

# Leading Responsibly



Environment



Social



Governance



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## Integrated Report

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**HDFC Bank is India's largest private sector bank (by Balance Sheet size). Our sound fundamentals, extensive distribution network, and agile operations have enabled us to seamlessly transition into the 'new normal' of a post-pandemic world. We are consistently innovating our products and processes to cater to the evolving needs of our customers.**

## Key highlights



### Financial

#### BALANCE SHEET SIZE

**₹20,68,535 Cr**

18.4%

#### NET PROFIT

**₹36,961.3 Cr**

18.8%

#### GROSS NON-PERFORMING ASSETS (NPAs)

**1.17%**



### Non-financial

#### CSR BENEFICIARIES\*

**9.6 Cr+**

#### STATES BENEFITTED\*

**24+**

#### TOTAL BANKING OUTLETS\*

**21,683**



Online version of the report can be accessed [here](#)

\*As on March 31, 2022

# Leading Responsibly



**Leadership is as much about responsibility as it is about scale and size. It goes much beyond offering world-class banking products and services and is also about creating value for all our stakeholders. This means we are embedding ESG aspects into our business strategy. As a domestic systemically important bank, we feel this responsibility even more.**



We have pledged to become carbon neutral by FY32. Lending decisions are being increasingly put through the Environmental, Social and Governance (ESG) lens and greater emphasis is being laid on green financing solutions.

At the same time, we are undertaking focused interventions that are making meaningful contributions to global sustainable development goals around reducing poverty, achieving zero hunger, providing clean water and sanitation, quality education, and building sustainable communities.

Leveraging our unmatched physical network and robust digital capabilities, we are expanding our

stakeholder universe where the real and virtual worlds converge seamlessly, and more people are brought into the economic mainstream. The unprecedented challenges of the past two years notwithstanding, we have made steady progress on our sustainability targets.

We believe in leading by example. Responsibility, thus, begins with us. We are deploying technology as a force multiplier and anchoring all our actions to the highest possible standards of Corporate Governance. Together with our stakeholders, we are building the bank of the future that can stand the test of time.

# About the Report

This Integrated Annual Report for 2021-22 provides insight into the process followed by the Bank as it endeavours to deliver on its purpose. It provides 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 Companies (Accounting Standards) Rules, 2006
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- The Banking Regulation Act, 1949 and other relevant RBI regulations

The report has been prepared in accordance with the <IR> framework prescribed by the International Integrated Reporting Council (IIRC) and also contains disclosures as per the Global Reporting Initiative (GRI) Standards: Comprehensive option, Task Force on Climate-related Financial Disclosures (TCFD), Business Responsibility and Sustainability Report (BRSR) and United

Nations Sustainable Development Goals (UN SDGs).

There are no restatements of information provided in the integrated report during the reporting year. However the changes in the GHG accounting methodology from FY21 are documented on pages 59-61.

## 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. In FY19 we conducted a materiality assessment in line with GRI requirements through consultations with internal and external stakeholders. Subsequently, in FY21, we have refreshed our materiality study to consider emerging topics of interest within the ESG domain. The GRI Content Index, which specifies the GRI Standards and disclosures made under them in the Report, has been provided in this report.

## Reporting boundary

The non-financial information in this report covers the activities and progress of the Bank on a standalone basis. It covers information pertaining to the period from April 1, 2021 to March 31, 2022.

## Assurance statement

The report has also been externally assured by an independent third party, based on ISAE 3000 (Revised).

## 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 in line with the principles and requirements of the International Integrated Reporting Framework.

## Governance over integrated reporting process

The 2022 Integrated Report is prepared through the joint effort of a cross-functional team, led by the Bank's Chief Financial Officer (CFO), representing various departments as well as subject matter experts. The information is collated from Senior Management and Board discussions and decisions as well as inputs taken from internal stakeholders. Several drafts of the report are produced with oversight from the department heads and the CFO. Members of Bank's Senior Management team and the Board are involved in the various approval processes, which are also supported by the oversight provided by independent assurance providers.

## Our purpose

### Integrated thinking and delivery on our purpose

#### Vision

We exist to help every Indian make better money choices, today and tomorrow

#### Values

#### Risks

Identifying material matters

#### Short-, medium- and long-term outlook

Devising our strategic priorities

#### Board committees

Delivering on strategy

#### Opportunities

#### Financial and non-financial targets

#### Leadership team and Senior Management

## Our integrated reporting process

#### Integrated Reporting (IR) framework

Report compilation

#### Assurance model

Validating integrity of the report

#### Senior Management sign-off

Integrated report approval

#### Reporting standards

#### Board and Senior Management review

#### Board approval

## How to navigate the report

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

## Our Capitals



### Financial Capital

Our disciplined and researched approach towards raising, lending and managing our financial capital forms the backbone of our strong capital base and consistent shareholder returns. Our financial capital includes customer deposits, shareholder equity, retained earnings and external borrowings, among others.

PG 16 →



### Human Capital

Our people and culture are fundamental to our success. Their collective knowledge, diverse skill sets and deep experience constitute our human capital. Our people enable us to stay agile, adapt to changing times, innovate and deliver competitive solutions.

PG 80 →



### Intellectual Capital

Our Digital and Enterprise Factory along with our hybrid cloud strategy enables us to serve our customers and other stakeholders efficiently. The knowledge and expertise incorporated within our systems, processes and procedures and the equity built in the HDFC Bank brand, constitute our intellectual capital.

PG 78 →



### Social & Relationship Capital

We take a holistic approach to sustainable value creation by nurturing our long-standing relationships with our stakeholders. We are cognisant of the role we play as a Bank in nation-building and contribute responsibly to the economy. The way we manage our stakeholder expectations constitutes our social and relationship capital.

PG 94 →



### Manufactured Capital

Our pan-India distribution network of banking outlets, corporate offices, ATMs and other customer touch points, facilitates our engagement with customers, people, the society and other stakeholders and forms the core of our manufactured capital. It also covers our robust IT infrastructure and data centres.

PG 6 →

## Our stakeholders



### Customers



### Government/ Regulatory Bodies



### Community



### Employees



### Investors



### Suppliers



## Highlights

# Creating value for our stakeholders

We pursue long-term value creation for all our stakeholders. We are continuously adapting to a changing environment and are geared to provide relevant solutions that address the evolving needs and expectations of our stakeholders.



**Customers**



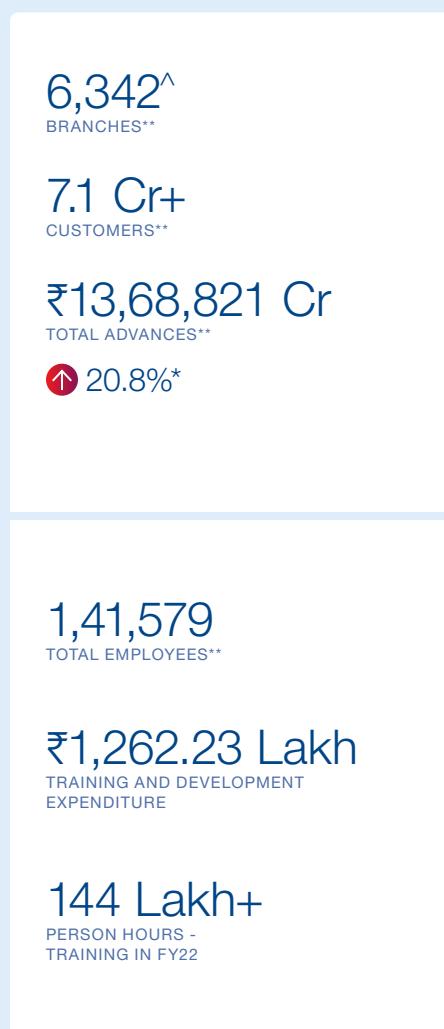
Customers are key to our business. Our decisions revolve around meeting the financial needs and aspirations of our diverse customer base. Our customers include individuals, MSMEs, large and mid-corporates, financial institutions, Governments, PSUs, farmers, wholesalers, merchants and traders.



**Employees**



Our people are our key assets and enablers of growth. We strive to create an inclusive, meritocratic culture that ensures progress, development and well-being of our people.



\*Y-o-Y

\*\*As on March 31, 2022

<sup>^</sup>Including 4 overseas Branches



## Community



We are committed to sustainability of the communities we operate in. Our CSR initiatives under HDFC Bank Parivartan aim to contribute towards the socio-economic development of the country by benefitting lives and livelihoods.

**₹736.01 Cr**  
SPENT ON CSR IN FY22

**9.6 Cr+**  
CSR BENEFICIARIES\*\*

**24**  
STATES COVERED  
THROUGH PARIVARTAN



## Investors



We pursue sustained growth and stable shareholder returns to create investor value. We provide holistic, transparent and regular disclosures to enable informed decision-making. We also regularly engage with our investors to provide detailed information on our performance.

**₹36,961.3 Cr**  
NET PROFIT

**16.9%**  
RETURN ON CAPITAL (%)

**18.9%**  
CAPITAL ADEQUACY  
RATIO

**AA<sup>#</sup>**  
MSCI ESG RATINGS  
ASSESSMENT



## Government/ Regulatory Bodies



We continue to lead responsibly by partnering and collaborating with the Central and State Governments, to implement their schemes for the less privileged sections of the society. We are a responsible taxpayer and comply with applicable regulations.

**₹6,33,582.37 Cr**  
TOTAL DIRECT (CBDT) AND INDIRECT  
TAXES (GST & CBIC) COLLECTED FOR THE  
GOVERNMENT

**15,341**  
TOTAL NO. OF BUSINESS  
CORRESPONDENTS (BCs), PRIMARILY  
MANAGED BY COMMON SERVICE CENTRES  
(CSC)\*\*

#As of August 2021



# Our Presence

# Unparalleled reach



Manufactured Capital

**HDFC Bank has a distribution network spanning the length and breadth of India. Our presence across the country, not only enables us to serve customers better, but also facilitates active participation in the Nation's inclusive development agenda. The Bank's overseas branches and representative offices help us serve NRI customers.**

TOTAL BANKING OUTLETS\*

21,683

TOTAL BRANCHES\*

6,342<sup>^</sup>

TOTAL BUSINESS CORRESPONDENTS (BCs)\*

15,341

TOTAL ATMs + CASH DEPOSIT AND WITHDRAWAL MACHINES\*

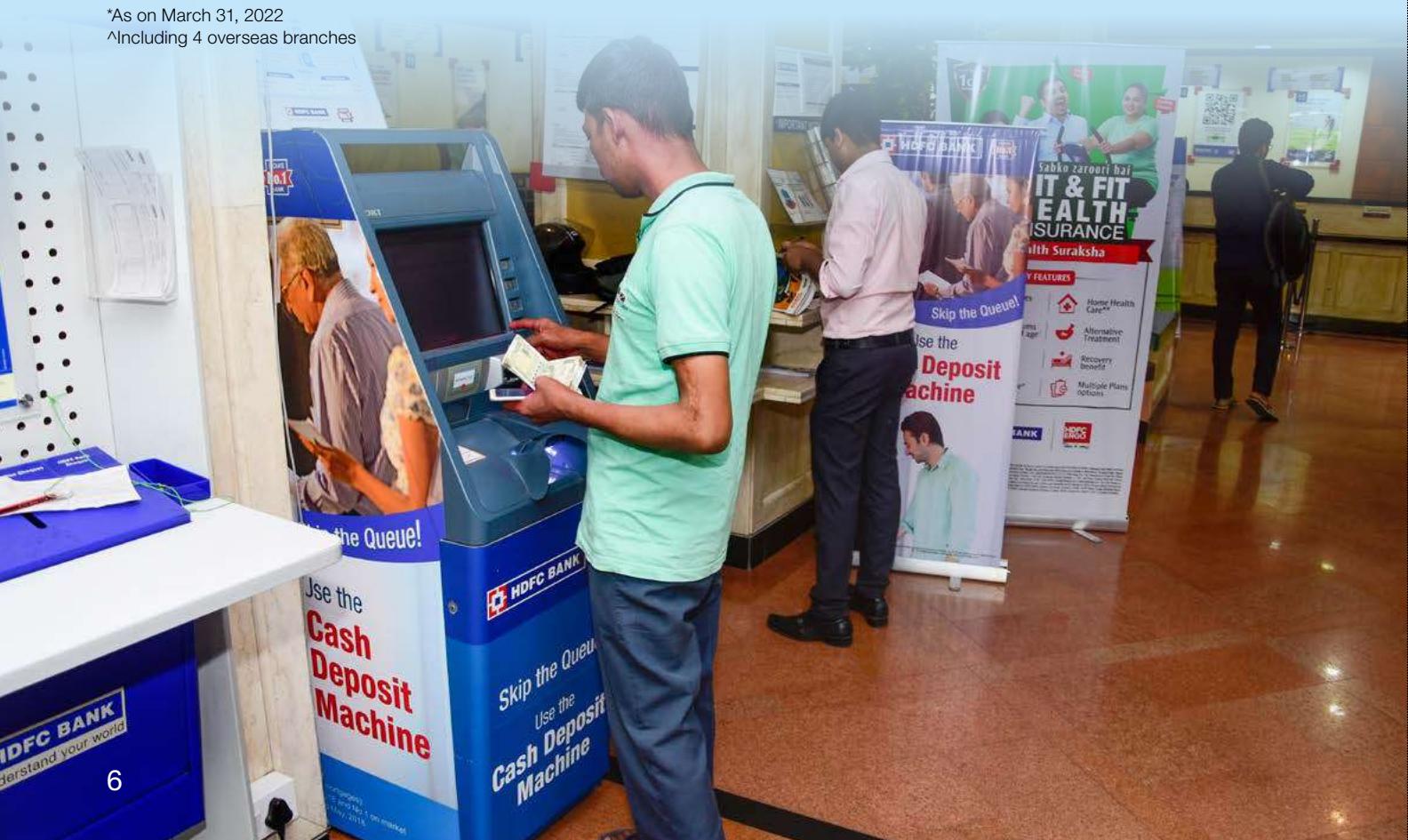
18,130

\*As on March 31, 2022

<sup>^</sup>Including 4 overseas branches

The Bank's network includes Banking Outlets comprising Branches and Business Correspondents (BCs), ATMs/ Cash Deposit and Withdrawal Machines (CDMs). We are leveraging the power of our 6,342 branches to not only serve the customers better, but also exponentially increase our sourcing of loans and deposits from deeper geographies.

As the financial services industry rapidly adopts and implements digitisation, our innovative mindset is helping us develop new capabilities. We have introduced products, increased capabilities and competencies through Digital Factory, Enterprise Factory and Enterprise IT, and continue to enhance the anywhere banking experience for our customers.



## Pan-India presence

	<b>Banking Outlets</b>	<b>Branches</b>	<b>CSC BCs</b>	<b>Other BCs</b>	<b>ATMs + cash deposit and withdrawal machines</b>
Rural	12,099	1,147	10,748	204	1,307
Semi-urban	5,033	2,036	2,909	88	4,529
Urban	2,248	1,312	933	3	4,824
Metro	2,299	1,843	456	-	7,470



## International presence

The Bank has global footprints by way of representative offices and branches in countries like Bahrain, Hong Kong, UAE and Kenya. We offer NRI clients Offshore Deposits, Bonds, Equity, Mutual Funds, Treasury and Structured products offered by third parties from Bahrain Branch. We also cater to Corporate clients by offering products such as trade credits, foreign currency term loans including external commercial borrowings (ECBs) and derivatives for hedging purposes. As on March 31, 2022, the Balance Sheet size of International Business was US\$7.66 Billion. Advances constituted 3.12% of the Bank's gross advances.



CONTRIBUTION OF OVERSEAS BRANCHES TO THE BANK'S TOTAL INCOME IN FY22

**0.55%**

\*As on March 31, 2022



## Enabler for CSR initiatives under HDFC Bank Parivartan

Our nation-wide presence deepens our knowledge and understanding of regions including semi-urban and rural regions. We leverage this to drive our sustainable development agenda and empower communities across the country, including the less-privileged sections of the society.





# Major milestones

→ 1994

Housing Development Finance Corporation (HDFC) received an in-principle approval from the RBI to set up a private sector bank

Incorporated in August 1994 as HDFC Bank Limited

→ 1995

Banking license received in January 1995

First corporate office and branch opened

IPO oversubscribed 55 times  
Listed on BSE and NSE

→ 1997

Maiden dividend announced

→ 1997-98

New logo launched

→ 1999

Launched first international Debit Card in India in association with Visa International

Began its digital journey by launching online real-time NetBanking.

First ever mega merger in Indian banking industry – Times Bank merged with HDFC Bank

→ 2000

A Bank with many firsts  
First Bank to launch Mobile Banking in India

Launched first SMS-based Mobile Banking

→ 2001

**Overseas listing**  
Listed on New York Stock Exchange (NYSE)

Became the first private bank authorised to collect income tax

→ 2002

ISO 9001 certification for depository and custodial services

→ 2003-04

First bank in India to offer Credit Card in 100+ cities

Touched 10 Lakh users

→ 2006

Two new cards launched exclusively for women on International Women's Day

→ 2008

Launched first overseas commercial branch in Bahrain

Merged with Centurion Bank of Punjab in one of the largest mergers in the Indian banking industry

→ 2010

Launched 40% faster ATMs – first of its kind in Asia

→ 2011

**Growing market leadership**

Expanded customer base to become market leaders in Auto Loans, Personal Loans and Credit Cards

→ 2012

Launched MobileBanking App in Hindi

Launched premium Credit Cards for doctors

Launched a nation-wide sports initiative – Josh Unlimited, for employees

→ 2013

The Bank's Sustainable Livelihood Initiative (SLI) crosses a milestone, impacting 20 Lakh households

→ 2014

Sustainability established as a core value of the Bank

Created a new Guinness World Record for organising the largest single-day blood donation drive

Became market leader in issuing Credit Cards in 2013-14 with 55 Lakh+ Cards

→ 2015

Launched its sonic branding i.e. Musical Logo (MOGO) to be used across multiple touch points



Launched PayZapp, India's first 1-click mobile-pay solution

Launched 10-second personal loan disbursement in the retail lending space

**Concurrent QIP issue and Follow-on offering**

**₹9,723 Cr**

→ 2016

Launched Missed Call mobile recharge for prepaid mobiles

ATMs turned to LDMs (Loan Dispensing Machines)

Launched SmartUp programme for start-ups



→ 2017

**Introduced AI**

Launched IRA (Interactive Robotic Assistant) and became the first bank in India to introduce a humanoid for customer service

Introduced EVA chatbot - India's first AI-based chatbot to provide customer service

Launched SmartUp Zones for start-ups

Launched EasyEMI on Debit Cards

Launched an all-in-one DigiPOS machine

→ 2018

Next-gen MobileBanking App launched

**Driving rural empowerment**

Signed MoU with government to financially empower 2 Lakh rural Indian villages through CSCs

→ 2019

Voted no.1 in India by customers in Forbes World's Best Banks Survey

BSE inks pact with the Bank to give a boost to the start-up platform

1 Million+ units of blood collected via HDFC Bank Parivartan's Blood Donation Drive over a period of 12 years, primarily from employees

Opened 5,000th branch

Marked the start of its 25th year



→ 2020

Ranked India's most valuable brand (for the seventh consecutive year) by BrandZ Report

Launch of HDFC Bank Millennia range of cards

First ever leadership change (new MD & CEO takes over)

First-of-its-kind product launch: KGC-Shaurya card for armed forces

Launch of contactless, consent-based customer on-boarding via video KYC facility

Deploying mobile ATMs during the lockdown



Launched 'The HealthyLife' programme with Apollo Hospitals for customers and employees

→ 2021

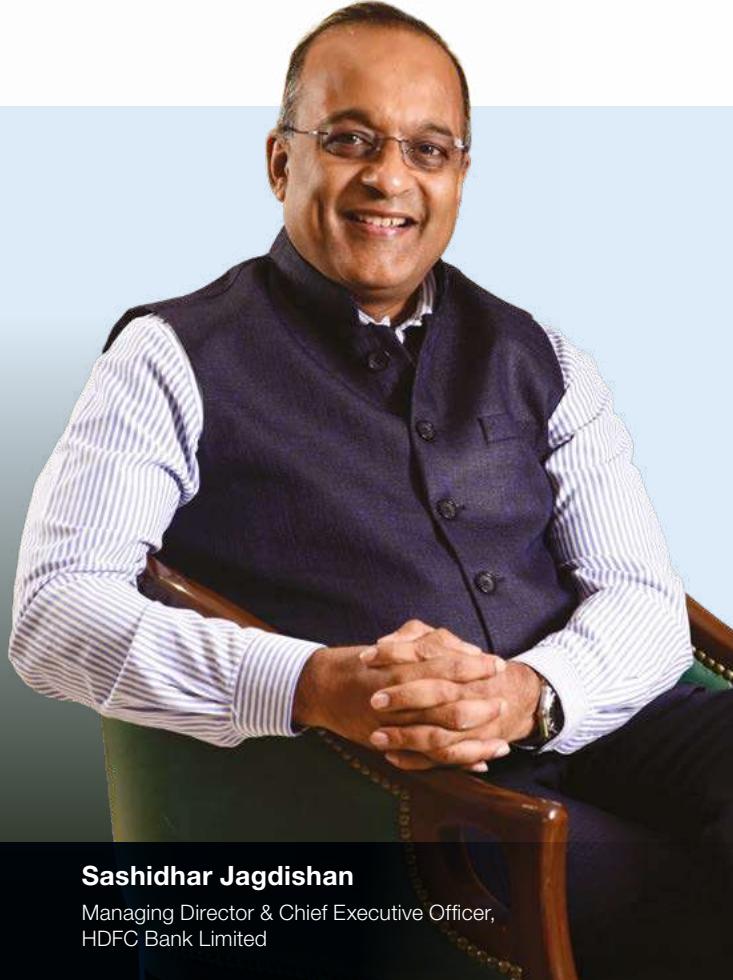
Embarked on Project 'Future Ready'

Pledged to become carbon neutral by 2031-32

→ 2022

HDFC Bank and HDFC Ltd. announce transformational merger

# Reimagining the future with technology and a service first culture



**Sashidhar Jagdishan**

Managing Director & Chief Executive Officer,  
HDFC Bank Limited

## Dear Stakeholders,

Let me start by wishing all of you a happy and healthy future. The pandemic has clearly reinforced the message that Health is Wealth.

If FY21 saw the darkest period of the pandemic, then the last financial year was the year of hope. Though the pandemic did not disappear, the nationwide roll out of the vaccine programme meant that lives were more secure, and coupled with precautions, people could get back to some degree of normalcy.

With the period of uncertainty mostly behind us, I believe a more positive macroeconomic outlook dominates the executive agenda, across industries. While there are

headwinds in the form of rising inflation and the Ukraine crisis, among several others, India is expected to grow 7.3% and is likely to be the fastest-growing major economy in the world in FY23 with the strength to absorb external shocks.

## Our Performance

Our Balance Sheet has been resilient during the pandemic and has grown further. Our asset quality continues to remain healthy and amongst the best in the industry. Our Balance Sheet increased by 18.4% to ₹20,68,535 Cr and Net Profit increased by 18.8% to ₹36,961.3 Cr. GNPA decreased to 1.17% from 1.32%. ROA (average) was at a healthy 2.03% and ROE at a healthy 16.9%. Our commitment to shareholders remained high with a proposed dividend pay-out of ₹15.50 (Fifteen Rupees Fifty Paise only) per equity share of ₹1 (Rupee 1 only), which translates to a dividend pay-out ratio of 23.28% for the financial year ended March 31, 2022.

I would like to say a heartfelt ‘Thank You’ to all my colleagues for this performance. Each one of the one lakh forty-one thousand plus members of the HDFC Bank family gave their best in truly challenging times, so we could serve you as we have for decades. Words cannot adequately convey my gratitude to them.

In my letter to you all last year, I had highlighted my key focus areas. Improving technology resilience, a clear focus on three Cs — Culture, Conscience and Customer and building for the future.

Let me now focus on these.

## Technology Resilience

Last year I had said that technology continues to remain both a strength as well as an area of improvement. Strength, as without this, we could not have grown to be a bank of this scale and increased our market share consistently. However, our customers faced some technology-related issues in accessing the Bank’s products and services during the previous year, which had led to some regulatory action, last fiscal.

I am happy to inform you that thanks to the progress we have made on our technology investments, processes and governance, the regulatory actions have been fully lifted. We converted the challenge into an opportunity and have made substantial strides in the way we evaluate, manage and operationalise our technology. To enable the infusion of a modern technology platform one needs to lay a very strong foundation and we have done that over the last one year, through a series of technology-led initiatives that include i) changes at the foundational level ii) creating new digital solutions iii) modernising the core.

### **i) At the foundational level, we have**

- A. Shifted our primary data centres to state-of-the-art brand-new facilities in Mumbai and Bengaluru, to support higher uptimes and create a robust IT backbone for our operations.
- B. A clearly defined capacity monitoring programme to proactively manage capacity upgrades across all key applications.
- C. A technology obsolescence programme management office to plan and replace obsolescent components.
- D. Started putting in place next-gen disaster recovery (DR) set up for key applications.
- E. Implemented landing zone architecture to leverage the cloud resilience, with elastic scalability, and at the same time have control over ecosystem on cloud.
- F. Implemented a new Application Programming Interface (API) gateway and a new API development framework.
- G. Kick-started modernisation of our data warehouse with a cloud-enabled data lake platform, that would enable us to leverage AI/ML models and new age deep learning capabilities on the rich data set that we have.

### **ii) Creating new age solutions through Digital Factory**

- A. Rebuilding of our acquisition journeys in partnership with a global technology leader in user experience. We have already built 10 new journeys and will be rapidly rolling out new journeys every 3 weeks. This includes journeys across account opening, loans and cards, covering both individual/MSME customers and both existing and new-to-bank customers.
- B. We have launched 'Xpress Car Loans' – an end-to-end digital car loan journey for existing customers as well as non-customers, that allows them to avail disbursement in 30 mins, with credit decisions based on speedy data analysis. This is a first in the Indian industry and the Bank has integrated its lending application with automobile dealers across the country.
- C. In the next few quarters, we will launch more of our products and services under Digital 2.0 including **a new payments platform for our customers, payments platform for our merchants and a wealth platform** — all in partnerships with new age tech companies.

### **iii) Modernising the core**

The digital partnership strategy will help us to modernise existing experiences quickly without changing the legacy core. It is imperative that the Bank has a long-term vision on revamping its core banking and mobile channel experiences. Toward this we have created our 'Enterprise Factory' wherein the Bank's tech and digital teams work in a new age start-up like environment and co-create deep tech IP capabilities. This is a departure from the past where our technology IP was largely partner-owned and enabled. We believe that as banks become more digital, they also need



# Message from the MD & CEO

to have in-house foundational technology capabilities to compete with neo-techs. Toward this, the Bank has started two very strategic initiatives:

- A. 'Hollow the Core' Strategy — The Bank, in partnership with a new age start-up (with deep experience in core banking technology), is co-creating new core banking modules. This project will enable the moving out of payments module from existing core banking platform and help in creating a fully resilient active-active payments architecture that will ensure minimal payments downtime, even if core banking is not available. This 15-month project will be followed by hollowing the customer master modules from its existing core systems and will ensure a single system of record for customers across various products.
- B. Rewrite Mobile and NetBanking Applications — The Bank has set up a new centre in Bengaluru and the team here is re-writing the Mobile and NetBanking platforms. The entire project will be completed in a 2-year time frame and will allow the Bank to own a modern cloud enabled Mobile/NetBanking platform. Enabling a new age experience for customers, we will roll out new features every 3 to 4 weeks, in line with digital fintech companies.

To summarise, our entire technology and digital strategy adopts a 360-degree approach that ensures resilience and modernisation of existing legacy systems and enables new age consumer experiences by partnering with modern neo-techs. We have made rapid strides in creating the foundation and enabling new digital assets over the last one year. Needless to say, the pace will only pick up from here. Firmly committed to this transformation, the Bank will continue to invest in modern technology and talent.

## Customer Centricity

Customer focus has been a core value for years and maintaining the highest possible standards in customer service has been the key to our success.

We are institutionalising a Service First culture at the Bank. Service First for us means respecting every customer and addressing their enquiries or complaints on time/every time, and working on the issues raised for a permanent fix. Service First for us is a commitment right from me and my colleagues to put a smile on our customers' faces.

We have a two-pronged approach to achieve this. First, a culture of evangelisation right from the top and sensitising

all our colleagues to be at the forefront of solving customer issues. Second, a strong measurement metric to be in place to continuously know that we are progressing in the right direction.

We have invested in tools and technology to ensure that some of the issues that customers face do not arise at all. For example, our MobileBanking app has been upgraded with wrapper technology that prevents fraudsters from reading OTPs, thereby preventing frauds and related complaints.

A strong bottom-up Net Promoter System (NPS) programme ('Infinite Smiles') covers customer interactions across all products/services and delivery channels. We actively poll our customers after their interactions with the Bank (>63 Million customers polled during the financial year), listen to their feedback, and engage with them if we have not been up to the mark. I am happy to state that we lead the overall NPS ranking among 20+ competitors in the banking category, based on a competitive benchmarking study of NPS, which was done by an industry-leading consultancy firm.

Our performance on complaints resolution has also improved markedly during the year with significantly reduced customer complaints in the Credit Cards, Debit Cards, Operations and Collections front (complaints reduced by 21%). We are not complacent about the progress and are being conscious and mindful of much more that needs to improve. We are working on several strategic initiatives (like the wrapper technology I mentioned earlier) to tackle complaints pertaining to 'Disputed Transactions' (where the customer succumbs to phishing attacks by fraudsters).

