expenses of ₹ 126.29 crore.

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

Particulars	March 31, 2020	March 31, 2019
Opening balance	544.66	519.02
Addition pursuant to Preferential allotment / QIP / ADR offering	-	20.89
Addition pursuant to stock options exercised	3.67	4.75
Closing balance	548.33	544.66

5 Earnings per equity share

Basic and diluted earnings per equity share have been calculated based on the consolidated net profit after tax attributable to the Group of ₹ 27,253.96 crore (previous year: ₹ 22,332.43 crore) and the weighted average number of equity shares outstanding during the year of 5,46,88,02,148 (previous year: 5,36,00,68,058).

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

Particulars	For the years ended	
	March 31, 2020	March 31, 2019
Nominal value per share (₹)	1.00	1.00
Basic earnings per share (₹)	49.84	41.66
Effect of potential equity shares (per share) (₹)	(0.38)	(0.41)
Diluted earnings per share (₹)	49.46	41.25

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

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

Particulars	For the years ended	
	March 31, 2020	March 31, 2019
Weighted average number of equity shares used in computing basic earnings per equity share	5,46,88,02,148	5,36,00,68,058
Effect of potential equity shares outstanding	4,10,17,673	5,32,75,290
Weighted average number of equity shares used in computing diluted earnings per equity share	5,50,98,19,821	5,41,33,43,348

6 Reserves and Surplus

Statutory Reserve

The Bank and a subsidiary has made an appropriation of ₹ 6,771.72 crore (previous year: ₹ 5,499.76 crore) out of profits for the year ended March 31, 2020 to the Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

Capital Reserve

During the year ended March 31, 2020, the Bank appropriated ₹ 1,123.85 crore (previous year: ₹ 105.34 crore), being the profit from sale of investments under HTM category and profit on sale of immovable properties, net of taxes and transfer to statutory reserve, from the Profit and Loss Account to the Capital Reserve.

General Reserve

The Bank has made an appropriation of ₹ 2,625.73 crore (previous year: ₹ 2,107.82 crore) out of profits for the year ended March 31, 2020 to the General Reserve.

Investment Fluctuation Reserve

In accordance with RBI guidelines, banks are required to create an Investment Fluctuation Reserve (IFR) equivalent to 2% of their HFT and AFS investment portfolios, within a period of three years starting fiscal 2019. Accordingly, during the year ended March 31, 2020, the Bank has made an appropriation of ₹ 1,134.00 crore (previous year: ₹ 773.00 crore), to the Investment Fluctuation Reserve from the Profit and Loss Account.

Investment Reserve Account

During the year ended March 31, 2020, the net transfer between Investment Reserve Account and Profit and Loss Account was Nil (previous year Nil) as per RBI guidelines.

Draw down from reserves

Share Premium

The Bank has not undertaken any drawdown from share premium during the year ended March 31, 2020 and March 31, 2019 except that during year ended March 31, 2019, share issue expenses of ₹ 126.29 crore, incurred for the equity raised through the QIP and ADR offering, had been adjusted against the share premium account in terms of section 52 of the Companies Act, 2013.

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7 Dividend on shares allotted pursuant to exercise of stock options

Shares allotted after the Balance Sheet date pursuant to any exercise of employee stock options but before book closure date are eligible for dividend when declared by the Bank and approved at a General Body Meeting of the shareholders of the Bank.

8 Accounting for employee share based payments

HDFC Bank Limited

The shareholders of the Bank approved the grant of equity share options under Plan "C" in June 2005, Plan "D" in June 2007, Plan "E" in June 2010, Plan "F" in June 2013 and Plan "G" in July 2016. Under the terms of each of these Plans, the Bank may issue to its employees and Whole Time Directors, Equity Stock Options ('ESOPs') each of which is convertible into one equity share. All the plans were framed in accordance with the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and as applicable at the time of the grant. The accounting for the stock options has been in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 to the extent applicable.

Plans C, D, E, F and G provide for the issuance of options at the recommendation of the Nomination and Remuneration Committee of the Board ('NRC') at the closing price on the working day immediately preceding the date when options are granted. This closing price is the closing price of the Bank's equity share on an Indian stock exchange with the highest trading volume as of the working day preceding the date of grant.

The vesting conditions applicable to the options are at the discretion of the NRC. These options are exercisable on vesting, for a period as set forth by the NRC at the time of the grant. The period in which the options may be exercised cannot exceed five years from date of expiry of vesting period. During the years ended March 31, 2020 and March 31, 2019, no modifications were made to the terms and conditions of ESOPs.

Activity in the options outstanding under the Employee Stock Option Plans

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2020:

Particulars	Number of options	Weighted average exercise price (₹)
Options outstanding, beginning of year	13,66,12,822	682.99
Granted during the year	4,77,73,600	1,220.13
Exercised during the year	3,66,73,240	504.10
Forfeited / Lapsed during the year	48,47,580	962.85
Options outstanding, end of year	14,28,65,602	899.03
Options exercisable	6,44,64,392	638.18

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2019:

Particulars	Number of options	Weighted average exercise price (₹)
Options outstanding, beginning of year	15,08,87,600	525.11
Granted during the year	3,97,90,000	1,030.24
Exercised during the year	4,75,44,608	462.90
Forfeited / Lapsed during the year	65,20,170	753.50
Options outstanding, end of year	13,66,12,822	682.99
Options exercisable	8,06,09,722	508.89

- The following table summarises the information about stock options outstanding as at March 31, 2020:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	340.00 to 417.75	4,85,100	0.34	344.05
Plan D	340.00	3,45,900	0.30	340.00
Plan E	340.00	17,05,500	0.30	340.00
Plan F	417.75 to 731.08	5,85,68,822	2.02	587.08
Plan G	882.85 to 1,229.00	8,17,60,280	3.45	1,139.82

- The following table summarises the information about stock options outstanding as at March 31, 2019:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	340.00 to 417.75	30,74,800	0.87	342.85
Plan D	340.00	13,19,800	0.97	340.00
Plan E	340.00	49,97,400	0.96	340.00
Plan F	417.75 to 731.08	8,84,76,822	2.71	567.24
Plan G	1,003.03 to 1,045.23	3,87,44,000	3.57	1,030.23

Fair value methodology

The fair value of options used to compute the *proforma* net profit and earnings per equity share have been estimated on the dates of each grant using the binomial option-pricing model. The Bank estimates the volatility based on the historical prices of its equity shares. The Bank granted 4,77,73,600 options during the year ended March 31, 2020 (previous year: 3,97,90,000). The various assumptions considered in the pricing model for the ESOPs granted during the year ended March 31, 2020 are:

Particulars	March 31, 2020	March 31, 2019
Dividend yield	0.61% to 0.85%	0.62% to 0.65%
Expected volatility	15.30% to 20.13%	14.53% to 18.68%
Risk - free interest rate	5.81% to 6.70%	7.23% to 8.31%
Expected life of the options	1 to 6 years	1 to 6 years

Impact of the fair value method on the net profit and earnings per share (EPS)

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

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Net profit (as reported)	26,257.32	21,078.17
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method (*proforma*)	719.80	535.90
Net profit (*proforma*)	25,537.52	20,542.27
	(₹)	(₹)
Basic earnings per share (as reported)	48.01	39.33
Basic earnings per share (*proforma*)	46.70	38.32
Diluted earnings per share (as reported)	47.66	38.94
Diluted earnings per share (*proforma*)	46.35	37.95

HDFC Securities Limited

The Shareholders of the Company approved a stock option scheme (viz. ESOS - II) in February 2017 ("Company Options"). Under the terms of the scheme, the Company issues stock options to employees, whole time director, managing director and directors (excluding Independent Directors) of the Company, each of which is convertible into one equity share.

Scheme ESOS - II provides for the issuance of options at the recommendation of the Compensation Committee of the Board of Directors (the "Compensation Committee") at a price of ₹ 1,136/- per share, and later in June 2019 at a price of ₹ 4,844/- per share being the fair market value of the share arrived by considering the average price of the two independent valuation reports. Method of settlement of this options are equity shares of the Company.

Such options vest at definitive dates, save for specific incidents, prescribed in the scheme as framed / approved by the Compensation Committee. Such options are exercisable for a period following the vesting at the discretion of the Compensation Committee.

Method used for accounting for shared based payment plan

The Company uses the Intrinsic Value method to account for the compensation cost of stock options to employees of the Company.

Activity in the options outstanding under the Employee Stock Options Plan

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2020:

Particulars	Company options	Weighted average exercise price (₹)
Options outstanding, beginning of year	1,33,650	1,136
Granted during the year	94,500	4,844
Exercised during the year	1,16,150	1,136
Forfeited / Lapsed during the year	2,000	4,844
Options outstanding, end of year	1,10,000	4,254
Options exercisable	17,500	1,136

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2019:

Particulars	Company options	Weighted average exercise price (₹)
Options outstanding, beginning of year	2,01,450	1,136
Granted during the year	-	-
Exercised during the year	61,150	1,136
Forfeited / Lapsed during the year	6,650	1,136
Options outstanding, end of year	1,33,650	1,136
Options exercisable	29,050	1,136

The following table summarises the information about stock options outstanding as at March 31, 2020:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
Company Options	1,136-4,844	1,10,000	4.85	4,254

The following table summarises the information about stock options outstanding as at March 31, 2019:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
Company Options	1,136	1,33,650	0.90	1,136

Fair value methodology

The fair value of options used to compute *proforma* net income and earnings per equity share have been estimated on dates of each grant using the Black and Scholes model. The shares of the Company are not listed on any stock exchange. Accordingly, the Company has considered the volatility of its stock price as an average of the historical volatility of similar listed enterprises for the purpose of calculating the fair value to reduce any company specific variations. The various assumptions considered in the pricing model for the stock options granted by the Company.

Particulars	March 31, 2017	March 31, 2019
Dividend yield	3.52%	2.57%
Expected volatility	43.53% to 42.48%	43.22% to 42.22%
Risk - free interest rate	6.60% to 6.90%	6.36% to 6.63%
Expected life of the options	3 to 5 years	3 to 5 years

Impact of the fair value method on the net profit and earning per share

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

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Net Profit (as reported)	423.37	347.95
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	15.35	2.66
Net Profit *(proforma)*	408.02	345.29
	(₹)	(₹)
Basic earnings per share (as reported)	270.96	223.65
Basic earnings per share *(proforma)*	261.14	221.94
Diluted earnings per share (as reported)	269.29	223.20
Diluted earnings per share *(proforma)*	261.07	221.50

HDB Financial Services Limited

In accordance with resolution approved by the shareholders, the Company has reserved shares, for issue to employees through ESOS Scheme. On the approval of Nomination and Remuneration Committee (NRC), each ESOS scheme is issued. The NRC has approved stock option schemes ESOS-8 on July 14, 2015, ESOS-9 on October 18, 2016 and ESOS-10 on October 13, 2017 and ESOS-11 on January 15, 2019. Under the term of the schemes, the Company may issue stock options to employees and directors of the Company, each of which is convertible into one equity share.

Such options vest at a definitive date, save for specific incidents, prescribed in the scheme as framed / approved by the NRC. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to a maximum of two years from the date of vesting for ESOS-8 and maximum of four years from the date of vesting for ESOS-9, ESOS-10 and ESOS-11.

Method used for accounting for shared based payment plan

The Company uses the Intrinsic Value method to account for the compensation cost of stock options to employees of the Company.

Activity in the options outstanding under the Employee Stock Options Plans

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2020:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	42,30,300	209.36
Granted during the year	-	-
Exercised during the year	18,79,350	178.22
Forfeited / Lapsed during the year	1,99,370	197.95
Options outstanding, end of year	21,51,580	237.62

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2019:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	62,69,950	168.41
Granted during the year	9,10,500	274.00
Exercised during the year	27,64,050	141.22
Forfeited / Lapsed during the year	1,86,100	159.37
Options outstanding, end of year	42,30,300	209.36

The following table summarises the information about stock options outstanding as at March 31, 2020:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
ESOS - 10	213.00	12,83,200	4.54	213.00
ESOS - 11	274.00	8,68,380	4.94	274.00

The following table summarises the information about stock options outstanding as at March 31, 2019:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
ESOS - 8	88.00	34,500	1.50	88.00
ESOS - 9	137.00	8,74,200	4.53	137.00
ESOS - 10	213.00	24,14,200	5.06	213.00
ESOS - 11	274.00	9,07,400	5.94	274.00

Fair value methodology

The fair value of options used to compute *proforma* net income and earnings per equity share have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company has considered the volatility of its stock price based on historical volatility of similar listed enterprises. The company has not granted options during the year. The various assumptions considered in the pricing model for the stock options granted by the Company during the year ended March 31, 2019 are:

Particulars	March 31, 2019
Dividend yield	0.66%
Expected volatility	34.90%
Risk-free interest rate	7.23%
Expected life of the option	3.01 years

Impact of the fair value method on the net profit and earning per share

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

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Net Profit (as reported)	1,036.94	1,151.10
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	11.19	16.05
Net Profit *(proforma)*	1,025.75	1,135.05
	(₹)	(₹)
Basic earnings per share (as reported)	13.19	14.69
Basic earnings per share *(proforma)*	13.05	14.48
Diluted earnings per share (as reported)	13.18	14.67
Diluted earnings per share *(proforma)*	13.03	14.46

Group

Impact of the fair value method on the net profit and earning per share of the Group

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

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Net Profit (as reported)	27,253.96	22,332.43
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	746.34	554.61
Net Profit *(proforma)*	26,507.62	21,777.82

Particulars	March 31, 2020	March 31, 2019
	(₹)	(₹)
Basic earnings per share (as reported)	49.84	41.66
Basic earnings per share *(proforma)*	48.47	40.63
Diluted earnings per share (as reported)	49.46	41.25
Diluted earnings per share *(proforma)*	48.11	40.23

9 Other liabilities

The Bank has presented gross unrealised gain on foreign exchange and derivative contracts under other assets and gross unrealised loss on foreign exchange and derivative contracts under other liabilities. Accordingly, other liabilities as at March 31, 2020 include unrealised loss on foreign exchange and derivative contracts of ₹ 18,470.93 crore (previous year: ₹ 12,772.60 crore).

10 Investments

HDFC Bank Limited

The details of securities that are kept as margin are as under: (₹ crore)

Sr. No.	Particulars	Face value as at March 31, 2020	2019
I	Securities kept as margin with Clearing Corporation of India towards:		
	a) Collateral and funds management - Securities segment	1,820.00	1,420.00
	b) Collateral and funds management - Tri-party Repo	57,899.98	47,713.88
	c) Default fund - Forex Forward segment	150.00	110.00
	d) Default fund - Forex Settlement segment	51.05	51.05
	e) Default fund - Rupee Derivatives (Guaranteed Settlement) segment	48.00	43.00
	f) Default fund - Securities segment	65.00	65.00
	g) Default fund - Tri-party repo segment	50.00	45.00
II	Securities kept as margin with the RBI towards:		
	a) Real Time Gross Settlement (RTGS)	54,944.95	72,411.67
	b) Repo transactions	54,622.56	37,216.66
	c) Reverse repo transactions	22,389.54	-
III	Securities kept as margin with National Securities Clearing Corporation of India (NSCCIL) towards NSE Currency Derivatives segment.	107.72	309.72
IV	Securities kept as margin with Indian Clearing Corporation Limited towards BSE Currency Derivatives segment.	161.00	241.00
V	Securities kept as margin with Metropolitan Clearing Corporation of India towards MCX Currency Derivatives segment.	13.00	13.00

HDFC Securities Limited (₹ crore)

Sr. No.	Particulars	2020	2019
I	Mutual funds marked as lien with stock exchange for margin requirement	-	319.00

HDB Financial Services Limited

The Company has not placed any securities as margin during the year (previous year - Nil).

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11 Other fixed assets

Other fixed assets includes amount capitalised relating to software, Bombay Stock Exchange card and electronic trading platform. Details regarding the same are tabulated below:

(₹ crore)

Particulars		March 31, 2020	March 31, 2019
Cost			
As at March 31 of the previous year		2,980.47	2,454.48
Additions during the year		349.15	525.99
Deductions during the year		(0.01)	-
Total	(a)	3,329.61	2,980.47
Depreciation			
As at March 31 of the previous year		2,153.87	1,791.73
Charge for the year		388.44	362.14
On deductions during the year		(0.01)	-
Total	(b)	2,542.30	2,153.87
Net value	(a-b)	787.31	826.60

12 Other assets

Other assets include deferred tax asset (net) of ₹ 4,144.23 crore (previous year: ₹ 4,620.68 crore). The break-up of the same is as follows:

(₹ crore)

Particulars		March 31, 2020	March 31, 2019
Deferred tax asset arising out of:			
Loan loss provisions		2,880.44	3,735.12
Employee benefits		154.80	212.53
Depreciation		57.78	30.44
Others		1,051.21	642.59
Total	(a)	4,144.23	4,620.68
Deferred tax liability	(b)	-	-
Deferred tax asset (net)	(a-b)	4,144.23	4,620.68

- The Bank has presented gross unrealised gain on foreign exchange and derivative contracts under other assets and gross unrealised loss on foreign exchange and derivative contracts under other liabilities. Accordingly, other assets as at March 31, 2020 include unrealised gain on foreign exchange and derivative contracts of ₹ 19,006.28 crore (previous year: ₹ 13,261.24 crore).

13 Provisions and contingent liabilities

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

a) Provision for credit card and debit card reward points

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening provision for reward points	603.09	471.12
Provision for reward points made during the year	517.94	387.56
Utilisation / write back of provision for reward points	(386.88)	(255.59)
Closing provision for reward points	734.15	603.09

b) Provision for legal and other contingencies

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening provision	398.43	314.01
Movement during the year (net)	46.92	84.42
Closing provision	445.35	398.43

c) Provision pertaining to fraud accounts reported during the year

Particulars	March 31, 2020	March 31, 2019
No. of frauds reported	7,580	5,484
Amount involved in fraud (₹ crore)	222.60	498.44
Amount involved in fraud net of recoveries / write-offs as at the end of the year (₹ crore)	168.88	431.42
Provisions held as at the end of the year (₹ crore)	168.88	431.42
Amount of unamortised provision debited from "other reserves" as at the end of the year (₹ crore)	-	-

d) Description of contingent liabilities

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

*Also refer Schedule 12 - Contingent liabilities

14 Commission, exchange and brokerage income

Commission, exchange and brokerage income is net of correspondent bank charges.