As part of our technology transformation agenda, we are also investing in an omni-channel customer experience platform. This will enable our customers to reach out to us through their preferred channel for service i.e., social, email, texts, voice, etc. It would also provide us a single source of customer truth across channels and would enable our front-line staff to solve customer queries and act on customer instructions in a straight through manner. This capability will improve our customer responsiveness and NPS. We are already live with our social media and email interactions on this platform and will add other channels of customer interactions during the course of this year.

Customer delight is a non-negotiable goal towards which we will continue to work.

## Culture

For me, creating a good culture is as much a priority as driving growth. I am committed, along with my senior management colleagues, to walk the talk on culture.

An organisation is made of people, and it is the people that deliver the organisation to all the stakeholders. We have a talent pool of 1,41,000+ colleagues who are the Bank to our customers. We are ensuring that the supervisory pool of 12,000 odd colleagues including the senior management, is responsible for nurturing the vastly talented front line, hand hold them in their personal and professional growth and create a great working environment.

You could well accuse us of being on an overdrive on our culture agenda. We continue to work towards creating an organisation where diversity and inclusion becomes a part of the DNA, where differences are valued and respected, where conversations are friendly and warm and where the emotional needs of our colleagues and customers are fulfilled.

To enhance our employee capabilities, we are fostering a culture of Nurture, Care and Collaborate (NCC) in the organisation. Customers experience the organisation through the employees and employees experience the organisation through their managers.

At HDFC Bank, we continuously measure our employee performance engagement scores. While our engagement scores are healthy at 83%, we still believe we have a long road to travel. Through our NCC intervention, 12,000+ people managers are certified on the elements of our culture pillars and the role they play as culture custodians. Our people managers are also continuously provided with various trainings and tools to improve themselves professionally. We will keep listening to our colleagues' feedback and keep evolving our people management practices – it's a continuing investment that we will keep making.

## Building for the Future

Last year I had spoken about Project Future Ready, to catalyse, create and capture the next wave of growth. We had clearly spelt out the following as growth engines — Retail Assets, Commercial (MSME) and Rural Banking, Corporate Banking, Government and Institutional Banking, Wealth Management, and Payments. to be driven by our delivery channels of Branch Banking, Tele-Sales/Service/Relationship and Digital Marketing. These growth engines can be broadly classified as Business Verticals and Delivery Channels. They will be powered by our robust technology and digital platforms and will account for the bulk of our future investments.

We have seen progress across our growth engines. Our focus on the MSME sector is paying off, with our Commercial and Rural Banking Group emerging as a strong growth driver (up 30.4%). We leveraged the opportunity available in the Corporate Banking sector (up 17.4%) without any compromise on our ROA. We are expanding our wealth management services to more cities and towns (now 700+ towns). Our Retail Loans continue to grow in the same pristine way (up 15.2%). Our Payments business is starting to recover well, post the lifting of the embargo and with the slew of new launches completed.

Branch Banking is the fulcrum of our customer relationships. We believe both physical proximity to and emotional connect with our customers are equally important. Our addition of 734 branches even during the tough pandemic year has served us well and we are closely tracking the success metrics of per branch profitability and productivity. Our relationship management has been further strengthened by the tele sales-service-relationship vertical with enhanced investments in both people and technology capabilities (29% increase in customers managed with 40% plus increase in business). Digital Marketing continues to make strides as a new delivery channel, creating and harnessing the traffic (up 15%) on our digital properties and contributing to direct business generation.

Our core enabling functions of Internal Audit, Credit and Underwriting, Risk Management and Compliance/Governance are being strengthened even further to support our growth.



## Merger - The Power of One

Now, let me come to the proposed merger with HDFC Ltd. We look forward to the phenomenal set of talent, deep product knowledge and expertise, the processes, and systems that HDFC Ltd will add to the Bank's existing ones.

On April 4, 2022, the two institutions had announced a transformational merger that is subject to various regulatory approvals and will take effect in about 15 to 18 months. The questions that have been asked are —

### **why? and why now?**

## Why the Merger?

Quite simply, this is an opportunity we cannot afford to miss. Home loans are an emotional product and bring with them a host of accelerated benefits for the Bank. Today the environment for buying a home has changed. RERA has ensured greater transparency in the process. Price corrections in the property market have seen inventories come down. Also, rising incomes mean that home loan EMIs have come down as a percentage of a person's income. Thanks to the penetration of telecom, internet and television services, the desire to own better homes has increased across the country. All this means that housing is going to be a huge growth opportunity and one of the key drivers of India's GDP over the next decade.

Further, only 2% of our customers source their home loans through us, while 5% do it from other institutions. The latter is equivalent to the size of our retail book. Home loan customers typically keep deposits that are 5 to 7 times that of other retail customers. And about 70% of HDFC Ltd.'s customers do not bank with us. All these give us an idea about the size of the opportunity. The long tenor nature of home loans provides resiliency to the balance sheet. The Bank is one of the largest consumer durable financiers in the country. We can easily bundle this with a home loan, as with every home loan, there is a propensity of a customer to take new consumer durables. It is this kind of bundling that will increase margins. With the advantage of a lower cost of funds and the phenomenal distribution muscle that we have built, it is imperative that we seize this opportunity.

## Why now?

There have been other favourable factors too. In the last few years, the regulatory arbitrage between banks and NBFCs has come down substantially. Today reserve requirements have come down to about 22% from 26%. Both institutions are well capitalised and have surplus liquidity and a strong portfolio of investments in Government securities. The increase in priority sector lending that we need to do, due to the merger, is possible now with our own increased focus on MSMEs, the affordable housing loans that we can do and the well-developed PSL certificate market. All this means that on the day of the merger there may not be any need to raise further funds to meet reserve requirements. The addition of the home mortgages portfolio on our Balance Sheet makes it more diversified and robust.

The enhanced capital position of the Bank post the merger also means that we can take bigger exposures in leading corporates and power the country's infrastructure build out.

The key focus area for the Bank to absorb this growth opportunity is to secure enhanced liabilities to fund future growth. The branch network has been a key deposit mobilisation engine during its 27 years of growth, leading in customer acquisition, customer retention and advertising the solidity of the Bank and hence garnering liabilities by becoming the primary banking partner for our customers. India continues to be under-penetrated and underserved from a banking perspective. The density of branches for the population of this country is way below that of OECD countries. This is where our branch banking strategy comes in. Today we have 6,000+ branches across India, and we plan to nearly double our network in the next three to five years by opening 1,500 to 2,000 branches every year. The branch will be digital from a customer on-boarding and transaction/servicing perspective. It will provide the emotional connect and relationship management necessary for offering financial solutions to our customers. These branches will be small in size and will be phygital relationship centres. This will enable us to go after the catchment more aggressively and build the required liability franchise that we are known for, and we are confident that we would execute well.

## Environment, Social and Governance Strategy

The last two years has reminded all of us that our destinies are interconnected. Our ESG strategy is based on this interconnectedness, especially in the Environment and Social spheres. Climate change can disrupt both lives and livelihoods. Also, none of us should forget that the world belongs to the coming generations as much as to us.

We have already committed to becoming carbon neutral by FY32. ESG is being made an integral part of our credit assessment process. While assessment of environment and social factors has been a part of credit diligence, particularly in project financing above a certain threshold, we have recently introduced a comprehensive ESG assessment framework in corporate lending and with a wider target coverage. The objective at this stage is to create more awareness among our corporate borrowers, assess their position and understand their initiatives on ESG. Over the next 2 to 3 years, we would be looking to make it one of the key criteria in credit decisioning.

Our commitment to social good remains unwavering. Through our CSR initiatives under Parivartan we have already potentially impacted 9.6 Crore+ lives. That is an addition of about 1 Crore lives since last year. We are driving inclusivity and diversity within our organisation, with a special focus on further enhancing gender diversity.

We believe that good corporate governance is a product of culture and conscience and for us, profitability and growth cannot come at the cost of these. Our focus on compliance and assurance functions is unwavering and every aspect of compliance is adhered to with all sincerity, completeness and within requisite timelines. We ensure that every commitment given to our regulators is done on time, in its full form and substance.

Customers are the very reason for our existence and are at the heart of everything we do. To reiterate what I said last year, all individuals must ask themselves — am I doing the right thing for the customer? Am I doing the right thing for the organisation? Does my conscience permit this? As a Bank we have always taken pride in our integrity. I had also said last year that at an organisational level there is a greater focus on the role of Credit, Risk, Compliance, Audit and other enabling functions, and that focus continues.

## Compassion

I would end by thanking my colleagues, who have given their utmost to the Bank in two of the most trying years in human history, and all our stakeholders who have kept their faith in us. Yes, business and professional goals are essential. However, it is even more essential to not lose the human touch at the workplace and in our personal lives. Compassion, care and understanding enrich both the giver and the receiver. Thank you all once again.

## Conclusion

HDFC Bank already had a huge opportunity with the under-penetration of banking services in the country. The proposed merger adds an entirely different dimension to the future. We believe that the runway is huge, and we can potentially add an HDFC Bank every five years. We are excited about the future and are confident that we will continue to have all our stakeholders' support and trust, as we embark on this exciting new journey.

## Sashidhar Jagdishan

Managing Director & Chief Executive Officer,  
HDFC Bank Limited

# Financial Performance

## Setting new growth benchmarks

**The hallmark of the Bank's financial performance has been consistent growth across all key metrics, which has helped consolidate its leadership position. Its Balance Sheet continues to be healthy and strong which is evident by a growth of 18.4% in the current year.**

TOTAL BALANCE SHEET SIZE

₹20,68,535 Cr  18.4%

As on March 31, 2022

PROFIT AFTER TAX

₹36,961.3 Cr  18.8%

FY22

The endeavour to reach all customers across India has contributed to an increase in branches to 6,342 as at the year end. This together with our ability to understand and fulfil customers' financial needs along with management of customer relationships has led to an overall increase of 16.8% in Deposits and 20.8% in Advances. The continuous monitoring of costs and building of operational efficiencies has resulted in only a marginal increase of 0.60% in the Cost to Income Ratio to 36.9%.

The asset mix of the Bank has shifted to high rated but low yielding segments.

Consequently, the Net Interest Margin has reduced marginally to 4.0%. It is pertinent to note that the change in asset mix has a positive impact on the net credit margin which has increased to 3.3% in the current year.

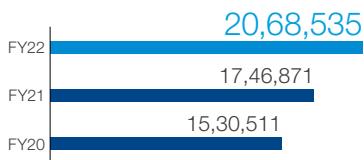
The impact of our effective risk management system along with robust credit policy and underwriting skills can be seen in the quality of our assets and low GNPA ratio of 1.17%. Even with a low GNPA, as a responsible banker, specific provision coverage has been increased to 72.7% and the coverage of total provisions comprised of specific, floating, contingent and general provisions, has been increased to 182% as at the year end.

We continue to deliver double-digit growth both in earnings and return on equity. The Profit After Tax has grown by 18.8% and return on equity has increased to 16.9%.

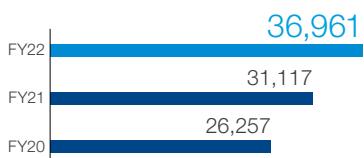


**BALANCE SHEET SIZE**

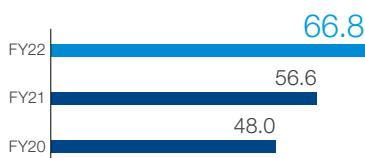
(₹ CR)

**PROFIT AFTER TAX**

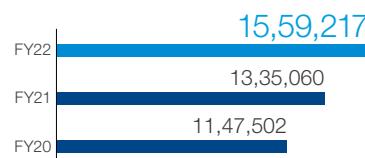
(₹ CR)

**EARNINGS PER SHARE**

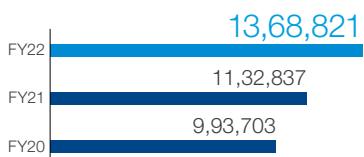
(₹)

**DEPOSITS**

(₹ CR)

**ADVANCES**

(₹ CR)

**RETURN ON EQUITY**

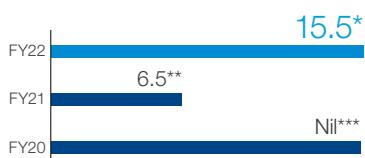
(%)

**GROSS NPA RATIO****RETURN ON ASSETS**

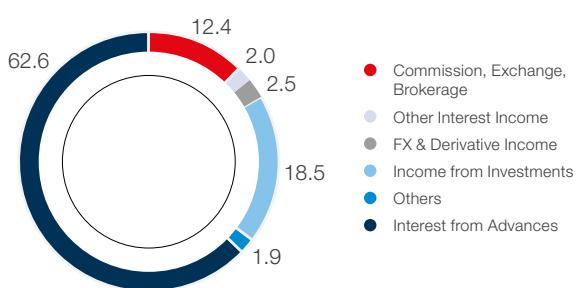
(AVERAGE)

**DIVIDEND PER SHARE**

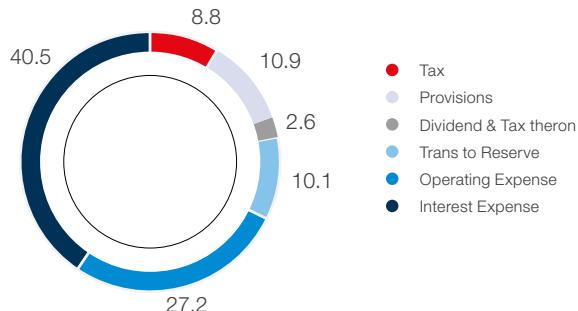
(₹)

**COST TO INCOME RATIO****RUPEE EARNED (%)**

FY22

**RUPEE SPENT (%)**

FY22



\*Proposed

\*\*Basis RBI notification dated April 22, 2021

\*\*\*Basis RBI notifications dated April 17, 2020 and December 4, 2020.



## Business Segments

# Delivering world-class banking experience

### Wholesale Banking



The Wholesale business focuses on serving Large Corporates, MNCs, Public Sector Enterprises, Emerging Corporates and Business Banking/SMEs.

The Bank offers a wide range of financial products and services from loans, deposits, payments, collections, tax solutions, trade finance, cash management solutions and even Corporate Cards. Through its products and services, the Bank aims to act as a one-stop shop for various business needs of the customers in this segment.

### Retail Banking



The Retail business focuses on serving the individuals, salaried and professional customers, micro and small-sized businesses, extremely small businesses like kirana stores, Self Help Groups (SHGs) and Non-resident Indians (NRIs). Our aim is to create and customise products and services to serve this segment as per its unique needs. We offer the following key products and services under this segment.

### Offerings

#### Loans and Deposits

Working Capital facilities, Term Lending, Project Finance, Supply Chain Financing, Export Finance, Trade Credit and Wholesale Deposits

#### Other Banking products and services

Forex & Derivatives, Custodial Services, Cash Management Services, Letters of Credit, Guarantees and Correspondent Banking

#### Investment Banking services

Capital Finance through Debt/Equity Capital Markets, Mergers & Acquisitions, IPOs, Private Equity, VC Fund Raise, Loan Syndication and Customised Solutions

### Offerings

#### Various types of loans

Mortgages, Personal, Auto, Home, Gold, Two-wheeler, Small-ticket Working Capital, Offshore Loans to NRIs, Agri and Tractor, Healthcare Finance, Commercial Vehicle & Equipment Finance, Infrastructure Finance and Loan against Securities

#### Accounts/Deposits

Savings, Current, Corporate Salary Accounts, NRI deposit, Fixed and Recurring Deposits

#### Other products and services

Credit, Debit and Prepaid Cards, Wealth Management Solutions, Kisan Gold Card; acts as a distributor of Mutual funds; Life, General and Health Insurance

## 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. It manages the treasury needs of customers and earns a fee income generated from transactions customers undertake with your Bank, while managing their foreign exchange and interest rate risks.

## Offerings

### Services offered to customers

Foreign exchange and derivatives transactions, Solutions on hedging strategies, Trade solutions – domestic and cross border, Bullion demands and others

### Key functions performed

Asset liability management, maintaining portfolio of Government securities in line with regulatory norms of RBI and others

## Our edge

We are the Preferred Banker of Choice across segments and this is enabled by:

- Delivery of best in class services through customised solutions, products and through optimum use of technology
- Strong 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 strong player in the digital loan marketplace
- Providing customers with a product suite across all asset classes for 'optimal asset allocation' depending on clients' risk profiles and goals
- Dominant presence in Payments Business
- Being a market leader in Cash Management Services
- Open architecture, best-in-class portfolio quality and regular portfolio rebalancing
- Robust Risk Management practices across all businesses and activities
- Solutions for non-residents, hedging needs in Indian markets
- Integrated trade and treasury solution for customers
- Primary dealer for Government securities



## Emerging Growth Engine

# Commercial and Rural Banking

The Bank's Commercial and Rural Banking (CRB) group was set up in the last financial year to cater to the needs of the Micro, Small and Medium Enterprises (MSMEs) emerging corporates, commercial agriculture, small and marginal farmers, healthcare finance, equipment finance and commercial transport companies. While these are different businesses, the common thread binding them is that they all have a huge footprint in Semi Urban and Rural (SURU) India. As has the Bank with about half its branches in SURU locations. This vertical is also important as its disbursals help the Bank in meeting a large part of the Priority Sector Lending requirements.

CRB has been identified as a growth engine and was the fastest growing vertical for the bank in the year under review. A wide reach across geographies of the country – district by district and understanding of local level business dynamics has helped it in achieving growth rates that exceed the industry average. The Bank at present has 6,300+ branches of which over 5,300+ have loans outstanding to MSME customers. The sourcing model through branch channels allied to traditional prudence is one of the key reasons for containing NPAs. A well trained relationship team does frequent interaction with MSME customers for their overall banking requirements including the personal banking of promoters and family members.

In the rural segment, the Bank is planning to expand its services to 2 Lakh villages in the next two years. It funds not only traditional agriculture but also allied activities. It is totally committed to furthering the Government's agenda by supporting its various schemes be it AIF/FPO/PMFME and lending to small and marginal farmers.

HDFC Bank is the leading player in the commercial vehicle financing business with its share increasing considerably in the year ended March 31, 2022. It will be focusing on increasing market share further by expanding into deeper geographies and hiring more feet on street.

The Bank has also established a robust healthcare ecosystem to capture high potential offered by hospitals, nursing homes, pathologies, laboratories, chemists, doctors and patient finance.

The CRB vertical shall continue contributing to the bank's growth as well as the nation's growth through its bouquet of products.



## Product Suite

### Working Capital and Term Loan Assets

- Working Capital Loans
- Term Loans
- Supply Chain Management
- Project Finance
- Export Finance

### Transportation Finance Group

- Commercial Vehicle/Equipment Finance
- Tractor Finance
- Infrastructure Finance

### Investment Banking

- IPOs, Private Equity, VC Fund Raise, Loan Syndication
- Mergers & Acquisitions

### Agriculture Finance

- Crop Loan/Farmer Finance - KCC
- Dairy/Cattle Finance

### Liabilities

- CASA Accounts
- Fixed Deposits
- Salary Account

### Trade Finance

- Bank Guarantee/LCs
- International Trade

### FX Advisory

Trade Flows & Derivatives



## Our Resources



### Financial Capital

- Total Deposits: ₹15,59,217 Cr
- Stockholder's Equity: ₹2,40,093 Cr
- Borrowings: ₹1,84,817 Cr



### Human Capital

- Employee base: 1,41,579
- Learning and Development initiatives
- Employee engagement initiatives
- Talent Management
- Culture Ecosystem



### Intellectual Capital

- Digital Factory, Enterprise Factory and Enterprise IT
- Credit policy and underwriting skills
- Risk management framework
- Collaboration with fin-techs and start-ups
- Implementation framework on carbon neutrality



### Social & Relationship Capital

- Customers: 7.1 Cr+
- CSR expenditure: ₹736 Cr
- Aligning stakeholders with ESG
- Partnership with Government



### Natural Capital

- Grid Electricity consumed: 364,135 MWh
- Fossil Energy Consumed: 285,612 GJ
- Paper consumed: 2,660.13 MT
- Natural resource conservation initiatives
- E waste handled through authorised recyclers: 212 MT



### Manufactured Capital

- Banking outlets - Branches + Business Correspondents (managed by CSCs and other BCs), ATMs.
- Corporate office, data warehouse and others
- IGBC certification of building and branch interiors

## Stakeholder Value Creation

### Our Purpose

We exist to help every Indian make better money choices, today and tomorrow

Customer Focus  
Operational Excellence  
Product Leadership  
People  
Sustainability

Lending  
Collections  
Current and Saving Accounts  
Customer services

Branch operations  
Underwriting and risk management  
Investment management  
Asset-liability management  
Deposits

Business segments

### Key enablers

People & Culture	Effective Risk Management	Technology Robustness
Customer Service and Experience	Governance Beyond Compliance	Commitment to ESG

### Strategic pillars

- Re-Imagining the branch channel
- Virtual Relationship Management (VRM)
- Government & Institutions (G&I)
- Leadership in payments business
- Technology & Digital
- Commercial and Rural
- Retail Assets
- Corporate Cluster
- Wealth
- Digital Marketing

## Outputs

### Products

Total Deposits  
**₹15,59,217 Cr**  
▲ 16.8%

Total Advances  
**₹13,68,821 Cr**  
▲ 20.8%

Share of Digital in total transactions  
**~93%**

Net Interest Income  
**₹72,010 Cr**  
▲ 11%

Total Income  
**₹1,57,263 Cr**  
▲ 7.7%

Total Direct (CBDT) and Indirect taxes (GST & CBIC) collected for the Govt.  
**₹6,33,582.37 Cr**

### Long term objectives

- Increase customer base
- Operational efficiency
- Expand footprint
- Omnichannel experience
- Healthy asset quality
- Access low cost funds

## Outcomes

### Financial capital

- Net Revenue: ₹1,01,519 Cr
- Net Profit after tax: ₹36,961 Cr
- Return on Asset: 2.03%
- Return on Equity: 16.9%
- Cost-to-income ratio: 36.9%

### Human capital

- Net Additions: 21,486
- Women in workforce: 21.7% (Excludes sales officers and other non-supervisory staff)
- Employee engagement score: 83%
- Profit per employee: ~₹28 Lakh
- Employee Cost: ₹12,032 Cr

### Intellectual capital

- Brand Value: \$ 35.60 Billion^
- Strengthening of core and creation of digital stack
- Attracted market-leading skills in areas such as data analytics, IT, equities and advisory solutions

### Social & relationship capital

- BU Net Promoter Score:\*\* 60
- Customer Additions: 92 Lakh+
- MSCI ESG Ratings Assessment: AA\*

CSR Beneficiaries: 9.6 Cr+  
Shareholder base: ~21 lakh  
Certified as a Great Place to Work® Organisation.

### Natural capital

- Loan proposals screened and approved through the SEMS framework: 861
- Trees planted so far: 17.69 Lakh+
- Water Conservation structures developed 10,500+
- Cumulative Underwritten Wind & Solar (cumulative capacity 5,860 MW) underwritten amount: ₹14,839 Cr
- Solar lights installed 41,810+

### Manufactured capital

- Total Banking Outlets and branches: 21,683 and 6,342 respectively
- Cities/towns covered: 3,188
- ATM + cash withdrawal/ deposit machine: 18,130
- Total Business Correspondents: 15,341



Credit Risk



Market Risk



Compliance Risk



Operational Risk



Climate Risk



Liquidity Risk



Reputation Risk



Information technology Risk



Cyber security and data Risks

# For a complete list of SDGs impacted through our social & relationship capital, please refer Page 95

^ As per Kantar BrandZ Most Valuable Global Brands 2022 Ranking  
\* As of August 2021  
\*\* Bottom Up Net Promoter Score

# Understanding stakeholder expectations

**At HDFC Bank, we engage with our stakeholders to understand and respond to their expectations and concerns. This provides valuable insights that help us shape our priorities and strategy. We have a well-defined process to identify and prioritise our major stakeholders, based on their involvement with and value to the organisation.**



## Customers

Through our 6,342 branches and 18,130 ATMs/CDMs, we serve over 7.1 Crore customers. Further, we are enhancing our disability-inclusive infrastructure and services. All our ATMs are equipped with a voice-guided system and a Braille keypad for the visually challenged. We are also increasingly setting them up in locations with ramps to enable access to wheelchair-bound customers. At present, 850 of our locations, including branches and ATMs, are equipped with ramps. We assess all our premises and install ramps wherever feasible.

### Modes of engagement

- Online and postal communication
- Customer satisfaction surveys
- Feedback from customers
- Regular interactions with customers

### Frequency

Continuous

### Key concerns and expectations

- Ease of transacting across channels
- Innovative technology applications
- Data security
- Advanced analytics

### Response and mitigation

- New products enabled by our digitisation strategy
- Making personalised recommendations with a Virtual Relationship Manager (VRM)
- IEC activities on data security and privacy

TOTAL CUSTOMERS

7.10 Cr+

BRANCHES

6,342

ATMs/CASH DEPOSIT &  
WITHDRAWAL MACHINES (CDMs)

18,130

## Employees



Our 1.4 Lakh+ employees come from a wide range of socioeconomic and educational backgrounds, allowing us to provide highly personalised experiences to our consumers. We are committed to building a culture of inclusiveness, diversity, growth, progression, and well-being.

### Modes of engagement

- Employee on-ground and virtual connect by Human Resources
- Leadership and manager connect
- Feedback surveys
- Employee connect initiatives like talent hunt, wellness initiatives etc. some of which also include their families

### Frequency

On-going/ periodic

### Key concerns and expectations

- Employee engagement
- Employee wellness and safety
- Learning and development

### Response and mitigation

- Maintain high-level of ongoing employee connect and periodically obtain feedback through dipsticks and surveys
- Focus on various aspects of employee wellness through the HDFC Bank Cares' initiative
- Strengthen focus on L&D (Learning & Development) by offering best-in-class learning resources and leveraging technology for enabling learner-led anytime, anywhere learning

TOTAL EMPLOYEES

**1.4 Lakh+**

EMPLOYEES BELOW 30  
YEARS OF AGE

**38.8%**

## Suppliers



We collaborate closely with our suppliers to encourage them to add value beyond the economic bottom line, in order to integrate environmental and social concerns more effectively. Through our ESG policy framework, we strive to ensure that our vendors and suppliers abide by labour laws and human rights.

### Modes of engagement

- Regular meetings
- Phone calls and surveys

### Frequency

Continuous/annual performance review

### Key concerns and expectations

- Partnership
- Governance and ethical practices

### Response and mitigation

- Ensure timely payment for services
- Whistle Blower Policy to ensure good practices



WASTE  
REDUCTION



IMPROVEMENT IN  
EFFICIENCY & GHG  
REDUCTION



HUMAN RIGHTS  
AND LABOUR  
PRACTICES



## Regulatory Bodies



We ensure adherence to compliance standards set by the regulatory bodies. We also place great emphasis on Direct Benefit Transfer (DBT) to ensure beneficiary coverage under government programmes such as MGNREGA, PMAY and PMKSY, among others.

### Modes of Engagement

- Regular meetings
- Policy updates and ministry directives
- Mandatory filings with key regulators

### Frequency

Continuous

### Key concerns and expectations

- Compliance
- Social security schemes
- Relevant national mandates

### Response and mitigation

- Compliance and ethics oriented culture including formulation of relevant policy frameworks and enforcement thereof
- Awareness generation on the mandates by the Government of India

## Investors/Shareholders



We continued to generate value for our 21 Lakh+ shareholders. In FY22, our basic earnings per share stood at ₹66.8.

### Modes of engagement

- Quarterly reports and press releases
- Investor meets, earnings calls and Annual General Meetings (AGMs)

### Frequency

Quarterly, annual

### Key concerns and expectations

- Compliance
- Governance and ethical practices
- Economic performance

### Response and mitigation

- Policies and demonstration of responsible business conduct

TOTAL DIRECT (CBDT) AND INDIRECT TAXES (GST & CBIC)  
COLLECTED FOR THE GOVERNMENT

₹6,33,582.37 Cr

TOTAL SHAREHOLDERS

~21 Lakh+\*

BASIC EARNINGS PER SHARE

₹66.8

NET PROFIT

₹36,961.3 Cr

\*As on March 31, 2022

## Community



We continue to fine-tune our community development strategy and have set goals and sub-goals within the identified thematic areas. HDFC Bank Parivartan, our umbrella CSR brand, seeks to bring about sustainable change in the lives of the less privileged sections of the society, by empowering them and bringing them into the national mainstream. It has so far potentially made a difference to over 9.6 Crore+ lives.

### Modes of engagement

- Regular meetings
- Focus group discussions
- Project monitoring and reviews

### Frequency

Continuous/annual performance review

### Key concerns and expectations

- Training and inclusive growth
- Financial literacy

### Response and mitigation

- Holistic rural development programme
- Sustainable livelihood initiative
- Financial literacy camps

BENEFICIARIES OF  
CSR PROJECTS

**9.6 Cr+**

VILLAGES COVERED UNDER HOLISTIC RURAL  
DEVELOPMENT PROGRAMME

**3,335+**

INDIVIDUALS IMPACTED  
THROUGH FINANCIAL  
LITERACY AND INCLUSION

**1.71 Cr+**



# Materiality Assessment

## Prioritising issues that matter

We conducted a materiality assessment exercise, in accordance with GRI standards, in FY19 to identify the most important topics that could significantly impact our value creation. Inputs gathered from key stakeholders were factored into our strategy planning. Taking a step further in FY21, we modified our materiality study to align our ESG strategy with business goals, by including emerging topics such as climate change risks and opportunities.

### Five-step stakeholder engagement process

Identify potential topics

Define stakeholder groups

Stakeholder engagement and prioritisation

Revisit of material issues by the internal stakeholders in FY21

Revised materiality map

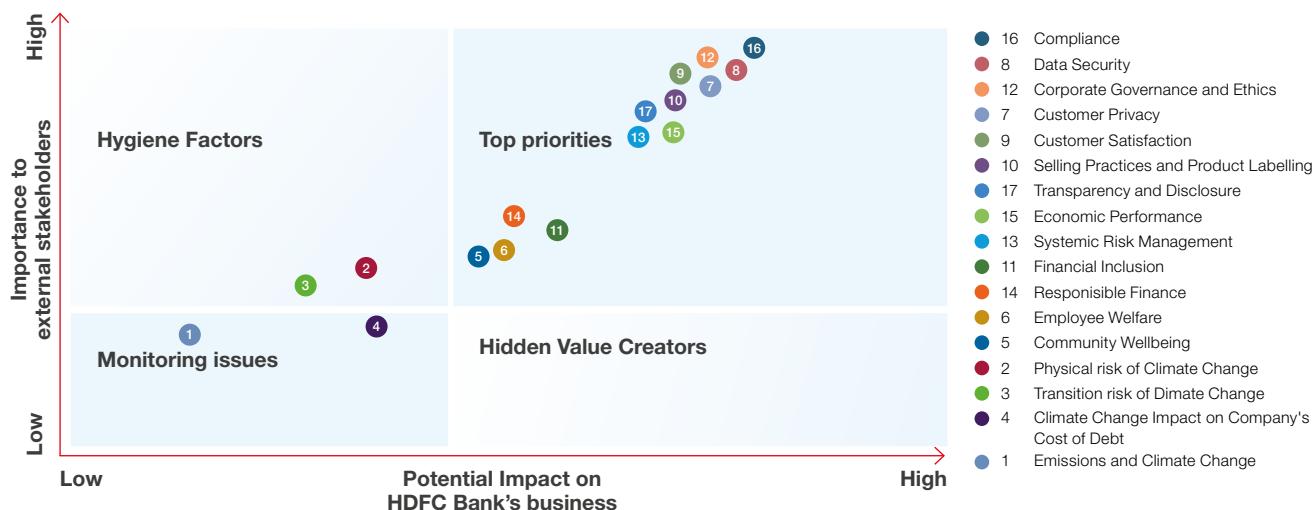
### New topics included

- Physical risks due to climate change
- Transition risks due to climate change
- Climate change impacting company's cost of debt
- Employee welfare
- Customer privacy
- Data security
- Selling practices and product labeling
- Transparency and disclosure

### Outcome

The aggregated inputs from all the relevant stakeholders were consolidated and combined to arrive at our materiality map. Emerging ESG risks were added, including climate change risks.

### HDFC Bank's Materiality Map (Internal Stakeholders)



The effective management of material issues is critical to our business sustainability as it directs our strategic planning and management priorities towards achieving long-term sustainable value for our stakeholders.

## Prioritising sustainability topics, mapping with GRI elements and capitals

Priority Rank	S. No.	Sustainability topics	Description	Capitals impacted:
1.	16.	Compliance	<p><b>GRI aspects:</b> Environmental compliance; Socio-economic compliance</p> <p>We operate in a highly regulated industry where compliance is non-negotiable. Our operations comply with all applicable legal, environmental, and social regulations. We abide by the Companies Act, 2013, the Banking Regulation Act, 1949, and the applicable RBI and SEBI regulations, among others. The Bank's equity shares are traded on the National Stock Exchange of India Ltd., BSE Ltd., and its American Depository Shares (ADS) are traded on the New York Stock Exchange (NYSE).</p>	
2.	12.	Corporate governance & ethics	<p><b>GRI aspects:</b> Ethics and integrity; Governance</p> <p>Our Corporate Governance philosophy, articulated in our ESG framework, is anchored to the cardinal principles of independence, accountability, transparency, fair disclosures, responsibility and credibility. Our policies and guidelines demonstrate that good governance is ingrained in our culture. The Anti-Bribery and Anti-Corruption Policy as well as the Code of Conduct, help us perform our operations in an ethical manner.</p>	
3.	8.	Data security	<p><b>GRI aspects:</b> Customer privacy; Security practices</p> <p>We work in a highly automated environment and use cutting-edge technology to support a variety of operations. We are guided by the Information Security Policy and the Cyber Security Policy. Further, an independent assurance team within Internal Audit provides assurance on the management of information technology-related risks. To mitigate information technology-related risks, we have implemented a governance framework, information security practises, and a business continuity plan.</p>	
4.	7.	Customer privacy	<p><b>GRI aspects:</b> Customer privacy</p> <p>Being in the service sector, Information Security and Data Protection are of utmost importance to us. To ensure customer privacy, we also follow the Banking Codes and Standards Board of India's (BCSBI) 'Code of Bank's Commitment to Customers' and Employee and Customer Awareness Procedures.</p>	
5.	9.	Customer satisfaction	<p><b>GRI aspects:</b> Stakeholder engagement; Marketing and labelling</p> <p>Our customer-centric approach caters to our customers' financial goals while providing insightful, relevant, contextualised, and hyper-personalised experiences. We conduct satisfaction surveys on a regular basis to gather feedback on our products and services.</p>	
6.	10.	Selling practice and product labelling	<p><b>GRI aspects:</b> Marketing and labelling</p> <p>We strictly adhere to market conduct regulations to provide transparent, accurate, and comprehensive marketing statements, advertising and product/service labelling to our customers and clients. We have established frameworks, strategies, policies, and procedures, as well as systems, to ensure and maintain transparency in communication, allowing them to make informed decisions.</p>	



# Materiality Assessment

Priority Rank	S. No .	Sustainability topics	Description
7.	17.	Transparency and disclosure	<p><b>GRI aspects:</b> General disclosure - Reporting practice</p> <p><b>Capitals impacted:</b> </p> <p>With the increased demand for ESG disclosures among stakeholders, it is critical to ensure that such reporting is accurate and reliable. We have a sustainability strategy and reporting programme in place that clearly articulates our sustainability strategy, risks, and opportunities, as well as performance on material ESG topics. We also place high value on report assurance, so our Sustainability Report and Green House Gas (GHG) emissions are verified by third-party auditors in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) Standards.</p>
8.	15.	Economic performance	<p><b>GRI aspects:</b> Economic performance</p> <p><b>Capitals impacted:</b> </p> <p>Economic performance is critical to maintain stability and positive momentum. We strive to provide our stakeholders with increased long-term value. Even during challenging times, we have performed well, aided by our prudent management and capital allocation strategies.</p>
9.	13.	Systematic risk management	<p><b>GRI aspects:</b> General Disclosure - Governance</p> <p><b>Capitals impacted:</b> </p> <p>Through the effective use of processes, information and technology, we have deployed a multi-layered risk management strategy that identifies, assesses, monitors and manages risks (credit, market, liquidity, interest rate, and operational). A Board-approved Stress Testing Policy &amp; System, which is an integral aspect of our ICAAP, is part of our overall risk management framework (Internal Capital Adequacy Assessment Process). Stress testing is done by employing a variety of ways to determine our vulnerability to excessive yet realistically stressful scenarios. Additionally, we use a SEMS (Social &amp; Environmental Management System) framework to analyse social and environmental credit risks. Risk exposures are actively identified and reported to the appropriate levels of management, so that risk mitigation actions can be implemented. The risk management function is independent of business and reports directly to the Managing Director.</p>
10.	11.	Financial inclusion	<p><b>GRI aspects:</b> Economic performance; Local communities</p> <p><b>Capitals impacted:</b> </p> <p>Financial inclusion is key to India's inclusive development agenda. The banking sector has a pivotal role to play in serving the underbanked, especially in rural and semi-urban areas. We see this as an opportunity to broaden our reach and make our products and services more accessible. While we continue to focus on the Corporate Cluster and Government Business to increase penetration, we see Commercial (MSME) and Rural Banking driving the next wave of growth.</p>
11.	14.	Responsible financing	<p><b>GRI aspects:</b> Environmental compliance; Socioeconomic compliance</p> <p><b>Capitals impacted:</b> </p> <p>Evaluation of environmental and social risk is an integral part of our overall credit appraisal and approval process. Large industrial/infrastructure projects where the extension of long-term financing (greater than ₹100 Million and longer than 5 years) are covered under the Bank's Social &amp; Environment Monitoring System (SEMS) which necessitates an assessment of Environmental, Health, Social, and Safety risks in addition to other risks, as part of the overall credit appraisal process. As a rule, we do not fund projects that have a negative impact on the environment, health, or safety. We want to make funding available for environmentally viable projects that help mitigate climate change risks. To reduce our carbon footprint, we continue to invest in renewable energy and energy efficiency projects. Customers are also encouraged to make 'green banking' decisions.</p>
12.	6.	Employee welfare	<p><b>GRI aspects:</b> Employment</p> <p><b>Capitals impacted:</b> </p> <p>We engage with employees and their families through a variety of initiatives through our Employee Connect program. Over the years and especially during the pandemic, we saw a significant increase in the employee participation. Many of these initiatives were virtually run during the last two years to ensure employee safety. We also run an Employee Welfare Trust which is primarily set up to support employees in case of emergencies where the expenses extend beyond the mediclaim cover that we provide to all employees and their families. During the pandemic, support from the trust was generously extended to all employees who needed it.</p>

Priority Rank	S. No.	Sustainability topics	Description	GRI aspects:	Capitals impacted:
13.	5.	Community wellbeing	We believe in giving back to the community. Through our CSR brand 'Parivartan', we work towards empowering the most disadvantaged sections of the society around our area of operations, to be self-reliant. The Board-level CSR & ESG Committee oversees the initiatives and tracks progress on a regular basis. To secure the nation's growth and development, as well as the well-being of its residents, we have aligned our actions with government missions and programmes.	Local communities	
14.	2.	Physical risk for climate change	We have a diversified lending portfolio that covers a wide range of industries including power, heavy industries and real estate. In compliance with the Task Force on Climate-related Financial Disclosures' recommendations, we are exploring the process of analysing the Bank's resilience to physical and transition risks of climate change and continue our endeavour to acquire granular data and test tools for climate risk assessment and conducting scenario analysis.	General Disclosure - Governance	
15.	3.	Transition risk for climate change	We regularly review and monitor climate change impact on the Bank's cost of debt. At present, we view the impact as relatively less significant.	General disclosure - Governance	
16.	4.	Climate change impact on Company's cost of debt	We recognise our role in the transition to a low-carbon economy. At HDFC Bank, we have been recording our GHG emissions and will continue to track and report our carbon footprint. Recently, we pledged to become carbon neutral by FY32. We continue to scale up the use of renewable energy and energy management measures at our operations.	Emissions	
17.	1.	Emission and climate change	Climate change may have a substantial impact on our activities, and thus, we have initiated steps towards the implementation of TCFD recommendations.		

Financial Capital

Human Capital

Intellectual Capital

Social & Relationship Capital

Manufactured Capital

Natural Capital

## Mapping sustainability topics to our value chain

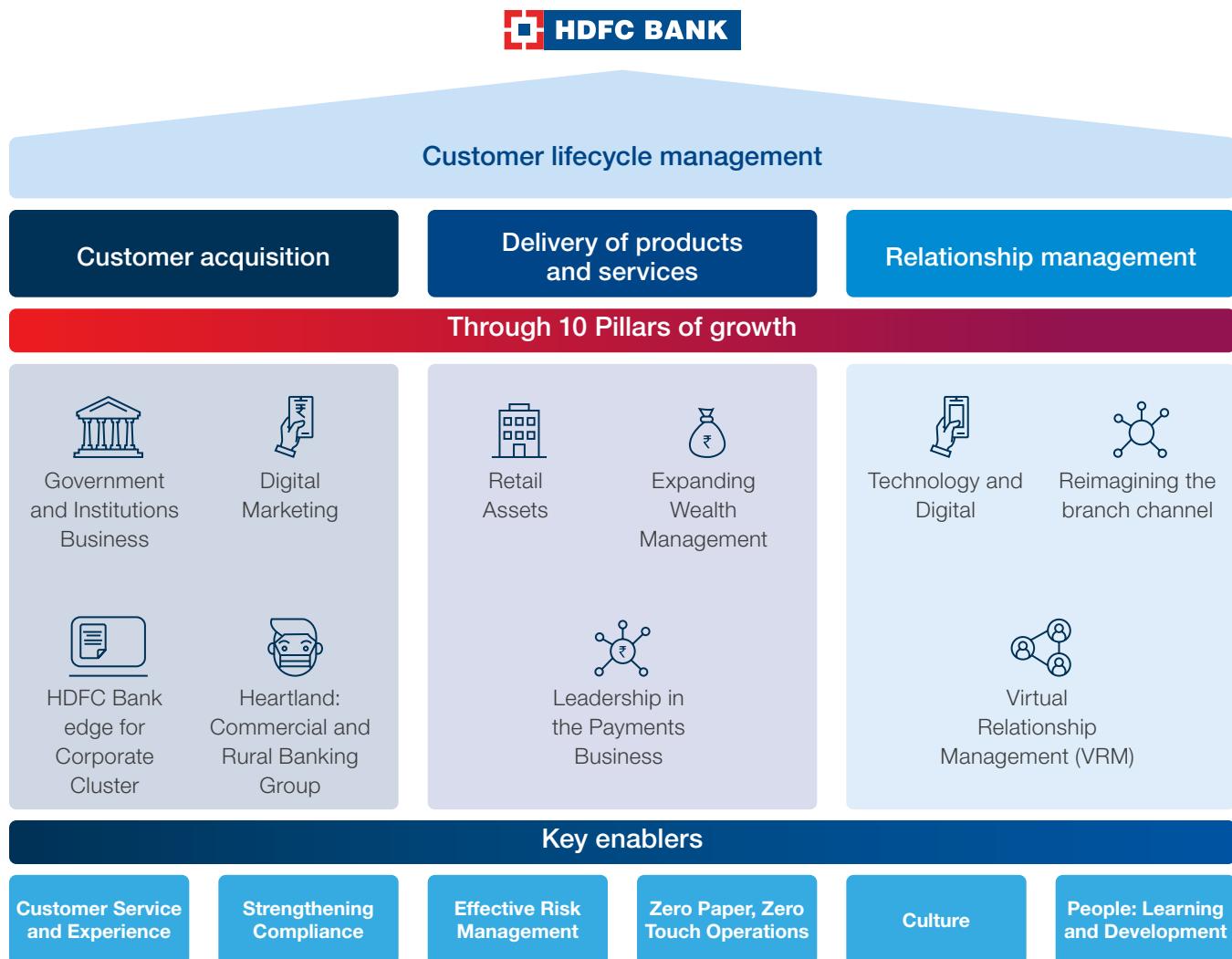
Material topic	Upstream (suppliers, investors)	HDFC Bank	Downstream (customers, communities)
Compliance		✓	✓
Corporate Governance & Ethics	✓	✓	✓
Data Security	✓	✓	✓
Customer Privacy		✓	✓
Customer Satisfaction		✓	✓
Selling Practice and Product Labelling		✓	✓
Transparency and Disclosure	✓	✓	✓
Economic Performance	✓	✓	✓
Systematic Risk Management		✓	
Financial Inclusion			✓
Responsible Finance	✓		✓
Employee Welfare		✓	
Community Well-being			✓
Physical Risk for Climate Change	✓	✓	✓
Transition Risk for Climate Change	✓	✓	✓
Climate Change Impact on Company's Cost of Debt	✓	✓	✓
Emission and Climate Change	✓	✓	✓

# Strategy in Action

## Our future-ready strategy

**India is one of the fastest growing major economies and as one of the largest private sector banks in India, we are well-positioned to capitalise on this opportunity. At HDFC Bank, we continue to focus on executing our ten-pillar strategy across various products and segments to create, catalyse and capture the next wave of growth. The focus on our strategic pillars drives our consistent performance.**

We continue to enhance our compliance culture and exhibit highest compliance standards. Our risk management and compliance framework is embedded in the systems and processes across operations and functions and is overseen by a diverse, experienced, and competent Board. As we take strides forward, the customer remains at the core of our strategy. Armed with robust technology and capitalising on digitalisation, we are providing seamless digital customer on-boarding and service management journeys. Our investment in our people and adherence to our culture 'The HDFC Bank Way' enables us in our onward journey.





## Re-imagining Retail Branch Banking

Our growing phygital reimagined branch channel is pivotal to our strategic intent of being India's best customer-centric brand across industries, within the next three years. Retail Branch banking is the key enabler for retail deposits, retail trade and forex business, unsecured and secured asset business and third-party distribution business. We continue to reimagine our branch channel backed by micro market focused multiformat distribution science, phygital transformation, analytics and Artificial Intelligence (AI). This is backed by an institutionalised approach to customer life cycle management and a 'Service First culture'.

The levers that bring to life our reimagining branch channel strategy are:

### Holistic customer life cycle management

It starts from our ability to map and source the right set of customers using a differentiated go-to-market approach and results in having need-based conversations and offering the right product proposition. It also entails continually nourishing the relationship through our relationship management architecture and recommending next best actions and implementing them. Our 'service first culture' is embedded throughout the customer life cycle management journey.

### Analytics led customer conversations and distribution planning tool

Our approach is based on 'Need-based Selling' and is empowered by robust analytical tools and AI. 'Next



Micro market focused multiformat distribution science



Service First culture



Institutionalised approach to customer life cycle



Customer life centric insight-led proposition



AI analytics-driven customer conversations (Next Best Action)



Enabling phygital transformation

Best Actions', are suggested based on a study of customer transactions/digital behavior across the Bank's digital assets. Further, relationship managers are equipped with suggestive 'Immediate Next Best Actions', based on real time digital transactions/customers interactions.

Our micro market focused multiformat scientific study of data drives decisions on meeting customer needs through retail phygital branch/Digital Banking Units/'Smart Banking Lobby' or Business Correspondents. An optimum mix of digitisation along with relevant human interactions, enables us to deliver superior services.

### Digitisation of sales, service and Branch operations

We continue to embed and enhance customer digital journeys, be it sales, service or operations. It also entails enhancing phygital through digital delivery in physical branches.

Mobile-first approach leveraging Aadhaar and 'Walk Out Working' (WOW) straight through journeys, are some of the initiatives that are helping

us achieve significant benefits, in terms of improved customer experience along with cost reduction. WOW customer service journeys have scaled up customer adoption by ~45% (cumulative) and is expected to grow further.

### Customer Experience Excellence

The cornerstone of Customer Experience Excellence is to delight customers at every touch point. In this endeavour, our initiatives include process simplification through digitisation, reimagining the customer journeys and making them user-friendly. We are enhancing self-service avenues and thus empowering customers in completing paperless journeys on their own. Our Net Promoter Score, a metric of measuring customer satisfaction and loyalty, has shown 22% improvement over FY21.



## People capability

Our people are the face of the Bank. Our aim is to strengthen our teams to better understand the ‘Voice of Customer’ to enable us to create newer propositions, simpler processes and seamless customer experiences. We have equipped our teams with AI and analytics-driven pinpointed regular customer level analysis to enable enhanced engagement. Further, we continue to train our teams through interactive learning interventions that equip them to enhance customer delight in all their interactions. The learning interventions are customised based on analytics.



## Virtual Relationship Management

As a future-ready Bank, we have further strengthened our Virtual Relationship Management (VRM) channel to enhance customer engagement and provide seamless customer service experience. A banking experience with digital ease and personalised need based conversations, is at the core of our VRM strategy. The Virtual Relationship Management practice is an integrated customer-centric approach consisting of three pillars:

- Virtual Relationship
- Virtual Sales
- Virtual Care

The Virtual Relationship Managers serve the customer life cycle across – a) Save b) Invest c) Borrow d) Transact e) Engage. We believe that we have a head start with our Virtual Relationship Management practice, leveraging an Omnichannel Engagement framework, seamless digital journeys, data science-led customer interactions and a robust talent pool of well-

trained Virtual Relationship Managers. Your Bank has made significant investments in technology upgradation of the customer facing solutions around Interactive Voice Response Systems, Data Management and digital engagement platforms like Video KYC, to offer a world-class virtual engagement framework for its customers. Our systems are structured, secure, compliant, automated and avoid any data leakages. Our VRM framework provides seamless 24/7 access to customers and experiences, in line with global service standards.

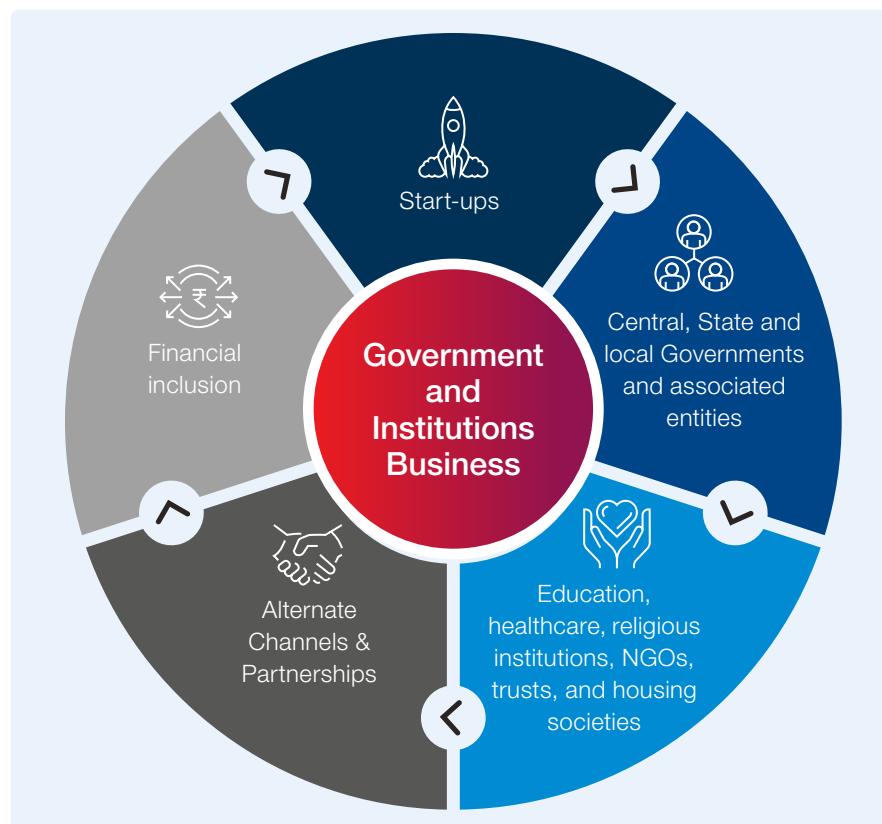
We provide automated interactive voice response solution in 12 languages with 20+ services. We offer world-class service interaction, with an analytics-led need-based product distribution approach, aimed at making us the preferred banker of choice for the customer.

Our Virtual Care approach is an extension of our customer-centric programme — ‘Infinite Smiles’ and we aim for customer satisfaction in every interaction. We have progressed further on our conscious journey of a culture transformation, which is enshrined along with the critical leadership tenets of ‘Nurture, Care and Collaborate’. This has also contributed to better complaints management and reduced customer wait time.



## Government and Institutions Business

Growing focus on digitisation of transactions and Government push towards transparency offers an enormous opportunity in this segment. We aim to capitalise on this opportunity by focusing on the following key areas:



The Government of India has unlocked a large revenue pool by allowing private sector banks to participate across all areas of Government business. We are a leading bank in managing Government fund flows, with ~26% of total flows routed through the Bank. The single nodal agency construct introduced in September 2021 by GOI will further augment these flows. We are leveraging our extensive reach, intuitive technological solutions, our deep network, and sustainable livelihood initiatives to maximise this opportunity. We facilitate digitisation of agricultural procurements, e-governance for tendering and auction, amongst others, and offer a differentiated and seamless experience for Government bodies. In FY22, the Bank was recognised as one of the top 5 Banks in the country processing pay-outs, including direct benefit transfer under the single nodal agency construct by the Ministry of Finance to enable this. The Bank has facilitated and/or developed

the necessary technological solutions to provide customers with a high quality user experience.

Our comprehensive digital suite also acts as a catalyst driving growth in the institutional business. We have adopted an ecosystem-based approach to harness the growing opportunities in educational institutions, religious institutions, and housing societies. We enable collections of society payments, donations, fees, as well as manage payments to vendors, employees, etc. We have also forged partnerships with tech players to adopt an API-based approach to cater to the needs of this segment.

Parallelly, we are making continuous investments to expand our distribution network in the deep geographies of the country. Rapid adoption of technology coupled with deep penetration of mobile and internet provides fertile ground to tap into opportunities, by digitally connecting

the last mile. Till date we have on-boarded 4 Lakh+ Village Level Entrepreneurs (VLE) as Business Facilitators and Business Correspondents to help source business for us. With the help of the VLEs, we have been able to create a large distribution network to capture the opportunities in the semi-urban and rural areas. Our octopus model of distribution puts existing branches at the core, supported by agents empanelled through marquee tie-ups and partnerships. These agents are capacitated by the Bank through digital infrastructure, branding and visibility to function as a mini branch. Digitally-assisted and unassisted journeys are in play, with a combination of fintech and APIs that deliver a seamless experience securely. These alternate channels not only create value for the Bank but also have a larger societal impact supporting nation-building and the Government's financial inclusion agenda.



## Leadership in Payments Business

Payments business is an integrated business with key wheels of Issuance, Acquiring and Consumer Finance fulfilling the needs of every customer segment. We continue to be a leading player in the payments ecosystem with a leading presence and market share in issuing, acceptance and consumer finance businesses. We also bring throughput value to other businesses of the Bank through our frequency of transactions which is a source of core data for deeper understanding of our customers and drives data analytics for the Bank.

Issuance business provides extensive range of payment solutions to the customers in every segment. We have grown significantly across Credit Cards, Debit Cards, Prepaid cards,





## Strategy in Action

PayZapp Wallet, EMI and EPI/Direct Pay. Customer spends have crossed 8 Lakh Crore in FY 22 with 63 Million+ cards (Credit Cards, Debit Cards and prepaid cards) addressing every market segment. Every third rupee spent on cards in India, happens on HDFC Bank cards. Adapting to the changing customer behaviours, we have expanded our customer offerings. We are a leading player in credit cards with a strong growth and market share on both booksize/ENR and spends. We have the best suite of cards curated for the needs of both young professionals and ultra premium customers. Digitally enhancing customer experience and services for our customers is a key strategy and we launched 'MyCards' application to help card customers to self service digitally. Our future plan is to fortify the MyCards offering to a comprehensive Cards servicing solution for the Credit Card and Debit Card customers. PayZapp is a key strategy to drive customer engagement across all payment forms. It will be providing a strong, unified experience across contactless payments, QR-based payments, UPI payments, and BNPL, and will be digitising all payment form factors with rich features on a unified platform. The revamped PayZapp 2 is around the corner and will be providing a unified experience across contactless payments. Smartbuy continues to play a key role in providing a strong loyalty framework and has gained popularity among customers for providing accelerated reward points and reward redemptions on a single platform. To complete our suite of products and payment suite to the retail consumers, we are scaling BNPL with multiple variants that we are building to make customer purchases convenient. Between Credit Card EMI, Debit Card EMI and paper financing,

we are riding the wave of innovation and have become No.1 among all banks in BNPL.

Acceptance business is all about building the core network connecting the entire payment ecosystem and receipts business. Our full suite of online and offline payment solutions consists of Payment gateway, UPI, EPI, Smart Hub platform, POS/M POS, QR Code and Scan & Pay, among others. Within acceptance business, Merchant Acquiring business provides the railroad for banking solutions and payment offerings to the largest customer segment – MSMEs. As a Bank, this business gets us entry into the large and thriving MSME ecosystem that forms the backbone of our economy. We have been leading this business and despite the disruptive competition in this space, we have about 47% market share in cards, 1 Million+ POS terminals deployed and 14.5 Lakh Crore+ volume acquired across cards, NetBanking and UPI. We are strengthening our Partnership pillar by forging alliances with large fintech players to corner large opportunity segments with targeted value propositions like EMI, pay later and digital storefronts. Smart Hub continues to be a pioneer comprehensive payment and banking solution for all merchants, and we will be launching the enhanced Smart Hub App Platform soon. We have been continuously transforming the experience on SmartHub Vyapar App platform to instantly become a merchant with the widest range of payment acceptance, easy access to loans and banking solutions with a single view of all transactions. Further, the platform will allow merchants to instantly open current account and start accepting payments on the go.

Consumer Financing consists of lending at the point of sale i.e. the EMI business, and this business feeds off the acceptance and issuance business. We fund both during purchase and post purchase transactions through cutting-edge offerings such as Cards EMI, Buy now Pay later (BNPL), digital loans, Smart EMI – Credit, Smart EMI – Debit and inventory finance, among others. We are reaching out to New to Credit (NTC) customers and new age customers, extensively in this space.



### Technology and digital

As a future-ready bank, we are technology and digital led in most of our operations. Today, 93% of the Bank's transactions are processed digitally. As a part of our technology transformation agenda, we have taken great strides under the three legs of Digital Factory, Enterprise Factory and Enterprise IT. While Enterprise Factory and Enterprise IT focus on strengthening the core technologies and networks, Digital factory is aimed at enhancing customer experience through differentiated products and services. This approach is further illustrated through our 5-pillar strategy for bringing in key shifts in the banking experience.