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15 Provisions and contingencies

The break-up of 'Provisions and Contingencies' included in the Profit and Loss Account is given below:

Particulars		March 31, 2020	March 31, 2019
Provision for income tax	- Current	10,422.14	12,961.15
	- Deferred	476.45	(1,088.60)
Provision for NPAs		10,635.01	7,192.22
Provision for diminution in value of non-performing investments		7.50	4.71
Provision for standard assets		800.58	686.14
Other provisions and contingencies*		2,256.84	499.11
Total		**24,598.52**	**20,254.73**

*Includes provisions for tax, legal and other contingencies ₹ 2,253.62 crore (previous year: ₹ 496.52 crore), provisions / (write back) for securitised-out assets ₹ 1.14 crore (previous year: ₹ 2.59 crore) and standard restructured assets ₹ 2.08 crore (previous year: Nil).

16 Employee benefits

Gratuity

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	702.86	614.06
Interest cost	45.10	44.46
Current service cost	102.92	90.11
Benefits paid	(58.81)	(56.77)
Actuarial (gain) / loss on obligation:		
Experience adjustment	16.69	10.46
Assumption change	42.90	0.54
Present value of obligation as at March 31	**851.66**	**702.86**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	547.75	457.35
Expected return on plan assets	38.78	35.43
Contributions	109.67	102.39
Benefits paid	(58.81)	(56.77)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	(59.42)	12.04
Assumption change	-	(2.69)
Fair value of plan assets as at March 31	**577.97**	**547.75**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	577.97	547.75
Present value of obligation as at March 31	(851.66)	(702.86)
Asset / (liability) as at March 31	**(273.69)**	**(155.11)**
Expenses recognised in Profit and Loss Account		
Interest cost	45.10	44.46
Current service cost	102.92	90.11
Expected return on plan assets	(38.78)	(35.43)
Net actuarial (gain) / loss recognised in the year	119.00	1.64
Net cost	**228.24**	**100.78**
Actual return on plan assets	(20.64)	44.78
Estimated contribution for the next year	181.17	128.46
Assumptions (HDFC Bank Limited)		
Discount rate	6.60% per annum	7.64% per annum
Expected return on plan assets	7.00% per annum	7.00% per annum
Salary escalation rate	7.00% per annum	8.00% per annum

Particulars	March 31, 2020	March 31, 2019
Assumptions (HDFC Securities Limited)		
Discount rate	5.95% per annum	7.20% per annum
Expected return on plan assets	5.95% per annum	7.20% per annum
Salary escalation rate	7.33% per annum	9.00% per annum
Assumptions (HDB Financial Services Limited)		
Discount rate	4.87% per annum	6.84% - 6.92% per annum
Expected return on plan assets	4.87% per annum	7.50% per annum
Salary escalation rate	7.00% - 8.00% per annum	5.00% - 8.00% per annum

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

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

Category of plan assets as at March 31, 2020	HDFC Bank Limited	HDFC Securities Limited	HDB Financial Services Limited
Government securities	25.55%	38.00%	41.88%
Debenture and bonds	30.31%	9.00%	52.83%
Equity shares	41.03%	50.00%	-
Others	3.11%	3.00%	5.29%
Total	**100.00%**	**100.00%**	**100.00%**

Category of plan assets as at March 31, 2019	HDFC Bank Limited	HDFC Securities Limited	HDB Financial Services Limited
Government securities	23.79%	42.00%	32.74%
Debenture and bonds	28.96%	44.00%	65.27%
Equity shares	45.03%	10.00%	-
Others	2.22%	4.00%	1.99%
Total	**100.00%**	**100.00%**	**100.00%**

Experience adjustment

(₹ crore)

Particulars	Years ended March 31,				
	2020	2019	2018	2017	2016
Plan assets	577.97	547.75	457.35	390.23	295.46
Defined benefit obligation	851.66	702.86	614.06	548.50	401.93
Surplus / (deficit)	(273.69)	(155.11)	(156.71)	(158.27)	(106.47)
Experience adjustment gain / (loss) on plan assets	(59.42)	12.04	(2.35)	31.19	(13.61)
Experience adjustment (gain) / loss on plan liabilities	16.69	10.46	13.69	39.69	16.27

Pension

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	69.54	73.06
Interest cost	4.11	5.10
Current service cost	0.67	0.75
Benefits paid	(14.65)	(12.57)
Actuarial (gain) / loss on obligation:		
Experience adjustment	9.06	3.32
Assumption change	(4.58)	(0.12)

Particulars	March 31, 2020	March 31, 2019
Present value of obligation as at March 31	**64.15**	**69.54**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	21.95	31.30
Expected return on plan assets	1.10	1.86
Contributions	0.83	0.88
Benefits paid	(14.65)	(12.57)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	0.28	0.48
Assumption change	-	-
Fair value of plan assets as at March 31	9.51	21.95
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	**9.51**	**21.95**
Present value of obligation as at March 31	(64.15)	(69.54)
Asset / (liability) as at March 31	**(54.64)**	**(47.59)**
Expenses recognised in Profit and Loss Account		
Interest cost	4.11	5.10
Current service cost	0.67	0.75
Expected return on plan assets	(1.10)	(1.86)
Net actuarial (gain) / loss recognised in the year	4.19	2.72
Net cost	**7.87**	**6.71**
Actual return on plan assets	1.39	2.34
Estimated contribution for the next year	7.72	14.03
Assumptions		
Discount rate	6.60% per annum	7.64% per annum
Expected return on plan assets	7.00% per annum	7.00% per annum
Salary escalation rate	7.00% per annum	8.00% per annum

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

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

Category of plan assets	% of fair value to total plan assets as at March 31, 2020	% of fair value to total plan assets as at March 31, 2019
Government securities	20.81%	8.49%
Debenture and bonds	17.14%	73.88%
Others	62.05%	17.63%
Total	**100.00%**	**100.00%**

Experience adjustment

(₹ crore)

Particulars	Years ended March 31,				
	2020	2019	2018	2017	2016
Plan assets	9.51	21.95	31.30	36.16	38.38
Defined benefit obligation	64.15	69.54	73.06	73.55	70.88
Surplus / (deficit)	(54.64)	(47.59)	(41.76)	(37.39)	(32.50)
Experience adjustment gain / (loss) on plan assets	0.28	0.48	0.59	0.39	1.43
Experience adjustment (gain) / loss on plan liabilities	9.06	3.32	3.95	4.65	17.35

Provident fund

The guidance note on AS-15, Employee Benefits, states that employer established provident funds, where interest is guaranteed are to be considered as defined benefit plans and the liability has to be valued. The Institute of Actuaries of India (IAI) has issued a guidance note on valuation of interest rate guarantees on exempt provident funds. The actuary has accordingly valued the same and the Bank held a provision of Nil as at March 31, 2020 (previous year: Nil) towards the present value of the guaranteed interest benefit obligation. The actuary has followed the deterministic approach as prescribed by the guidance note.

Assumptions:

Particulars	March 31, 2020	March 31, 2019
Discount rate (GOI security yield)	6.60% per annum	7.64% per annum
Expected guaranteed interest rate	8.50% per annum	8.65% per annum

The Group does not have any unfunded defined benefit plan. The Group contributed ₹ 490.14 crore (previous year: ₹ 331.21 crore) to the provident fund. The Bank contributed ₹ 75.41 crore (previous year: ₹ 80.66 crore) to the superannuation plan and ₹ 3.79 crore (previous year: ₹ 3.27 crore) to the National Pension Scheme.

The Bank has implemented the judgement of the Hon'ble Supreme Court in Swami Vivekananda Vidyamandir on clubbing of identified allowances with basic salary up to the maximum salary ceiling specified in the Employees Provident Fund and Miscellaneous Provisions Act 1952 with effect from April 2019.

Compensated absences

The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the Group is given below:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Privileged leave	358.94	347.22
Sick leave	74.72	67.74
Total actuarial liability	**433.66**	**414.96**
Assumptions (HDFC Bank Limited)		
Discount rate	6.60% per annum	7.64% per annum
Salary escalation rate	7.00% per annum	8.00% per annum
Assumptions (HDFC Securities Limited)		
Discount rate	5.95% per annum	7.20% per annum
Salary escalation rate	7.33% per annum	9.00% per annum
Assumptions (HDB Financial Services Limited)		
Discount rate	4.87% per annum	6.84% - 6.92% per annum
Salary escalation rate	7.00% - 8.00% per annum	5.00% - 8.00% per annum

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

17 Segment reporting

Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by RBI. The Group operates in the following segments:

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(a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending, gains or losses on investment operations and on account of trading in foreign exchange and derivative contracts.

(b) Retail banking

The retail banking segment of the Bank serves retail customers through the Bank's branch network and other delivery channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof.

Revenues of the retail banking segment are derived from interest earned on retail loans, interest earned from other segments for surplus funds placed with those segments, subvention received from dealers and manufacturers, fees from services rendered, foreign exchange earnings on retail products etc. Expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

(c) Wholesale banking

The wholesale banking segment provides loans, non-fund facilities and transaction services to large corporates, emerging corporates, public sector units, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers, interest / fees earned on the cash float arising from transaction services, earnings from trade services and other non-fund facilities and also earnings from foreign exchange and derivative transactions on behalf of customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

(d) Other banking business

This segment includes income from parabanking activities such as credit cards, debit cards, third party product distribution, primary dealership business and the associated costs. This segment also includes Bank's subsidiaries.

(e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes capital and reserves, debt classified as Tier I or Tier II capital and other unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue less interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Interest income is charged by a segment that provides funding to another segment, based on yields benchmarked to an internally approved yield curve or at a certain agreed transfer price rate. Transaction charges are levied by the retail banking segment to the wholesale banking segment for the use by its customers of the retail banking segment's branch network or other delivery channels. Segment capital employed represents the net assets in that segment.

Geographic segments

The geographic segments of the Bank are categorised as domestic operations and foreign operations. Domestic operations comprise branches in India and foreign operations comprise branches outside India.

Segment reporting for the year ended March 31, 2020 is given below:

Business segments: (₹ crore)

Sr. No.	Particulars	**Treasury**	**Retail banking**	**Wholesale banking**	**Other banking operations**	**Total**
1	Segment revenue	26,558.44	107,999.94	61,134.45	28,028.21	223,721.04
2	Unallocated revenue					2.19
3	Less: Inter-segment revenue					76,654.96
4	Income from operations (1) + (2) - (3)					147,068.27
5	Segment results	3,462.77	12,942.46	14,121.09	9,372.33	39,898.65
6	Unallocated expenses					1,703.79
7	Income tax expense (including deferred tax)					10,898.59
8	Net profit (5) - (6) - (7)					27,296.27
9	Segment assets	457,240.91	484,270.74	520,567.01	110,819.75	1,572,898.41
10	Unallocated assets					7,932.03
11	Total assets (9) + (10)					1,580,830.44
12	Segment liabilities	102,012.09	907,258.10	317,628.87	49,402.29	1,376,301.35
13	Unallocated liabilities					27,593.74
14	Total liabilities (12) + (13)					1,403,895.09
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	355,228.82	(422,987.36)	202,938.14	61,417.46	196,597.06
16	Unallocated (10) - (13)					(19,661.71)
17	Total (15) + (16)					176,935.35
18	Capital expenditure	43.29	1,381.75	119.49	167.09	1,711.62
19	Depreciation	32.79	938.71	126.71	178.56	1,276.77
20	Provisions for non - performing assets / others*	7.50	6,632.33	3,756.44	3,283.47	13,679.74
21	Unallocated other provisions*					20.20

** Represents material non-cash charge other than depreciation and taxation.*

Geographic segments: (₹ crore)

Particulars	**Domestic**	**International**
Revenue	145,897.80	1,170.47
Assets	1,531,554.08	49,276.36
Capital expenditure	1,709.90	1.72

Segment reporting for the year ended March 31, 2019 is given below:

Business segments: (₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	23,576.48	89,222.34	54,563.54	22,809.31	190,171.67
2	Unallocated revenue					52.78
3	Less: Inter-segment revenue					66,116.65
4	Income from operations (1) + (2) - (3)					124,107.80
5	Segment results	1,305.76	11,796.27	14,224.12	8,910.06	36,236.21
6	Unallocated expenses					1,918.04
7	Income tax expense (including deferred tax)					11,872.55
8	Net profit (5) - (6) - (7)					22,445.62
9	Segment assets	348,766.21	428,790.92	408,749.72	99,119.71	1,285,426.56
10	Unallocated assets					7,379.15
11	Total assets (9) + (10)					1,292,805.71
12	Segment liabilities	61,438.85	732,294.96	271,887.13	48,653.92	1,114,274.86
13	Unallocated liabilities					24,356.40
14	Total liabilities (12) + (13)					1,138,631.26

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	287,327.36	(303,504.04)	136,862.59	50,465.78	171,151.69
16	Unallocated (10) - (13)					(16,977.24)
17	Total (15) + (16)					154,174.45
18	Capital expenditure	93.67	1,149.97	192.62	210.25	1,646.51
19	Depreciation	26.31	912.24	104.52	177.60	1,220.67
20	Provisions for non - performing assets / others*	(0.20)	4,608.34	1,689.09	2,079.54	8,376.77
21	Unallocated other provisions*					5.41

** Represents material non-cash charge other than depreciation and taxation*

Geographic segments: (₹ crore)

Particulars	Domestic	International
Revenue	122,868.84	1,238.96
Assets	1,259,091.50	33,714.21
Capital expenditure	1,645.16	1.35

18 Related party disclosures

As per AS-18 Related Party Disclosure, the Group's related parties are disclosed below:

Promoter

Housing Development Finance Corporation Limited

Key management personnel

Aditya Puri, Managing Director
Kaizad Bharucha, Executive Director

Relatives of key management personnel

Anita Puri, Amit Puri, Amrita Puri, Adishwar Puri, Aarti Sood, Havovi Bharucha, Huzaan Bharucha, Danesh Bharucha, Daraius Bharucha.

Entities in which key management personnel / their relatives are interested

Salisbury Investments Private Limited, Akuri by Puri

In accordance with paragraph 5 of AS - 18, the Bank has not disclosed certain transactions with relatives and interested entities of key management personnel as they are in the nature of banker-customer relationship.

A specific related party transaction is a significant transaction wherever it exceeds 10% of all related party transactions in that category. Transactions between the Bank and Housing Development Finance Corporation Limited exceed 10% of all related party transactions in that category.

The Group's related party balances and transactions for the year ended March 31, 2020 are summarised as follows: (₹ crore)

Items / Related party	Promoter	Key management personnel	Total
Deposits taken	3,679.07 (7,717.90)	18.54 (22.51)	3,697.61 (7,740.41)
Deposits placed	0.47 (0.47)	0.76 (0.76)	1.23 (1.23)
Advances given	- -	2.55 (2.87)	2.55 (2.87)
Fixed assets purchased from	-	-	-
Fixed assets sold to	-	-	-
Interest paid to	8.53	1.82	10.35
Interest received from	-	0.09	0.09
Income from services rendered to	308.94	#	308.94
Expenses for receiving services from	586.66	0.31	586.97
Equity investments	- -	- -	- -
Other Investments	-	- -	- -
Dividend paid to	864.62	10.40	875.02
Dividend received from	-	-	-
Receivable from	44.48 (55.33)	- -	44.48 (55.33)
Payable to	100.28 (100.28)	- -	100.28 (100.28)
Guarantees given	0.39 (0.40)	- -	0.39 (0.40)
Remuneration paid	-	27.56	27.56
Loans purchased from	24,127.25	-	24,127.25

\# *Denotes amount less than ₹ 1 lakh*

- *Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.*
- *Remuneration paid excludes value of employee stock options exercised during the year.*
- *Bonus and retiral benefits for key managerial personnel are accrued as a part of an overall pool and are not allocated against the key managerial personnel. These will be paid based on approval from RBI. As of March 31, 2020, approved unpaid deferred bonus in respect of earlier years was ₹ 5.92 crore.*

The Bank being an authorised dealer, deals in foreign exchange and derivative transactions with parties which include its promoter. The foreign exchange and derivative transactions are undertaken in line with the RBI guidelines. The notional principal amount of foreign exchange and derivative contracts transacted with the promoter that were outstanding as on March 31, 2020 is ₹ 12,009.95 crore (previous year: ₹ 5,865.50 crore). The contingent credit exposure pertaining to these contracts computed in line with the extant RBI guidelines on exposure norms was ₹ 136.86 crore (previous year: ₹ 79.12 crore).

During the year ended March 31, 2020, the Bank paid rent of ₹ 0.66 crore (previous year: ₹ 0.66 crore) to party related to the Bank's key management personnel in relation to residential accommodation. As at March 31, 2020, the security deposit outstanding was ₹ 3.50 crore (previous year: ₹ 3.50 crore).