We aim to make day-to-day banking simple for our retail customers through easy and unified payment experiences and seamless assisted and unassisted journeys. Our ecosystem-based offerings for MSMEs cover the entire supply chain with native journeys in local languages providing a transformational commercial banking experience. With APIfication and deep ERP embedding, we offer frictionless

banking services for large corporates, mimicking retail experiences. We are leveraging advanced AI and deep analytics to simplify investments for our wealth customers. We contribute to the Digital Bharat growth story with a local touch through assisted journeys, multilingual capabilities, and deep digital distribution points. The objective is not just to develop new products but to innovate rapidly and at scale, so as to serve the entire gamut of our 7.1 Crore strong customer base. In order to achieve this, we also forge strategic partnerships with new-age fintech players to offer plug and play solutions.

Powering these initiatives is our strong technological backbone. We have fortified our infrastructure security and resilience through scalable, state-of-the-art data centers, AI/ML based security and monitoring systems and deep automation in DR resiliency. We are also strengthening the foundation by re-architecting the core technology. We are ‘hollowing out the core’ by moving away from legacy systems into a cloud native, agile system, and a neo-technology stack.

Our people are the most important enablers as we transform into a future-ready, digital-first bank. We are refreshing our people practices adapting to new ways of working. Our

hiring strategies leverage Gen X to Gen Z talent offering diverse skillsets to build in-house deep-tech capabilities. Our focus is on fostering a culture of innovation, agility and growth.

The Bank has lined up exciting launches in the coming quarters with offerings that not only make banking simpler but also augment the experience through value added services. Our MobileBanking app is undergoing a massive re-write with a refreshed UI/UX focusing on journey simplification for the customer. The end goal is simple, customer delight across all segments on the back of a resilient infrastructure and seamless digital experiences.

## Key tenets of technology and digital



### Differentiated customer experience

- Design frictionless journeys for straight through processing
- Digitisation of branches with paperless journeys
- Create Neo customer digital experiences



### Rapid innovation at scale

- New products and journeys designed at pace and scale
- Plug & play integration with new age Fintech partners
- Best-in-class products and services powered by innovation, agility-at-scale



### Data and platform orchestration

- Embedded AI/ML capabilities spanning products and processes
- Deeper analytical capabilities and synergised operational efficiencies
- APIfication of data to enable sophisticated customer journeys



### Resilient and secure core systems

- Zero-trust architecture, advanced platforms and analytics for best-in-class security posture
- Next level disaster recovery with automation and ‘Hot DR’ setup
- Multi-cloud strategy, data centre consolidation augmented with scalability through containerisation



### Nurturing tech talents

- Transforming people practices to adopt new ways of working
- Fostering a culture of innovation, agility and growth
- Gen X to Gen Z: leveraging diverse skill sets as a key enabler



## Commercial & Rural Banking

Commercial and Rural Banking (CRB) primarily caters to entities in manufacturing, exports, employment, retail and trade, supply chain network and infrastructure. CRB lending constitutes a large part of our PSL lending book. CRB serves Micro, Small and Medium Enterprises (MSMEs), emerging corporates, commercial agriculture, farmer finance, healthcare finance, equipment finance and commercial transport companies. We are committed to helping resolve the challenges faced by this market segment, like lack of easy or timely

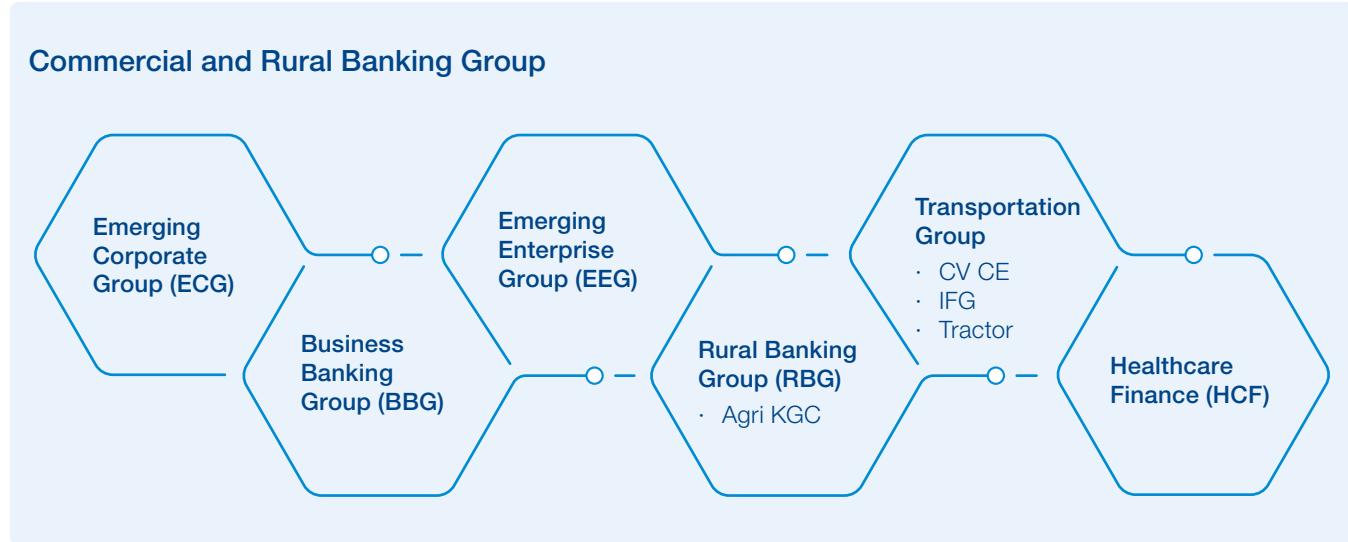
access to credit, high cost of credit and collateral constraints.

This group enables acquisition of customer at an early stage. For instance today's SME and MSME will transition to tomorrow's mid-corporates and large corporates. The Bank aims to support the journeys of these companies as they mature through the lifecycle.

The rise of the digitally-enabled customers presents a unique opportunity to scale business and increase wallet share through augmented end-to-end digital journeys and increasingly personalised offerings and services. With products and platforms such as the SME portal, the Bank caters to the needs of

the new-age customer. The Bank intends to grow its agriculture and allied book by diversifying its portfolio from staple crops to agri allied and high value horticulture crops. It also plans to augment as well as facilitate the growth of individual ecosystems that exist within the group, (such as the rural ecosystem, healthcare ecosystem, transportation ecosystem or the supply chain network) with products and services tailored to add value and financial strength. The market potential in the segment that the CRB group caters to is immense and the Bank is well-poised to capitalise on this opportunity by leveraging its reach, innovation capabilities, digital prowess and ecosystem offerings.

## Commercial and Rural Banking Group



## Retail Assets

Our Retail assets strategy is to deliver best-in-class algorithm-driven Digital lending. We continue to be a responsible, agile and innovative

retail services provider. Our portfolio consists of secured/unsecured lending products such as auto loans, home loans, personal loans, gold loans, etc. to cater to various classes of retail customers. We aim to expand across newer geographies and deepen our presence in existing geographies through a customer centric approach,

prudent pricing, introducing indigenous digital products while maintaining the quality of our portfolio. Our increased end-to-end digital lending journey across most of our products, backed by robust credit research, analytics and strong IT infrastructure, is enabling our consistent growth.

Over the years, we have simplified and digitised processes, thus reducing turnaround time across products, by digital integration coupled with algorithm-based usage experience. Our key indigenous digital products such as Xpress Car loans, 10 Second Personal loans, Digital loan against shares, and Digital loan against Mutual funds, among others, enable not only our existing customers but also new to bank customers to avail loans in a seamless manner. These initiatives address the needs of the growing population of digital savvy customers including the millennials.

One of the key focus areas is strengthening our position in unsecured product by further penetrating in Government segment supported by our increasing geographical presence and nimble-footed lending solutions. We have built in processes and controls and invested in our branch network to manage the risks, to ensure our Gold Loan portfolio grows significantly. We

are offering seamless loans across geographies, expanding our reach in semi-urban and rural markets for deeper penetration



## Corporate Cluster

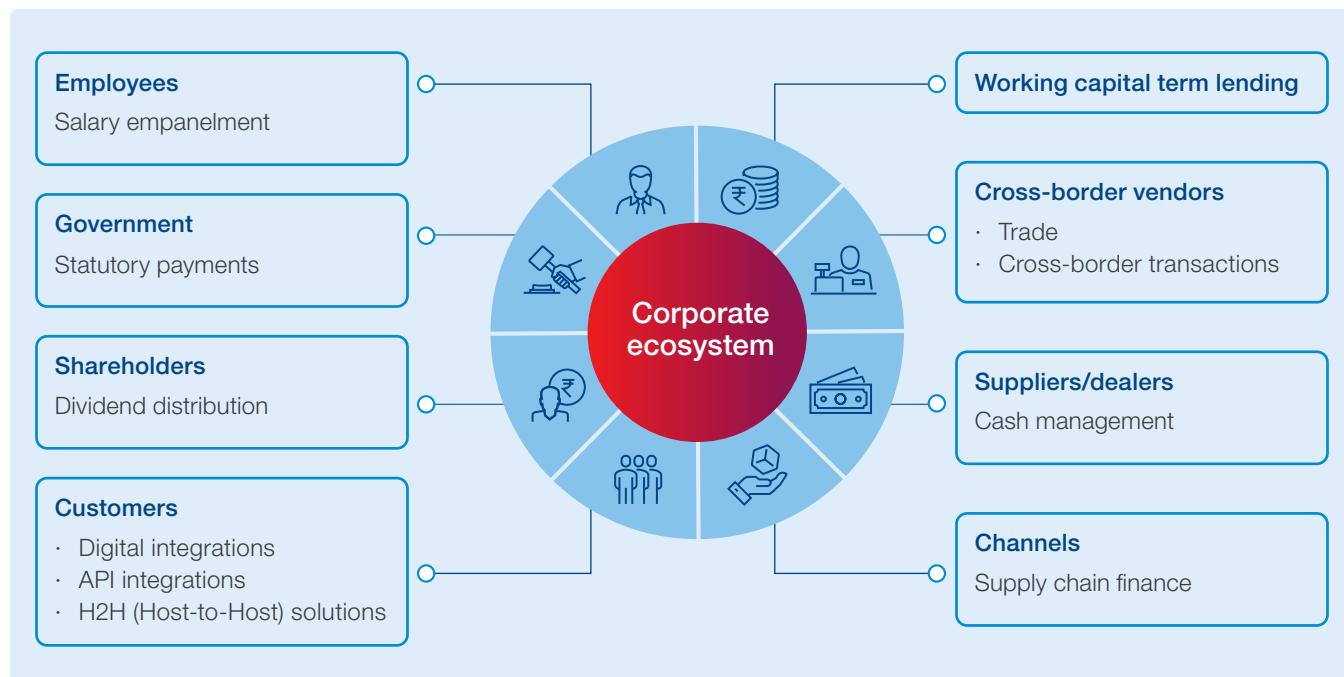
Corporate Banking continues to consistently contribute to our growth. Our holistic suite of products and services gives us an edge over competitors. Our customer base extends from large business houses, MNCs, Companies in the manufacturing and service sectors to public sector enterprises, and financial institutions, among others.

While lending is the mainstay of Corporate Bank, our strategy has been to strengthen relationships by providing banking products, solutions to corporates, to manage their receivables, payables, taxes and trade. Our product suite covers the entire

corporate ecosystem which includes providing payroll management and personal banking services to their employees and key officials.

The Bank provides value-added and industry-specific solutions by leveraging its detailed processes and on-ground intelligence about corporates' processes, distribution networks and geographies.

As a Digital Bank, we have host to host connectivity with the large corporates using APIs and we are working towards digitising end-to-end transaction processing within their ecosystems. We are leveraging cutting-edge technologies such as Artificial Intelligence and Machine Learning for deep analytics to derive actionable insights for increase in share of wallet. The quality service offering that is provided to our corporate customers can be extended to customers and suppliers of the corporate using 'ecosystem banking'. The idea is to bring the corporates' entire financial world under one





# Strategy in Action

umbrella. We aim to continue to add value to the corporate ecosystem by focusing on:

- Use of technology, processes, and products to cater to the corporate journeys
- Offering financing solutions to the eco system partners – vendors, suppliers/dealers, channel, and customers – of the corporates through digital platforms
- Identifying white spaces and co-creating financial products by benchmarking with the best-in-class
- Innovating Trade Products to cater to specific needs of the Corporates
- Being the Banker of choice to MNCs with the goal of becoming the largest bank to multinationals in India



## Wealth

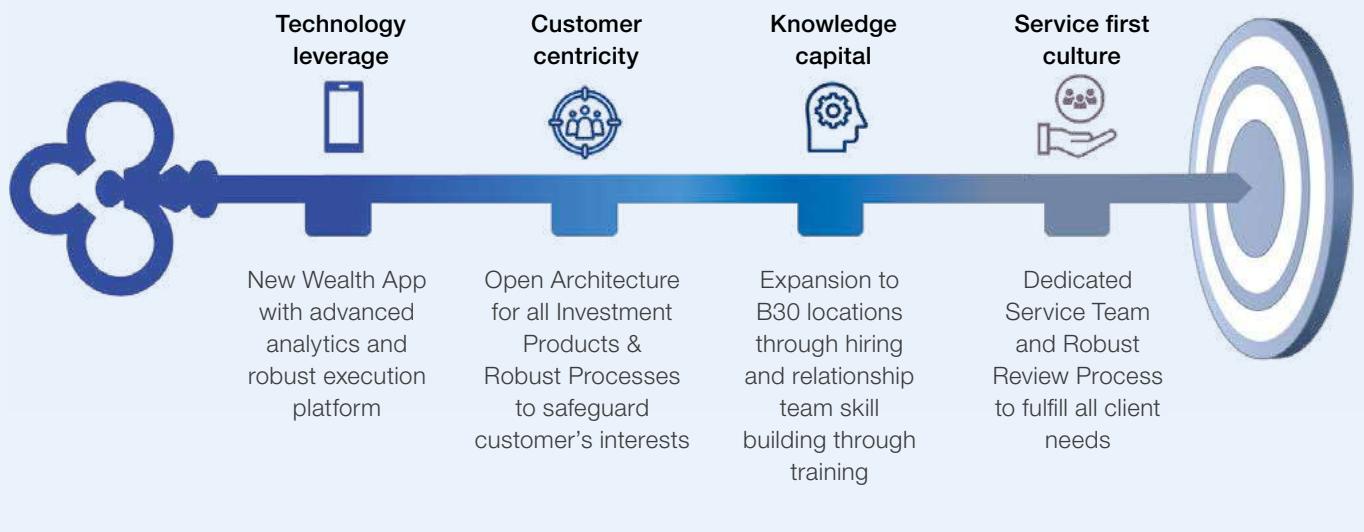
Wealth is one of the key focus areas for the Bank. We are focused on the Affluent and Mass Affluent segment of customers to drive growth. A large proportion of wealth in India is distributed even beyond the top 20 cities of the country. The Bank aims to increase the Wealth Relationship team and expand its reach in B30 (beyond top 30) cities, to tap into this segment through a hub and spoke model. The Bank's Wealth team is currently serving customers across 216 cities and is on track to reach 800+ locations by the end of this financial year. We are also investing in our people through intensive training to develop the right knowledge capital and service skillsets to provide consistent quality of service across these locations.

Our dedicated service team for Wealth Clients ensures delivery of our 'Service First' philosophy. The bank has adopted Annual Recurring Revenue

(ARR) as a key metric to ensure transition from transactional approach to portfolio management approach and minimise churn. We have an open architecture for insurance where we have multiple partners across life, health, and general insurance to offer the right product to the right customer. Our non-proprietary framework across investment products which makes recommendations based on robust quantitative and qualitative evaluation model, re-accentuate our customer centricity.

We are developing a mobile-first Wealth Platform that will leverage advanced analytics and AI-driven recommendations to provide differentiated wealth solutions across all customer segments. The digital platform will focus on agile, unassisted journeys and mass personalisation to cater to customers across the country. The goal is to deliver a highly personalised experience that democratises wealth management and makes it accessible for all our customers.

## Wealth strategy



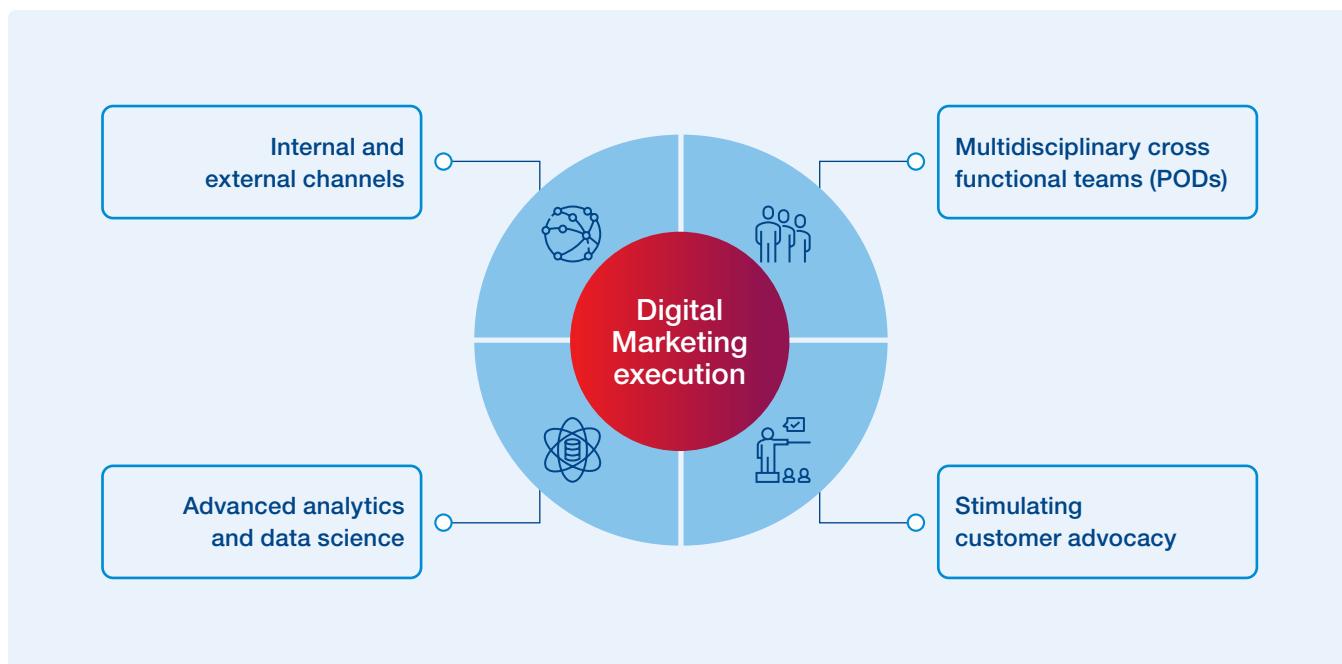


## Digital Marketing

Our digital marketing strategy is to create awareness about our brand, build brand loyalty for our financial solutions and services through a deep understanding of customer behaviour and preferences. Digital marketing for us entails providing frictionless customer journeys and addressing customer requirements with the right product, at the right time, in their most preferred channel of communication and with high levels of personalisation. One of the key outcomes expected from this strategy is contribution to direct business generation. Our website has seen growth in customer visits in both tier and non-tier cities evidencing increase in our reach and recall.

We are executing our strategy through our omni-channel presence, advanced analytics, data science, working in cross functional teams and through customer advocacy.

- Omni-channel:** We are using our Omni-channel forte consisting of website, Net and MobileBanking, notifications, SMS, Email, WhatsApp and social media to deliver the business portfolio objectives. We are developing segmented and personalised communication based on highly advanced AI/ML models.
- Advanced analytics and data science:** Investments in Cloud-related advanced analytics tools enable deep understanding of customer behaviour, and their preferences to curate personalised interventions, at scale and to create relevant customer engagement. Through technology and digitisation, we are executing digital marketing plans at scale and in tandem with the traditional marketing channels to provide our customers quick and easy access to all our financial solutions. We have revamped our digital journeys for loans, deposits and payment solutions which allow our customers to purchase products in a few clicks in a frictionless manner.
- Our investment in advanced analytics engine '**Spark Beyond**' tests millions of hypotheses and builds multiple models in minutes with the aim to understand customer needs, have meaningful customer interactions and build customer relationships. 'Spark Beyond' impacts all channels of the Bank, bringing higher productivity for manned channels and increase of business in unassisted channels.
- PODs:** To support end-to-end outcomes like un-assisted business generation digitally, we work in multi-disciplinary and cross-functional teams called PODs. These PODs solve business problems through a lens of data-backed root-cause analyses and hypotheses.
- Stimulating customer advocacy:** We identify and address grievances across customer digital journeys and products to earn customer trust and create brand advocates using online reputation management, ratings, reviews, and testimonials.





## External Environment

# Key external drivers and our response

**Just as the global economy prepared to leave behind the pangs of the pandemic (despite uncertainties associated with subsequent waves and rising inflationary pressures), the Russia-Ukraine conflict escalated. The consequent imposition of sanctions on Russia kept the global economy and financial system on tenterhooks. Further, China's slowdown, Sri Lanka's crisis and other geopolitical issues continue to weigh on the economic recovery, clouding India's near-term growth outlook as well.**

The Indian banking sector, supported by regulatory and Government interventions, has remained resilient and sufficiently capitalised. Measures such as moratorium on payment of loan instalments and restructuring of loans, among others, alleviated the stress while helping banks to continue lending to productive sectors. The pandemic has accelerated the technology-led transformation in the financial services space, with new customised products and services being delivered using digital technologies. However, it has also elevated the risks related to data privacy and cyber security which need to be mitigated on an ongoing basis.



## Global economic growth set to moderate

The protracted Russia-Ukraine conflict, Sri Lanka's sovereign default and structural slowdown in China are weighing heavily on the global economic recovery. Inflationary pressures have increased, as supply chains remain in disarray and trade sanctions on Russia push up energy prices. While Brent crude oil is hovering above \$120/bbl, natural gas price has risen by more than 50% since March 2022. In response, many central banks including the US Federal Reserve, have tightened their monetary policy. Against such a backdrop, the IMF expects global GDP growth to moderate to 3.6% in 2022 from 6.1% in 2021. Among advanced economies, the US is expected to grow at 3.7% (vs. 5.7% in 2021), while Euro area growth is estimated to halve from

**3.7%**

EXPECTED GLOBAL GROWTH IN 2022

5.3% in 2021 and the UK economy is estimated to grow at 3.7% in 2022 vs. 7.4% in 2021. While Russia is expected to record a negative output growth, China is expected to grow at 4.4% vs. 8.1% in 2021.

In India, export growth may see a moderation post a good performance last year. Inflation is expected to remain high due to rising input costs, lingering supply disruptions and elevated energy prices. The recent rate hikes by the RBI may put upward pressure on interest cost and weigh on investments and consumption. Additionally, global liquidity withdrawal presents a risk for foreign capital flows. In India, GDP growth is estimated at 7.3% in FY23 vs. 8.7% in FY22, with risks tilted to the downside. Encouragingly, despite the slowdown, in FY23, India is likely to perform better than its Emerging Market peers. While zero COVID-19 policy and related lock downs are likely to drag down China's economy, developing European countries (like Poland) are likely to suffer due to the ongoing war.

### Our response

We undertake topical stress testing based on prevailing geopolitical/macroeconomic/sectoral and other trends. One such topical stress analysis was conducted to estimate the impact – direct and indirect – of the Russia-Ukraine conflict on our portfolio. We do not see any significant risk, based on the current information available. We, as part of our continuous and robust country risk monitoring, have proactively taken steps to limit our exposure to Sri Lanka. Nonetheless, we are closely monitoring the overall situation both at the global and India level and are modifying our course of action accordingly.

## Government and regulatory interventions

During the two waves of COVID-19, the RBI announced Resolution Frameworks (RF) 1.0 and 2.0 to provide relief to borrowers and lending institutions. While the restructuring of large borrower accounts under RF 1.0 could be invoked by December 31, 2020 and implemented within 180 days from the date of invocation, they have time till September 30, 2022 to achieve the operational parameters. On the other hand, resolutions under RF 2.0 for individuals, small businesses and MSMEs could be invoked before September 30, 2021 and the resolution plan had to be implemented within 90 days from the date of invocation.

### Our response

MSMEs are considered an important economic growth engine and are one of the largest employers in the country. The Bank's Assets in the MSMEs segment stood at ₹3,13,919.49 Crore as on March 31, 2022. Its Micro Enterprises Assets alone stood at ₹1,12,564.77 Crore. We continued to extend support to our customers through ECLGS and ECLGS extension schemes and also provided ad-hoc enhancements as needed. Your Bank emerged as a star performer under the ECLGS 1.0, 2.0, 3.0 and ECLGS extension schemes. We disbursed loans amounting to ₹17,100.89 Crore

to over 0.78 Lakh customers under various ECLGS schemes. This swift support enabled our customers to run their operations smoothly while fulfilling their financial obligations.

**₹3,13,919.49 Cr**

ASSETS IN THE MSMEs SEGMENT AS ON MARCH 31, 2022



## Climate change and ESG

Climate change has emerged as an overarching concern, enveloping all aspects of humanity.

Naturally, this concerns the financial sector too. With the disruptive impact of climate-related events already evident, there is a worldwide movement to embed sustainability practices in business operations across Environmental, Social and Governance (ESG) aspects. The financial services industry is expected to factor ESG and climate-related physical and transition risks in decision-making. Further, India reiterated its commitment to climate action at the United Climate Change Conference (COP26) in November 2021 at Glasgow. In line with this, the RBI published a statement to support the greening of India's financial system. This may significantly impact the policies and processes of the financial services industry.

### Our response

We have a comprehensive ESG framework to address and mitigate climate-related and other ESG risks. It consists of a robust governance structure that ensures oversight over ESG matters at the highest level. We have made progress on energy consumption, emissions and tree plantation initiatives and aim to stay the course in the coming years. In FY22, we pledged to become carbon neutral by FY32 and are putting in place an implementation framework to achieve carbon neutrality. We are also in the process of adopting a broad range of technological solutions and operational measures to reduce energy consumption at our operating locations.

Evaluation of environmental and social risks is an integral part of our overall credit appraisal and approval process. Large industrial/infrastructure projects that require long-term financing (greater than ₹100 Million and longer than 5 years) are covered under our Social & Environment Monitoring System (SEMS). SEMS necessitates an assessment of Environmental, Health, Social and Safety risks in addition to other risks as part of the overall credit appraisal process. Further, we continue to invest in renewable energy and energy efficiency projects to lower our carbon footprint. We also encourage customers to make 'green banking' choices.

## Data privacy and cyber security

The exponential growth of digitisation and technological transformation in financial services has escalated cyber security risk and data privacy concerns. There is a growing regulatory focus on safe practices and stringent polices within organisations to ensure that customer interest is safeguarded. With the advent of open banking, ecosystem banking, digital payments and lending, the importance of having a robust IT infrastructure with resilient systems and stringent policies cannot be over-emphasised.

### Our response

We have a dedicated Information Security Group headed by the Chief Information Security Officer and an Information Security Committee chaired by the Chief Risk Officer for exercising governance over these matters. We have devised and implemented data privacy policies with respect to customer data which includes usage of the Bank's digital platforms. We are committed towards protecting privacy of our customer's personal data. Our Data Privacy program provides a common set of requirements for processing personal data within Bank. Through our Privacy Notices, we attempt to explain in a transparent way how and why we collect, store and use personal data; how it might be shared, and legal grounds for processing personal data.

We have stringent policies and processes in place to ensure information and cyber security. We undertake routine vulnerability assessments that include patch management, penetration testing and network security processes to ensure a robust system and IT infrastructure.

We have implemented 24x7 defacement monitoring and vulnerability management of the Bank's internet properties. This minimises the surface area for cyber security attacks. Further Security Orchestration, Automation & Response (SOAR) is being used to reduce the incident response time by connecting security solutions with each other and automating the incident lifecycle.

## Information Security Group

FORMED TO ADDRESS ISSUES RELATED TO DATA PRIVACY AND CYBER SECURITY

## Digital innovation in financial services

The pandemic has brought about a shift in digital technology adoption, opening up many opportunities in the financial sector. Digital lending is one such opportunity, where many platforms have emerged to offer hassle-free loans to retail individuals, small traders and other borrowers. Many large multinational corporations whose primary business is technology (e-commerce, social media, payments enablers, etc.), popularly known as BigTechs, have started lending either directly or in partnership with regulated financial entities.

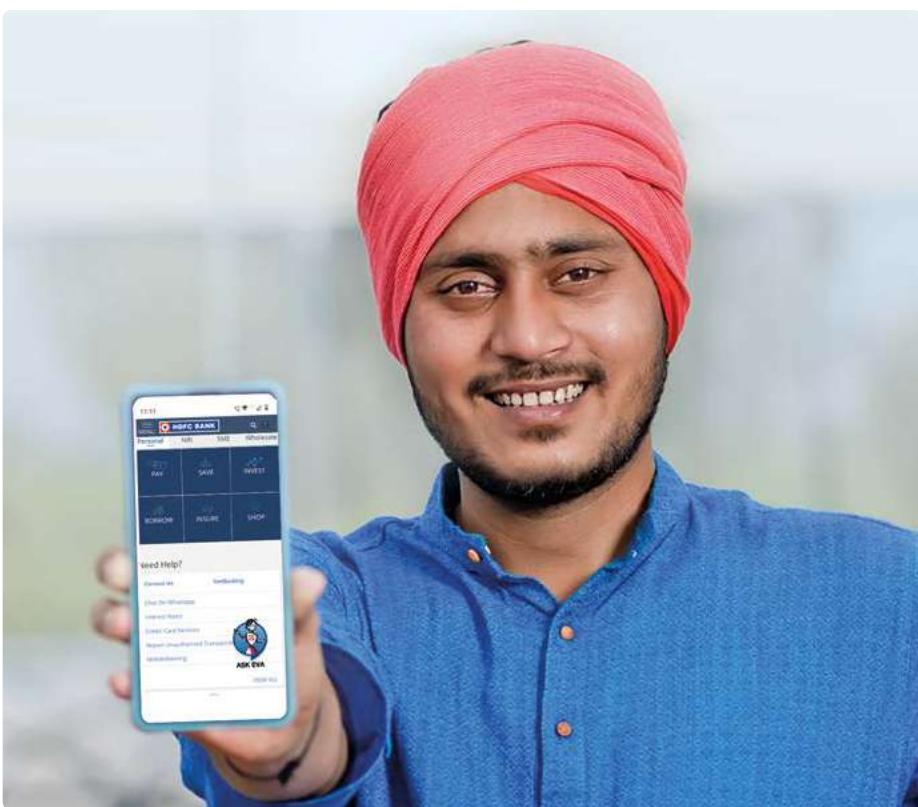
**~6,000**

FINTECH PLAYERS OFFERING SERVICES ACROSS INVESTMENTS, INSURANCE, PAYMENTS, LENDING AND BANKING INFRASTRUCTURE

Further, the Indian fintech market is slated to grow significantly due to large unpenetrated geographies and rapid digitisation of the economy. With ~6,000 fintech players, the services offered are spread across investment, insurance, payments, lending, and banking infrastructure. With cutting-edge technology and niche target markets, these fintechs offer customised and user-friendly services that appeal to the growing tech-savvy customer base. The regulatory environment is providing the necessary impetus with initiatives such as the e-RUPI, a person and purpose-specific digital payment solution launched in August 2021. In the Union budget of 2022-23, India has announced plans for a Central Bank Digital Currency (CBDC). Additionally, open banking trends and a spurt in the number of off-the-shelf APIs available for banks and third-party apps to build upon is changing the dynamics of financial services industry.

### Our response

We are focusing on building new competencies under Digital Factory, Enterprise Factory and Enterprise IT. We are fully geared up to launch the next phase of our strategic initiatives to provide seamless customer journeys. We are continuously innovating to provide differentiated customer offerings. Through digitisation we are offering solutions to enable ease of business across our diverse customer base. We are focusing on end to end digital journeys with omni channel touchpoints designed around the needs of our customers. We launched 'Xpress Car Loans' – our new car loan journey for existing customers as well as non-customers, resulting in loan initiation to disbursal in less than 30 mins. We are fostering innovation with strategic partnerships with multiple cutting edge startups, Fintechs and BigTechs to increase the breadth of such holistic offerings. Benefits such as an enhanced digital customer experience, more intuitive user interfaces and neo tech stacks are pivotal enablers in our partnership journeys. This has recently been demonstrated through the roll out of our Smart Hub Vyapar offering for merchant ecosystems and our revamped Customer Experience Hub, an AI/ML Powered Omni Customer Experience Transformation program. Our core technology transformation program is continually strengthened with new age technology advancements being built into our roadmap including our Cloudification, API, Automation and App modernization journeys.



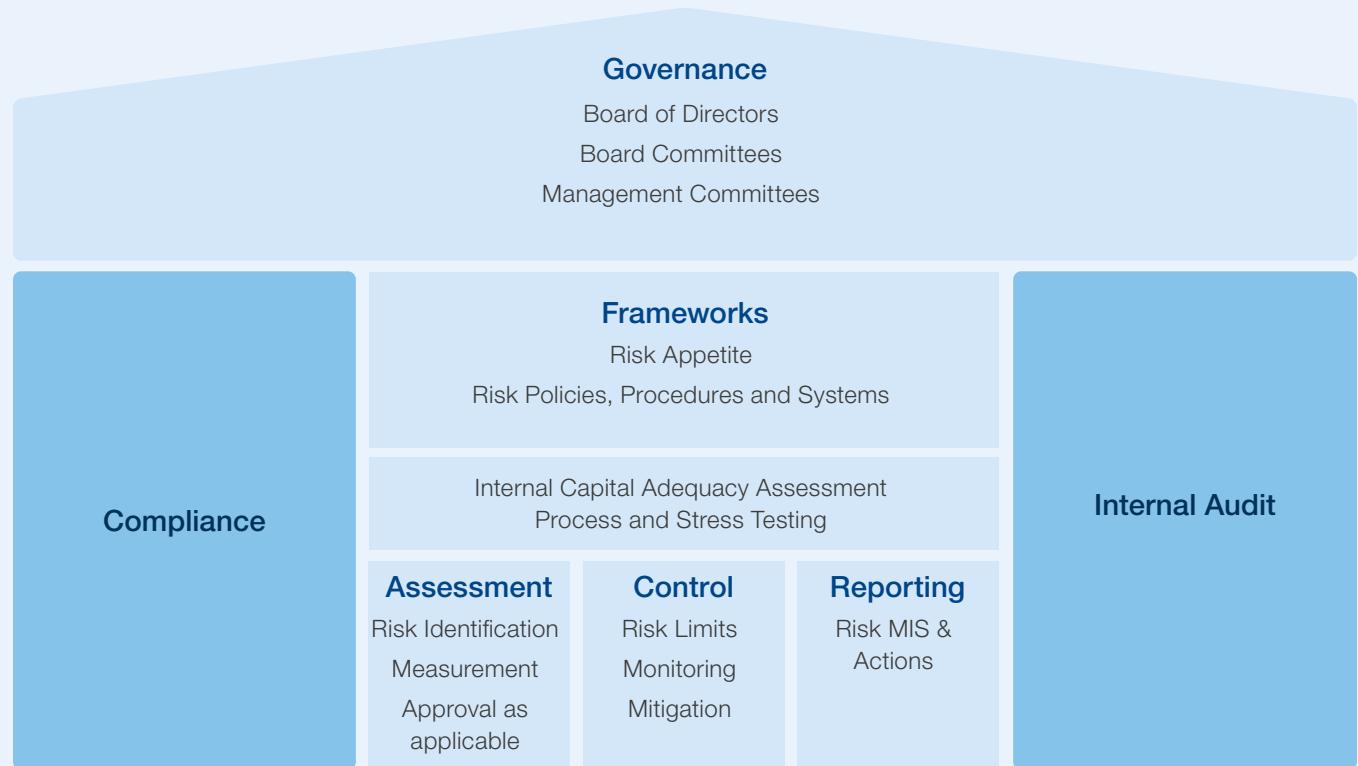


## Risk Management

# Robust and stress-tested framework

Our robust Risk Management framework and the independence of our risk management function set us apart as a responsible banker. It enables the execution of our strategic priorities without taking on undue financial and non-financial risks. Our risk policies and processes and their effective implementation through technology and governance enabled us to endure and even grow in these highly uncertain and disruptive times. Stress testing is one of the key risk management tools we use to mitigate and manage the existing as well as emerging risks.

### HDFC Bank's Risk Management Framework



## Risk Governance

Our Board of Directors is responsible for managing comprehensive risks. The Risk Policy & Monitoring Committee (RPMC), constituted by the Board, oversees the implementation of our risk strategy. The RPMC guides the development of our policies, procedures and systems and evaluates their adequacy and appropriateness to the changing business conditions, as well as our risk appetite.

The Chief Risk Officer (CRO) heads the independent Risk Management Group (RMG). The CRO interacts regularly with the members of the RPMC. The RMG is primarily responsible for implementing the risk strategy approved by the Board, and developing policies, procedures and systems for identifying, measuring, monitoring, assessing and managing risks.

## Risk frameworks and their implementation

The nature of our business and business activities, along with the regulatory environment and external environment at large, exposes us to several types of risks. For us, the key risks are credit risk, market risk, liquidity risk, operational risk, cyber security and data risk. Our operations expose us to compliance and reputation risk. We are also exposed to ESG risks. We have put in place an aggregate risk appetite framework. In addition, the appetites for individual risk types are operationalised through risk-specific policies, limits and triggers.

We also have 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 our business/financial position/capital adequacy.

Risk exposures are regularly captured and reported to the relevant levels of management for initiation of appropriate mitigation measures. We also continuously evaluate the efficacy of existing risk model assumptions and parameters and refine the models to keep up with the changing times.

We have an Internal Audit Department which is responsible for independently evaluating the adequacy and effectiveness of all internal controls, risk management, governance systems and processes.

We have separated the Risk, Audit and Compliance functions from the Business functions to create a strong culture of checks and balances and to eliminate any possible conflict of interest between revenue generation, and risk management and control.

## Key risk management initiatives

### Evolving stress testing scenarios

In addition to the existing suite of standard stress scenarios, we are conducting stress testing based on topical themes driven by prevailing trends such as geopolitical/macroeconomic/sectoral, among others. These stress tests are conducted focusing on specific areas of portfolio and the results act as early warning alerts/signals for taking actions, if any. Some of the topical themes relevant for the present times include the evolving geopolitical turmoil in Europe due to the Russia-Ukraine conflict, commodity price shocks, and possible shift in key macroeconomic variables in the medium term.

## Russia-Ukraine conflict

We analysed both direct and indirect impact of the conflict on our portfolio. The situation remains fluid globally, and there is uncertainty regarding the final outcome from a geopolitical as well as a financial market standpoint. Stress testing of our portfolio considering the current information did not indicate any significant risk. We continue to closely monitor the situation, to pre-empt and manage the risk and its outcomes.

## Sri Lanka's sovereign default

With continuous and robust monitoring of country risk exposures and stress testing, we have proactively taken steps to limit our exposure to Sri Lanka. Although the impact of the default is unlikely to be material for the Bank, we are keeping a close eye on the situation.

## Increasing focus on non-financial risks

We believe a lot more can be done in the area of researching, analysing, monitoring and mitigating non-financial risks such as operational, technology and reputation, among others. Accordingly, we are elevating deliberations of non-financial risks in the RPMC/Board. We are also in the process of enhancing policies, procedures and risk assessment framework for such non-financial risks.

## Leveraging technology

In line with our technology transformation agenda, we are also automating our risk management processes. We believe it will increase efficiencies, enhance accuracy of information, and enable maintenance of adequate audit trail for reviews.



## Credit Risk



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

### Mitigation

An independent Credit Group headed by Chief Credit officer oversees the underwriting functions and approvals across retail and wholesale credit functions. It ensures that the credit underwriting and portfolio management policies are aligned with the Board approved credit appetite. There are robust policies and processes for managing credit risk in both retail and wholesale businesses, mainly through

our target defined market, credit approval process, post-disbursement monitoring and remedial management procedures.

### Strategies

Maintaining healthy asset quality with optimal risk-reward considerations.

### Capitals Impacted



## Market Risk



The risk of potential loss on account of adverse changes in market variables which affect the value of financial instruments held by the Bank.

These instruments are primarily held for trading or for management of statutory reserves.

Examples of such market instruments are debt securities, equities, foreign exchange and derivative instruments.

caps the risk at trading desk level and also at securities level, through trading risk limits in line with the Bank's risk appetite.

The market risk is also evaluated at portfolio level and controls are implemented to mitigate the risk.

### Strategies

Optimising profitability of mark-to-market products within the constraints of liquidity and market risk appetite of the Bank.

### Capitals Impacted



## Compliance Risk



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

### Mitigation

Comprehensive Board-approved Compliance policy in place which is reviewed on an annual basis.

The Compliance function tracks and reviews compliance with regulatory guidelines.

Enhancing the compliance culture within the organisation through an intricate and comprehensive internal control framework along with other measures.

### Strategies

Strengthening our Compliance checks and balances and ensuring businesses work within the contours of regulation.

### Capitals Impacted



## Operational Risk



Operational risk arises from inadequate or failed internal processes, people and systems or from external events. It includes risk of loss due to legal risk.

### Mitigation

A Board-approved governance structure is in place with detailed framework and processes for managing operational risk. Under the framework, the Bank has three lines of defence namely business line (including support and operations), An independent Operational Risk Management Department (ORMD) and Internal Audit to manage, monitor and mitigate Operational risks.

### Strategies

Minimising operational losses through risk mitigation mechanisms.

### Capitals Impacted



## Climate Risk



At a broader level, risks from climate change are typically divided into:

- Physical risks**

Economic losses (physical damage to property and assets) from extreme weather events (flood, cyclone, etc.) due to climate change.

- Transition risks**

– The possible process of adjustment to a low carbon economy and its possible effects on the value of financial assets and liabilities.

### Mitigation

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

Evaluation of environmental and social risk is an integral part of our overall credit appraisal and approval process. Long-term financing proposals for large industrial/infrastructure projects (greater than ₹100 million and tenor above 5 years) are evaluated through the SEMS framework, which requires an assessment of Environmental, Health, Social, and Safety risks

in addition to other risks as part of the overall credit appraisal process. We also track and externally verify our carbon emissions to effectively manage and reduce our footprint.

### Strategies

We are exploring frameworks to model and assess climate risk. We also continue our endeavour to acquire granular data, further corroborated by BRSR data (from FY23 onwards), and test tools for climate risk assessment and conducting scenario analysis. We are also exploring options to tie-up with data providers.

On the emissions front, we have set ourselves specific targets towards reduction of our GHG emissions.

### Capitals Impacted





## 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.

### 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.

### Strategies

- To maintain healthy liquidity as evidenced in Liquidity Coverage Ratio (LCR)/Net Stability Funding Ratio (NSFR) in line with our Balance sheet size to tide over any unforeseen stress scenarios.
- Maintaining competitive cost of funds.

### Capitals Impacted



## 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.

### Mitigation

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

The Bank has identified reputation risk to be a material risk in its ICAAP Policy and an assessment framework has been established to monitor the level of reputation risk.

### Strategies

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

### Capitals Impacted



## Information Technology Risk



Risks associated with the use, ownership, operation, involvement, influence, and adoption of IT within an enterprise, as well as business disruption due to technological failures.

### Mitigation

There are well defined policies, frameworks, procedures, templates, and risk assessment methodology for IT risk management.

The framework enables risk assessment of IT solutions, entities providing IT and related services and new technology and digital implementation.

### Strategies

Ensure alignment of Business and IT Strategies to provide services and superior customer experience.

Making extensive progress on some of the key initiatives that are part of our technology transformation agenda. The key initiatives are Infrastructure stability, Disaster Recovery Resiliency, Security enhancements and monitoring mechanisms.

### Capitals Impacted



## Cyber Security and Data Risk



Risk of cyber-attacks on the 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.

### Mitigation

Each cyber security threat including data privacy issue is assessed basis the framework - Identify, Prevent/Protect, Detect, Respond and Recover. Further 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.

### Strategies

Facilitating bank's growth via secure Digital 2.0 – implemented through Social, Mobile, Analytics and Cloud technology.

Adapting and updating Cyber Defence framework, using AI/ML to further augment cyber defence capabilities to counter new-age threats.

Increase information security awareness among employees and customers through specific programmes and communications.

Sustaining operational effectiveness and efficiency through secure Work from Home.

### Capitals Impacted



# Ensuring uninterrupted operations amid rapid change

The world is rapidly evolving. The pandemic demonstrated the need for complex operations involving multiple stakeholders to be managed remotely and digitally. At HDFC Bank, we have a well-defined Business Continuity Plan (BCP) in place, to ensure the reliability and continuity of operations.



Our BCP is based on regulatory guidelines, ISO22301:2019 certified, and is subject to regular reviews. We have a Business Continuity Policy and Procedure with clearly defined roles and responsibility.

## Business Continuity – Scope & Governance Framework

### Approach towards emergency, disaster & crisis management



#### Business continuity

Manage continuity of critical business operations and accelerated resumption of services 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 situation that threatens the safety of the Bank's employees and/or disrupts the Bank's critical business functions



#### Crisis management

Tackle bank-wide disasters such as pandemic, terrorist attacks, ransomware attacks, fire, cyclone, earthquake, city-level floods, cyber-attacks and data centre outages, among others

### 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

### Scope of BCP



Retail Branch Banking



PhoneBanking



Payments Business &  
DBC Risk Control



Retail Portfolio  
Management -  
Credit Cards



Wholesale  
Banking Operations



Retail  
Banking Operations



Treasury Operations



# Business Continuity Management, Information & Cyber Security Practices

## Robust information and cyber security practices for an uninterrupted march towards rapid digitisation

### Governance over Data

As a responsible banker cyber security, and data privacy are of paramount importance to us. To manage these risks, we have constituted an IT Strategy Committee, Information Security Committee in addition to the Information Security Group with specific roles and responsibilities. We also have in place a cybersecurity framework and an information security programme. We undertake stringent processes and measures such as vulnerability management processes that actively scan for security threats, logging and monitoring procedures to deal with network intrusions and incidents. There were no incidents of data breaches In FY22.

We adhere to the 'Code of Bank's Commitment to Customers' as prescribed by the Banking Codes and Standards Board of India (BCSBI) and Employee and Customer Awareness Procedures, to ensure customer privacy and are guided by our Information Security Policy and Cyber Security Policy, which is at par with global standards in information security.

Further we have an independent assurance team within Internal Audit which provides assurance on the management of information technology-related risks.

### IT Strategy Committee

This committee looks 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.

The committee comprises majorly of independent directors and includes an external information technology expert.

### Information Security Committee

This Committee is chaired by the CRO (Chief Risk Officer) and is responsible to assess, accept and sponsor company-wide security investments. It provides a forum to discuss information security risks and acts as a custodian for the enterprise security programme. The committee meets on a quarterly basis with participation from IT, Business Operations, Audit, and the Information Security Group.

### Information Security Programme

This programme is based on regulatory requirements (RBI Gopalakrishnan committee report) and industry standards (ISO 27001:2013 and NIST 800-53). Our cybersecurity framework consists of components such as Identify, Protect, Detect, Respond, and Recover which remind us of how important it is to balance proactive safeguards while preparing for worst-case scenarios.

Key objectives of the programme include:

- Documenting, disseminating, operating, and reviewing information security policies, and procedures
- Monitoring cyber security threats and reviewing the risk profile across all critical assets, infrastructure components and business units/departments
- Providing transparency into the information security programme and associated controls to senior management including board

- Responding promptly to information security incidents and policy violations/exceptions in accordance with organisational policy
- Determining whether the actions taken to resolve an incident were effective and whether corrective actions are required, and documenting lessons learnt

### Key measures undertaken by us, to mitigate information security related risks are:

#### Antivirus/Malware Programme

We have implemented a programme to prevent, detect and react to the introduction of malicious code through sources such as computer viruses, worms, and Trojans. We use a combination of commercially available and proprietary tools and monitoring systems to mitigate the risks associated with malware. The antivirus signatures are updated more than once per day to stay current and cover workstations, servers, email gateways, web gateways.

#### Network Security

The Bank uses a combination of firewalls and proxy servers to separate and control traffic between networks with different security requirements and levels of trust. The Bank has intrusion detection/prevention capabilities in place to detect and react to known attacks in real time. IDS/IPS signatures are updated periodically to update detections for specific threats, intruder profiles, and attack patterns. These tools are configured to generate alerts when predefined thresholds are exceeded.

## Vulnerability management

The Bank administers a vulnerability management process that actively scans for security threats. The vulnerability management team is responsible for tracking and following up on vulnerabilities. Once a vulnerability requiring remediation has been identified, it is logged, prioritised according to severity, and assigned an owner. The vulnerability management team tracks such issues and follows up frequently until they can verify that the issues have been remediated.

## Patch management

The Bank has patch management processes and tools to assess and deploy operating system and application specific patches and updates. This process includes steps to evaluate vendor supplied patches to determine servers that require patches

and updates, to document procedures for patching and updating servers, and to deploy patches and updates in a timely manner to protect the Bank's infrastructure.

## Penetration testing

To test for potential vulnerabilities, penetration tests are conducted for all critical networks and systems within the Bank's internal environment and for external applications. Penetration tests are triggered based on several events, including new releases, updates, or enhancements. The types of penetration tests that are conducted include Network/Host Penetration Testing and Application Penetration Testing.

## Logging and monitoring

The Bank has a logging and monitoring procedure in place to deal with

network intrusions and incidents. User actions, system activity and changes to the infrastructure are logged. Logs are stored securely and are protected against modification, deletion, and inappropriate access. The relative risk level of the asset and alerts are generated in the event of audit log failures. Monitoring tools aggregate the log files and suspicious activity events are automatically reported to the SOC (Security Operations Centre) team. The SOC team performs the following steps:

- Analysis and Incident Detection – The SOC team collects information from the system generated event as well as other information sources to identify a potential incident
- Event Tracking and Escalation – Events are assessed based on the level of risk and escalated based on guidance from the Incident Management policy; escalations include referral to the CIRT for in-depth analysis and forensics and management for situation awareness
- Reporting – The CSOC team periodically reports on events and incidents to management



# Greening the value chain

Climate change is one of the most pertinent issues of our times. At HDFC Bank, we are continuously transforming our operations to achieve low-carbon growth. We have set a target to achieve carbon neutrality for our Scope 1 and Scope 2 emissions by FY32 and are formalising a roadmap covering phased emission and energy reduction targets.



## Governance

Our Board-governed environmental policy serves as a framework to understand and manage our environmental risks, impacts and opportunities. Our Board of Directors sets courses and evaluates our performance on social and environmental responsibility. We are continuously working to incorporate environmentally responsible practices in our own operations, through our vendors, as well as through responsible financing. No cases of non-compliance with environmental laws and regulations were identified during the year. We track our GHG emissions and transparently report our environmental performance annually.

## Metrics and targets

We monitor KPIs for all major environmental indicators and initiatives covering energy, GHG emissions, water and waste for all our operations and aim to minimise the environmental impact thereof. We report on climate-related disclosures through the Carbon Disclosure Project and our TCFD disclosures, which are included in this report. Towards this end, the Bank is formalising a roadmap to guide its journey towards carbon neutrality. The roadmap consists of phased emission and energy reduction targets. More details on this can be found in subsequent chapters.

### Our neutrality, absolute emission and intensity targets

**32%**

CARBON NEUTRAL\* BY FY25

**50%**

CARBON NEUTRAL\* BY FY28

**100%**

CARBON NEUTRAL\* BY FY32

**23%**

REDUCTION IN ENERGY INTENSITY (GJ/FTE) BY FY25#

**9%**

REDUCTION IN ABSOLUTE SCOPE 1 AND SCOPE 2 EMISSIONS BY FY25\*\* (EXCLUDING OFFSETS)

**34%**

REDUCTION IN SCOPE 1 + 2 EMISSIONS INTENSITY (tCO<sub>2</sub>/FTE) (EXCLUDING OFFSETS) BY FY25

## Develop a roadmap

FOR ENHANCING THE QUALITY OF DATA FOR CALCULATION OF EMISSIONS.

### Notes:

\*Base year for targets for energy and emissions: FY22.

\*\*‘Carbon Neutral’ targets include the use of offsets and reflect neutrality over projected emissions in the corresponding year.

\*\*Including both demand & supply measures

Our Scope 1 emissions includes emissions from fuel consumption in own vehicles and DG sets. Scope 2 emissions include emissions due to purchased electricity.

Energy consumption as discussed in this report includes energy consumed by the Bank within its operations – including electricity, and fuel consumed in DG sets at locations where it has operational control as well as its co-located data centres and company vehicles. All targets are based on accelerated emission reduction scenario used in our integrated carbon neutrality roadmap.





### Initiatives to reduce environmental footprint

We are working to align our business operations with socially and environmentally responsible practices.  
We are incorporating both technological as well as process solutions in our day to day operations in order to add value to the quality of environment.

#### Digital Banking Initiatives



Saved about 2.1 Million square feet of paper through our '**green event**' initiative

Implementation of **digital banking initiatives** like Phone banking, Mobile banking, Net Banking, ATM banking, Mobile wallet

#### GHG Sequestration

**Transparent disclosures** of GHG emissions (third-party assured)

**17.69 Lakh+** trees planted so far  
Target to plant **25 Lakh+ trees** by FY25

#### Energy Reduction Initiatives



Committed to have only **LED lights** in all our buildings

Installation of **inverter ACs** and use of LED lights

Several **changes within our infrastructure assets** have been incorporated to improve energy efficiency

**IGBC certification** of buildings and interiors of branches

#### Renewable Energy Initiatives



Install **solar panels** in our upcoming office buildings wherever feasible

Use offsite renewable energy and **green tariff** from utility

#### Our internal initiatives to reduce our climate change and ESG risks

### GHG emissions and climate change

At HDFC Bank, we have put in place an integrated strategy for managing our scope 1 and scope 2 emissions (refer page 69 and 70). As we had surpassed our previously set targets, we have taken on new targets with FY22 as base year. Our emission sources included in our base year GHG inventory demonstrates an enhancement of our ambitions and transparency goals. Not only have we ensured the

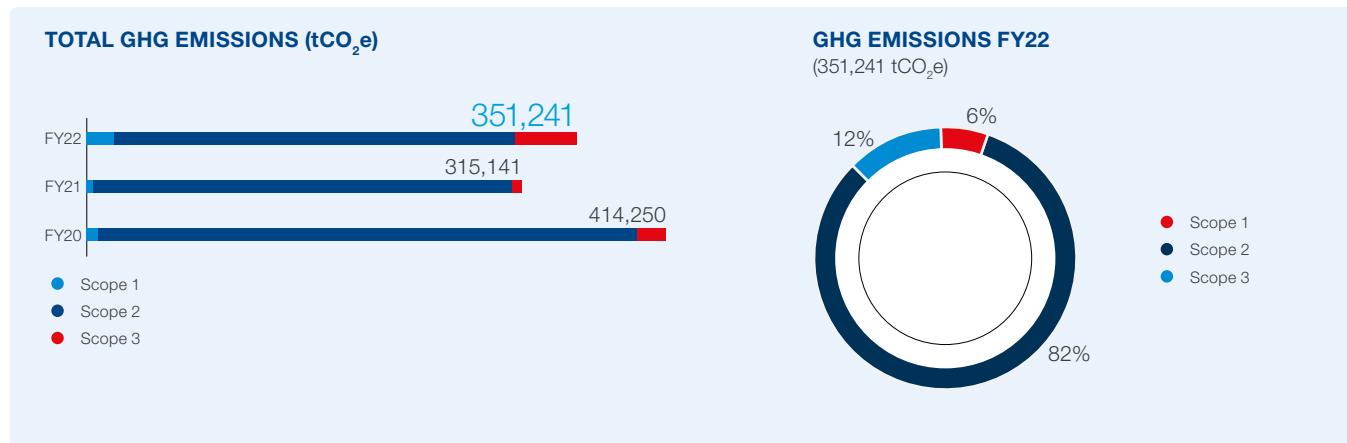
completeness of our Scope 2 emissions from already identified source categories, but also included our co-located data centres as a source category for our scope 2 emissions. Similarly, we have added a new source category for our Scope 3 emissions – emissions on account of electricity consumption at our other facilities.

## Enhancements to our emissions boundary and scope

- Enhancing the boundary of Scope 2 emissions**
  - Co-located data centres included in the boundary for Scope 2 emissions
- Ensuring completeness of Scope 2 emissions boundary**
  - Captive and Offsite ATMs (previously excluded due to non-availability of monitored activity data) are now included on the basis of emission estimation methodologies
- Realignment of Scope categories for diesel use emissions in gensets**
  - Emissions on account of diesel consumption in diesel generator sets are now accounted for under Scope 1, instead of Scope 2
- Enhancing the boundary of Scope 3 emissions**
  - We are now including facilities other than those owned & operated by the Bank as a separate category in our scope 3 emissions

As a result of the enhanced boundary and scope, our total GHG emissions for FY22 increased 11% y-o-y by 36,100 tCO<sub>2</sub>e, of which 92% (33,136 tCO<sub>2</sub>e) is attributed to the addition of a new source category. Another 12,728 tCO<sub>2</sub>e was added to the inventory on account of electricity consumption from our co-located data centres.

Thus, overall, there is a net reduction in GHG emissions in FY22 considering only the sources that were included in FY21 reporting. As a result, the share of Scope 1 and Scope 3 in our total emissions profile increased to 6% and 12%, respectively. Scope 2 emissions maintained 82% share in our total emissions.





## Environment

Our Scope 1 emission increased from 5,826 tCO<sub>2</sub>e in FY21 to 20,877 tCO<sub>2</sub>e in FY22, primarily on account of inclusion of emissions from diesel consumption in generators – which were previously included in Scope 2. This is because we have actual/ perceived control on the fuel consumed at a significant number of our branches and office locations. Fuel consumption in company-owned vehicles account for about 41% of our Scope 1 emissions while diesel consumption in diesel generators account for the remaining 59%.

Our Scope 2 emissions decreased by 12,474 tCO<sub>2</sub>e in FY22 over FY21, of this 9,570 tCO<sub>2</sub>e was on account of shifting emissions from diesel generators to Scope 1. Emissions on account of purchased electricity decreased by 2,904 tCO<sub>2</sub>e, despite the inclusion of our co-located data centres and an increase in the number of other locations in Scope 2 inventory.

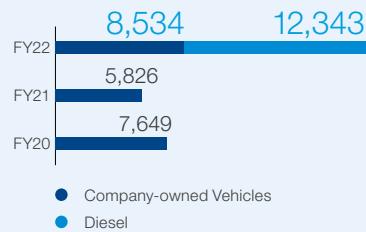
We are committed to collaborating with our data centre service providers to reduce the GHG footprint of our owned and co-located data centres. Currently, data centres contribute 7% of our Scope 2 emissions. This year, we also enhanced our approach towards calculation of Scope 2 emissions. We have stepped up our efforts to collect actual electricity consumption data for estimating corresponding GHG emissions. In doing so, we are prioritising high-consumption locations. In FY22, we collected actual kWh data on electricity consumed from 46% of our locations – which

collectively consumed about 50% of electrical energy.