The Group's related party balances and transactions for the year ended March 31, 2019 are summarised as follows:

(₹ crore)

Items / Related party	Promoter	Key management personnel	Total
Deposits taken	3,290.99 (3,290.99)	27.02 (27.02)	3,318.01 (3,318.01)
Deposits placed	0.47 (0.47)	0.76 (2.51)	1.23 (2.98)
Advances given	- -	2.96 (3.11)	2.96 (3.11)
Fixed assets purchased from	-	-	-
Fixed assets sold to	-	-	-
Interest paid to	5.49	1.13	6.62
Interest received from	35.20	0.10	35.30
Income from services rendered to	282.97	#	282.97

Items / Related party	Promoter	Key management personnel	Total
Expenses for receiving services from	486.95	0.61	487.56
Equity investments	-	-	-
	-	-	-
Other Investments	-	-	-
	(1,740.49)	-	(1,740.49)
Dividend paid to	511.17	7.43	518.60
Dividend received from	-	-	-
Receivable from	30.55	-	30.55
	(48.40)	-	(48.40)
Payable to	83.64	-	83.64
	(83.64)	-	(83.64)
Guarantees given	0.37	-	0.37
	(0.40)	-	(0.40)
Remuneration paid	-	25.88	25.88
Loans purchased from	23,982.42	-	23,982.42

\# *Denotes amount less than ₹ 1 lakh*

- *Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.*
- *Remuneration paid excludes value of employee stock options exercised during the year.*
- *Bonus and retiral benefits for key managerial personnel are accrued as a part of an overall pool and are not allocated against the key managerial personnel. These will be paid based on approval from RBI. As of March 31, 2019, approved unpaid deferred bonus in respect of earlier years was ₹ 1.91 crore.*

19 Additional information pursuant to Schedule III of the Companies Act, 2013

Additional information to consolidated accounts at March 31, 2020 (Pursuant to Schedule III of the Companies Act, 2013)

(₹ crore)

Name of entity	Net assets as of March 31, 2020		Profit or (loss) for the year ended March 31, 2020	
	As % of consolidated net assets**	**Amount*****	**As % of consolidated profit or loss**	**Amount*****
Parent:				
HDFC Bank Limited	96.95%	170,986.02	96.34%	26,257.32
Subsidiaries*:				
1. HDFC Securities Limited	0.71%	1,245.50	1.55%	423.37
2. HDB Financial Services Limited	4.64%	8,179.26	3.80%	1,036.94
Minority Interest in all subsidiaries	0.33%	576.64	0.16%	42.31

* *The subsidiaries are domestic entities*

** *Consolidated net assets are total assets minus total liabilities including minority interest*

*** *Amounts are before inter-company adjustments.*

Additional information to consolidated accounts at March 31, 2019 (Pursuant to Schedule III of the Companies Act, 2013)

(₹ crore)

Name of entity	Net assets as of March 31, 2019		Profit or (loss) for the year ended March 31, 2019	
	As % of consolidated net assets**	Amount***	As % of consolidated profit or loss	Amount***
Parent:				
HDFC Bank Limited	97.09%	149,206.32	94.38%	21,078.14
Subsidiaries*:				
1. HDFC Securities Limited	0.76%	1,167.80	1.56%	347.95
2. HDB Financial Services Limited	4.77%	7,326.28	5.15%	1,151.09
Minority Interest in all subsidiaries	0.33%	501.79	0.51%	113.18

* *The subsidiaries are domestic entities*

** *Consolidated net assets are total assets minus total liabilities including minority interest*

*** *Amounts are before inter-company adjustments.*

20 Leases

Operating leases primarily comprise office premises, staff residences and Automated Teller Machines ('ATM's), which are renewable at the option of the Group. The details of maturity profile of future operating lease payments are given below:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Not later than one year	**1,182.83**	1,053.94
Later than one year and not later than five years	**3,878.65**	3,426.70
Later than five years	**4,854.12**	4,109.25
Total	**9,915.60**	**8,589.89**
The total of minimum lease payments recognised in the Profit and Loss Account for the year	**1,420.48**	1,261.30
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	**64.65**	29.94
Sub-lease amounts recognised in the Profit and Loss Account for the year	**9.73**	9.48
Contingent (usage based) lease payments recognised in the Profit and Loss Account for the year	**270.14**	206.55

The Bank has sub-leased certain of its properties taken on lease.

The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

21 Penalties levied by the RBI

During the year ended March 31, 2020, RBI has imposed a penalty of ₹ 1 crore (previous year: ₹ 0.20 crore) for non-compliance with various directions issued by RBI on Know Your Customer (KYC) / Anti-Money Laundering (AML) standards. Additionally, RBI has imposed a monetary penalty of ₹ 1 crore on the Bank for failure to undertake on-going due diligence in case of 39 current accounts opened for bidding in Initial Public Offer (IPO).

22 Small and micro industries

HDFC Bank Limited

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments during the years ended March 31, 2020 and March 31, 2019. The above is based on the information available with the Bank which has been relied upon by the auditors.

HDFC Securities Limited

On the basis of the information available with the Company and the intimation received from 'suppliers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 the amount unpaid as at March 31, 2020 was ₹ 0.13 crore (previous year: ₹ 0.04 crore).

HDB Financial Services Limited

As per the confirmation received from the suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006, the amount unpaid as at March 31, 2020 was Nil (previous year: Nil). The above is based on the information available with the Company which has been relied upon by the auditors.

23 Corporate social responsibility

Operating expenses include ₹ 572.62 crore (previous year: ₹ 473.50 crore) for the year ended March 31, 2020 towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013.

The details of amount spent by the Group during the respective years towards CSR are as under: (₹ crore)

Sr. No.	Particulars	March 31, 2020			March 31, 2019		
		Amount spent	**Amount unpaid / provision**	**Total**	Amount spent	Amount unpaid / provision	Total
(i)	Construction / acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	566.02	6.60	572.62	473.50	-	473.50

24 COVID-19

HDFC Bank Limited

The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and companies, including the Bank, have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank would be granting a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

The quantitative disclosures as required by the above referred RBI circular dated April 17, 2020 are given below:

(₹ crore)

Particulars	Amount
Respective amounts in SMA / overdue categories, where the moratorium / deferment was extended, in terms of paragraph 2 and 3 of the circular Term Loan Instalments: ₹ 617.75 crore Cash Credit / Overdraft : ₹ 458.19 crore	1,075.94[(1)]
Respective amount where asset classification benefits is extended Term Loan Instalments: ₹ 617.75 crore Cash Credit / Overdraft : ₹ 458.19 crore	1,075.94
Provisions made during the quarter ended March 31, 2020 in terms of para 5 of the circular	463.00[(2)]
Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 of the circular	Nil
Residual provisions as of March 31, 2020 in terms of paragraph 6 of the circular	463.00

1. *Represents amounts in SMA / overdue categories where the asset classification benefit is extended, consequent to the said circular dated April 17, 2020. The Bank may extend moratorium / deferment in terms of the said circular for additional accounts in the SMA / overdue categories.*
2. *Excludes other provisions held by the Bank as at March 31, 2020, against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Bank are in excess of the RBI prescribed norms.*

HDFC Securities Limited

During the year ended March 31, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus followed by another extension of the lockdown by another 19 days.

Stock broking and depository services have been declared as essential services and accordingly, the Company has faced no business stoppage / interruption on account of the lockdown. In light of the steep decline in the indices, the Company, in the normal course of business, placed additional margin money with the stock exchanges.

As of March 31, 2020, based on facts and circumstances existing as of that date, the Company does not anticipate any material uncertainties which affects its liquidity position and also ability to continue as a going concern.

HDB Financial Services Limited

The Company has conservatively created COVID 19 provision of ₹ 73 crore out of its General provisions. The provision is made as per management's estimate of stress on the forward flow rates. Strictly as per RBI regulations there is no impairment nor any provision needs, however the Company is cautiously exercising management discretion to provide on high level estimate.

25 Additional disclosure

Additional statutory information disclosed in the separate financial statements of the Bank and subsidiaries have no material bearing on the true and fair view of the Consolidated Financial Statements and the information pertaining to such items which are not material have not been disclosed in the Consolidated Financial Statements.

26 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation. The previous year comparative numbers were audited by a firm of Chartered Accountants other than MSKA & Associates.

As per our report of even date.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

Mumbai, April 18, 2020

For and on behalf of the Board

Shyamala Gopinath
Part Time Non-Executive Chairperson & Independent Director

Umesh Chandra Sarangi
Independent Director

Aditya Puri
Managing Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Statement Pursuant to section 129

of the Companies Act, 2013

Form AOC - 1: Pursuant to the first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014 and Companies (Accounts) Amendment Rules, 2016

Statement containing salient features of the financial statements of subsidiaries, associate companies and joint ventures

Part A: Subsidiaries

(₹ crore)

Sr. No.	Name of the subsidiary	HDFC Securities Limited	HDB Financial Services Limited
1.	The date since when subsidiary was acquired	September 28, 2005	August 31, 2007
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting period of the subsidiary is the same as that of the holding company i.e. April 1, 2019 to March 31, 2020	Reporting period of the subsidiary is the same as that of the holding company i.e. April 1, 2019 to March 31, 2020
3.	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Not applicable as this is a domestic subsidiary	Not applicable as this is a domestic subsidiary
4.	Share capital	15.73	787.58
5.	Reserves & surplus	1,229.77	7,391.68
6.	Total assets	2721.14	59,234.40
7.	Total liabilities	1475.64	51,055.14
8.	Investments	24.54	1,818.88
9.	Turnover	894.85	10,814.48
10.	Profit before taxation	559.55	1,447.69
11.	Provision for taxation	136.18	410.75
12.	Profit after taxation	423.37	1,036.94
13.	Proposed dividend (including tax thereon)*	255.33	-
14.	Extent of shareholding (in percentage)	96.57%	95.30%

* *Includes interim dividend on equity shares paid during the year. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the subsidiaries have not appropriated their proposed dividend (including tax) from Profit and Loss Account for the year ended March 31, 2020.*

Notes:

1. There are no subsidiaries that are yet to commence operations.
2. No subsidiaries were liquidated or sold during the year.

Part B: Associate Companies and Joint Ventures

Not Applicable

For and on behalf of the Board

Shyamala Gopinath
Part Time Non-Executive Chairperson & Independent Director

Umesh Chandra Sarangi
Independent Director

Aditya Puri
Managing Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Mumbai, April 18, 2020

Certificate on Corporate Governance

To The Members of HDFC Bank Limited ("the Bank")

We have examined the compliance of conditions of corporate governance by HDFC Bank Limited ("the Bank") for the year ended March 31, 2020, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR').

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Bank for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

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

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 **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]

B Narasimhan
Partner
FCS No.: 1303 COP No.: 10440
UDIN: F001303B000360521

Place: Mumbai
Date: June 20, 2020

Certificate under SEBI Listing Regulations

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")]

To,
The Members,
HDFC Bank Limited,
HDFC Bank House,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai - 400013.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of HDFC Bank Limited [CIN.: L65920MH1994PLC080618] (hereinafter called the 'Company') having its Registered Office at HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400013 and also the information provided by the Company, its officers and the authorised representatives for the purpose of issuance of the Certificate, in accordance with Regulation 34 (3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 (LODR), as amended vide notification no SEBI/LAD/NRO/GN/2018/10 dated May 9, 2018 issued by SEBI.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Company by Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S. No.	Name of the Director	DIN	Date of Appointment in the Company*
1.	Mr. Aditya Puri	00062650	October 12, 2004
2.	Mrs. Renu Sud Karnad	00008064	March 3, 2020
3.	Mr. Sanjiv Sachar	02013812	July 21, 2018
4.	Mr. Umesh Chandra Sarangi	02040436	March 1, 2016
5.	Mrs. Shyamala Gopinath	02362921	January 2, 2015
6.	Mr. Kaizad Bharucha	02490648	December 24, 2013
7.	Mr. Srikanth Nadhamuni	02551389	September 20, 2016
8.	Mr. Sandeep Pravin Parekh	03268043	January 19, 2019
9.	Mr. Malay Yogendra Patel	06876386	March 31, 2015
10.	Mr. Dwarakanath Ranganath Mavinakere	07565125	January 31, 2019
11.	Mr. Bhavesh Zaveri#	01550468	November 28, 2019
12.	Mr. Sashidhar Jagdishan#	08614396	November 28, 2019

*Date of appointment is taken from MCA.
#Ceased to be the Director of the Company with effect from April 18, 2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]

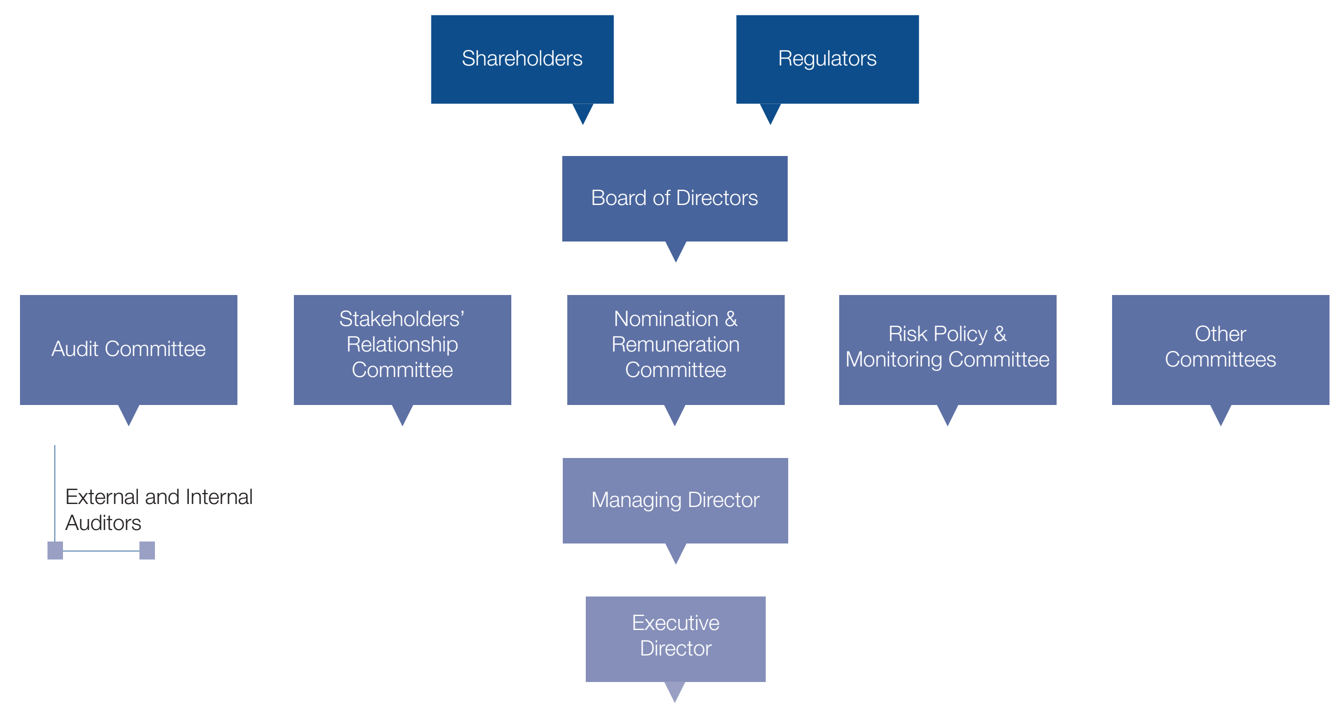
B Narasimhan
Partner
FCS No.: 1303 COP No.: 10440
UDIN: F001303B000360519

Place: Mumbai
Date: June 20, 2020

Corporate Governance

[Report on Corporate Governance pursuant to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 {"the SEBI Listing Regulations"} and forming a part of the report of the Board of Directors]

CORPORATE GOVERNANCE FRAMEWORK



- The Board of Directors of the Bank are the ultimate custodians of governance.
- The Board of Directors are accountable to various stakeholders such as shareholders and regulatory authorities such as Reserve Bank of India, Securities and Exchange Board of India, Ministry of Corporate Affairs, etc.
- The Board of Directors has constituted various committees under it, each with defined roles and responsibilities such as Audit Committee, Stakeholders' Relationship Committee, Nomination & Remuneration Committee, Risk Policy & Monitoring Committee, and other committees. The Statutory Auditors have a reporting responsibility to the Audit Committee.
- The Managing Director is responsible for the overall affairs of the Bank, under the superintendence, guidance and control of the Board of Directors.
- The Executive Director, under the guidance of the Managing Director, has over-sight over various business functions.

PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Bank believes in adopting and adhering to the best recognized corporate governance practices and continuously benchmarking itself against each such practice. The Bank understands and respects its fiduciary role and responsibility towards its shareholders and strives hard to meet their expectations.

The Bank believes that best board governance practices, transparent disclosures and shareholder empowerment are necessary for creating shareholder value.

The Bank has infused the philosophy of corporate governance into all its activities. The philosophy on corporate governance is an important tool for shareholder protection and maximization of their long term values. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, sustainability, etc. serve as the means for implementing the philosophy of corporate governance in letter and in spirit.

BOARD OF DIRECTORS

The composition of the Board of Directors of the Bank ("Board") is governed by the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949, the SEBI Listing Regulations and all other applicable laws.

As on the date of this report, the Board consists of ten (10) Directors as follows:

Sr. No.	Category	Name of Director
1)	Executive Directors	Mr. Aditya Puri (Managing Director), Mr. Kaizad Bharucha
2)	Non-Executive Directors	Mr. Srikanth Nadhamuni, Mrs. Renu Karnad (Additional Non-Executive Director, Nominee of Housing Development Finance Corporation Limited)
3)	Independent Directors	Mrs. Shyamala Gopinath (Part-time Non-Executive Chairperson), Mr. Malay Patel, Mr. Umesh Chandra Sarangi, Mr. Sanjiv Sachar, Mr. Sandeep Parekh and Mr. M.D. Ranganath.

Mr. Keki Mistry ceased to be a Director of the Bank with effect from the close of business hours on January 18, 2020 on completion of term of eight continuous years, being the maximum term prescribed under the Banking Regulation Act, 1949.

Mrs. Renu Karnad was appointed as an Additional Non-Executive Director (Nominee of Housing Development Finance Corporation Limited) with effect from March 3, 2020, subject to the approval of shareholders at the ensuing Annual General Meeting.