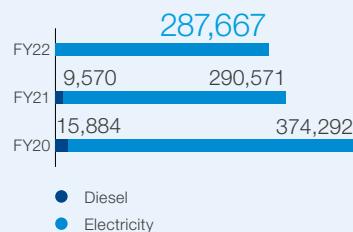
For remaining locations, we track the cost of electricity consumed through our robust financial management system and use the same to derive estimates of electricity consumed using the most conservative tariff for commercial slabs at the state level. There are some of our smaller locations like ATMs for which we are in the process of establishing systems to collect activity data. For such locations, we are estimating electrical energy consumption based on a methodology that takes into account the climatic zone in which such locations are based, and energy consumption benchmarks derived from data on actual electrical energy consumption collected by us in similar locations. Although electrical energy consumption at such ATMs is only about 4% of our total electrical energy consumption, we are progressively enhancing our systems to capture actual activity data on electrical energy consumption for all locations.

In FY22, our Scope 3 emissions increased significantly over FY21, primarily on account of inclusion of emissions due to electricity consumption at other facilities. These emissions now account for 78% of our total Scope 3 emissions. The remaining 22% of our Scope 3 emissions are split between emissions due to hired cabs (13%), air and rail travel (2%), paper waste (7%), and e-waste (<1%).

### SCOPE 1 EMISSIONS (tCO<sub>2</sub>e)

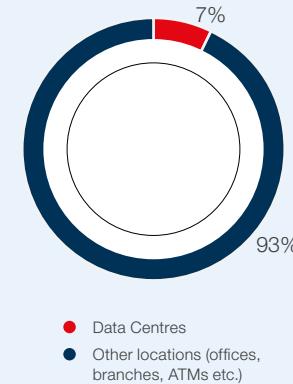


### SCOPE 2 EMISSIONS (tCO<sub>2</sub>)

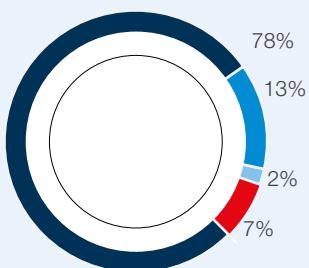


### ELECTRICITY EMISSIONS

(287,667 tCO<sub>2</sub>e)



We have expanded the reporting boundary for our Scope 2 emissions. This year onwards, we will be including emissions relating to use of purchased electricity at our co-located data centres in our Scope 2 emissions.

**SCOPE 3 EMISSIONS (tCO<sub>2</sub>e)****SCOPE 3 EMISSIONS**(42,697 tCO<sub>2</sub>e)

- Other facilities
- Cab Hire
- Air & Rail Transport
- Paper Waste
- E-waste

**Emission Scope****Emission Source****Emissions (tCO<sub>2</sub>e)**

Emission Scope	Emission Source	Emissions (tCO <sub>2</sub> e)
Scope 1	Company-owned Vehicles	8,534
	Diesel consumption in DG sets	12,343
Scope 2	Purchased electricity	287,667
Scope 3	Purchased electricity in other facilities	33,136
	Cab Hire	5,600
	Air Travel	950
	Rail Travel	2
	Paper Waste	3,006
	E-waste	4

**Notes:**

**Scope 1** emissions includes CO<sub>2</sub>, N<sub>2</sub>O and CH<sub>4</sub> emissions from the combustion of diesel purchased by the Bank for its various facilities, as well as combustion of various fossil fuels in Bank-owned vehicles. For the former, diesel purchase data is extracted from the Bank's financial management system and the cost of diesel purchased is converted into liters of diesel using conservative estimates of diesel prices in various states. For the latter source, activity data in terms of quantity of fuel has been extracted from the financial management system. Emission factors and GWP from GHG Protocol's Cross sector tool and IPCC's AR5 respectively have been used.

**Scope 2** emissions include GHG emissions from electricity consumed in the facilities that can be reasonably considered to be under the operational control of the Bank, as well as its co-located data centres. A hierarchical approach has been followed for estimation of emissions from this category (i.e. (i) monitored data on electrical energy consumption, (ii) estimates of electricity consumed based on procurement costs and state-level tariff; and (iii) estimated electricity consumption based on climatic-zone specific, internally derived electricity consumption benchmarks; in that order). In all cases, Grid emission factor from version 17 of the CEA's (Central Electrical Authority) CO<sub>2</sub> database has been used.

**Scope 3** emission estimation: Emission on account of purchased electricity at our other locations have been estimated using the same approach as in Scope 2 but includes other facilities not included in Scope 2 emissions. Emissions from hired cabs have been estimated based on expense report for hired cabs from the Bank's financial management system – which has been used to derive the distance travelled. Average of emission factor for various categories of cars from the India GHG programme has been used. For domestic air and rail travel, information on trip characteristics has been extracted from the Bank's financial management system, and the distance travelled is derived from publicly available sources. The emissions have been calculated in accordance with the India GHG programme. For international travel through air, the source of data remains the same, but emission factors for different class of travel and haul categories have been derived from the GHG protocol.

Emissions from paper and e-waste have been estimated based on emission factors provided by the latest version of the USEPA's WARM tool on the extracted data for paper used and e-waste disposed.



We have been monitoring our energy performance by benchmarking it against the Bank's income and full-time employees (FTEs). During FY22, our Scope 1+2 GHG emissions intensity decreased by 14% and 6% y-o-y for per FTE and per Crore income, respectively.

## Key measures to reduce GHG emissions across our value chain

### Reducing paper waste emissions:

Our digital strategy forms the backbone of our paper waste reduction initiatives. Our digital products and services, along with automation of several internal as well as customer-linked processes and channels, have enabled us to reduce paper waste generation. The 'Green Event Guidelines' rolled out by our retail marketing team has helped save about 2.14 Million square feet of paper during the reporting year. We have also shifted to electronic payments for our electricity bill payments – which helps avoid paper use for issuing about 50,000 Demand Drafts annually. Where paper use is unavoidable, we are switching to recycled paper. As a result, associated emissions increased by less than 2% y-o-y in FY22, despite an 18.3% increase in our customer base.

**Tree plantation:** We are also implementing an ambitious tree plantation programme, under which we have planted over 17 Lakh trees so far. This programme has not only positively impacted our GHG emissions, but has also helped enhance our social capital and relationship capital.

## Energy efficiency and energy management

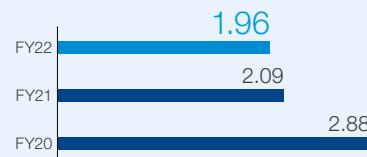
over 80% of our GHG emissions are attributed to energy consumption in the form of electricity and diesel consumption in DG sets. We are aggressively working to reduce our energy consumption across operations to complement our initiatives to decarbonise. This is being achieved by reducing energy consumption across our operations by regulating existing equipment, installing energy-efficient ones, and implementing automated energy management solutions, among others. Our energy management and energy efficiency strategy includes various initiatives.

**Energy efficient space cooling measures:** We have installed 55 Air Handling Units (AHUs) at our Kanjurmarg location and we are planning to replace all blowers to EC Fan by FY23, indicating potential savings of 25-40%. Thus far, we have converted one AHU as a trial and saved around 4,082 kWh of electrical energy while avoiding 4 MT of carbon emissions. We are installing inverter ACs in our locations that has helped us save 5 Million+ kWh of electricity during FY22. Additionally, we have also saved 54,450 kWh of electricity during the year, through installation of VRF HVAC Unit at our back offices. We use digital systems and data analytics to understand the energy consumption pattern, in addition to ensuring that the branches are maintained at optimal temperatures, improving the power factor and automating major energy consuming assets.

**Efficient data centres:** Our Bangalore data centre, 'Netmagic-DC3B' is a certified green data centre under the IGBC Green Data Center Rating System. We have implemented several other energy-saving measures including upgradation to efficient

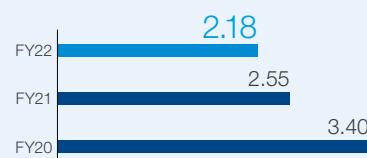
### GHG EMISSIONS INTENSITY

Scope 1 + Scope 2 (tCO<sub>2</sub>e / ₹ Cr income)



### GHG EMISSIONS INTENSITY

Scope 1 + Scope 2 (tCO<sub>2</sub>e / FTE)



Our digitised processes and products have helped customers reduce their frequency of visits to the Bank's branches, ATMs, and Offices - thereby reducing associated emissions.

**26,000+**

tCO<sub>2</sub>e/ per year

CO<sub>2</sub> SEQUESTRATION POTENTIAL CREATED THROUGH PLANTATION ACTIVITIES

**0.13**

tCO<sub>2</sub>e/ per year

REDUCTION IN SCOPE 1+2 EMISSIONS PER CR INCOME IN FY22

**0.37**

tCO<sub>2</sub>e/ per year

REDUCTION IN SCOPE 1+2 EMISSIONS PER FTE IN FY22

cooling units, cold-aisle containment, replacement of old storages and servers and with new generation hardware, and implementation of Smart iPDUs. Additionally, we have switched to R-407c refrigerant for INROW cooling, deployed new fire suppression system with NOVEC 1230 gas, and replaced UPS batteries with Li-ion batteries.

## IGBC Platinum Certification

FOR OUR DATA CENTRE IN BANGALORE

**Building management and Green Buildings:** We have incorporated several changes within our infrastructure to improve energy efficiency through auto controls and environment-friendly equipment. We have installed centrally controlled energy management system in 600 branches across India till date. This system allows us to control consumption patterns, resulting in a minimum of 10% saving on power consumption. In FY22 alone, we saved ~48.81 Lakh units. Based on encouraging results from this project, we plan to expand the initiative to an additional 1,500 branches across the country.

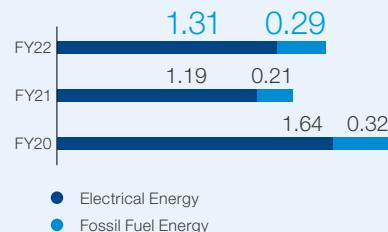
We have LEED Gold certified offices in Mumbai and Bhubaneswar. In addition, new buildings in Mohali, Kolkata Palava and Mumbai (Maharashtra) premises are being constructed to meet IGBC Gold certification standards. Similarly, our Wanowrie back-office has been designed as per IGBC Green standards; we have received IGBC Gold rating for it. All new interior work carried out during and after FY22 are being designed as per IGBC Green standards. So far, interior work at 378 branches is being carried out as per IGBC Green standards and one branch in Maharashtra has received Gold rating.

Besides, we are leveraging technology and innovation as facilitators in our journey towards low-carbon growth. We have implemented elevator and equipment scheduling to reduce our energy consumption. We have also installed occupancy sensors, capacitor banks as well as Building Management Systems at several of our operating locations. The energy management modules with auto controls deployed across select branches have resulted in significant energy savings.



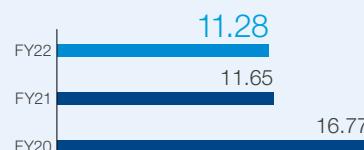
### TOTAL ENERGY CONSUMED

(Million GJ)



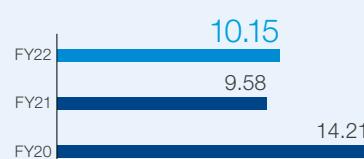
### ENERGY INTENSITY

(GJ/employee)



### ENERGY INTENSITY

(GJ/ ₹ Cr income)



4.8+

Million kWh

ENERGY SAVED DURING FY22 ON ACCOUNT OF EnMS IMPLEMENTATION

### Energy Consumption

GJ

Diesel: DG Set	165,586
Diesel: Company Cars	38,599
Petrol: Company Cars	81,417
CNG: Company Cars	9
Grid Electricity	1,310,888



### Renewable energy

With the goal of gradually decarbonising our energy consumption, we are steadily increasing the share of renewable energy in our overall power consumption. We have installed rooftop solar plants at our offices in Jaipur, Pune, Noida, Bhubaneswar, Chandigarh, Mumbai and Mohali.

In Maharashtra, we are gradually shifting our branches to run on green power procured through DISCOMS at a premium. So far, 14 of our branches are operating on green power, resulting in annual avoidance of ~905 MT carbon emissions on 1,028 MWh of procurement per annum.

**238.5** kWp

OF CUMULATIVE SOLAR POWER  
GENERATION CAPACITY COMMISSIONED  
AS OF MARCH 31, 2022

### Managing waste

We are working progressively towards sustainable management of waste generated from our operations. We deal with three types of non-hazardous waste – e-waste, dry waste (paper waste) and wet waste (cafeteria, sewage), of which e-waste is disposed through authorised recyclers. A total of 212 tonnes of e-waste was generated in FY22, because of asset refresh, damaged and non-functional assets. For paper waste and wet waste, we are developing a management plan in consultation with our partners. We have already initiated pilots at select locations and intend to scale it up over the next few years. We continue to work towards establishing and implementing systems and procedures for tracking wet and dry waste from our operations.

We are also aggressively working towards minimising the use of plastic bottles. Single use plastic bottles have already been phased out from all our hub offices pan-India, and we have replaced multiple use plastic water bottles with glass jars across all meeting and video conferencing rooms. Hazardous waste within our scope, arising from diesel/fuel oil used in generator sets, is negligible.

### Responsible financing

ESG and climate change are becoming increasingly important from the perspective of borrower credit evaluation, as well as regulators and other stakeholders. We are following a two-pronged approach to address ESG and climate change risks in our lending portfolio. On one hand, we seek to ensure adoption of and adherence to complete ESG and Climate Change assessment across multiple business divisions when issuing credit facilities, based on interactions with stakeholders, external agencies and relevant literature. On

the other hand, we are engaging with some of our largest corporate borrowers to better understand their ESG strategies and transition plans for managing climate risks.

Our credit policy requires that no funding be provided for establishing new manufacturing units that produce or consume ozone-depleting substances, and that no financing be provided to small- and medium-sized businesses that manufacture aerosols containing CFCs. Besides, as a standard practice, we require all loans, including project loans, to be approved by a Credit Approver/Senior Credit Approver with the necessary approval authority. Due to the elevated risk involved with large project loans, the extension of financing for such projects require additional approvals from senior management/the Board to ensure adequate scrutiny of the proposals.

Evaluation of environmental and social risk is an integral part of our overall credit appraisal and approval process.

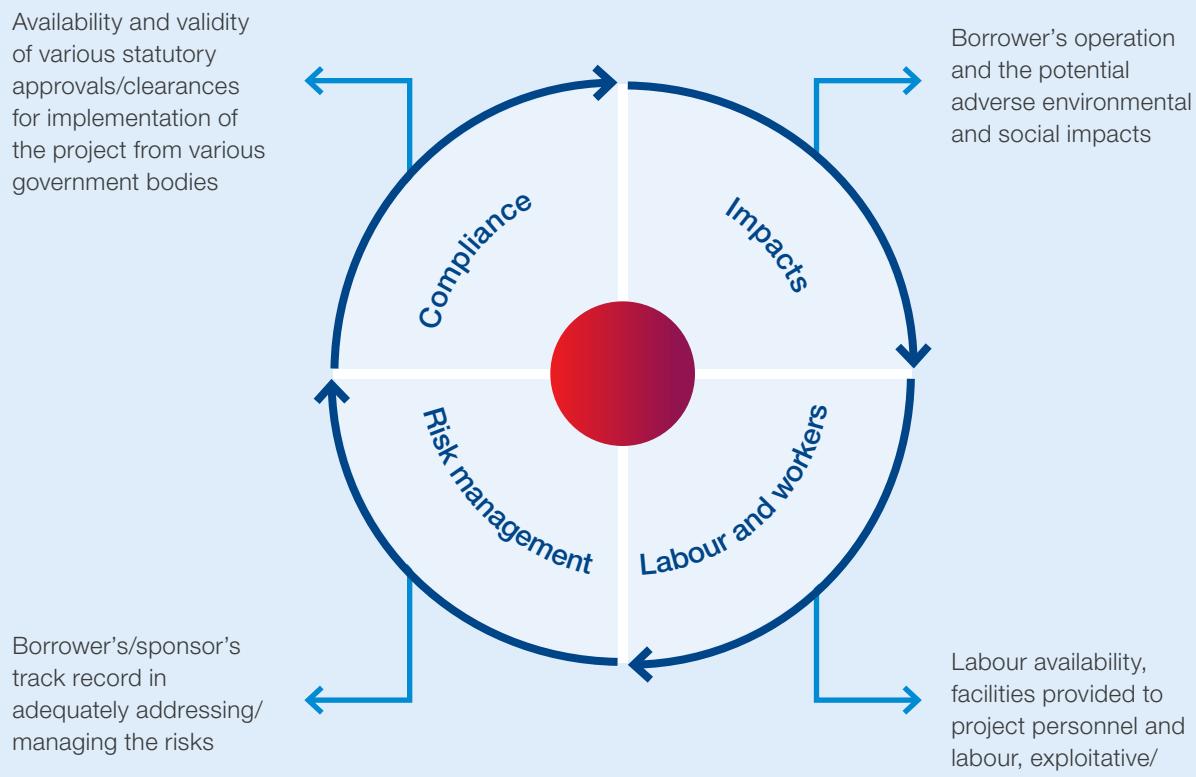


Long-term financing proposals for large industrial/infrastructure projects (greater than ₹100 Million and tenor above 5 years) are evaluated through the SEMS framework, which requires an assessment of Environmental, Health, Social, and Safety risks in addition to other risks as part of the overall credit appraisal process. This comprehensive assessment involves evaluating the borrower's operations, as well as any potential negative environmental and social consequences. We have already mapped potential impact categories

for risk evaluation of specific, capital-intensive industries such as roads and highways, thermal power, power transmission, cement, hydroelectric power, and manufacturing, among others, to guide the assessment process. In addition, the SEMS framework includes assessment of aspects related to labour availability and worker welfare, risk assessments, and compliances and approvals. In FY22, 861 loan proposals were screened through the SEMS framework.

**In FY22, 861 loan proposals were screened through the SEMS framework**

## Social & Environment Monitoring System (SEMS) framework





For select large project finance transactions, we appoint a Lenders' Independent Engineer (LIE) for conducting an environmental and techno-commercial evaluation of the project prior to loan disbursement. Any loan disbursement is subject to the correction of deficiencies related to environmental and social risks identified by LIE. During the construction stage as well, the LIE continues to monitor the project and flags any risks associated with environmental/social issues in the project to the Bank and borrower for necessary corrective action.

Where required, we place pre-disbursement stipulations/terms of sanction to mitigate adverse environmental and social impacts, collect undertaking of compliance with applicable regulations and criteria, and monitor ongoing compliance on an annual basis.

Our lending procedures are guided by borrower and market demand, but our credit exposure is well-diversified, with no single industry having a high concentration. As a result, our credit exposure to ecologically/socially sensitive industry sectors has minimal negative consequences. We also finance entities that deals with environmental and social issues.



### Upgrading to a new 'ESG & Climate Change Assessment' framework

We have identified upgradation of the SEMS framework as a priority activity and have been working on revising the SEMS framework with a 'ESG & Climate Change Assessment' framework to enable a more comprehensive assessment of

ESG and Climate Change issues. We have also been working on expanding the coverage of the assessment framework. Our newly formulated and exhaustive 'ESG & Climate Change Template' shall be applicable to all Credit Assessment Memoranda

(CAMs) where the aggregate CAM appetite crosses a certain threshold, rather than at a transactional level, as is the current practice. This template shall be included in all CAMs where direct customer exposure is above a certain threshold.

## ESG and climate change template – key highlights



The impact of specific environmental risks – emissions, radiation hazards, biomedical/industrial waste, deforestation, etc. as well as mitigating factors in terms of systems and processes to cope with negative impacts



Impact of social issues – land acquisition, resettlement and rehabilitation, labour safety, etc.



Qualitative assessment of the physical and transition risk of climate change on the borrower's activities



Evaluation of the availability and sufficiency of legislative clearances/compliances in the areas of pollution control and effluent treatment



Positive aspects of the Company's environment impact, such as biodiversity conservation and community engagement

To complement our ESG and Climate Change risk assessment framework, we are tailoring our own corporate loan portfolio towards climate-sensitive financing and to companies with robust systems and processes. For this purpose, we have begun engaging with select customers to understand their current ESG strategy, compliance, reporting frameworks and ESG ratings; their operations, and long-term climate transition plans for carbon footprint reduction through process improvements in existing operations, business transitions, such as de-commissioning of certain lines of business and investment in 'clean' technologies; and targets for water consumption reduction, emission reduction, etc.

The Product Responsibility sub-committee of our ESG action

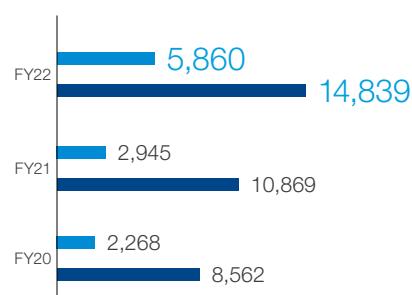
committee focuses on identifying new opportunities in the Environmental and Social space, such as Green Bonds. We aim to provide access to capital for environmentally sustainable projects that contribute to climate change mitigation.

We also finance renewable energy projects. So far, we have underwritten loans of ₹14,839 Crore for a cumulative capacity of 5,860 MW (solar capacity of 3,386 MW and wind of 584 MW).

We have also financed city-gas distribution networks under Minimum Work Program with a total underwritten amount of ₹2,393 Crore for 794 CNG stations and over 4.6 Million domestic connections. In FY22, we also partnered with Indore Clean Energy Private Limited for financing Asia's largest waste to energy plant at Indore,

Madhya Pradesh. This plant aims to treat 50% of municipal waste generated in the city and convert it to 100% biogas and manure.

### RENEWABLE ENERGY FINANCING



- Cumulative Underwritten amount (₹ Crore)
- Cumulative RE Capacity Financed (MW)



# Achieve carbon neutrality by 2032

In June 2021, the Bank pledged to become carbon neutral by FY32. We are in the process of rolling out an integrated actionable strategy roadmap comprising three mitigation pillars and three management pillars. The next decade will be a 'Decade of Action' for the Bank, as we will build on each of these pillars to make meaningful and system-driven changes within the organisation to achieve our carbon neutrality goal.



Our target includes GHG emissions generated by our operations arising from the combustion of fossil fuels (Scope 1 emissions) as well as emissions from the generation of purchased electricity consumed by the Bank (Scope 2 emissions) at its operating locations and its owned and co-located data centres. The target covers carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O), and methane (CH<sub>4</sub>) emissions.

Our integrated strategy for achieving carbon neutrality is based on a detailed assessment of our key operational parameters. The baseline emissions were established based on the latest dataset available, which fed into an integrated tool for forecasting emissions. The projected emissions based on a likely business growth scenario were laid over with multiple scenarios of emission reduction pathways to understand cost and potential reductions under each scenario. Based on an engaging and deeply consultative process with our departmental teams and ESG action committees, we have set our eyes to achieve carbon neutrality based on the following interventions:

## Demand-side energy management

We are in the process of adopting a broad range of technological solutions and operational measures to reduce energy consumption at our operating locations. We have mapped Energy Performance Indicator (EPI) for all our locations and are using it as an internal benchmark for the energy performance of all types of facilities. We have shortlisted various demand-side interventions for phase-wise implementation across locations based on an assessment of feasibility and RoI. These measures include smart IoT-based building management systems, modular

UPS systems, air-conditioners with high ISEER rating using Brushless DC Motors (BLDC) technology, etc.

## Supply-side energy interventions

We seek to progressively decarbonise our energy consumption and are increasingly adopting low-carbon energy sources to support our operations. Our supply-side strategy focuses on gradual shifting to green tariffs offered by utilities wherever available and procurement of renewable energy from offsite power plants and exchanges. The green tariff option, which is currently available only in a few states (Maharashtra, Karnataka, Andhra Pradesh) is expected to be made available and affordable in more states, and therefore in the interest of sustainability, we plan to make use of the offering on a gradual basis, despite a premium over the existing electricity rates. In large locations where regulatory requirements for open access and wheeling are met, renewable energy will be procured from offsite power plants, either directly or through power exchanges. The initial list of locations where renewable energy procurement is planned to be taken up is already identified. A firm-level policy guideline on making maximum use of green energy supply interventions in existing and new locations is also being finalised. If and when required, we may also utilise green certificates for carbon neutrality compliance.

## Carbon Credits and Offsets

Carbon offsets will continue to play a role in addressing the balance of our residual emissions. We will evaluate and leverage carbon offsets and assess opportunities to develop mitigation and abatement

projects through technological and nature-based solutions. We intend to engage in voluntary markets, and in compliance markets when the latter is applicable to our business operations. When participating in voluntary carbon markets, we will carry out due diligence to ensure that we retire the highest quality offsets, which are verified by internationally recognised standards such as Verra, Gold Standard, etc., to balance our residual emissions. We will adopt a two-pronged approach to secure the availability of offsets for retirement. While we may make direct investments in carbon offset generating projects in collaboration with our partners, we may also need to purchase carbon credits from various market options on a need basis for retirement against our residual emissions. While investing in carbon offset generating projects, we will prioritise projects that add socio-economic-ecological value to the communities in which we operate, and those projects which are in proximity to our operations in India.

The ‘management’ related pillars of our carbon neutrality strategy pertain to developing firm-level guidelines for operations and procurement for supply-side and demand-side interventions, establishing a framework for coordinated action between key teams for implementation and continuously enhancing the GHG data collection processes to improve the quality of the inventory. We will also monitor the implementation of interventions and progress towards our emission reduction targets every two years and realign our integrated strategy incorporating the best available technologies and measures.



## Our roadmap to 2032

We have identified six strategic pillars to ensure that our journey to carbon neutrality is meaningful and brings about a systems change within the organisation

<b>1</b>	<b>Demand-side measures</b> <p>Adopting a broad range of technological solutions and O&amp;M measures to reduce energy consumption at our operating locations</p> <ul style="list-style-type: none"><li>· Installation of Modular UPS System</li><li>· IoT-based building management systems</li></ul>	<b>2</b>	<b>Supply-side measures</b> <p>Supporting our operational locations with energy supplied from low-carbon sources</p> <ul style="list-style-type: none"><li>· Green tariff from utility</li><li>· Offsite RE procurement</li><li>· Green certificates</li></ul>	<b>3</b>	<b>Carbon credits and offsets</b> <p>Neutralise our residual Scope 1 and Scope 2 emissions by investing in carbon offset projects or purchasing carbon credits</p> <ul style="list-style-type: none"><li>· Co-investing in offset projects</li><li>· Forward ERPA</li><li>· Retail purchase</li></ul>
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<b>4</b>	<b>Guidelines for HDFC Bank's operations</b> <p>Firm-level guidelines for operations and procurement for supply-side and demand-side intervention</p>	<b>5</b>	<b>Steering mechanism</b> <p>Framework for coordinated action between key corporate level and facilities level teams for implementation</p>	<b>6</b>	<b>Continual improvement</b> <p>Continuously enhancing our data collection processes to iteratively improve the quality of the inventory and guide progressive inventory improvement</p>
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OUR GOAL

**Carbon  
neutral  
by FY32**

FOR SCOPE 1 AND 2 EMISSIONS

Our Carbon Neutrality strategy formulation is based on a detailed review of operational parameters informed by the most recent dataset available. We have established our baseline emissions data and projected emission for a likely scenario business growth, superimposed with future abatement

## TCFD disclosures

**HDFC Bank recognises the growing concerns of regulators, investors and clients about climate risks that businesses, particularly banks and financial institutions, face. This is our second year of working on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) – which provides a useful framework for identifying climate-related risks and opportunities, evaluating effective responses and communicating crucial information to stakeholders.**

## Governance

We have a strong Risk Management Group (RMG) at the Bank that oversees putting the Board's risk strategy into action, as well as designing procedures and systems for detecting, measuring, monitoring, assessing and managing risks. The RMG is led by the Chief Risk Officer (CRO), who is responsible for risk management and the entire risk architecture and framework of the Bank including stress testing. The Chief Information Security Officer reports on the Bank's cyber-security concerns as well as updates from Business Impact Analysis and Disaster Response.

The Group Head for Corporate Social Responsibility (CSR) & ESG updates the CSR & ESG committee of the Board, every quarter on the Bank's sustainability (ESG) initiatives and progress on ESG actionables and chairs the ESG apex committee. The ESG apex committee governs and reviews the progress of the three action committees that drive the ESG agenda (including climate change) at the Bank.

The Product Responsibility sub-committee, examines Environmental & Social (E&S) risks in our operations, including climate risks, while finding new business opportunities in the E&S arena. The Environment sub-committee comprises of representatives from the Administration, Infrastructure and IT teams at the Bank, sets targets and identifies opportunities for improvement in areas

of emissions, energy, water, and waste. This committee will continue to drive the Bank's path towards achieving carbon neutrality. The Bank has a dedicated ESG vertical that works in conjunction with several internal and external stakeholders, to drive the ESG agenda.

Credit managers assess environmental risks arising from large loans through the SEMS framework.





## Strategy

The Bank has been reporting to the Carbon Disclosure Project (CDP) on its climate change strategy, risks, opportunities, and emissions. From the perspective of climate risk assessment, we will assess the priority of physical and transition risks in the near to medium term. Some of the critical parameters to consider would be GHG emissions, air pollutants and climate transition risk pathways both at the sector and borrower level.

There are two main types of climate-related risks:

- 1) **Physical risks (both acute and chronic):** Economic losses (physical damage to property and assets) from extreme weather events (flood, cyclone, etc) attributed to climate change; and
- 2) **Transition risks:** Possible process of adjustment to a low-carbon economy and its effects on the value of financial assets and liabilities

We are exploring frameworks to model and assess climate risks. We also continue to acquire granular data further corroborated by BRSR data (FY23 onwards) and test tools for climate risk assessment and conduct scenario analysis through suitable partnerships – including exploring options to tie-up with data providers. Given that climate risk is an emerging and long-term risk for the Bank, we will consider adopting a suitable methodology/pathway to analyse the Bank's exposures under different climate scenarios.

## Risk Management

<b>Current regulation</b> 	Banks are highly regulated in the country and mandates as part of current regulations are always integrated into the overall risk planning and assessment process. Current regulations are also factored in the credit assessment process, especially through the SEMS framework which is used to screen large loans for environmental and social risks.
<b>Emerging regulation</b> 	Transition risk can impact the Bank's credit portfolio resulting from changes in the climate policy, technology, consumer, and market sentiment during the transition to a low-carbon economy. This is particularly relevant for policy changes that can result in loan defaults from certain sectors like coal, thermal and infrastructure. We are exploring techniques for developing climate risk assessment and scenario analysis to analyse our portfolio at risk due to the transition risk of climate change.
<b>Technology</b> 	While our digital environment and information security standards are the foundation of our business today, as financial services professionals, we do not anticipate technology to have a significant impact on climate risk. Our low-carbon digital banking products use technology to enable business.
<b>Legal</b> 	For large loans, we verify whether the project complies with all applicable environmental rules, failing to do so could result in the loan becoming a non-performing asset if the project goes into litigation. This, however, is not a claim against the Bank. There are no other circumstances in which the Bank can be held liable for a climate-related lawsuit.
<b>Market</b> 	In the context of climate change, markets could play a key role in shifting the demand and supply for certain products like green loans or bonds, or in low-carbon digital products. However, we do recognise the relevance of change in consumer preferences, and hence, the need to evaluate this risk, but do not have the tools at present to quantify/include this as part of our risk assessment process.
<b>Reputation</b> 	Reputation risk from community/customer perception is a primary risk to our business. We thus invest in community and customer involvement through surveys to educate and enlighten them on our environmental sustainability programmes. Further, ESG performance measures are increasingly being used by the global investor community, especially sovereign wealth funds and pension funds, to assess long-term profitable growth. We strive to implement environment-friendly measures throughout our operations. We further show our commitment to ESG, particularly climate change, by including ESG elements in regulatory reporting such as the annual report. In addition, in our annual integrated report, we publish details on our carbon emissions and footprint (third-party assured).

**Acute physical**

Acute physical hazards can have a negative influence on our credit portfolio by causing bad debts due to damage to property, infrastructure, and land. This is also relevant for climate disasters destroying assets (that serve as collaterals). We continue to measure physical risks from a climate risk assessment perspective and will assess the priority of these risks in the near-to-medium term. In addition, our Disaster Response and Business Continuity teams conduct business impact analyses and have rapid response procedures in place in the event of natural disasters such as floods.

**Chronic physical**

Chronic physical risks are far into the future. Given that climate risk is an emerging and long-term risk to us, we will consider adopting a suitable methodology/pathway to analyse our exposures under different climate scenarios.

Evaluation of environmental & social risk is an integral part of our overall credit appraisal and approval process. Large industrial / infrastructure projects where the extension of long-term financing (greater than ₹100 million and longer than 5 years) are covered under the Bank's Social & Environment Monitoring System (SEMS) which necessitates an assessment of Environmental, Health, Social, and Safety risks in addition to other risks as part of the overall credit appraisal process. This comprehensive assessment involves evaluation of various environmental and social aspects of the project and operations of the borrowing entity - such as the nature of the borrower's operations, as well as any potential

negative environmental and social consequences. We have already mapped potential impact categories for risk evaluation of specific, capital-intensive industries such as Roads and Highways, Thermal Power, Power Transmission, Cement, Hydroelectric Power, and Manufacturing amongst others to guide the assessment process. While the bank's lending procedures are guided by borrower and market demands, the bank's credit exposure is well diversified across numerous industries, with no single industry having a high concentration. As a result, the Bank's credit exposure to ecologically / socially sensitive industry sectors has minimal negative consequences. In addition, as part of our credit policy, we do not extend



finance for setting up of new units for producing/consuming ozone-depleting substances (CFC -11, CFC – 12, CFC – 113, Carbon Tetrachloride, Methyl Chloroform, Halons – 1211, 1301, 2402) and for small & medium scale units engaged in the manufacture of aerosol units using CFC.

We recognise the importance of water availability affecting our portfolio, especially in certain sectors like agriculture. As part of our credit due diligence, we evaluate loan proposals against water availability with an assured irrigation facility. In case of climate-linked events like droughts, we extend crop insurance facility to borrowers (who harvest at least two cropping cycles).

**Metrics and Targets**

We are firming up an integrated strategy to achieve carbon neutrality by 2032, which will set internal benchmarks for energy performance and targets for phased renewable energy integration. We will monitor the implementation of interventions and emission reduction achievements every two years and realign our

integrated strategy incorporating the best available technologies and practices.

We plan to enhance our commitment to financing climate change solutions such as energy transition, renewables, energy efficiency, sustainable transportation, green buildings, climate smart agriculture, among others, besides monitoring the

implications of our own operations. We are working on developing KPIs and setting goals to monitor, manage, and track the progress. This involves a thorough examination of our Scope 3 emissions and our carbon-related asset exposure. Please refer to the Environment section of this Report for details on our performance on emissions and energy-related KPIs.



# Creating value for our customers

**Customer Focus is one of the five core values of the Bank. Our customer base consists of individuals, corporates, MSMEs, farmers and Government entities amongst others and our focus is to provide them with a seamless banking experience. We undertake multiple initiatives geared towards serving the diverse needs of the customers and our efforts are reflected in the strength of our brand value and recall.**



## Service Quality Initiatives and Grievance Redressal

Driven by the core value of Customer Focus, the Bank has always endeavoured to improve customer experience and has adopted a holistic approach for the same across multiple channels ranging from BranchBanking, PhoneBanking, NetBanking, MobilBanking, EVA chatbot and the Bank's social care handles. The Bank has also improvised on the relationship-based banking programmes. In addition to the branch-based relationship managers, it also has a Virtual Relationship Manager (VRM) programme to cater to various financial needs in a personalized manner. The Bank has adopted a three-step strategy with regards to Customer Service— Define,

Measure, and Improve. It invites and reviews performance on customer service as well as grievance redressal at different levels which are Branch Level Customer Service Committees (BLCSCs), Standing Committee on Customer Service (SCCS) and Customer Service Committee of the Board (CSCB). We have 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, the Service Quality team carries out regular reviews across various products/ processes/channels. The effectiveness of the quality of service provided is also reviewed at different levels, including the Customer Service Committee of the Board.

One of the basic building blocks of providing acceptable level of customer service is to have an effective internal Grievance Redressal mechanism / framework. In this regard, we have outlined a framework for redressal of customer grievances and documented it in the form of a Grievance Redressal Policy – duly approved by its Board. It has also made this policy available in public domain (on the website as well as in the branches). The Bank has also formulated a Board approved Protection Policy, which limits the liability of customers in case of unauthorized electronic banking transactions.

Thanks to these initiatives, the Bank's customer complaints for FY22 decreased by 21% from 4,67,453\* to 3,68,291.

\*Restated complaints number based on re classification of queries into complaints from 3,25,786.



## Building a customer-centric culture using Net Promoter System (NPS) - 'Infinite Smiles'

We, at the Bank, believe that delivering an outstanding customer experience is a strong differentiator for a great product and is key to a sustained competitive advantage. The primary aim of the Infinite Smiles programme is

to establish employee behaviour and practices which leads to customer-centric actions and continuous improvements.

Last year, we initiated measurement on key journeys, identified action areas to improve customer experience and implemented several key initiatives. This has led to a steady improvement on our NPS over the year. This year, we built on our commitment to our customers by scaling the coverage

of our Infinite Smiles program – we introduced new journeys, new episodes and new products ensuring a much wider coverage. Customer focus has seen an increased focus - regular cadence with key stakeholders and rigorous follow-up on actions have become the cornerstones of Infinite Smiles.

The programme now encompasses critical episodes – Digital Journey Episodes, Credit Card Episodes, Customer Instructions, Tele Interactions and Collection Process. We now cover 120+ episodes and have contacted around 63 Million customers in FY22 for their feedback.

Our 'Infinite Smiles' program rests on three meticulously designed pillars – 'Listen', 'Learn' and 'Act' which enables us to embed customer feedback led transformation as a discipline into our systems, challenge what is considered as the standard, and offer a customer experience that places us amongst the best service brands.

### Transforming Score to Systems



**Listen**  
Feedback of  
customers

**3.4 Mn**

FEEDBACK CAPTURED ACROSS KEY CHANNELS, CRITICAL EPISODES AND KEY PRODUCT JOURNEYS



**Learn**  
Review and follow up to  
better understand

**60**

BU NPS SCORE\*



**Act**  
Resolve the issue in the  
near and long term

**2.75 Lakh+**

HUDDLES CONDUCTED

\*Bottom Up NPS score



# Customer Centricity

Guided by our aspiration to move from score to systems, we have been working to institutionalize the process for addressing customer issues that transcend beyond measurement and create a culture of customer-centricity and agility.

We would not only like to anticipate and react to changing customer expectations but also like to provide a proposition to our customer that makes us more attractive than competitive alternatives.

With this in view we subscribed to competitive benchmarking of NPS, in form of a subscription based product NPS Prism®.

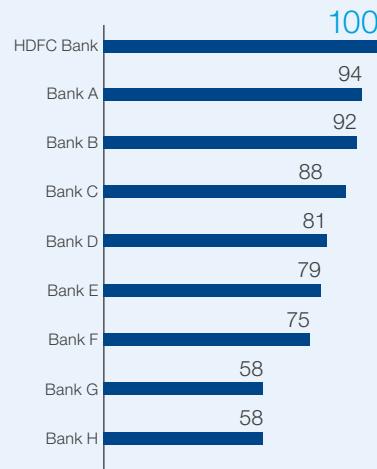
HDFC Bank leads the overall brand NPS ranking among 20+ competitors in the banking category.

Our commitment to building a customer obsessed culture and

constant effort to include everyone in the organisation has ensured continuous improvement leading to growth in customer advocacy of the brand.



**BRAND NPS SCORE (INDEXED)  
| BANKING CATEGORY**



- Source: NPS Prism® benchmarking report (2021). NPS Prism® is a registered trademark of Bain & Company, Inc.
- Name of competition banks intentionally masked
- Score indexed to HDFC Bank
- Competition bank does not include pure-play credit card providers

## Some of our customer-centric initiatives

### #SalaamDilSey

On Doctors Day - 2021, we presented Salaam Dil Sey – a platform for our customers to thank doctors and their families for their hard work, sacrifice and tireless service. As they bravely continue to fight the pandemic, we tried to put a smile on their faces.

Customers dedicated a “Salaam Dil Sey” (a personalized greeting card) to over 1 lac doctors and their families. HDFC Bank put all these greeting cards in a collage, displayed on ‘Wall of dedication’ at its Sandoz Bank House and unveiled on 1st July

2021 virtually by Dr Naresh Trehan in presence of prominent media and Bank's Sr. officials. This attempt was also recorded in Asia Book of Records & India Book of Records for “Largest Collage of Thank you messages”. The Bank also gave musical tribute to the doctor's fraternity by a specially curated anthem on the Salaam Dil Sey theme. HDFC Bank reached out to 23Mn+ people through print, social media and email/SMS. Our branch staff personally met and greeted 40,000+ doctors during this campaign.

**SALAAM  
DIL SEY**

A Salute to our Selfless Warriors

## Mooth Band Rakho

After the tremendous success of our Mooth Band Rakho campaign in 2020, we launched the second edition in support of the International Fraud Awareness Week in November 2021. Aimed at increasing awareness on all types of financial fraud, the campaign underlined the importance of not disclosing information, especially banking details, and to safeguard oneself from digital frauds.

We launched a series of videos using relatable real-life situations to educate customers on various types of modus

operandi. We conducted over 2,000 workshops over 4 months across the country, advocating simple steps such as not clicking on unknown links, sharing card details, CVV, Expiry Date, OTP NetBanking/ MobileBanking Login ID & Password over Phone, SMS, email and social media. It focused on the younger segment targeting Senior Secondary Schools & Colleges to make safe banking an early habit in their financial journey.



## Festive Treats 3.0

Our Festive Treats 3.0 had more than 10,000 offers on cards, loans and EasyEMI. Just as the country started to unlock, the campaign aimed to spread reasons for joy and cheer. Revolving around the theme of 'Karo Har Dil Roshan', the Bank reached out to every Indian through high impact visibility via TV, branches, ATMs, partnerships with stores/websites and digital media campaigns with a hyper local focus.



HDFC Bank partnered with over 10,000+ merchants across 100+ locations to offer its customers an opportunity to avail fabulous deals specifically created for their personal and business needs.

## MyCards

A pioneering digital self-service platform was introduced by adding convenience, ease of usage, smarter user design into a mobile-friendly ON THE GO service platform, called MyCards. This solution stands to revolutionize the way our customer experiences digital banking services by getting more control and one-view of all products under a single-login interface. MyCards provides a fully cloud-hosted, digitized service stack to all segments of Credit and Debit Card customers.

### Key Features of MyCards:

- Dedicated platform providing 24 X 7 banking services ON THE GO
- Manage multiple HDFC Bank payments products in one single login interface
- Easy to save, no downloads or installation or upgrades required on phone
- Seamless login with just mobile-based one-time password
- Faster, simpler and smarter User Interface

Most importantly, the digital self-service card control feature on contactless, online and international transactions on Credit Card is easily accessible on MyCards, with real-time limit setting and transaction mode enablement.

Since its roll-out to customers on 1st Oct 2021, over 2.5 Cr service requests have been processed digitally on the platform.



# Digital Future-ready Bank



**HDFC Bank has always been at the forefront of innovation in the Indian financial services industry. Under our technology transformation agenda, we are investing to 'Run the Bank' as well as 'Build a Future-ready Bank'. We are also strengthening our digital backbone to create differentiated, secure offerings for the tech-savvy customer backed by a core technology that is always 'ON'.**

Underpinning our technology transformation agenda is our vision to provide the most preferred 'neobanking' experience to our customers. We design products that make banking simple, easy and highly secure. At the core of this agenda is building future-ready competencies. We are strengthening our capabilities under Digital Factory, Enterprise Factory and Enterprise IT.

## Building Digital Factory and Enterprise Factory

Our Factory approach focuses on innovation-at-scale in the co-creation of Tech Intellectual Property

(IP) to develop and offer best-in-class products and services to our customers. Agile and Development-Security-Operations (DevSecOps) principles and cloudification of our tech stack are pivotal accelerators of our transformation agenda.

Initiatives such as DR Resiliency and our Hybrid Cloud Strategy continue to fortify our IT infrastructure and architecture backbone.

**99.94%**

AVERAGE CUSTOMER UPTIME

**90,000**

CONCURRENT USERS  
CAPACITY FOR USING NET  
AND MOBILEBANKING

**45 Cr**

BANK CUSTOMER TRANSACTIONS  
PER MONTH, DOUBLED IN THE  
LAST 12 MONTHS.

## Key initiatives undertaken

### Infrastructure scalability

We have invested in a hybrid-cloud approach with leading cloud service partners such as AWS, Azure and GCP. A common landing zone has been implemented across these partners to create a secure and streamlined environment for all cloud deployments. We have moved our primary data centers to state-of-the-art facilities in Mumbai and Bengaluru to ensure a robust IT infrastructure to back our digital offerings and ensure higher uptimes across customer touchpoints.

### Capacity upgrades

Capacity management practices have been significantly strengthened to ensure close monitoring of peak volumes across key performance parameters. We have established a Technology Obsolescence Program

Management Office to track, manage and replace/upgrade obsolete components in a timely manner.

### Disaster recovery resilience

We are moving to the next level of Disaster Recovery (DR) with automation and implementation of 'Hot DR/Active – active setup for key applications.

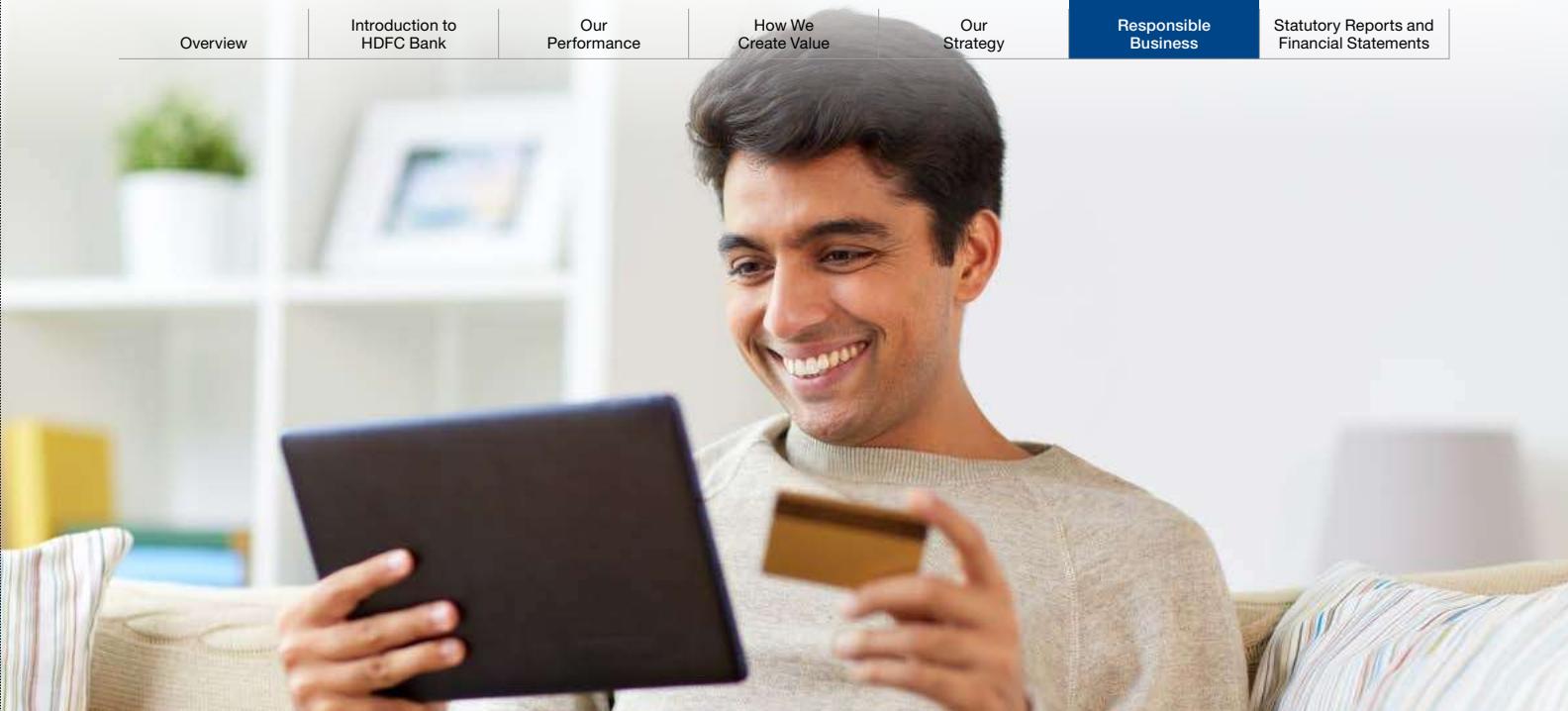
### Minimised surface area for cyber-attacks

We have made significant advancements to further consolidate cyber security through initiatives such as the foundation of a next-gen Security Operations Center (SOC) for predictive security and incident management, introduction of SOAR (Security Orchestration, Automation & Response) to reduce incident response times, network micro-segmentation

for better control, visibility and preparedness against ransomware, and round-the-clock defacement monitoring and vulnerability management of our internet properties.

### Looking ahead

We are now fully geared to launch our next phase of strategic digital & technology programs. Significant inroads are being made through initiatives such as Customer Experience Hub, a revamped Payments and Wallet experience and refreshed offerings for MSME and Wealth Management customers.



## Key initiatives in the pipeline

### Vyapaar

Digital onboarding of merchants for payment acceptance and servicing of banking transactions for the merchant community

### Xpress Car Loans

A digital API platform for Auto Financing launched in April 2022

### PayZapp 2.0

Enhanced experience of App. Customers to onboard, autolink HDFC Bank cards, wallet & limit management, transaction display via rich statements

### SME customer experience transformation

New technology to support business volume at larger scale, re-vamp the entire SME customer experience across Commercial and Retail business lines

### Biz Express

A new web portal for SME segments covering digital onboarding, managing multiple accounts, making payments with hierarchy, raising GST compliant invoices for payment, multiple collection modes, raise service requests online, etc.

### Wealth App

A new Wealth Management app with client self-profiling, goal setting, mutual fund order execution and portfolio re-balancing

# Embarking on cultural transformation



**At HDFC Bank, our culture and people are key enablers to continue creating value for our stakeholders. We have embarked on a conscious Culture Transformation journey i.e. “The HDFC Bank Way”. It is a key element of the 3Cs: Culture, Conscience and Customers that empower our business. The HDFC Bank Way is defined by the six pillars of Culture – Integrity, Execution, Innovation, Humility, Inclusion and Collaboration. With the DNA of a responsible banker, we are aligning our businesses objectives with the 3Cs of culture, conscience and customers.**

Further, we brought in a paradigm shift in our approach towards learning and development through the establishment of the Learning Partner model. We moved ahead on our Diversity and Inclusion agenda with specific focus on women and persons with disabilities. Our flagship initiative, ‘HDFC Bank Cares’ is designed to enable people to take charge of their own wellbeing thereby creating an emotionally committed workforce. We are leveraging technology in the entire employee journey from talent onboarding, virtual learning, wellness initiatives, diversity and inclusion programmes to employee performance management.



## Our Culture

A connected workforce that has a deep sense of belonging to the organization is imperative to providing a differentiated customer experience. Our onward journey and continued success will come from reinforcing our culture 'The HDFC Bank Way'. It is defined by six pillars - Integrity | Collaboration | Inclusion | Humility | Innovation | Execution

With a focus to reinforce the HDFC Bank Way, a large-scale Culture Transformation was conceived and deployed across the entire Bank through the 'Nurture, Care and Collaborate ('NCC') intervention. A Culture Transformation journey

spans several years to get ingrained as the organizational ethos and as a first step towards this, the NCC initiative this year focused on our 12000+ managers as 'Custodians of Culture'. The objective of the program was to percolate the essence of the HDFC Bank Way by focusing on nine key themes over a five-month journey delivered through versatile and exciting challenges and learning tools. The scale was massive: 99,877 learning content hours were delivered in 145 days and an average of 700 hours of content consumed daily. We are proud that 97% participants gave NCC a thumbs-up for its unique design & content.

### Integrity

Doing the right thing..Always

### Execution

Delivering excellence

### Innovation

Inventing the future

### Humility

Gratitude over entitlement

### Inclusion

Valuing differences

### Collaboration

Independent yet interdependent

## Growth reflected in increasing employee strength

### EMPLOYEES BY CATEGORY

	2021-22			2020-21		
	Male	Female	Total	Male	Female	Total
Senior management	124	15	139	106	10	116
Junior & Middle Management	21,467	3,505	24,972	17,565	2,848	20,413
Non Supervisory staff	60,438	19,230	79,668	54,700	16,279	70,979
Frontline Staff and Sales offiers	32,553	4,247	36,800	25,976	2,609	28,585
<b>Total</b>	<b>1,14,582</b>	<b>26,997</b>	<b>1,41,579</b>	<b>98,347</b>	<b>21,746</b>	<b>1,20,093</b>

### EMPLOYEE BY REGION

	2021-22			2020-21		
	Male	Female	Total	Male	Female	Total
East	14,335	2,221	16,556	12,557	1,917	14,474
West	42,093	10,329	52,422	36,244	8,448	44,692
South	26,542	7,249	33,791	22,166	5,567	27,733
North	31,509	7,147	38,656	27,286	5,770	33,056
Abroad	103	51	154	94	44	138
<b>Total</b>	<b>1,14,582</b>	<b>26,997</b>	<b>1,41,579</b>	<b>98,347</b>	<b>21,746</b>	<b>1,20,093</b>

### EMPLOYEE BY AGE

	2021-22			2020-21		
	Male	Female	Total	Male	Female	Total
<30	41,035	13,892	54,927	30,713	10,257	40,970
30-50	72,310	12,880	85,190	66,818	11,348	78,166
>50	1,237	225	1,462	816	141	957
<b>Total</b>	<b>1,14,582</b>	<b>26,997</b>	<b>1,41,579</b>	<b>98,347</b>	<b>21,746</b>	<b>1,20,093</b>



## EMPLOYEE BY CONTRACT TYPE

	2021-22			2020-21		
	Male	Female	Total	Male	Female	Total
Permanent	1,14,582	26,997	1,41,579	98,347	21,746	1,20,093
Contract(Individual)	21	5	26	19	4	23

## Diversity and Inclusion (D&I)

Inclusion is one of the key culture pillars of The HDFC Bank Way. We promote a work culture where everyone feels included, respected and valued, and has access to equal opportunity. We have branded our inclusion agenda as 'Valuing Differences'. We provide equal and fair remuneration opportunities, irrespective of gender. No complaints related to incidents of discrimination reported during FY22.



## Three key tenets of our Inclusion Philosophy

### Merit

Competence, performance outcomes and potential will always be the threshold for all talent decisions

### Inclusion

We will strive to be an equal opportunity organisation where everyone can excel, irrespective of our inherent differences.

3 key tenets

### Character

Alignment with the HDFC Bank Way and adherence to our ethos will remain integral to the selection criteria for career advancement at the Bank

## Three-pillar governance structure for driving D&I agenda

### HDFC Bank Apex Inclusion Council 6- Member Group Head Panel

- Reports to the MD & CEO
- Set the strategy and agenda for inclusion
- Framework for a culture of inclusion
- Remove Barriers to Inclusion

### Working committee inclusion SPOCs from all verticals

- Senior level representatives of Group Heads for the Inclusion agenda
- Partner with stakeholders to drive the agenda
- Business specific inclusion enablers

### Regional council north

### Regional council south

### Regional council east

### Regional council west (mum)

### Regional council west (RoW)

- Monitor on-ground implementation of the Inclusion strategy
- Employee sensitization and feedback
- Regional initiatives and events

Our D&I agenda focuses on two critical segments:

- Gender diversity
- Persons with Disabilities (PWD)

## Women at our Workplace

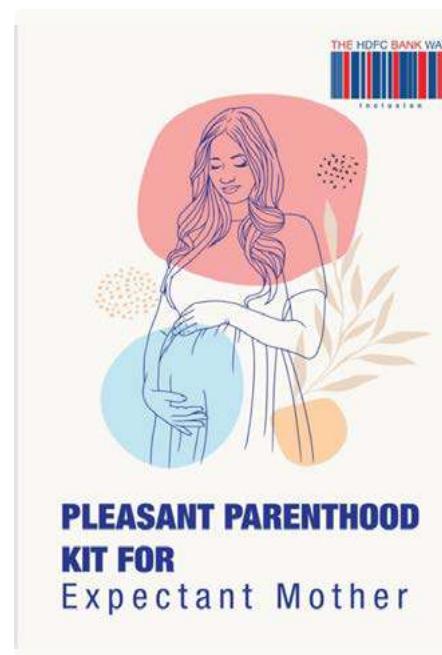
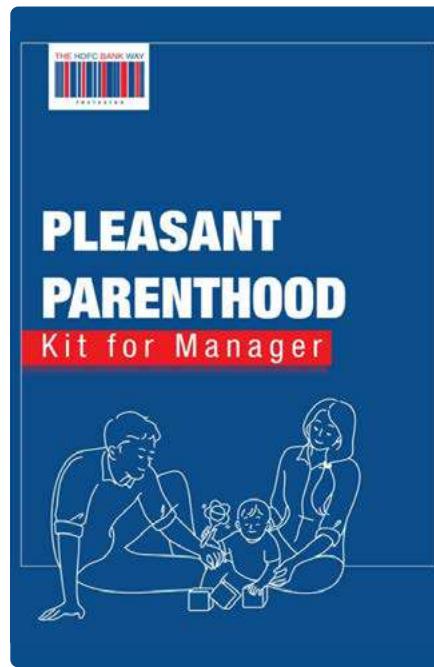
We work relentlessly to support the women at our workplace and provide them with an ecosystem that nurture their careers while being mindful of their unique challenges. Today, 21.7% of our workforce consists of women and we have set a target to increase this to 25% by 2025.

'Family reasons' was revealed as a top driver for women attrition in our attrition studies. We also understood that returning mothers were finding it difficult to balance work and personal responsibilities. To this effect, we have undertaken focused interventions and designed programmes that address these challenges.

**Bank Again Program:** This programme enables women to re-start their careers after a break. We reached out to over 3,000 women employees who had left from the bank over the past 5 years, out of which over 300 former colleagues have re-joined the Bank. We are also closely monitoring our gender hiring with 28% of those hired in the year being women. This excludes front-line sales hiring.

### 'Pleasant Parenthood Program':

Under this programme, we have a suite of offerings and initiatives to support women along their critical milestones – pre, during and post maternity leave. This programme also enables flexibility with respect to work timings, location and provides part-time working options. All our full-time employees are entitled to avail parental leave. In FY 22, 1182 female and 3072 male employees availed parental leave of which 99.75% female (1179) and 100% male (3071) returned to work. 6.6% women (78) and 5% men (160) who returned to work after leave ended, were still employed with us after 12 months.