The Board of Directors had appointed Mr. Sashidhar Jagdishan and Mr. Bhavesh Zaveri each as Additional Director and Executive Director on the Board of the Bank, subject to the approval of the Reserve Bank of India ("RBI") and shareholders, for a period of three years each from November 28, 2019/ from such date and on such terms as may be approved by the RBI. The Bank had accordingly made an application to the RBI seeking approval for the aforementioned appointments. RBI through its communication dated April 7, 2020, advised the Bank to examine and submit the said proposals after a new MD and CEO assumes charge later this year. Accordingly, their appointments as Executive Directors have not taken effect. Consequently, Mr. Sashidhar Jagdishan and Mr. Bhavesh Zaveri resigned as Additional Directors from the Board of the Bank in terms of Companies Act, 2013 with effect from April 18, 2020.

Pursuant to the SEBI Listing Regulations, none of the Directors on the Board is a member of more than ten (10) committees and Chairperson of more than five (5) committees across all public companies in which he / she is a Director. All the Directors have made necessary disclosures regarding committee positions occupied by them in other companies.

None of the Directors are related to each other.

Details of directorships, memberships and chairpersonships of the committees of other companies for the current Directors of the Bank are as follows:

Name of Director	Directorships on the Board of other companies*	Memberships of committees of other companies *
Mrs. Shyamala Gopinath	6	1(4)
Mr. Malay Patel	2	
Mr. Aditya Puri	(1)	
Mr. Kaizad Bharucha	-	-
Mr. Umesh Chandra Sarangi	1	
Mr. Srikanth Nadhamuni	7	-
Mrs. Renu Karnad	11(1)	6(3)
Mr. Sanjiv Sachar	1	
Mr. Sandeep Parekh	1	
Mr. M.D. Ranganath	-	

** The figures in brackets indicate Chairpersonships.*

Note: For the purpose of considering the limit of the Directorships and limits of committees on which the directors are members / Chairpersons, all Public Limited Companies (whether listed or not), Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 have been included. Further, Chairpersonships/ Memberships of only the Audit Committee and the Stakeholders' Relationship Committee in these Companies have been considered.

PROFILE OF BOARD OF DIRECTORS

The profile of the Directors of the Bank as on the date of this report are as under:

Mrs. Shyamala Gopinath

Mrs. Shyamala Gopinath, aged 70 years, holds a Master's Degree in Commerce and is a CAIIB. Mrs. Shyamala Gopinath has over 42 years of experience in financial sector policy formulation in different capacities at RBI. As Deputy Governor of RBI for seven years, and a member of the RBI's Board of Directors, she guided and influenced national policies in diverse areas such as regulation and supervision, development of financial markets, capital account management, management of government borrowings, forex reserves management and payment and settlement system. She has served on several Committees while with the RBI. During 2001-03, she worked as senior financial sector expert in the then Monetary Affairs and Exchange Department of the International Monetary Fund (Financial Institutions Division). She was on the Corporate Bonds and Securitisation Advisory Committee (CoBoSAC), a

Sub-Committee of SEBI. She served as the Chairperson on the Advisory Board on Bank, Commercial and Financial Frauds for two years from 2012 to 2014. Apart from HDFC Bank, she is an Independent Director on few other companies including not for profit entities. She is also Chairperson of the Board of Governors of Indian Institute of Management, Raipur.

Mrs. Gopinath does not hold any shares in the Bank as on March 31, 2020.

Mrs. Gopinath is currently on the Board of following public limited companies:

Listed Public Limited Companies	Other Public Limited Companies
1) Tata Elxsi Limited (Independent Director)	1) CMS Info Systems Limited (Independent Director)
2) Colgate-Palmolive (India) Limited (Independent Director)	
3) BASF India Limited (Independent Director)	

Mr. Aditya Puri

Mr. Aditya Puri, aged 69 years, holds a Bachelor's degree in Commerce from Punjab University and is an Associate Member of the Institute of Chartered Accountants of India.

Prior to joining the Bank, Mr. Puri was the Chief Executive Officer of Citibank, Malaysia from 1992 to 1994. Mr. Puri has been the Managing Director of the Bank since September 1994. Mr. Puri has over four decades of experience in the banking sector in India and abroad.

Mr. Puri has provided outstanding leadership as the Managing Director and has contributed significantly to enable the Bank scale phenomenal heights under his stewardship. During the financial year 2019-20, Mr. Puri was inducted into the Chartered Accountants (CA) Hall of Fame by the Institute of Chartered Accountants of India (ICAI). He is the first member of ICAI to be honoured with this award. He was also ranked as the 'Best CEO' at FinanceAsia's Survey 2020. The numerous awards won by Mr. Puri and the Bank are a testimony to the tremendous credibility that Mr. Puri has built for himself and the Bank over the years.The Bank has made good and consistent progress on key parameters like balance sheet size, total deposits, net revenues, earnings per share and net profit during Mr. Puri's tenure. The rankings achieved by the Bank amongst all Indian banks with regard to market capitalization, profit after tax and balance sheet size remain amongst the top 10. During his tenure, Mr. Puri has led the Bank through two major mergers in the Indian banking industry i.e. merger of Times Bank Limited and Centurion Bank of Punjab Limited with HDFC Bank Limited. The subsequent integrations have been smooth and seamless under his inspired leadership. Mr. Puri's vision and strategy have been the driving force behind the Bank's foray into the world of "digital banking" resulting in the roll out of several digital banking products.

Mr. Puri, along with his relatives, holds 7,796,251 equity shares in the Bank as on March 31, 2020.

Mr. Puri is currently on the Board of following public limited companies:

Listed Public Limited Companies	Other Public Limited Companies
-	1) HDB Financial Services Limited (Non-Executive Chairman)

Mr. Kaizad Bharucha

Mr. Kaizad Bharucha, aged 55 years, holds a Bachelor of Commerce degree from University of Mumbai. He has been associated with the Bank since 1995. In his current position as Executive Director, he is responsible for Wholesale Banking covering areas of Corporate Banking, Emerging Corporate Group, Business Banking, HealthCare Finance Group, Infrastructure Finance Group, Rural Banking Group, Department for Special Operations and inclusive Banking Initiatives Group. He has driven growth and profitability in the aforesaid areas of the Bank.

In addition to the above, Mr. Kaizad Bharucha is a senior member on various internal committees of the Bank across functional areas.

In his previous position as Group Head - Credit & Market Risk, he was responsible for the Bank's entire Credit Risk, Market Risk, Debt Management, Risk Intelligence and Control functions.

Mr. Bharucha has been a career banker with over three decades of banking experience. Prior to joining the Bank, he worked in SBI Commercial and International Bank in various areas including Trade Finance and Corporate Banking.

He has represented HDFC Bank as a member of the working group constituted by the Reserve Bank of India to examine the role of Credit Information Bureau and on the sub-committee with regard to adoption of the Basel II guidelines.

Mr. Bharucha, along with his relatives, holds 2,135,102 equity shares in the Bank as on March 31, 2020.

Mr. Bharucha is not a director in any public limited company.

Mr. Malay Patel

Mr. Malay Patel, aged 43 years, is a Major in Engineering (Mechanical) from Rutgers University, Livingston, NJ, USA, and an Associate of Arts in Business Administration (A.A.B.A.) from Bergen County College, Fairlawn, New Jersey, USA. He is a Director on the Board of Eewa Engineering Company Private Limited, a company in the plastics / packaging industry with exports to more than 50 countries. He has been involved in varied roles such as export / import, procurement, sales and marketing, etc in Eewa Engineering Company Private Limited.

Mr. Patel has special knowledge and practical experience in matters relating to small scale industries in terms of Section 10-A (2)(a) of the Banking Regulation Act, 1949.

Mr. Patel does not hold any shares in the Bank as on March 31, 2020.

Mr. Patel is currently on the Board of following public limited companies:

Listed Public Limited Companies	Other Public Limited Companies
-	1) HDFC Securities Limited (Additional Director)

Mr. Umesh Chandra Sarangi

Mr. Umesh Chandra Sarangi, aged 68 years, holds a Master's Degree in Science (Botany) from the Utkal University (gold medalist).

Mr. Sarangi has over three decades of experience in the Indian Administrative Services and brought in significant reforms in modernization of agriculture, focus on agro processing and export. As the erstwhile Chairman of the National Bank for Agriculture and Rural Development (NABARD) from December 2007 to December 2010, Mr. Sarangi focused on rural infrastructure, accelerated initiatives such as microfinance, financial inclusion, watershed development and tribal development.

Mr. Sarangi has been appointed as a Director having specialized knowledge and practical experience in agriculture and rural economy pursuant to Section 10-A(2)(a) of the Banking Regulation Act, 1949.

Mr. Sarangi does not hold any shares in the Bank as on March 31, 2020.

Mr. Sarangi is not a director in any public limited company.

Mr. Srikanth Nadhamuni

Mr. Srikanth Nadhamuni, aged 56 years, holds a Bachelor's degree in Electronics and Communications from National Institute of Engineering and a Master's degree in Electrical Engineering from Louisiana State University. Mr. Nadhamuni is a technologist and an entrepreneur with 29 years of experience in the areas of Central Processing Unit (CPU) design, Healthcare, e-Governance, National ID, Biometrics, Financial Technology and Banking sectors.

Mr. Nadhamuni presently is a director of Novopay Solutions Private Limited, a fintech company involved in the area of mobile payments and banking solutions and is the Chairman of Khosla Labs Private Limited, a company focused in digital solutions and technology . He has also been a co-founder of e-Governments Foundation with Mr. Nandan Nilekani which work on the objectives to improve governance in Indian cities, creation of Municipal ERP suite which improves service delivery of cities.

Mr. Nadhamuni was the Chief Technology Officer of Aadhaar (Unique Identification Authority of India) during 2009-2012 where he participated in design and development of the world's largest biometric based ID system. He was instrumental in development of Aadhaar technology, several banking and financial protocols including MicroATM, Aadhaar Enabled Payment System (AEPS) and Aadhaar Payment Bridge (APB).

Mr. Nadhamuni spent 14 years in the Silicon Valley (California, US) working for several global companies such as Sun Microsystems (CPU design), Intel Corporation (CPU design), Silicon Graphics (Interactive TV) and WebMD (Internet Healthcare).

Mr. Nadhamuni has been appointed as a Director having expertise in the field of Information Technology.

Mr. Nadhamuni does not hold any shares in the Bank as on March 31, 2020.

Mr. Nadhamuni is not a director in any public limited company.

Mr. Sanjiv Sachar

Mr. Sanjiv Sachar, aged 62 years, is a fellow member of the Institute of Chartered Accountants of India and in November 2016 retired as the Senior Partner of Egon Zehnder, the world's largest privately held executive search firm.

Mr. Sachar set up the Egon Zehnder practice in India in 1995 and played a key role in establishing the firm as a market leader in the executive search space across various country segments. Over the course of his two decades at Egon Zehnder, Mr. Sachar has mentored senior executives across industry sectors that today are either Board members, CEOs or CFOs of large corporates in India and overseas. Mr. Sachar has also been the co-founder of the chartered accountancy and management consulting firm, Sachar Vasudeva & Associates and co-founded executive search firm, Direct Impact.

Mr. Sachar does not hold any shares in the Bank as on March 31, 2020.

Mr. Sachar is a director on the Board of following public limited companies:

Listed Public Limited Companies	Other Public Limited Companies
1) KDDL Limited (Independent Director)	-

Mr. Sandeep Parekh

Mr. Sandeep Parekh, aged 49 years, holds an LL.M. (Securities and Financial Regulations) degree from Georgetown University and an LL.B. degree from Delhi University. He is the managing partner of Finsec Law Advisors, a financial sector law firm based in Mumbai. He was an Executive Director at the Securities & Exchange Board of India during 2006-08, heading the Enforcement and Legal Affairs departments. He is a faculty at the Indian Institute of Management, Ahmedabad. He has worked for law firms in Delhi, Mumbai and Washington, D.C. Mr. Parekh focuses on securities regulations, investment regulations, private equity, corporate governance and financial regulations. He is admitted to practice law in New York and is a member of Mensa. He was recognized by the World Economic Forum as a "Young Global Leader" in 2008. He was Chairman and member of various SEBI and RBI Committees and sub-committees and is presently the Chairman of SEBI's Proxy Advisory working group and a member of SEBI's Mutual Fund Advisory Committee.

Mr. Parekh does not hold any shares in the Bank as on March 31, 2020.

Mr. Parekh is not a director in any public limited company.

Mr. M.D. Ranganath

Mr. M.D. Ranganath, aged 58 years, holds Master's degree in technology from IIT, Madras and a Bachelor's degree in Engineering from the University of Mysore. He holds a Post Graduate Diploma in Management from Indian Institute of Management (IIM), Ahmedabad and is a member of CPA, Australia.

Mr. Ranganath has over 27 years of experience in the Global IT services and financial services industry. He was Chief Financial Officer of Infosys Limited, a globally listed IT services company, till November, 2018. During his tenure of 18 years at Infosys, he was an integral part of the growth and transformation of Infosys into a globally respected IT services company and effectively played leadership roles in a wide spectrum of areas- Strategy, Finance, Merger & Acquisition (M&A), Consulting, Risk Management, and Corporate planning- culminating in the role of Chief Financial Officer and worked closely with the Board of Infosys and its committees in formulating and executing its strategic priorities. Prior to Infosys, he worked at ICICI Limited for 8 years and executed responsibilities in credit, treasury, equity portfolio management and corporate planning.

In the years 2017 and 2018, Mr. Ranganath was the recipient of the Best CFO Asia award in the technology sector, by Institutional Investor publication, based on poll of buy-side and sell-side investor community.

Mr. Ranganath does not hold any shares in the Bank as on March 31, 2020

Mr. Ranganath is not a director in any public limited company.

Mrs. Renu Karnad

Mrs. Renu Karnad, aged 68 years, is the Managing Director of Housing Development Finance Corporation Limited since 2010. She is a Post Graduate in Economics from the University of Delhi and holds a degree in Law from the University of Mumbai. She is also a Parvin Fellow-Woodrow Wilson School of Public and International Affairs, Princeton University, USA. Mrs. Karnad brings with her rich experience and knowledge of the mortgage sector, having been associated with real estate and mortgage industry in India for over 40 years. Over the years, she has been the recipient of numerous awards and accolades, such as the 'Outstanding Woman Business Leader' award granted by CBNC-TV18 India Business Leader Awards 2012, induction in the Hall of Fame, Fortune India magazine's most powerful women from 2011 to 2019, 'Top Ten Powerful Women to watch out for in Asia' by Wall Street Journal Asia in 2006, etc. She has been a Non-Executive Director on the Board of the Bank in the past.

Mrs. Karnad along with her relatives, holds 595,320 equity shares in the Bank as on March 31, 2020.

Mrs. Karnad is currently on the Board of following public limited companies:

Listed Public Limited Companies	Other Public Limited Companies
1) Housing Development Finance Corporation Limited (Managing Director)	1) HDFC ERGO General Insurance Company Limited (Non-Executive Director)
2) ABB India Limited (Independent Director)	2) Bangalore International Airport Limited (Independent Director)
3) HDFC Asset Management Company Limited (Non-Executive Director)	
4) HDFC Life Insurance Company Limited (Non-Executive Director)	
5) GlaxoSmithKline Pharmaceuticals Limited (Chairperson)	
6) Unitech Limited (Nominee Director)	

ATTENDANCE AT BOARD MEETINGS & LAST ANNUAL GENERAL MEETING (AGM)

The Board / Committee Meetings are convened by giving appropriate notice well in advance. The Directors / Members are provided with appropriate information in the form of agenda items in a timely manner, to enable them to deliberate on each agenda item and make informed decisions and provide appropriate directions to the Management in this regard.

Video-conferencing facility or other audio visual means are also provided at the Board / Committee meetings in case any director is unable to physically remain present at the meetings but wishes to participate in the meetings.

At the Board / Committee meetings, presentations and deep-dive sessions are made covering important areas of the Bank such as annual plans and strategies, compliance and risk management framework, human resource strategy, cyber security and data privacy, macro economic updates, regulatory updates etc. Further, the Managing Director periodically provides a commentary on the current state of affairs of the Bank and macro-economic outlook, so as to give an insight to the Board of Directors on industry trends and developments. Directors are also encouraged to attend relevant programs and seminars conducted by organizations such as Centre for Advanced Financial Research and Learning (CAFRAL), Institute for Development and Research in Banking Technology (IDRBT) etc.

During the financial year under review, nine (9) Board Meetings were held. The meetings were held on April 20, 2019, May 22, 2019, July 12, 2019, July 20, 2019, August 22, 2019, October 19, 2019, November 28, 2019, January 18, 2020 and March 4, 2020.

Details of attendance at the Board Meetings held during the financial year under review and attendance at the last AGM are as follows:

Name of the Director	Board Meetings attended during the year	Attendance at last AGM (July 12, 2019)
Independent Directors		
Mrs. Shyamala Gopinath	9	Present
Mr. Malay Patel	9	Present
Mr. Umesh Chandra Sarangi	9	Present
Mr. Sandeep Parekh[1]	8	Absent
Mr. M.D. Ranganath	9	Present
Mr. Sanjiv Sachar	9	Present
Non-executive Directors		
Mr. Keki Mistry[2]	7	Present
Mr. Srikanth Nadhamuni[3]	7	Present
Mrs. Renu Karnad[4]	1	NA
Executive Directors		
Mr. Aditya Puri	9	Present
Mr. Kaizad Bharucha[5]	8	Present

1 *Mr. Sandeep Parekh could not attend the previous AGM of the Bank and Board meeting held on July, 12, 2019, since he was travelling abroad on prior personal commitments.*

2 *Mr. Keki Mistry ceased to be a Director of the Bank with effect from close of business hours on January 18, 2020 on completion of term of eight continuous years, being the maximum term prescribed under the Banking Regulation Act, 1949.*

3 *Mr. Nadhamuni could not attend 2 board meetings held on May 22, 2019 and August 22, 2019 due to his prior professional commitments.*

4 *Mrs. Renu Karnad has been appointed as Additional Non-Executive Director (Nominee of Housing Development Finance Corporation Limited) with effect from March 3, 2020, subject to approval of shareholders at the ensuing Annual General Meeting.*

5 *Mr. Kaizad Bharucha could not participate in the Board meeting held on March 4, 2020, being interested or concerned in the matter of discussion.*

REMUNERATION OF DIRECTORS

Managing Director and Executive Director

The details of the remuneration paid to Mr. Aditya Puri, Managing Director, and Mr. Kaizad Bharucha, Executive Director during the financial year 2019-20 are as under:

(Amount in ₹)

Particulars	Mr. Aditya Puri	Mr. Kaizad Bharucha
Basic	65,272,366	22,720,320
Allowances and Perquisites	34,292,491	24,833,286
Provident Fund	7,832,688	2,726,436
Superannuation	9,790,860	3,408,048
Performance Bonus #	72,028,660	32,733,158
Number of stock options granted *	681,600	266,400

\# *For the Managing Director the total bonus amount, includes the following:*

1. *60% of the performance bonus approved by the RBI belonging for FY 2018, approved by the RBI in FY 2020.This amount equals ₹ 25,814,920.*
2. *60% of the Performance Bonus pertaining to FY 2019 approved by the RBI in FY 2020 and subsequently paid in FY 2020. This amount was ₹ 30,977,904.*
3. *Deferred bonus of previous years amounting to ₹ 15,235,836*

\# *For the Executive Director the total bonus amount, includes the following:*

1. *60% of the performance bonus approved by the RBI belonging for FY 2018, approved by the RBI in FY 2020.This amount equals ₹ 12,944,656.*
2. *60% of the Performance Bonus pertaining to FY 2019 approved by the RBI in FY 2020 and subsequently paid in FY 2020. This amount was equal to ₹ 14,886,352.*
3. *Deferred bonus belonging to previous years amounting to ₹ 4,902,150.*

* *The stock options granted to Mr. Aditya Puri and Mr. Kaizad Bharucha have not been issued at discount and the same have been granted at the closing market price prevailing on the day prior to the date of grant on the National Stock Exchange of India Ltd. The vesting schedule for the stock options is - 25% of options after expiry of twelve months from date of grant, 25% options after expiry of twenty-four months from the date of grant, 25% of options after expiry of thirty-six months from the date of grant and the balance 25% options after expiry of forty-eight months from date of grant, subject to performance and approval of RBI.*

The options so vested are to be exercised within 2 years from the respective dates of vesting.

The criteria for evaluation of performance of Whole-Time Directors include performance vis-à-vis business plans, performance vis-à-vis banking system, and performance in relation to regulatory and compliance requirements.

The notice period for each of them, as specified in their respective terms of appointments, is three months.

Pursuant to the Banking Regulation Act, 1949, the appointment and tenure of Whole-Time Directors is subject to the approval of RBI.

The Bank provides for gratuity in the form of lump-sum payment on retirement or on death while in employment or on termination of employment of an amount equivalent to 15 (fifteen) days basic salary payable for each completed year of service.

The Bank makes annual contributions to funds administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The Bank accounts for the liability for future gratuity benefits based on an independent external actuarial valuation carried out annually.

Perquisites (evaluated as per Income Tax Rules, 1962 wherever applicable and at actual cost to the Bank otherwise) such as the benefit of the Bank's furnished accommodation, gas, electricity, water and furnishings, club fees, personal accident insurance, use of car and telephone at residence, medical reimbursement, leave and leave travel concession and other benefits like provident fund, superannuation and gratuity are provided in accordance with the rules of the Bank in this regard.

No sitting fees were paid to Mr. Puri and Mr. Bharucha for attending meetings of the Board and / or its Committees.

DETAILS OF REMUNERATION / SITTING FEES PAID TO NON-EXECUTIVE DIRECTORS

All the non-executive directors including the independent directors and the Chairperson receive remuneration by way of sitting fees for each meeting of the Board and its various committees. No stock options are granted to any of the non-executive directors.

During the year, Mrs. Shyamala Gopinath was paid remuneration of ₹ 3,500,000. The remuneration of the Chairperson has been approved by the Reserve Bank of India. Pursuant to the provisions of Companies Act, 2013, the Directors are paid sitting fees of ₹ 50,000 and ₹ 100,000 per meeting for attending Committee & Board meetings respectively.

Pursuant to RBI guidelines dated June 1, 2015 on Compensation to Non-Executive Directors of Private Sector Banks and read with the relevant shareholders' resolution in this regard, non-executive directors, including the independent directors, other than the Chairperson, also receive profit related commission as per the limits prescribed in the RBI guidelines. Pursuant to these guidelines and shareholders' resolution passed at the 22nd Annual General Meeting of the Bank held on July 21, 2016, the non-executive directors were paid profit related commission of ₹ 1,000,000 each during the financial year 2019-20 pertaining to financial year 2018-19. This is in addition to the sitting fees paid to them for attending Committee & Board meetings.

The details of sitting fees and commission paid to non-executive directors during the financial year 2019-20 is as under: (Amount in ₹)

Name of the Director	Sitting Fees	Commission #
Mrs. Shyamala Gopinath	2,900,000	-
Mr. Malay Patel	3,350,000	1,000,000
Mr. Keki Mistry*	1,450,000	1,000,000
Mr. Umesh Chandra Sarangi	2,100,000	1,000,000
Mr. Srikanth Nadhamuni	2,750,000	1,000,000
Mr. Sanjiv Sachar	2,300,000	1,000,000
Mr. Sandeep Parekh	2,100,000	1,000,000
Mr. M.D. Ranganath	2,650,000	1,000,000
Mrs. Renu Karnad **	150,000	-

\# *Refers to commission for FY 2018-19, paid out in FY 2019-20*

* *Mr. Keki Mistry ceased to be a director of the Bank with effect from close of business hours on January 18, 2020 on completion of term of eight continuous years, being the maximum term prescribed under the Banking Regulation Act, 1949.*

** *Mrs. Renu Karnad was appointed as an Additional Non-Executive Director (nominee of Housing Development Finance Corporation Limited) with effect from March 3, 2020, subject to the approval of shareholders at the ensuing Annual General Meeting.*

There were no other pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Bank (except banking transactions in the ordinary course of business and on arm's length basis) during FY 2019-20.

COMPOSITION OF COMMITTEES OF DIRECTORS, TERMS OF REFERENCE AND ATTENDANCE AT THE MEETINGS

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Bank. These Committees monitor the activities as per the scope defined in their respective Charters and terms of reference.

The Board's Committees are as follows:

	Non Executive Directors								Executive Directors	
	Shyamala Gopinath	Malay Patel	Umesh Chandra Sarangi	Srikanth Nadhamuni	Sanjiv Sachar	Sandeep Parekh	M.D. Ranganath	Renu Karnad	Aditya Puri	Kaizad Bharucha
Audit	•		•		•		●			
Nomination and Remuneration	•				●	•	•			
Stakeholders' Relationship		•	●			•		•	•	
Corporate Social Responsibility		•	●		•			•	•	
Risk Policy and Monitoring	•			●			•	•	•	
Fraud Monitoring	●	•	•			•			•	
Customer Service	●	•		•		•			•	
Credit Approval		•		•					•	•
Digital Transactions Monitoring		•		●			•		•	
IT Strategy*	•			•			●			
Wilful Defaulters' Identification Review	●		•		•	•			•	
Non-Cooperative Borrowers Review	●		•		•	•			•	
Premises		•						•	•	

* Consists of members of senior management and external IT consultant in addition to the above members.

• Member ● Chairperson

Audit Committee

Brief Terms of Reference / Roles and Responsibilities:	a. Overseeing the Bank's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible; b. Recommending appointment and removal of external auditors and fixing of their fees; c. Reviewing with management the annual financial statements and auditor's report before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards, disclosure of related party transactions and other legal requirements relating to financial statements; d. Reviewing the adequacy of the Audit and Compliance functions, including their policies, procedures, techniques and other regulatory requirements; and e. Any other terms of reference as may be included from time to time in the Companies Act, 2013, SEBI Listing Regulations, 2015, including any amendments / re-enactments thereof from time to time. The Board has also adopted a Charter for the Audit Committee in accordance with certain United States regulatory standards as the Bank's American Depository Receipts are also listed on the New York Stock Exchange.
Composition:	Mr. M. D. Ranganath (Chairman), Mrs. Shyamala Gopinath, Mr. Umesh Chandra Sarangi and Mr. Sanjiv Sachar. Mr. M. D. Ranganath and Mr. Sanjiv Sachar are the members of Audit Committee having financial expertise. All the members of the Committee are independent directors. Mr. Santosh Haldankar, Company Secretary of the Bank, acts as the Secretary of the Committee.
Meetings:	The Committee met nine (9) times during the year on April 18, 2019, June 4, 2019, June 6, 2019, July 19, 2019, August 22, 2019, October 18, 2019, January 9, 2020, January 17, 2020 and March 18, 2020.

Nomination & Remuneration Committee

Brief Terms of Reference / Roles and Responsibilities:	a. Scrutinizing the nominations of the directors with reference to their qualifications and experience, for identifying 'Fit and Proper' persons, assessing competency of the persons and reviewing compensation levels of the Bank's employees vis-à-vis other banks and the banking industry in general. The NRC has formulated a Policy for Appointment and Fit and Proper Criteria of Directors, which inter-alia provides for criteria to assess the competency of the persons nominated, which includes: • academic qualifications, • previous experience, • track record; and • integrity of the candidates. For assessing the integrity and suitability, features like criminal records, financial position, civil actions undertaken to pursue personal debts, refusal of admission to and expulsion from professional bodies, sanctions applied by regulators or similar bodies and previous questionable business practices are considered. b. The Committee also formulates criteria for evaluation of performance of individual directors including independent directors, the Board of Directors and its Committees. The criteria for evaluation of performance of directors (including independent directors) include personal attributes such as attendance at meetings, communication skills, leadership skills and adaptability and professional attributes such as understanding of the Bank's core business and strategic objectives, industry knowledge, independent judgment, adherence to the Bank's Code of Conduct, Ethics and Values etc. c. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
Composition:	Mr. Sanjiv Sachar (Chairman), Mrs. Shyamala Gopinath, Mr. Sandeep Parekh and Mr. M.D. Ranganath. All the members of the Committee are independent directors.
Meetings:	The Committee met nine (9) times during the year on April 18, 2019, May 22, 2019, June 27, 2019, July 12, 2019, July 18, 2019, August 22, 2019, October 18, 2019, November 15, 2019 and January 17, 2020.

Stakeholders' Relationship Committee

Brief Terms of Reference / Roles and Responsibilities:	The Committee approves and monitors transfer, transmission, splitting and consolidation of shares and considers requests for dematerialization of shares. Allotment of shares to the employees on exercise of stock options granted under the various Employees Stock Option Schemes which are made in terms of the powers delegated by the Board in this regard, are placed before the Committee for ratification. The Committee also monitors redressal of grievances from shareholders relating to transfer of shares, non-receipt of Annual Report, dividends, etc. The Committee shall oversee the various aspects of interests of all stakeholders including shareholders and other security holders. The powers to approve share transfers and dematerialization requests have been delegated to executives of the Bank to avoid delays that may arise due to non-availability of the members of the Committee. Mr. Santosh Haldankar, Company Secretary of the Bank is the Compliance Officer responsible for expediting the share transfer formalities. As on March 31, 2020, no instruments of transfer were pending for transfer. The details of the transfers are reported to the Committee from time to time. During the year ended March 31, 2020, the Bank received 2,862 complaints from the shareholders. The Bank had attended to all the complaints. 119 complaints remained pending and 3 complaints have not been solved to the satisfaction of the shareholders as on March 31, 2020. Besides, 6,001 letters were received from the shareholders relating to change of address, nomination requests, updation of email IDs and PAN No(s), updation of complete bank account details viz. Core Banking account no., IFSC and / MICR code, Mandate for crediting dividend by National Automated Clearing House (NACH) and National Electronic Fund Transfer (NEFT), claim of shares from Unclaimed Suspense account, and from the Investors Education and Protection Fund Authority, queries relating to the annual reports, non-receipt of share certificate upon sub-division of Bank's shares from the face value of ₹2/- each to the face value of ₹1/- each, amalgamation, request for re-validation of dividend warrants and various other investor related matters. These letters have also been responded to.
Composition:	Mr. Umesh Chandra Sarangi (Chairman), Mr. Aditya Puri, Mr. Malay Patel, Mr. Sandeep Parekh and Mrs. Renu Karnad. (Mrs. Renu Karnad was appointed as a member of the Committee with effect from June 3, 2020)
Meetings:	The Committee met four (4) times during the year on April 16, 2019, July 18, 2019, October 17, 2019 and January 16, 2020.

Risk Policy & Monitoring Committee

Brief Terms of Reference / Roles and Responsibilities:	The Risk Policy & Monitoring Committee (RPMC) has been formed as per the guidelines of Reserve Bank of India on Asset Liability Management / Risk Management Systems. The RPMC is a Board level committee, which supports the Board by supervising the implementation of the risk strategy. It guides the development of policies, procedures and systems for managing risk. It ensures that these are adequate and appropriate to changing business conditions, the structure and needs of the Bank and the risk appetite of the Bank. The RPMC monitors the compliance of risk parameters/aggregate exposures with the appetite set by the Board. It ensures that frameworks are established for assessing and managing various risks faced by the Bank, systems are developed to relate risk to the Bank's capital level and methods are in place for monitoring compliance with internal risk management policies and processes. The Committee ensures that the Bank has a suitable framework for Risk Management and oversees the implementation of the risk management policy. Further, the functions of the Committee also include review of the enterprise-wide risk frameworks viz. Risk Appetite framework (RAF), Internal Capital Adequacy Assessment Process (ICAAP), stress testing framework, etc. The Committee also reviews the cyber security framework in the Bank from time to time. Further, as per RBI guidelines, the Chief Risk Officer of the Bank regularly interacts with the members of the Committee without the presence of management at the meetings of the Committee.
Composition:	Mr. Srikanth Nadhamuni (Chairman), Mrs. Shyamala Gopinath, Mr. M.D. Ranganath, Mr. Aditya Puri and Mrs. Renu Karnad. (Mrs. Renu Karnad was appointed as a member of the Committee with effect from June 3, 2020)
Meetings:	The Committee met six (6) times during the year on April 16, 2019, June 27, 2019, July 18, 2019, August 22, 2019, October 17, 2019 and January 16, 2020.

Credit Approval Committee

Brief Terms of Reference / Roles and Responsibilities:	The Committee considers proposals for approval, renewal, or modification of various types of funded and non-funded credit facilities to the customers of the Bank within such authority as delegated to it by the Board from time to time. This facilitates quick response to the needs of the customers and timely disbursement of loans.
Composition:	Mr. Malay Patel, Mr. Aditya Puri, Mr. Kaizad Bharucha and Mr. Srikanth Nadhamuni.
Meetings:	The Committee met twenty four (24) times during the year on April 20, 2019, May 7, 2019, May 22, 2019, June 11, 2019, June 27, 2019, July 12, 2019, July 20, 2019, August 8, 2019, August 22, 2019, September 11, 2019, September 27, 2019, October 18, 2019, November 28, 2019, December 11, 2019, December 24, 2019, January 8, 2020, January 17, 2020, February 4, 2020, February 17, 2020, February 28, 2020, March 9, 2020, March 12, 2020, March 17, 2020 and March 26, 2020.

Premises Committee

Brief Terms of Reference / Roles and Responsibilities:	The Committee approves purchases and leasing of land parcel for proposed buildings & premises for the use of Bank's branches, back offices, ATMs, residential training centre(s), currency chests, guest house etc., (including relocation and renewals) and of residential premises for Bank employees in accordance with the guidelines laid down by the Board from time to time.
Composition:	Mr. Aditya Puri, Mr. Malay Patel and Mrs. Renu Karnad. (During the year, Mr. Keki Mistry ceased to be a member of the Committee pursuant to his cessation as a Director of the Bank and Mrs. Renu Karnad was appointed as a member of the Committee with effect from June 3, 2020)
Meetings:	The Committee met four (4) times during the year on April 16, 2019, July 18, 2019, October 17, 2019 and January 16, 2020.

Fraud Monitoring Committee

Brief Terms of Reference / Roles and Responsibilities:	Pursuant to the directions of the RBI, the Bank has constituted a Fraud Monitoring Committee, exclusively dedicated to the monitoring and following up of cases of fraud involving amounts of ₹ 1 crore and above. The objectives of this Committee are the effective detection of frauds and immediate reporting of the frauds and actions taken against the perpetrators of frauds with the concerned regulatory and enforcement agencies. The terms of reference of the Committee are as under: a. Identify the systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same; b. Identify the reasons for delay in detection, if any and report to top management of the Bank and RBI; c. Monitor progress of Central Bureau of Investigation / Police Investigation and recovery position; d. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time; e. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls; and f. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.
Composition:	Mrs. Shyamala Gopinath (Chairperson), Mr. Malay Patel, Mr. Umesh Chandra Sarangi, Mr. Aditya Puri and Mr. Sandeep Parekh. (During the year, Mr. Keki Mistry ceased to be a member of the Committee pursuant to his cessation as a Director of the Bank.)
Meetings:	The Committee met four (4) times during the year on April 16, 2019, July 18, 2019, October 17, 2019 and January 16, 2020.

Customer Service Committee

Brief Terms of Reference / Roles and Responsibilities:	The Committee has been constituted to monitor and bring about continuous improvements in the quality of services rendered to the customers and also to ensure implementation of directives received from the Reserve Bank of India (RBI) in this regard. The terms of reference of the Committee are to formulate comprehensive deposit policy incorporating the issues arising out of the demise of a depositor for operation of his account, the product approval process, annual survey of depositor satisfaction and the triennial audit of such services.
Composition:	Mrs. Shyamala Gopinath (Chairperson), Mr. Malay Patel, Mr. Srikanth Nadhamuni, Mr. Aditya Puri and Mr. Sandeep Parekh. (During the year, Mr. Keki Mistry ceased to be a member of the Committee pursuant to his cessation as a Director of the Bank.)
Meetings:	The Committee met four (4) times during the year on April 16, 2019, July 18, 2019, October 17, 2019 and January 16, 2020.

Corporate Social Responsibility Committee

Brief Terms of Reference / Roles and Responsibilities:	The Corporate Social Responsibility ("CSR") Committee of the Board has been constituted to identify, execute and monitor CSR projects and assist the Board and the Bank in fulfilling its corporate social responsibility objectives and achieving the desired results. The Committee shall also ensure legal and regulatory compliance from a CSR perspective and reporting as well as communication to all the stakeholders on the Bank's CSR initiatives. The Board has constituted a Corporate Social Responsibility (CSR) Committee with the following terms of reference: • To formulate the Bank's CSR Strategy, Policy and Goals • To monitor the Bank's CSR policy and performance • To review the CSR projects / initiatives from time to time • To ensure legal and regulatory compliance from a CSR viewpoint • To ensure reporting and communication to stakeholders on the Bank's CSR • To monitor the Bank's ESG Framework, strategy, goals and disclosures
Composition:	Mr. Umesh Chandra Sarangi (Chairman), Mr. Sanjiv Sachar, Mr. Malay Patel, Mr. Aditya Puri and Mrs. Renu Karnad. (Mrs. Renu Karnad was appointed as a member of the Committee with effect from June 3, 2020)
Meetings:	The Committee met four (4) times during the year on April 16, 2019, July 18, 2019, October 17, 2019 and January 16, 2020.

Review Committee for Wilful Defaulters' Identification

Brief Terms of Reference / Roles and Responsibilities:	The Board has constituted a Review Committee for Wilful Defaulters' Identification to review the orders passed by the Committee of Executives for Identification of Wilful Defaulters and provide the final decision with regard to identified Wilful defaulters and any other matters as may be decided by the Board from time to time.
Composition:	Mrs. Shyamala Gopinath (Chairperson), Mr. Aditya Puri, Mr. Sandeep Parekh, Mr. Umesh Chandra Sarangi and Mr. Sanjiv Sachar.
Meetings:	The Committee met twice during the year on July 20, 2019 and October 19, 2019

Review Committee for Non-Cooperative Borrowers

Brief Terms of Reference / Roles and Responsibilities:	The Board has constituted a Review Committee to review matters related to Non-Co-operative Borrowers which are handled by the Internal Committee of Executives appointed for this purpose and any other matters as may be decided by the Board from time to time.
Composition:	Mrs. Shyamala Gopinath (Chairperson), Mr. Aditya Puri, Mr. Sandeep Parekh, Mr. Umesh Chandra Sarangi and Mr. Sanjiv Sachar.
Meetings:	The Committee did not meet during the year.

Digital Transaction Monitoring Committee

Brief Terms of Reference / Roles and Responsibilities:	In order to promote digital transactions of the Bank and to provide directions in terms of strategy and action plans including monitoring the progress of achievement in the digital transactions space, the Bank has constituted the Digital Transaction Monitoring Committee. The terms of reference to the Committee, inter-alia include the following: a. Framing of the Bank-level strategy and action plans for achieving the target of digital transactions in an organized manner, as may be set by the Government, regulatory authorities, Indian Banks' Association, etc. from time to time. b. Monitoring the progress of achievement in digital transactions in line with the Bank's strategy and action plans. c. To review and explore new opportunities for increasing the digital transactions of the Bank from time to time and give the necessary directions in implementing and improving high level of digitalization in Bank. d. Reviewing the Digital Banking strategy of the Bank as and when required thereby providing direction on focus areas. e. Reviewing the progress made on the initiatives relating to Digital Banking covering performance initiatives as determined by the Board of Directors and Government of India from time to time. f. To review the customer services rendered on digital platform from time to time. g. Any other terms of reference as may be specified by the Government, regulatory authorities, IBA, etc. from time to time.
Composition:	Mr. Srikanth Nadhamuni (Chairman), Mr. Malay Patel, Mr. Aditya Puri and Mr. M.D. Ranganath.
Meetings:	The Committee met four (4) times during the year on April 18, 2019, July 19, 2019, October 18, 2019 and January 17, 2020.

IT Strategy Committee

Brief Terms of Reference / Roles and Responsibilities:	The Bank has in place, an IT Strategy Committee to look into various technology related aspects. The functions of the Committee are to formulate IT strategy and related policy documents, ensure that IT strategy is aligned with business strategy, review IT risks, etc. The terms of reference of the Committee are: • Approving IT strategy and related policy documents and reviewing the same from time to time. • Ensuring that the management has put an effective strategic planning process in place. • Approving the Bank's IT strategy and budget to ensure it aligns with the business needs. • Approving re-allocation of resources within IT to facilitate meeting priorities and business needs. • Reviewing and approving IT implementation plans.
Composition:	This committee consists of Senior Management and external IT consultant in addition to the Board members viz. Mr. M.D. Ranganath (Chairman), Mr. Srikanth Nadhamuni and Mrs. Shyamala Gopinath.
Meetings:	The Committee met five (5) times during the year on April 18, 2019, July 19, 2019, October 18, 2019, January 9, 2020 and March 18, 2020.

Meeting of the Independent Directors:

The Independent Directors of the Bank met on September 18, 2019. All Independent Directors had attended the meeting.

ATTENDANCE AT THE COMMITTEE MEETINGS HELD DURING FINANCIAL YEAR 2019-20

Audit Committee [Total nine meetings held]

Name	No. of meetings attended
Mr. M.D. Ranganath	9
Mrs. Shyamala Gopinath	8
Mr. Umesh Chandra Sarangi	9
Mr. Sanjiv Sachar	9

Credit Approval Committee [Total twenty four meetings held]

Name	No. of meetings attended
Mr. Malay Patel	24
Mr. Srikanth Nadhamuni	20
Mr. Kaizad Bharucha	24
Mr. Aditya Puri	15
Mr. Keki Mistry*	1

Stakeholders' Relationship Committee [Total four meetings held]

Name	No. of meetings attended
Mr. Umesh Chandra Sarangi	4
Mr. Malay Patel	4
Mr. Sandeep Parekh	4
Mr. Aditya Puri	4

Customer Service Committee [Total four meetings held]

Name	No. of meetings attended
Mrs. Shyamala Gopinath	4
Mr. Malay Patel	4
Mr. Srikanth Nadhamuni	4
Mr. Sandeep Parekh	4
Mr. Aditya Puri	4
Mr. Keki Mistry*	4

Nomination and Remuneration Committee [Total nine meetings held]

Name	No. of meetings attended
Mr. Sanjiv Sachar	9
Mrs. Shyamala Gopinath	9
Mr. Sandeep Parekh	8
Mr. M.D. Ranganath	8

Premises Committee [Total four meetings held]

Name	No. of meetings attended
Mr. Malay Patel	4
Mr. Aditya Puri	4
Mr. Keki Mistry*	4

Fraud Monitoring Committee [Total four meetings held]

Name	No. of meetings attended
Mrs. Shyamala Gopinath	3
Mr. Malay Patel	4
Mr. Umesh Chandra Sarangi	4
Mr. Sandeep Parekh	4
Mr. Aditya Puri	4
Mr. Keki Mistry*	4

Risk Policy & Monitoring Committee [Total six meetings held]

Name	No. of meetings attended
Mr. Srikanth Nadhamuni	5
Mr. M.D. Ranganath	6
Mrs. Shyamala Gopinath	6
Mr. Aditya Puri	6

Corporate Social Responsibility Committee [Total four meetings held]

Name	No. of meetings attended
Mr. Umesh Chandra Sarangi	4
Mr. Sanjiv Sachar	4
Mr. Malay Patel	4
Mr. Aditya Puri	4

Digital Transactions Monitoring Committee [Total four meetings held]

Name	No. of meetings attended
Mr. Srikanth Nadhamuni	4
Mr. Malay Patel	4
Mr. M.D. Ranganath	4
Mr. Aditya Puri	4

** Mr. Keki Mistry ceased to be a director of the Bank with effect from close of business hours on January 18, 2020 on completion of term of eight continuous years, being the maximum term prescribed the under Banking Regulation Act, 1949.*

OWNERSHIP RIGHTS

Certain rights that a shareholder in a company enjoys:

- To carry out transmission / transposition and deletion of name on the share certificates(s) and receive the duly endorsed share certificates within the period prescribed in the SEBI Listing Regulations.
- To receive notice of general meetings, annual report, the balance sheet and profit and loss account and the auditor's report. To attend and speak in person, at general meetings.
- To appoint proxy to attend and vote at the general meetings. In case the member is a body corporate, to appoint a representative to attend and vote at the general meetings of the company on its behalf.
- Proxy can vote on a poll. In case of vote on poll, the number of votes of a shareholder is proportionate to the number of equity shares held by him. In case of the 26th Annual General Meeting of the Bank which will be conducted by Video-Conferencing / Other Audio-Visual Means pursuant to the relevant MCA circulars, physical attendance of the shareholders has been dispensed with and accordingly, the facility for appointment of proxies for attending and voting on behalf of shareholders will not be available at the 26th Annual General Meeting of the Bank.
- In terms of Section 12 of the Banking Regulation Act, 1949 as amended with effect from January 18, 2013 vide the Banking Laws Amendment Act, 2012, no person holding shares in a banking company shall, in respect of any shares held by him, exercise voting rights on poll in excess of ten (10) per cent of the total voting rights of all the shareholders of the banking company, provided that RBI may increase, in a phased manner, such ceiling on voting rights from ten (10) percent to twenty-six (26) per cent. The notification dated July 21, 2016 issued by RBI and notified in the Gazette of India dated September 17, 2016 states that the current level of ceiling on voting rights is at twenty-six (26) per cent.
- To requisition an extraordinary general meeting of the company by shareholders who collectively hold not less than 1/10th of the total paid-up capital of the company.
- To move amendments to resolutions proposed at general meetings.
- To receive dividend and other corporate benefits like rights, bonus shares, etc. as and when declared / announced.
- To inspect various registers of the company, minute books of general meetings and to receive copies thereof after complying with the procedure prescribed in the Companies Act, 2013 as amended from time to time.
- To make nomination in respect of shares held by the shareholder.
- To participate in and be sufficiently informed of the decisions concerning fundamental corporate changes.
- To be informed of the rules, including voting procedures that govern general shareholder meetings.
- To have adequate mechanism to address the grievances of the shareholders.
- To ensure protection of minority shareholders from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and effective means of redress.

The rights mentioned above are prescribed in the Companies Act, 2013, the SEBI Listing Regulations and Banking Regulation Act, 1949, wherever applicable, and should be followed only after careful reading of the relevant sections. These rights are not necessarily absolute.

GENERAL BODY MEETINGS

(Following are the details of general body meetings for the previous three financial years held at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400020 at 2.30 p.m.)

Sr. No.	Particulars of meeting	Day & Date	Number of Special Resolutions passed, if any	Nature of Special Resolutions
1	23rd Annual General Meeting	Monday, July 24, 2017	two (2)	1. Re-appointment of Mrs. Shyamala Gopinath as Part-Time Non-Executive Chairperson of the Bank 2. Issue of perpetual debt instruments, Tier II capital bonds and senior long-term infrastructure bonds on private placement basis
2	Extra-Ordinary General Meeting	Friday, January 19, 2018	two (2)	1. Raising of funds through issue of equity shares and/ or equity shares through depository receipts and/ or convertible securities 2. Preferential issue of equity shares to Housing Development Finance Corporation Limited
3	24th Annual General Meeting	Friday, June 29, 2018	one (1)	1. Issue of Perpetual Debt Instruments (part of Additional Tier I capital), Tier II Capital Bonds and Long Term Bonds (financing of infrastructure and affordable housing) on a private placement basis
4	25th Annual General Meeting	Friday, July 12, 2019	one (1)	1. Issue Unsecured Perpetual Debt Instruments (part of Additional Tier I capital), Tier II Capital Bonds and Long Term Bonds (financing of infrastructure and affordable housing) on a private placement basis

POSTAL BALLOT

During the financial year 2019-20, no resolutions were passed by means of postal ballot.

DISCLOSURES

Material Subsidiary

The Bank has two (2) subsidiaries viz: HDB Financial Services Limited and HDFC Securities Limited, neither of which qualifies to be a material subsidiary within the meaning of the SEBI Listing Regulations. However, as a good corporate governance practice, the Bank has formulated a policy for determining material subsidiary. The policy is available on the Bank's website at https://v1.hdfcbank.com/htdocs/common/pdf/Policy-for-determining-material-subsidiary.pdf

Related Party Transactions

During the year, the Bank has entered into transactions with the related parties in the ordinary course of business. The Bank has not entered into any materially significant transactions with the related parties including promoters, directors, the management, subsidiaries or relatives of the Directors, which could lead to a potential conflict of interest between the Bank and these parties. Transactions with related parties were placed before the Audit Committee for approval. There were no material transactions with related parties, which were not in the normal course of business, nor were there any material transactions, which were not at an arm's length basis. Details of related party transactions entered into during the year ended March 31, 2020 are given in, Note No. 29 in Schedule 18, forming part of 'Notes to Accounts'.

The Bank has put in place a policy to deal with related party transactions and the same has been uploaded on the Bank's web-site at https://www.hdfcbank.com/htdocs/common/pdf/Policy_on_Related_Party_Transactions.pdf

Commodity Price Risks and Foreign Exchange Risks and hedging activities

Being in the business of banking, as per the extant regulations, the Bank does not deal in any commodity, though, can be exposed to the commodity price risks of its customers in its capacity as lender/ banker.

Currently, the Bank has open exposure in Precious Metals i.e, Gold / Silver and such open exposures in Gold / Silver are primarily on account of positions created from short term deposits under the Gold Monetisation Scheme (GMS) raised from Customers and trading positions in Gold / Silver. These positions are managed similar to other foreign exchange exposures using spot, outright forwards and swap transactions in Gold and monitored as part of the trading portfolio within the stipulated trading risk limits viz. Net overnight open position limit, Intraday open position limit, Value-at-Risk limit, Stop Loss Trigger Level etc. that are defined in the Treasury Limits Package. In addition, Bank is authorized by Reserve Bank of India to import gold and silver and the exposure arising out of import of gold and silver on consignment basis is covered on back to back basis.

The spot, forward and swap contracts, outstanding as on the Balance Sheet date and held for trading, are revalued at the closing spot and forward rates respectively as notified by FEDAI (Foreign Exchange Dealers' Association of India) and at interpolated rates for contracts of interim maturities. The USD-INR rate for valuation of contracts having longer maturities i.e. greater than one (1) year is implied from INR-MIFOR and USD-LIBOR swap curves. For other pairs, where the rates / tenors are not published by FEDAI, the spot and forward points are obtained from Reuters for valuation of the foreign exchange deals. The foreign exchange profit or loss is arrived on present value basis thereafter, as directed by FEDAI, whereby the forward profits or losses on the deals, as computed above, are discounted till the valuation date using the applicable discounting yields. The resulting profit or loss on valuation is recognized in the Statement of Profit and Loss.

Given below are the exposure details of the Bank under the Gold Monetisation Scheme deposits as of March 31, 2020.
Total open exposure of the Bank to commodities i.e. Gold (in ₹) as on March 31, 2020: NIL

Commodity Name	Exposure in ₹ towards the particular commodity	Exposure in Quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
GMS (XAU)	0	0	100	0	0	0	0

Note: As part of trading position in Gold, the Treasury Gold Desk has open position in Gold of 604.45 ounce, which is equivalent to ₹ 73,706,427.25 as on March 31, 2020, and was within the NOOP limit prescribed for XAU.

Accounting Treatment

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time (RBI guidelines), Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, in so far as they apply to banks.

Credit Ratings

The details of all credit ratings obtained by the Bank for all debt instruments are furnished in the Directors' Report which may be referred to.

Whistle Blower Policy / Vigil Mechanism

The details of establishment of whistle blower policy / vigil mechanism are furnished in the Directors' Report which may be referred to. None of the Bank's personnel have been denied access to the Audit Committee.

Remuneration and Selection criteria for Directors

Kindly refer to the relevant details as furnished in the Directors' Report.

Appointment / Resignation of Director

During the year, Mr. Keki Mistry ceased to be a director of the Bank with effect from close of business hours on January 18, 2020 on completion of term of eight continuous years, being the maximum prescribed under Banking Regulation Act, 1949.

During the year, Mrs. Renu Karnad has been appointed as Additional Non-Executive Director (Nominee of Housing Development Finance Corporation Limited) with effect from March 3, 2020, subject to approval of shareholders at the ensuing Annual General Meeting.

Familiarization of Independent Directors

The details of familiarization programmes imparted to Independent Directors are available on the website of the Bank at https://www.hdfcbank.com/aboutus/cg/Familiarization.htm

Strictures and Penalties for last three financial years

During the 2019-20, Reserve Bank of India (RBI) has, vide its order dated June 13, 2019, imposed a monetary penalty of ₹10 million (Rupees ten million only) on the Bank for non-compliance with directions issued by RBI on Know Your Customer (KYC)/ Anti-Money Laundering (AML) Norms and on reporting of frauds. The penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949. In the instant case, the Bank had made a reference to the Custom Authorities for verification of Bill of Entry submitted by certain importers. Examination of these customers revealed violations of RBI directions on 'KYC/AML norms' and on reporting of frauds. The Bank has taken necessary measures to strengthen its internal control mechanisms so as to ensure that such incidents do not recur.

Reserve Bank of India (RBI) has also, vide its order dated January 29, 2020, imposed a monetary penalty of ₹ 10 million (Rupees ten million only) on the Bank for failure to undertake on-going due diligence in case of 39 current accounts opened for bidding in Initial Public Offer (IPO). The penalty has been imposed by RBI in exercise of the powers conferred under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949. The Bank has since strengthened its internal control mechanisms so as to ensure that such incidents do not recur.

During the FY 2018-19, RBI has, vide its order dated February 4, 2019, imposed a monetary penalty of ₹ 2 million on the Bank for non-compliance with various directions issued by RBI on Know Your Customer (KYC)/ Anti-Money Laundering (AML) standards, more specifically those contained in their circulars dated November 29, 2004 and May 22, 2008. The Bank has since implemented corrective action to strengthen its internal control mechanisms so as to ensure that such incidents do not recur.

During the FY 2017-18, pursuant to the media reports, SEBI has issued directions to the Bank ("SEBI Directions") in relation to leakage of unpublished price sensitive information ("UPSI") pertaining to the financial results of the Bank for the quarter ended December 31, 2015 and the quarter ended June 30, 2017 in various private WhatsApp groups ahead of Bank's official announcement to the relevant stock exchanges. SEBI had directed the Bank to observe the following: (i) to strengthen its processes / systems / controls forthwith to ensure that such instances of leakage of unpublished price sensitive information do not recur in future, (ii) to submit a report on: (a) the present systems and controls and how the present systems and controls have been strengthened, (b) details of persons who are responsible for monitoring such systems, and (c) the periodicity of monitoring. Further, SEBI had directed the Bank to conduct an internal inquiry into the leakage of UPSI relating to its financial figures including Non-Performing Assets (NPAs) results and take appropriate action against those responsible for the same, in accordance with the applicable law. The scope of such inquiry included determination of the possible role of following persons in relation to the aforesaid leakage of UPSI: (i) persons / members of committees involved in generation of the original data for the purpose of determination of key figures pertaining to financial figures including gross NPAs, (ii) persons involved in the consolidation of the figures for the financial results, (iii) persons involved in the preparation of board notes and presentations, (iv) persons involved in dissemination of information relating to financial results in the public domain, and (v) any other persons who had access to the information. SEBI had directed the Bank to complete the inquiry within a period of three (3) months from the date of the SEBI Directions and thereafter, file a report with SEBI in this regard within a further period of seven (7) days. The Bank had submitted the requisite information and reports to SEBI in compliance with the SEBI Directions and within the timelines prescribed therein. SEBI has since asked for information / clarifications from the Bank on the said matter from time to time, which have been furnished by the Bank.

A chart or a matrix setting out the skills / expertise / competence of the Board of Directors

Sr. No.	Name	Designation	Core skills / expertise / competencies available with the Board
1	Shyamala Gopinath	Part time Non-executive Chairperson	Banking, Financial Markets, Risk Management & Regulatory Affairs
2	Aditya Puri	Managing Director	Banking Business, Finance & Risk Management
3	Kaizad Bharucha	Executive Director	Banking Business, Credit & Risk Management
4	Srikanth Nadhamuni	Non-executive Director	Information technology
5	Sanjiv Sachar	Independent Director	Human Resource Management, Finance
6	Malay Patel	Independent Director	Small Scale Industries
7	Umesh Chandra Sarangi	Independent Director	Agriculture & Rural Economy
8	Sandeep Parekh	Independent Director	Law (with focus on securities market and financial regulations)
9	M.D. Ranganath	Independent Director	Finance, Information Technology & Risk Management
10	Renu Karnad	Additional Non-Executive Director	Risk Management, Housing & Real Estate, Financial, Accounting & Audit, Information Technology, Cyber Security, Consumer Behaviour, Sales & Marketing, Legal, Strategy Management

Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

During the year under review, the Bank has not raised any funds through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the SEBI Listing Regulations.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Details of the number of complaints received, disposed, and pending during the financial year 2019-20 pertaining to the Sexual Harassment of Women at Workplace are as under:

Number of complaints received during the year 2019-20	52
Number of complaints disposed during the year 2019-20	48
Number of complaints pending as on March 31, 2020	4

COMPLIANCE WITH MANDATORY REQUIREMENTS

The Bank has complied with all the applicable mandatory requirements of the Code of Corporate Governance as prescribed under the SEBI Listing Regulations.

PERFORMANCE EVALUATION

The Bank has put in place a mechanism for performance evaluation of the Directors. The details of the same have been included in the Directors' Report.

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

a) Board of Directors

The Bank maintains the expenses relating to the office of non-executive Chairperson of the Bank and reimburses all the expenses incurred in performance of her duties. Pursuant to Section 10-A (2)(a) of the Banking Regulation Act, 1949, none of the directors, other than the Chairperson and/or whole-time directors, is permitted to hold office continuously for a period exceeding eight (8) years.

All the independent directors of the Bank possess requisite qualifications and experience which enable them to contribute effectively to the Bank. The Board confirms that in its opinion, the independent directors fulfill conditions specified in these regulations and are independent of the management.

b) Shareholder's Rights

The Bank publishes its results on its website at www.hdfcbank.com which is accessible to the public at large. The same are also available on the websites of the Stock Exchanges on which the Bank's shares are listed.

A half-yearly declaration of financial performance including summary of the significant events is presently not being sent separately to each household of shareholders. The Bank's results for each quarter are published in an English newspaper having a wide circulation and in a Marathi newspaper having a wide circulation in Maharashtra. Hence, half-yearly results are not sent to the shareholders individually.

c) Audit Qualifications

During the period under review, there is no audit qualification in the Bank's financial statements. The Bank continues to adopt best practices to ensure regime of unqualified financial statements.

d) Separate post of Chairperson and Managing Director/ CEO

Mrs. Shyamala Gopinath is the Chairperson of the Bank and Mr. Aditya Puri is the Managing Director of the Bank.

e) Reporting of Internal Auditor

The Internal Auditor of the Bank reports directly to the Audit Committee of the Bank.

GENERAL SHAREHOLDER INFORMATION

SHAREHOLDERS HOLDING MORE THAN 1% OF THE SHARE CAPITAL OF THE BANK AS AT MARCH 31, 2020

Sr No.	Name of the Shareholder	No. of Shares held	% to share capital
1	JP Morgan Chase Bank, NA*	1,028,115,528	18.75
2	Housing Development Finance Corporation Limited	864,615,834	15.77
3	HDFC Investments Limited	300,000,000	5.47
4	Euro Pacific Growth Fund	196,810,802	3.59
5	SBI- ETF Nifty 50	166,261,572	3.03
6	Life Insurance Corporation of India	135,226,004	2.47
7	ICICI Prudential Bluechip Fund	63,551,801	1.16
8	Government of Singapore	56,189,030	1.02

** One (1) American Depository Share (ADS) represents Three (3) underlying equity shares of the Bank.*

DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2020

Share Range From	Share Range To	No. of Shares	% To Capital	No. of Holders	% To No. of Holders
1	2500	187,321,541	3.42	1,321,006	97.89
2501	5000	55,287,424	1.01	15,028	1.11
5001	10000	43,333,236	0.79	6,096	0.45
10001	15000	21,731,241	0.40	1,771	0.13
15001	20000	16,919,200	0.31	960	0.07
20001	25000	12,086,671	0.22	535	0.04
25001	50000	49,025,787	0.89	1,374	0.10
50001	100000	63,114,590	1.15	883	0.07
100001	and above	5,034,466,770	91.81	1,821	0.14
TOTAL		**5,483,286,460**	**100**	**1,349,474**	**100**

1,323,341 Folios comprising of 5,469,349,518 equity shares forming 99.75% of the share capital are in Demat form.

26,133 Folios comprising of 13,936,942 equity shares forming 0.25% of the share capital are in physical form.

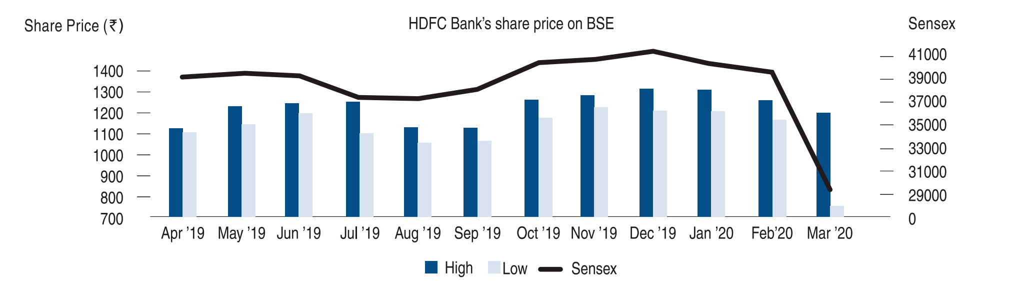
Note: Other than the stock options granted to the employees of the Bank which will result in an addition to the equity capital of the Bank on the exercise of the stock options and subsequent allotment of equity shares, the Bank has no outstanding warrants or other convertible instruments as on March 31, 2020 which could have an impact on the equity capital of the Bank.

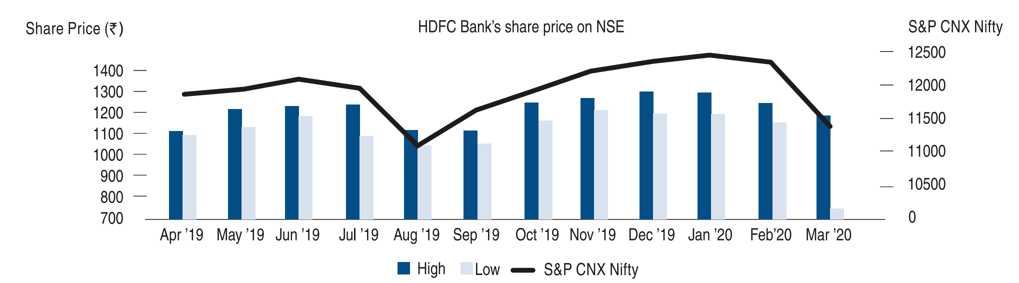
SHARE PRICE / CHART

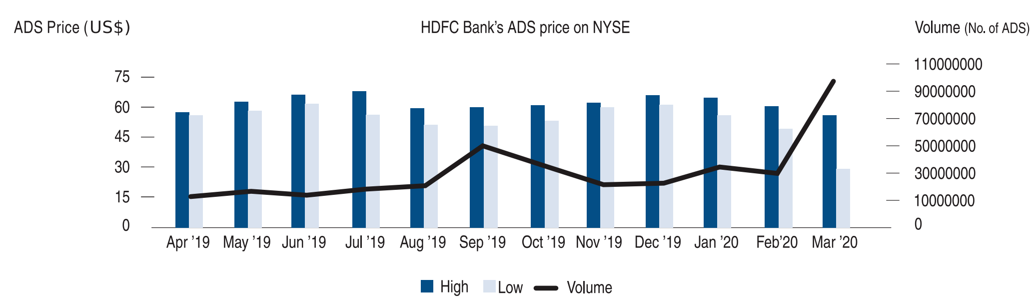
The monthly high and low quotation of Bank's equity shares traded on BSE Ltd (BSE) and the National Stock Exchange of India Ltd (NSE) during Financial Year 2019-20 and its performance vis-à-vis BSE SENSEX and S&P CNX NIFTY respectively is given below. The monthly high and low quotation along with the monthly volume of the Bank's ADS listed on the New York Stock Exchange is also given below.

BSE Ltd				The National Stock Exchange of India Ltd				New York Stock Exchange			
MONTH	HIGH	LOW	SENSEX Closing	MONTH	HIGH	LOW	NIFTY closing	MONTH	HIGH (US$)	LOW (US$)	MONTHLY VOLUME
Apr-19	1,166.18	1,118.50	39,031.55	Apr-19	1,166.00	1,115.50	11,787.15	Apr-19	58.13	55.90	12,346,400
May-19	1,231.98	1,135.70	39,714.20	May-19	1,232.50	1,135.80	11,945.90	May-19	62.36	57.13	16,083,100
Jun-19	1,247.00	1,201.70	39,394.64	Jun-19	1,247.25	1,201.50	12,088.55	Jun-19	65.20	62.26	13,256,700
Jul-19	1,251.45	1,111.55	37,481.12	Jul-19	1,251.65	1,111.53	11,946.75	Jul-19	65.89	56.83	17,800,900
Aug-19	1,144.00	1,069.75	37,332.79	Aug-19	1,144.50	1,069.80	11,109.65	Aug-19	58.11	52.65	20,951,100
Sep-19	1,144.25	1,084.40	38,667.33	Sep-19	1,144.40	1,084.00	11,600.20	Sep-19	59.75	51.03	55,169,200
Oct-19	1,263.90	1,181.00	40,129.05	Oct-19	1,263.90	1,181.15	11,877.45	Oct-19	61.26	54.66	39,012,000
Nov-19	1,287.55	1,228.20	40,793.81	Nov-19	1,287.00	1,227.60	12,151.15	Nov-19	63.47	60.86	23,070,800
Dec-19	1,304.10	1,213.15	41,253.74	Dec-19	1,305.50	1,234.20	12,271.80	Dec-19	65.38	61.21	22,492,100
Jan-20	1,303.80	1,211.50	40,723.49	Jan-20	1,304.85	1,211.75	12,362.30	Jan-20	64.19	56.94	34,022,500
Feb-20	1,263.80	1,170.10	38,297.29	Feb-20	1,259.90	1,170.10	12,201.20	Feb-20	60.33	53.36	28,839,500
Mar-20	1,200.05	738.90	29,468.49	Mar-20	1,201.15	738.75	11,303.30	Mar-20	55.35	29.50	108,451,000

** Stock prices from April, 2019 to September, 2019 have been adjusted due to the sub-division of equity shares of the Bank from face value of ₹ 2/- each to face value of ₹ 1/- each.*



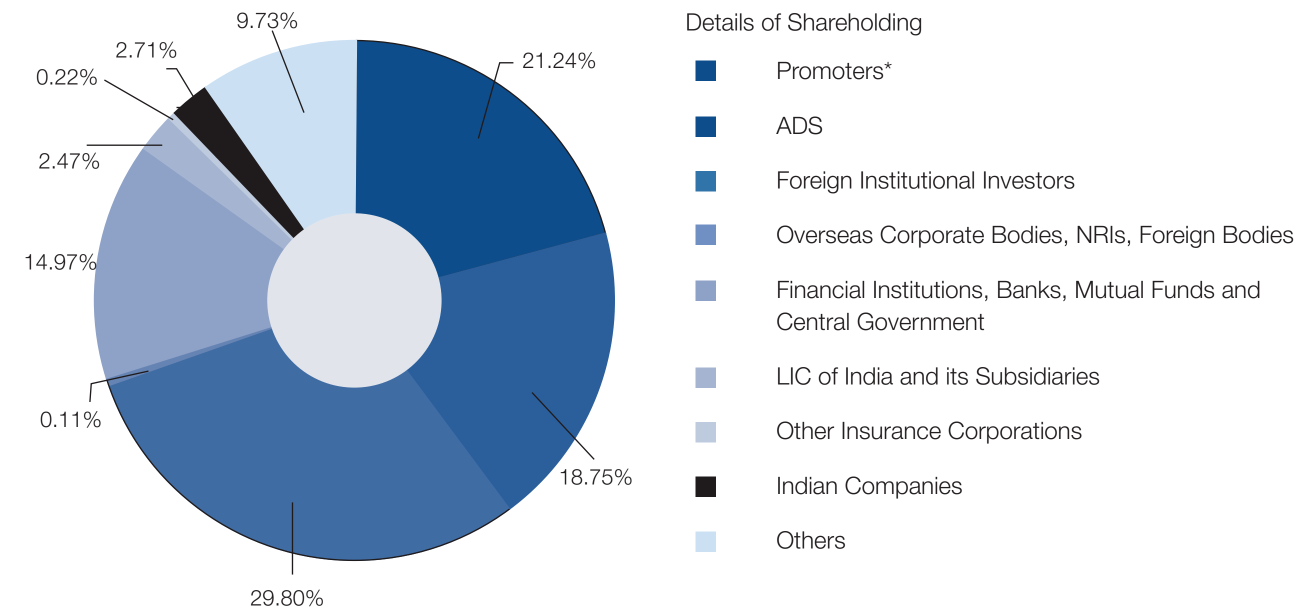




CATEGORIES OF SHAREHOLDERS AS AT MARCH 31, 2020

	No of shares	% to Capital
Promoters (*)	1,164,625,834	21.24
ADS (#)	1,028,115,528	18.75
Foreign Institutional Investors	1,633,956,884	29.80
Overseas Corporate Bodies, Foreign Bodies, Foreign National and Non Resident Indians	6,022,975	0.11
Financial Institutions, Banks, Mutual Funds and Central Government	820,974,755	14.97
Life Insurance Corporation of India and its Subsidiaries	135,226,004	2.47
Other Insurance Corporations	12,178,979	0.22
Indian Companies	148,491,098	2.71
Others	533,694,403	9.73
TOTAL	**5,483,286,460**	**100.00**

Categories of shareholders as at March 31, 2020



*(*) Pursuant to the relevant provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 7,81,93,634 equity shares held by the Promoter (HDFC Ltd) are locked in upto July 21, 2021. None of the Equity Shares held by the Promoter Group are under pledge.*

(#) JP Morgan Chase Bank is the Depository for ADS (1,02,81,15,528 underlying equity shares are issued against the corresponding 34,27,05,176 ADS)

GLOBAL DEPOSITORY RECEIPTS ("GDRs")*

The monthly high and low quotation of the Bank's GDRs traded on Luxembourg Stock Exchange are as under:

(in US$)

Month	Apr-19	May-19	Jun-19	Jul-19
High	16.7	17.5	17.9	18.1
Low	16.1	16.2	17.3	17.4

** 2 GDRs represent one underlying equity share of the Bank.*

During the year, the Bank terminated its GDRs program, by delisting of the GDRs from Luxembourg Stock Exchange with effect from July 16, 2019, and the securities underlying the GDRs were sold by JP Morgan Chase Bank NA on March 3, 2020. The net proceeds of the same after deducting the withholding taxes, were remitted to the GDR holders.

MONTHLY VOLUMES OF THE BANK'S EQUITY SHARES TRADED ON NSE AND BSE

Month	BSE	NSE
April 2019	5,243,796	77,276,083
May 2019	2,740,030	70,107,628
June 2019	2,202,269	50,615,960
July 2019	4,136,167	70,485,404
August 2019	4,287,228	90,393,496
September 2019	6,292,379	138,387,088
October 2019	6,089,766	137,198,453
November 2019	4,441,618	112,330,501
December 2019	3,151,695	117,016,801
January 2020	17,275,972	137,910,086
February 2020	6,990,600	131,226,577
March 2020	32,057,730	473,136,503

FINANCIAL CALENDAR

[April 1, 2019 to March 31, 2020]	
Board Meeting for consideration of accounts	April 18, 2020
Dispatch of Annual Reports by electronic mode	June 24, 2020 onwards
Date, Time and Venue of the 26th AGM	Meeting will be held on July 18, 2020 through video conferencing at 2.00 pm
Record date for purpose of determining eligibility of dividend	Not Applicable*
Board Meeting for considering unaudited results for first three quarters of FY 2019-20	Within 25 days from the end of each quarter

* In light of the Reserve Bank of India (RBI) Circular dated April 17, 2020, all banks were directed not to make dividend pay-outs pertaining to the financial year ended March 31, 2020 until further instructions from RBI, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank has not proposed any final dividend for the year ended March 31, 2020.

CODE OF CONDUCT

The Bank has framed and adopted a Code of Conduct, which is approved by the Board. The Code is applicable to all directors and senior management personnel of the Bank. This Code has been posted on the Bank's website www.hdfcbank.com. All the Directors and senior management personnel have affirmed compliance with the Code of Conduct / Ethics as approved and adopted by the Board.

LISTING

Listing on Indian Stock Exchanges

The equity shares of the Bank are listed at the following Stock Exchanges and the annual fees for 2019-20 have been paid:

Sr. No.	Name and address of the Stock Exchange	Stock Code
1.	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 023.	500180
2.	The National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.	HDFCBANK

Names of Depositories in India for dematerialization of equity shares (ISIN No. INE040A01034)

- National Securities Depository Limited (NSDL)
- Central Depository Services (India) Limited (CDSL)

International Listing

Sr. No.	Security Description	Name & Address of the International Stock Exchange	Name & Address of Depository
1	The American Depository Shares (ADS) (CUSIP No. 40415F101)	The New York Stock Exchange (Ticker - HDB) 11, Wall Street, New York, NY 10005	J.P. Morgan Chase Bank, N.A. J.P. Morgan Depositary Receipts, 383 Madison Ave, Floor 11, New York, NY, 10179
2	Global Depository Receipts (GDRs) (ISIN / Trading Code : US40415F2002)*	Luxembourg Stock Exchange Postal Address : Societe De La Bourse De Luxembourg Societe Anonyme, 35A Boulevard Joseph II L-1840 Luxembourg. Mailing Address : B.P. 165, L - 2011, Luxembourg	J.P. Morgan Chase Bank, N.A. J.P. Morgan Depositary Receipts, 383 Madison Ave, Floor 11, New York, NY, 10179

**During the year, the Bank terminated its Global Depository Receipts (GDRs) program by delisting of the GDRs from Luxembourg Stok Exchange with effect from July 16, 2019, and the securities underlying the GDRs were sold by JP Morgan Chase Bank NA on March 3, 2020. The net proceeds of the same after deducting the withholding taxes, were remitted to the GDR holders.*

The Depository for ADS and GDR is represented in India by: JP Morgan Chase Bank N.A., India Sub Custody, JP Morgan Chase Bank NA, 6th Floor, Paradigm "B" Wing, Behind Toyota Showroom, Mindspace, Malad (West), Mumbai - 400 064.

SHARE TRANSFER PROCESS AND SYSTEM

The Bank's shares which are in compulsory dematerialized (Demat) list are transferable through the depository system. Requests for transmission / transposition or for deletion of name in case of physical share certificates are processed by the Registrar and Share Transfer Agents, Datamatics Business Solutions Limited (formerly known as Datamatics Financial Services Limited) and are approved by the Stakeholders' Relationship Committee of the Bank or authorized officials of the Bank. The service requests of such nature are generally processed within a period of fifteen (15) days from the date of receipt of the relevant documents by Datamatics Business Solutions Limited.

Please note that as per the amended SEBI Listing Regulations, with effect from April 1, 2019, any requests for transfer of securities shall not be processed unless the securities are held in dematerialized form.

FEES FOR STATUTORY AUDITORS

For the details of total fees for all services paid by the Bank and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/ network entity of which the Statutory Auditor is a part, kindly refer to the Directors' Report.

MEANS OF COMMUNICATION

The quarterly and half-yearly unaudited / audited financial results are normally published in the newspapers, viz., the Business Standard in English and Mumbai Sakal / Navshakti in Marathi (regional language). The results are also displayed on the Bank's website at www.hdfcbank.com.

The shareholders can visit the Bank's website for financial information, shareholding information, dividend policy, key shareholders' agreements, if any, Memorandum and Articles of Association of the Bank, etc. The website also gives a link to www.sec.gov where the investors can view statutory filings of the Bank with the Securities and Exchange Commission, USA.

The information relating to the Bank's financial results and shareholding pattern are displayed on the websites of the Stock Exchanges on which the Bank's shares are listed.

Other information such as official news/press releases, stock exchange disclosures and presentations made to investors and analysts, etc. are regularly displayed on the Bank's website.

CODE FOR PREVENTION OF INSIDER TRADING

The Bank has adopted a share dealing code for the prevention of insider trading in the shares of the Bank as well as in other listed and proposed to be listed companies. The share dealing code, inter-alia, prohibits dealing in securities of the Bank by insiders while in possession of unpublished price sensitive information.

DEBENTURE TRUSTEES

The SEBI Listing Regulations require companies, which have listed their debt securities, to disclose the names of their debenture trustees with contact details in their Annual Report. The following are the debenture trustees for the privately placed bonds of the Bank:

1. **IDBI Trusteeship Services Ltd**, Asian Building, Ground Floor, 17 R Kamani Marg, Ballard Estate, Mumbai 400001. Tel : 022-40807000
2. **Axis Trustee Services Limited**, The Ruby, 2nd Floor, SW, 29, Senapati Bapat Marg, Dadar West, Mumbai 400028. Tel : 022-62260054 / 50

3. **Vistra ITCL (India) Limited (Formerly known as IL&FS Trust Company Limited)**, The IL&FS Financial Centre, Plot C-22 / G Block, 7th Floor, Bandra Kurla Complex, Bandra (East) Mumbai 400051. Tel: 022-26593535.

SHAREHOLDERS' HELPDESK

Share transfers, dividend payments and all other investor related activities are attended to and processed at the office of Registrar and Transfer Agents.

For lodgment of transfer deeds and any other documents or for any grievances / complaints, shareholders / investors may contact at the following address:

Mr. Sunny Abraham / Ms. Manisha Parkar / Mr. Tukaram Thore
Datamatics Business Solutions Ltd, (formerly known as Datamatics Financial Services Ltd)
Plot No. B 5, Part B Crosslane,
MIDC, Marol, Andheri (East),
Mumbai 400 093,

Tel : +91-022 - 66712213/14
Fax : +91-022 - 66712011
E-mail : hdinvestors@datamaticsbpm.com
Timings : 10:00 a. m. to 4:30 p. m.
(Monday to Friday except public holidays)

For the convenience of investors, transfers up to 500 shares and complaints from investors are accepted at the Bank's Office at 2nd Floor, Zenith House, Keshavrao Khadye Marg, opposite Race Course Gate no. 5 & 6, Mahalaxmi (West), Mumbai 400 034.

Shareholders' Helpdesk Timings : 10:30 a.m. to 3:30 p.m.
Between Monday to Friday (except on Bank holidays)
Telephone : +91-022-3976 0000 Extn : 0012, 0003 & 0016
Email : shareholder.grievances@hdfcbank.com

For IEPF Related matters - Mr. Santosh Haldankar (Nodal Officer) or Mr. Dhanjit Thaivalappil or Mr. Sushant Date (Deputy Nodal Officers):
Tel: +91-022-39760016/0012/0003
Email: shareholder.grievances@hdfcbank.com

Queries relating to the Bank's operational and financial performance may be addressed to:
shareholder.grievances@hdfcbank.com

Name of the Compliance Officer of the Bank: Mr. Santosh Haldankar, Senior Vice President-Legal & Company Secretary

Telephone: +91-022-3976 0000

BANKING CUSTOMER HELPDESK

In the event of any queries / complaints, banking customers can directly approach the Branch Manager or can call / write to the Bank using the following contact details:

Call at: Our customer care (Phone Banking) numbers.

Location wise list of customer care numbers are available at:

http://www.hdfcbank.com/personal/find-your-nearest/find-phone-banking

Write to:
HDFC Bank Ltd.
Empire Plaza I, 1st Floor,
LBS Marg, Chandan Nagar,
Vikhroli West, Mumbai - 400 083.
Email : support@hdfcbank.com

Contact us online:
Fill up the "Complaint Form" available at the following website link:

https://www.hdfcbank.com/query

For grievances other than Shareholder grievances please send your communication to the following email addresses:

1) Depository Services: dphelp@hdfcbank.com
2) Retail Banking / ATM / Debit Cards / Mutual Fund: support@hdfcbank.com
3) Loans, Advances / Advance against shares: loansupport@hdfcbank.com
4) Credit Cards: customerservices.cards@hdfcbank.com

PLANT LOCATIONS

Being in the banking business, the Bank does not have plants. However, the Bank has 5,416 banking outlets in 2,803 cities / towns as on March 31, 2020. The locations of the branches are also displayed on the Bank's website.

COMPLIANCE CERTIFICATE OF THE AUDITORS

M/s. BNP & Associates, Company Secretaries, have certified that the Bank has complied with the conditions of Corporate Governance as stipulated in the listing requirements of the Indian Stock Exchanges where the Bank's securities are listed. The same is annexed to the Annual Report.

The said Certificate will be sent to the Stock Exchanges along with the Annual Report of the Bank.

On behalf of the Board of Directors

Shyamala Gopinath
Chairperson

Mumbai, June 20, 2020

DECLARATION

I confirm that for the year under review, all directors and senior management have affirmed their adherence to the provisions of the Code of Conduct of Directors and senior management personnel.

Aditya Puri
Managing Director

Mumbai, June 20, 2020

Shareholder Information

A) DIVIDENDS

Receipt of Dividends through Electronic mode

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have directed that listed companies shall mandatorily make all payments to investors including dividend to shareholders, by using any RBI approved electronic mode of payment viz., Electronic Clearing System (ECS), LECS (Local ECS), RECS (Regional ECS), NECS (National ECS), Direct Credit, RTGS, NEFT etc.

In order to receive the dividend without loss of time (as and when declared by the Bank), all the eligible shareholders holding shares in demat mode are requested to update with their respective Depository Participants, their correct core banking account number, including 9 digit MICR Code and 11 digit IFSC Code, E-Mail ID and Mobile No(s). This will facilitate the remittance of the dividend amount as directed by SEBI directly in the Bank Account electronically. Updation of E-Mail IDs and Mobile No(s) will enable sending communication relating to credit of dividend, unencashed dividend etc.

Shareholders holding shares in physical form may communicate details relating to their core banking account, viz., core banking account number, including 9 digit MICR Code and 11 digit IFSC Code, E- Mail ID and Mobile No(s) to the Registrar and Share Transfer Agents viz., Datamatics Business Solutions Limited (formerly, Datamatics Financial Services Limited,) having address at Plot No. B 5, Part B Crosslane, MIDC, Marol, Andheri (E), Mumbai-400 093, by quoting the reference folio number and attaching a photocopy of the Cheque leaf of their active core banking account and also a self-attested copy of their PAN card and a self-attested copy of any one of the documents mentioned hereafter: utility payment bills (not more than three months old) / bank pass book / passport / driving license to validate their present address.

Various modes for making payment of dividend under electronic mode:

In case, the shareholder has updated core banking account details (including 9 digit MICR Code and 11 digit IFSC code) for the purpose of payment of dividend (as and when declared by the Bank), then the Bank shall make the payment of dividend to such shareholder under any one of the following modes:

1. National Automated Clearing House (NACH)
2. National Electronic Fund Transfer (NEFT)
3. Direct credit in case the shareholders have an active Bank account with HDFC Bank Limited.

In case dividend paid by electronic mode is returned or rejected by the corresponding bank due to any reason then the Bank will issue a dividend warrant and print the bank account details available in its records on the said dividend warrant to avoid fraudulent encashment of the warrants. The dividend warrant will be dispatched by the Registrars at the registered address of the shareholder.

Transfer of Shares to Investor Education and Protection Fund (IEPF) Authority

Pursuant to the applicable provisions of Section 124(6) of the Companies Act, 2013 all shares in respect of which dividend has / have remained unpaid or unclaimed for consecutive seven (7) years, the corresponding shares have been transferred in the name of IEPF Authority as notified by the Ministry of Corporate Affairs, Government of India (MCA). The MCA has also notified the applicability of Section 124(6) along with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 with effect from September 7, 2016 and Notification dated February 28, 2017 issued in this regard (Collectively the "IEPF Rules"). As per said IEPF Rules, Companies are required to transfer the shares to IEPF Authority where seven years as provided under Section 124(5) of the Companies Act, 2013 have been completed and upon completion of 3 months from the date of the notification as stated hereinabove.

In compliance with the aforesaid provision on November 30, 2017, your Bank has transferred 5,524,448 equity shares to the Investor Education and Protection Fund Authority, Ministry of Corporate Affairs account (IEPF) bearing demat account no 12047200 13676780 which is opened with SBI CAP Securities Ltd as Depository Participant under the Central Depository Services Limited (CDSL). As required under the said provisions all subsequent corporate benefits that may accrue in relation to the above shares will also be credited to the said IEPF Authority. During the year ended March 31, 2020 Bank has further transferred 828,846 and 710,122 equity shares to IEPF account on April 12, 2019 and August 30, 2019 respectively. The IEPF Authority, till March 31, 2020, transferred 242,080 equity shares against the claims received by them from the shareholders. (Share figures reported are of the face value of ₹ 1.00 each).

As per the terms of Section 124(6) of the Companies Act, 2013 and the Rule 7 of the IEPF Rules, the shareholders whose corresponding equity shares of the face value of ₹ 1.00 each stand transferred to IEPF account can claim those shares from IEPF Authority by making an online application in Form IEPF 5 which is available at http://www.iepf.gov.in

Guidelines to file your claim

- For claiming the shares and dividend from the IEPF Authority, shareholders can make an online web based application through MCA portal. Shareholders need to register themselves on MCA portal by creating Login ID credentials. After successful login into MCA portal, shareholders have to click on MCA services tab and choose IEPF- 5 option under "Investor Services" and follow the due process for filing the form.

- Printout of the duly filled Form IEPF - 5 with claimant and joint holders' (if any) signature and along with the acknowledgment issued after uploading the form will have to be submitted together with an indemnity bond in original, cancelled Cheque leaf of active bank account (details of which mentioned by the claimant at the time of uploading the web based form), and other documents as mentioned in the Form IEPF-5 to Nodal Officer (IEPF) of the Bank in an envelope marked "Claim for refund from IEPF Authority". Certain information about the Bank which will have to be submitted are as under:

  (a) Corporate Identification Number (CIN) of Company: - L65920MH1994PLC080618

  (b) Name of the Company: - HDFC Bank Limited

  (c) Address of registered office of the company: HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai 400013

  (d) Email ID of the company :- shareholder.grievances@hdfcbank.com

Unclaimed Dividends

As per the applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), the Bank is statutorily required to transfer to the Investor Education & Protection Fund (IEPF) all dividends remaining unclaimed for a period of seven (7) years from the date they became due for payment. Dividends for and up to the financial year ended March 31, 2012 have already been transferred to the IEPF and the dividend for the financial year ended March 31, 2013 will be transferred to IEPF around September 30, 2020. The details of unclaimed dividends for the financial year ended 2013 onwards and the last date for claiming such dividends are given below:

Dividend for the year ended	Date of Declaration of dividend	Last date for claiming dividend
March 31, 2013	June 27, 2013	June 26, 2020
March 31, 2014	June 25, 2014	June 24, 2021
March 31, 2015	July 21, 2015	July 20, 2022
March 31, 2016	July 21, 2016	July 20, 2023
March 31, 2017	July 24, 2017	July 23, 2024
March 31, 2018	June 29, 2018	June 28, 2025
March 31, 2019	July 12, 2019	July 11, 2026
Special Interim Dividend 2019-2020	July 20, 2019	July 19, 2026

B) SHARES LYING IN UNCLAIMED SUSPENSE ACCOUNT

Particulars	Records / No of shareholders	Equity Shares (Face value of ₹ 1.00 each)
Opening Balance as on April 1, 2019	1,779	704,620
Add: Transfer during the year 2019-20	4,049	1,706,548
Less: Claims received and shares transferred *	32	17,220
Less: Shares transferred to IEPF account	1,726	675,070
Closing Balance as on March 31, 2020 **	4,070	1,718,878

** Number of shareholders who approached the Bank for the transfer of shares from the suspense account.*
*** Voting rights on these shares shall remain frozen till the rightful owners of such shares claim these shares*

REGISTERED OFFICE

HDFC Bank House, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013
Tel: + 91 22 6652 1000
Fax: + 91 22 2496 0737

CORPORATE IDENTIFICATION NUMBER

L65920MH1994PLC080618

STATUTORY AUDITORS

MSKA & Associates,
Chartered Accountants

REGISTRARS & TRANSFER AGENTS

Datamatics Business Solutions Limited
(Formerly Datamatics Financial Services Limited)
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