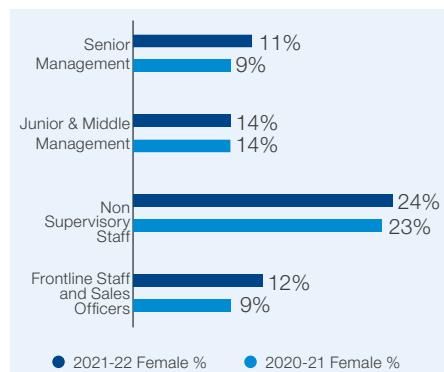
## Social – People

**The Career Accelerator Programme:** Our flagship intervention is aimed at building and augmenting the women talent pipeline for senior roles. It incorporates unique learning elements like sponsorship, group coaching, virtual learning journey, leadership connect and employee resource groups.

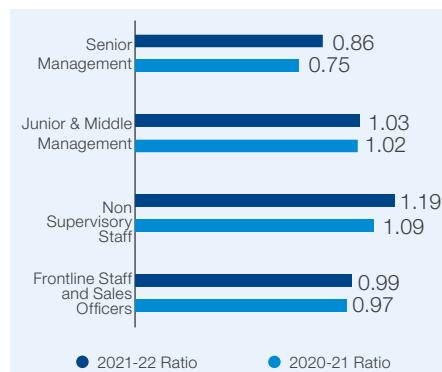


**She Inspires:** This year we also ran a campaign called ‘She Inspires’ celebrating women leaders at the Bank. A video series was created to disseminate, powerful messages of encouragement and leadership journeys by colleagues across the organisation.

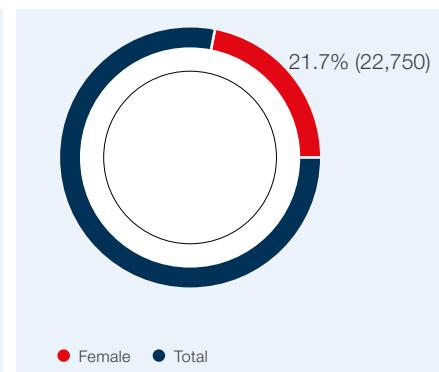
**WOMEN IN WORKFORCE-CATAGORY WISE**



**RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN**



**WOMEN EMPLOYEES AS A % OF TOTAL EMPLOYEES**



## A different perspective — Persons with Disabilities at our workplace

We are focused on building a workplace wherein every individual has an opportunity to do meaningful work, irrespective of any disabilities.

We are taking small but steady steps in this direction:

- Sensitising our people to create an environment of inclusion for Persons with Disabilities (PWD). Initiated by our Board of Directors and Group Heads in May 2021, sensitisation workshops that dealt with unconscious biases were organised for 6,900+ managers across the organisation.
- The inclusion governance teams work in tandem with HR to codify roles for integrating PWD seamlessly within the organisation. Teams are consciously working to improve the infrastructure requirements for fair and free access and identifying specific barriers for inclusion of PwDs.

We are in the process of augmenting our internal systems for better interconnection for persons with disabilities. Currently, we have about

115 persons with disabilities employed with us and have additional hires in the pipeline. Furthermore, a programme for enabling the certification of team leaders on building and managing inclusive teams is being initiated in FY23.

## Learning and Development

### Learning initiatives

In FY22, we brought in a paradigm shift in our approach to learning and development through the establishment of the Learning Partner model. This model institutionalises performance consulting, which consists of identifying a business need, its cause(s) and the capability building strategy (if applicable) that can meet that need. Performance consultants are experts in understanding business and improving human performance, and specialise in enhancing employees' performance through a collaborative approach.

The intent is to align business priorities with learning goals. Further, we strengthened our offerings on Leadership and Professional Development journeys.

'Ignite', a programme aimed at middle management levels, focuses on collaborative and strategic skills and encourages courageous leadership.

'Trailblaze' delivers key competencies and management essentials for frontline managers to enhance their effectiveness.

Building on the foundation laid last year, we are progressing towards creating a Virtual University and Learning Experience platform (LXP). Targeting the next generation of employees, LXP facilitates self-paced, learner-led modules on the go in a virtual setting.

**LEARNING HOURS IN FY22 (PERSON HOURS)**

**144 Lakh+**

**LEARNING AND DEVELOPMENT EXPENDITURE**

**1,262.23 Lakh**





# Social – People

## AVERAGE HOURS OF LEARNING BY CATEGORY

Employee by category	2021-22			2020-21		
	Male	Female	Total	Male	Female	Total
Senior Management	12.17	14.78	12.45	11.07	28.83	12.6
Junior & Middle Management	90.83	101.58	92.34	111.2	110.35	111.08
Non Supervisory Staff	139.83	170.65	147.27	139.12	154.31	142.6
Frontline Staff and Sales Officers	9.88	10.41	9.95	12.19	11.99	12.17
<b>Total</b>	<b>93.59</b>	<b>136.39</b>	<b>101.75</b>	<b>100.47</b>	<b>131.42</b>	<b>106.07</b>

## TOTAL HOURS OF LEARNING BY CATEGORY

	2021-22			2020-21		
	Male	Female	Total	Male	Female	Total
Senior Management	1,509	222	1,730	1,173	288	1,462
Junior & Middle Management	19,49,764	3,56,045	23,05,809	19,53,219	3,14,272	22,67,491
Non Supervisory Staff	84,51,114	32,81,633	1,17,32,747	76,09,840	25,11,958	1,01,21,798
Frontline Staff and Sales Officers	3,21,785	44,218	3,66,003	3,16,595	31,289	3,47,885
<b>Total</b>	<b>1,07,24,172</b>	<b>36,82,117</b>	<b>1,44,06,289</b>	<b>98,80,828</b>	<b>28,57,808</b>	<b>1,27,38,636</b>

## HR Tech

This year saw the Bank's HR tech transformation journey took a decisive turn, with most of the HR services made available on mobile. The interventions were designed to amplify a 'DIY' approach through new-age interfaces, in line with the digital vision of the Bank. 'I-Cube', an HR conversational bot, was introduced to enable self-service and easy resolution of queries, not just for active employees but also for our former employees. Time Management piece was brought on mobile devices for all HDFC banks working in offshore locations. Many changes related to process governance, reporting, user friendliness were incorporated in the areas of hiring, employee on-boarding and learning. Other hygiene HR services were also brought on the device and network environment agnostic HCM solution.

## Talent management

We have a structured, well-documented Leadership Competency Framework, as well as a Functional Capability Framework which defines key competencies and forms the bedrock for various talent processes in the Bank.

We have also institutionalised the process of Talent Review Councils, wherein a panel of leaders take an in-depth understanding of the Talent from multiple data points – self view from employee (mobility, career aspiration etc.), performance track record, Line Manager's feedback on the talent and inputs of potential from the Development Center Report. This as a process, is covered for CX & 3 levels down of their leadership hierarchy.

The year also saw the launch of a 360-degree feedback at apex levels of leadership. The intervention covering Group Heads, Business Heads and senior leaders reporting to the Group Heads was launched with credible external partners and facilitated the gathering of honest feedback by those who experience the leaders at work every day. This helped creating better self-awareness for the leadership team.

Succession Planning in the Bank is a continuous process that aligns with the other talent management interventions and endeavours to mitigate critical people risks such as vacancy fulfilment, and transition risk. The process of development involves relevant role exposures, specific mentoring or coaching exposures and

any specific learning need identified for employees, to assume higher responsibilities when the need arises.

We have a comprehensive, bi-annual performance management system (PMS) in place. Every employee is required to make a self-assessment and/or her own performance (bi-annual basis) based on the key result areas of his roles and responsibilities. The Appraiser and Appraisee have a joint performance discussion based on the self-evaluation filled by the Appraisee. In FY22, the PMS was brought on mobile with pleasant and easy design, facilitating qualitative and quantitative dialogue between the supervisor and the supervised. It seamlessly encompassed elements of competence and Bank values in the process.

## Talent: acquisition and attrition

Including frontline sales staff, we hired 57,200 employees. When compared to the hiring of FY21, the increase stands at 166%. In order to meet the growing requirements to outperform the market in identification, digital evaluation and quick onboarding of the best talent, we aim to implement the Applicant Tracking System in FY23.

**ATTRITION BY CATEGORY**

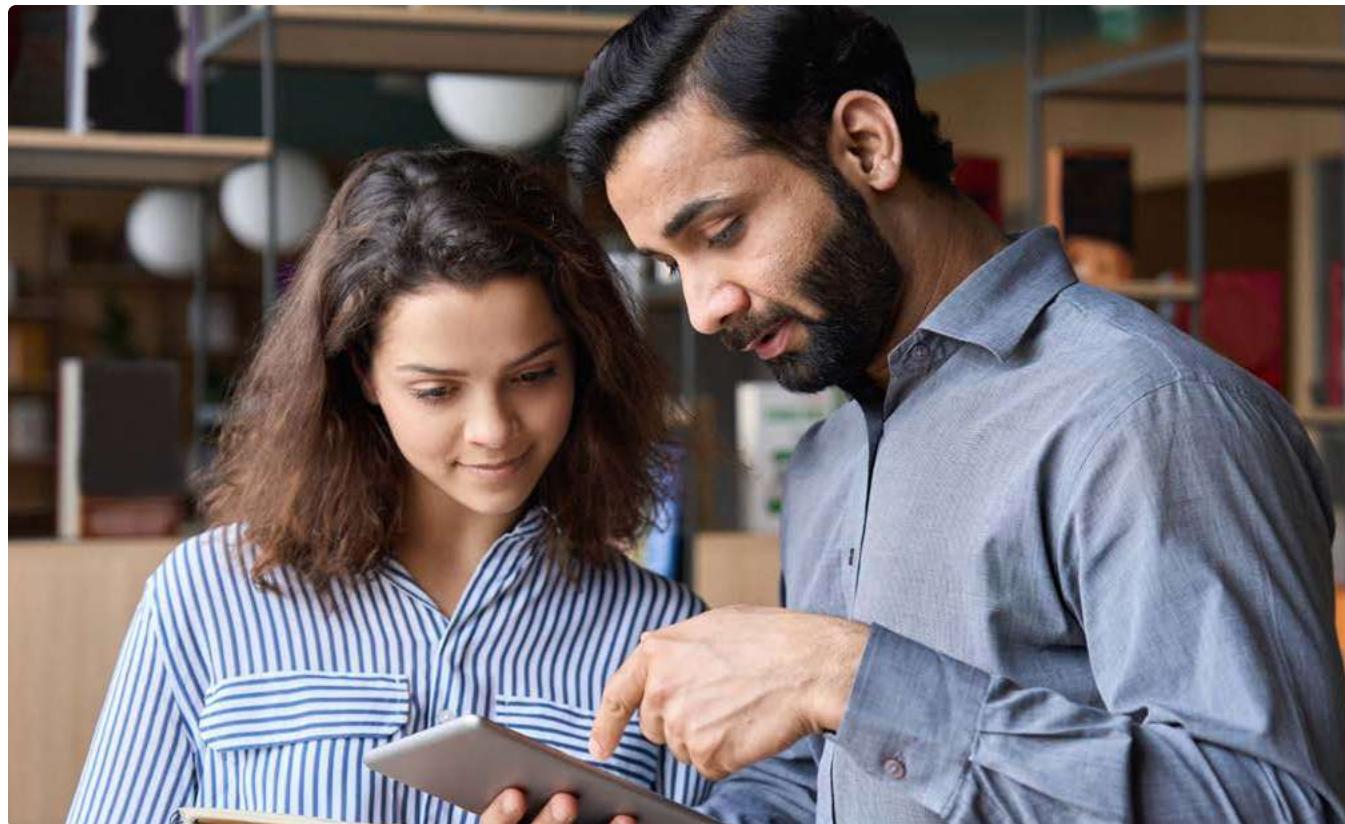
	2021-22			Attrition Rate		
	Male	Female	Total	Male	Female	Total
Senior Management	13	-	13	10.5%	-	9.4%
Junior & Middle Management	1804	377	2181	8.4%	10.8%	8.7%
Non Supervisory Staff	13080	4751	17831	21.6%	24.7%	22.4%
<b>Total</b>	<b>14,897</b>	<b>5,128</b>	<b>20,025</b>	<b>18.16</b>	<b>22.5%</b>	<b>19.1%</b>
Frontline Staff and Sales Officers	14268	1820	16088	43.8%	42.9%	43.7%

**ATTRITION BY REGION**

	2021-22			Attrition rate		
	Male	Female	Total	Male	Female	Total
East	3,649	549	4,198	25.50%	24.70%	25.4%
West	10,639	2,585	13,224	25.30%	25.00%	25.2%
South	7,006	2,009	9,015	26.40%	27.70%	26.7%
North	7,868	1,799	9,667	25.00%	25.20%	25%
Abroad	3	6	9	2.90%	11.8%	5.8%
<b>Total</b>	<b>29,165</b>	<b>6,948</b>	<b>36,113</b>	<b>25.50%</b>	<b>25.70%</b>	<b>25.50%</b>

**ATTRITION BY AGE**

	2021-22			Attrition rate		
	Male	Female	Total	Male	Female	Total
<30	15,009	4,453	19,462	36.6%	32.1%	35.4%
30-50	14,066	2,485	16,551	19.5%	19.3%	19.4%
>50	90	10	100	7.3%	4.4%	6.8%
<b>Total</b>	<b>29,165</b>	<b>6,948</b>	<b>36,113</b>	<b>25.50%</b>	<b>25.70%</b>	<b>25.50%</b>





## NEW HIRES BY CATEGORY

	2021-22			New hire rate		
	Male	Female	Total	Male	Female	Total
Senior Management	9	2	11	7.30%	13.30%	7.90%
Non Supervisory Staff	3,597	647	4,244	16.80%	18.50%	17.00%
Junior Management	18,971	7,951	26,922	31.40%	41.30%	33.80%
Frontline Staff and Sales Officers	22,446	3,628	26,074	69.00%	85.40%	70.9
Total	<b>45,023</b>	<b>12,228</b>	<b>57,251</b>	<b>39.30%</b>	<b>45.30%</b>	<b>40.40%</b>

## NEW HIRES BY AGE

	2021-22			New hire rate		
	Male	Female	Total	Male	Female	Total
<30	27,848	8,826	36,674	67.90%	63.50%	66.80%
30-50	17,143	3,390	20,533	23.70%	26.30%	24.10%
>50	32	12	44	2.60%	5.30%	3.00%
Total	<b>45,023</b>	<b>12,228</b>	<b>57,251</b>	<b>39.30%</b>	<b>45.30%</b>	<b>40.40%</b>

## NEW HIRES BY REGION

	2021-22			New hire rate		
	Male	Female	Total	Male	Female	Total
East	5,283	858	6,141	36.90%	38.60%	37.10%
West	16,507	4,538	21,045	39.20%	43.90%	40.10%
South	11,252	3,652	14,904	42.40%	50.40%	44%
North	11,973	3,167	15,140	38.00%	44.30%	39.20%
Abroad	8	13	21	7.80%	35.50%	13.60%
Total	<b>45,023</b>	<b>12,228</b>	<b>57,251</b>	<b>39.30%</b>	<b>45.30%</b>	<b>40.40%</b>



## Employee well-being

Our flagship initiative ‘HDFC Bank Cares’ aims to provide resources and a platform for physical, mental, emotional and financial wellness for all employees.



Our wellness initiatives are aimed to help keep our employees and their families healthy and safe in a year that saw an unprecedented test of human resilience. We also introduced a comprehensive ‘Compassion Package’ with an aim to reduce financial burden on surviving family members in case of the unfortunate event of the demise of an employee. The key features include offer of employment to a family member and financial support for education of 2 children till graduation, upto ₹10 Lakh. Other initiatives include providing additional leave, reimbursement of treatment expenses, on-call counselling support, e-consultation with doctors and awareness drives through various channels. Further, the Bank has an Employee Welfare Trust which cover expenses beyond Mediclaim on a case-to-case basis.

We also conduct regular health check-ups and mental health awareness sessions to address issues arising from a sedentary lifestyle and stress. All our employees are provided medical cover. For our women employees on the path to embracing motherhood, we have a comprehensive maternity care programme.

Further, as a part of our credit policy, we evaluate all large industrial/infrastructure projects for potential adverse social impact, such as land acquisition, resettlement and rehabilitation, livelihood losses and compensation for the same, and also for exploitative labour or child labour

practices. We strictly prohibit child labour, forced or compulsory labour in all forms in our operations. In addition, through our ESG policy framework, we strive to ensure that our vendors and suppliers abide by the labour laws and human rights – including prohibition of child labour, forced labour and trafficked labour. In FY22, we received no complaints on infringement of human rights, cases of child labour, forced labour, and involuntary labour. The facility attendants deployed at our sites for ensuring security are imparted training under the provisions of the PSARA Act, 2005 through security agencies on various aspects of





## Social – People

security, safety, etiquette and personal conduct/behaviour.

There is also an employee association at the Bank. As of FY22, 0.18% of our permanent employees are part of this association. The Bank has an internal Memorandum of Settlements that may be interpreted as a collective bargaining agreement, signed between the Management and Union office bearers. There are periodic negotiations with Union Office Bearers and the Memorandum of Settlement is signed by the Management to the extent of their benefits and service conditions – including any significant operational changes. We provide 21 days' notice typically to employees and their representatives prior to implementation of significant operational changes that could substantially affect them.

### Measuring employee engagement

HDFC Bank continues to be certified as a Great Place to Work® Organisation. This certification is a testimony to the Bank's inherent strength as an institution par excellence and the efforts to support and enable employees through best-in-class people practices and processes.

The Bank partners with Great Place to Work® to conduct their employee engagement survey over three cycles (18 months per cycle). Organisations participating in the survey are assessed through two lenses — the Trust Index and the Culture Audit. Great Place to Work® Institute audits the company's human resource practices and policies. On meeting the

qualifying criteria, the organisation is certified as a Great Place to Work for a period of one year.

The survey was conducted for a second time in November 2021. Over 94% of the eligible employees (86,506 employees) participated and scored the Bank on five key parameters, namely, camaraderie, fairness, respect, pride, and credibility, amongst its employees.

The important distinction that this score brings is as follows:

### Employee connect initiatives

Over the year, we organised several initiatives that provide employees an opportunity to connect with the organisation beyond their work-life. These initiatives spanned multiple areas including sports, art, music, wellness, and photography, ensuring there is something in it for everyone. We also focused on involving family members which was met with an enthusiastic response. 43,121 employees participated across 21 initiatives during the year. Following is a brief on some of the key initiatives



## Wellness sessions

Morning fitness sessions on Zumba, Yoga, Suryanamaskara, Meditation and Pranayama were introduced to help keep our people physically and mentally fit during challenging times.

TOTAL PARTICIPATION

**2,001**

## Take-a-break

We introduced weekly quizzes via e-mail on topics including general knowledge, famous personalities, logical reasoning, and visual puzzles like spot the difference for employees. The initiatives garnered a lot of interest and participation while providing a much-needed break to the employees.

TOTAL PARTICIPATION

**18,841**

## Syahи

Syahи is the online writing contest of the Bank and this year a separate category for Hindi writers. Employees showcased their creative writing skills through enthralling fictional as well as anecdotal accounts. The winning stories, selected by an external judge, were curated and published in the form of an e-book on the Our World platform.

TOTAL PARTICIPATION

**733**

## Corporate fitness challenge

We participated in an inter-corporate fitness challenge contest. The contest conducted over 10 weeks included different challenges such as doing the maximum number of push-ups, planks, etc. The first position in the contest was bagged by one of our employees. Apart from this, six employees won awards across different categories.

TOTAL PARTICIPATION

**521**

## Festive webinars

To add some excitement in the festivals during the pandemic, we conducted different webinars/DIY workshops for employees during popular festivals like Ganesh Chaturthi, Navratri, Diwali and Christmas. These workshops were also focused on involving employees' children. Activities such as creating an Eco Ganesha, storytelling around the history of the festival, and interesting games centred around such stories, were conducted as a part of these workshops.

TOTAL PARTICIPATION

**325**

## Million dollar challenge

In 2020, we introduced this interactive online team building game which became very popular among employees. Last year was the second season of this challenge. This game served as a very effective icebreaker for new joiners. We also leveraged the game to build camaraderie in cross-functional teams.

TOTAL PARTICIPATION

**1,832**



## AnalytIQ

In Season 2, employees had the option to play Chess, Sudoku and Scrabble online. It was a round robin contest and had different levels of shortlisting. The competitive format spurred a lot of excitement among employees and led to a high level of engagement.

TOTAL PARTICIPATION

**3,434**

## Breakfast cycle rides

Breakfast cycle rides were organised for our riding enthusiasts in Mumbai. This being the first on-ground initiative post lifting of lockdown, saw limited albeit enthusiastic participation.

TOTAL PARTICIPATION

**84**

## Corporate photography contest

This is an inter-corporate photography contest held every year. Out of a total of 3,349 photographs contributed by our employees, 332 were shortlisted in the top 1,500. We bagged the second prize in the wildlife category. A virtual 3-D exhibition of these photographs was held for all employees.

TOTAL PARTICIPATION

**2,090**

## Digital Voice Hunt

This was the second season of this initiative wherein we collaborated with Furtados School of Music to organise a music competition for our employees, their children and spouses. This year, we also involved their parents, grandparents and in-laws. We received rave reviews from the family members who participated.

TOTAL PARTICIPATION

**453**

## Xpressions

In season 7 of Xpressions, we saw some very creative artwork prepared by our employees and their children with an artistic bent. The artwork was displayed as wallpapers on the Bank's laptops, thus earning organisation-wide recognition for the participants.

TOTAL PARTICIPATION

**1,390**

## HUNAR

HUNAR is an annual talent hunt organised for employees and their families. 17,000+ votes were cast in appreciation of their performances, from which we announced popular choice as well as judges' choice awards.

TOTAL PARTICIPATION

**1,392**



## Women's day celebration

This unique initiative was arranged for the women in the workforce. We held a series of webinars on topics such as 'Happiness Inside Out', 'Mental Health Awareness' and 'How to love yourself?' over a course of 4 days in a virtual setting.

TOTAL PARTICIPATION

**1,766**

## Zaika

Zaika is a cooking contest launched in 2019. The initial rounds were conducted online in six cities out of which the shortlisted candidates were invited to Mumbai for a finale. The winning recipes of Zaika were compiled in an e-book and uploaded on Our World for display.

TOTAL PARTICIPATION

**468**

## Funtakshari

Centred around our love for Bollywood songs, 'Funtakshari' is a fun competition open to employees as well as their families. The initiative became very popular and was much appreciated by all.

TOTAL PARTICIPATION

**2,382**

## Summer camp

A novel 5-day online summer camp introduced for the kids of our employees included some interesting activities around science experiments, fire-free cooking, talent showcases as well as behavioural learning. We received heart-warming feedback for the event.

TOTAL PARTICIPATION

**626**

## Energise yourself

Mental well-being is as important as physical well-being. In order to raise awareness on the subject, we conducted webinars on topics like reboot happiness, energy and frequency, art therapy and healing with sound. These sessions helped employees stay happy and energised.

TOTAL PARTICIPATION

**981**

## Auction Premier League

This was an interactive activity conducted in the IPL auction style to promote team building, thinking out-of-the-box, presence of mind, collaboration and strategic thinking.

TOTAL PARTICIPATION

**2,661**

## The InQUIZitive Family

Organised as a team activity for families, this was an online quiz competition held in multiple levels. There was enthusiastic participation with request for more of such initiatives in the future.

TOTAL PARTICIPATION

**608**





# Building resilient communities together



We believe businesses can only thrive if the communities in which they operate thrive as well. Our CSR programmes are designed to have a long-term, meaningful impact on the upliftment of marginalised communities, while contributing to global sustainable development goals. The pandemic-induced economic hardships that our communities have witnessed over the past two years have reaffirmed our resolve to address deep-seated social inequalities. We have aligned our efforts towards a ‘people-centric’ recovery through multi-dimensional interventions across livelihood, skill development, education, health, and natural resources.

We seek to bring about a revolution in the quality of life and livelihood of our communities through our CSR Brand, Parivartan, which means Change. Our programmes are created and shortlisted through a participatory, bottom-up, and consultative process, including all stakeholders. We work with a variety of NGOs and partners, as well as employee volunteers, to assist us in the implementation of various sustainable development programmes.

WE ARE ONE OF THE HIGHEST CSR SPENDERS IN INDIA, WITH A TOTAL CSR EXPENDITURE OF

₹736.01 Cr



## CSR initiatives and UN Sustainable Development Goals

# SUSTAINABLE DEVELOPMENT GOALS

### Natural Resource Management

Under Parivartan, the bank has been working in 23 states in India to bring holistic development in the rural landscape.



**Construction of solar streetlights, biomass stoves, community biogas plants, and the distribution of solar home lighting**



**Building Rainwater Harvesting Structures**, Community Tanks, Hand Pump, and Wells



**Seed Bank, Grain Bank, and Village Nursery** are being established



**Establishment of ~48,490+ kitchen gardens**

### Promotion of Education

This is one of Parivartan's most significant pillars, which encourages equal education for all students, from early childhood through secondary school.



**Scholarship opportunities like the ECS Scholarship**



**Introduction of Smart Classes** across different states to integrate technology with education



**Sports** as one of the pillars of education to promote the health and well-being of children

### Healthcare and Hygiene

The bank focuses on eliminating Non-Communicable Disease in some states and establish accessible sanitary facilities despite difficult terrains.



**Planting of 17.69 Lakh+ trees** has helped increase groundwater levels



**Development of ~23,800 household toilet units** across India



**Guinness World Record for organising the world's largest blood donation drive**

### Skill Development and livelihood Enhancement

Managing and improving skills is an important part of increasing employment and establishing long-term livelihood options.



**Assist farmers in changing their logistics and supply chains**



Aided in the formation of **dairy cooperatives, poultry farms, integrated poultry-goat rearing-fishery units**



Parivartan has trained **~8,470 SHGs** in rural India with the goal of empowering women



The bank has trained nearly **2.54 Lakh+ people** through its partners, in accordance with the ideals of fairness and inclusion

### Financial Literacy and Inclusion

Our Bank offers financial literacy programmes to help communities make informed financial decisions.



The bank conducts **financial literacy workshops**



**Digidhan** or Dhanchayat is the Bank's **financial literacy programme on wheels**

The CSR and ESG committee of the Board reviews our CSR projects, monitors CSR policy and performance, and ensures that the Bank is compliant with the regulatory requirements. There were no fines or non-monetary sanctions in the social area during FY22 owing to non-compliance with applicable laws and regulations.



### Parivartan – a step towards sustainable Sustainable progress

Parivartan is the Bank's umbrella brand for all social efforts. It aims to drive positive change in people's lives by empowering them, to become self-sufficient and integrated with the society through direct or indirect interventions. Parivartan is also at the forefront of natural disaster response, successfully restoring infrastructure and rehabilitating communities. Parivartan works under five thematic areas. Based on the identified focus areas, we have set seven goals and 11 sub-goals that guide our community development activities.



LIVES IMPACTED\*

9.6 Cr+



### 1 Rural Development (Natural Resource Management)

Our Holistic Rural Development Programme (HRDP) focuses on comprehensive development through activities under NRM, Education, Skill Development and Livelihood, Financial Literacy and Healthcare. These activities are based on the belief that rural development is key to India's growth. The Natural Resource Management theme rests on the twin goals of enhancement of natural

resources and their optimal utilisation for the economic development of the community. Under this theme, we have defined three goals. First, we are working to irrigate 2 Lakh acres of unirrigated land and cover 1 Lakh acres with vegetation, to increase the area of land under cultivation, as well as to increase the cropping intensity of cultivable land.

HOUSEHOLDS

9.88 Lakh+

VILLAGES

3,335+

\*Refers to achievement since inception till March 31, 2022

## Natural Resource Management

### Promoting the use of chemical-free farming

to achieve 3 Lakh acres of farmland under chemical free farming

### Irrigate 2 Lakh acres of unirrigated land

- To increase the cropping intensity of cultivable land
- To increase the area of land under cultivation

**Our targets**

### 2.5 Million trees to be planted (CO<sub>2</sub> reduction)

Implementing tree plantation programmes to sequester carbon and promote sustainability

### 1,000 villages to have clean and renewable energy solutions

reducing the carbon and ecological footprint of our communities

Second, we aim to reduce the carbon and ecological footprint of our communities by promoting clean and renewable energy solutions. This includes undertaking projects such as tree plantation for carbon sequestration and biodiversity conservation. We are targeting 1,000 villages to have clean and renewable energy solutions and a minimum of 10 solar lights in each village. In addition, we are providing solar home lights, biomass chulha, biogas plant, solar study lamp, and a solar irrigation unit, covering 25% of the households in each village. The biomass stoves have helped improve indoor air quality, creating a direct positive impact on women's health. Further, we target to plant 2.5 Million trees by FY25.

Third, we have been promoting the use of chemical-free farming, to maintain the soil, environment, and human health by combining tradition, creativity and science. We train farmers on

different agricultural techniques for improving productivity and using locally produced manure and fertilisers, which not only aid in chemical-free farming but also help avoid expenditures on chemical fertilisers.

WATER CONSERVATION STRUCTURES DEVELOPED\*

**10,500+**

SOLAR LIGHTS INSTALLED\*

**41,810+**

BIO MASS STOVES DEPLOYED\*

**11,670+**

KITCHEN GARDENS DEVELOPED\*

**48,490+**

TREES PLANTED\*

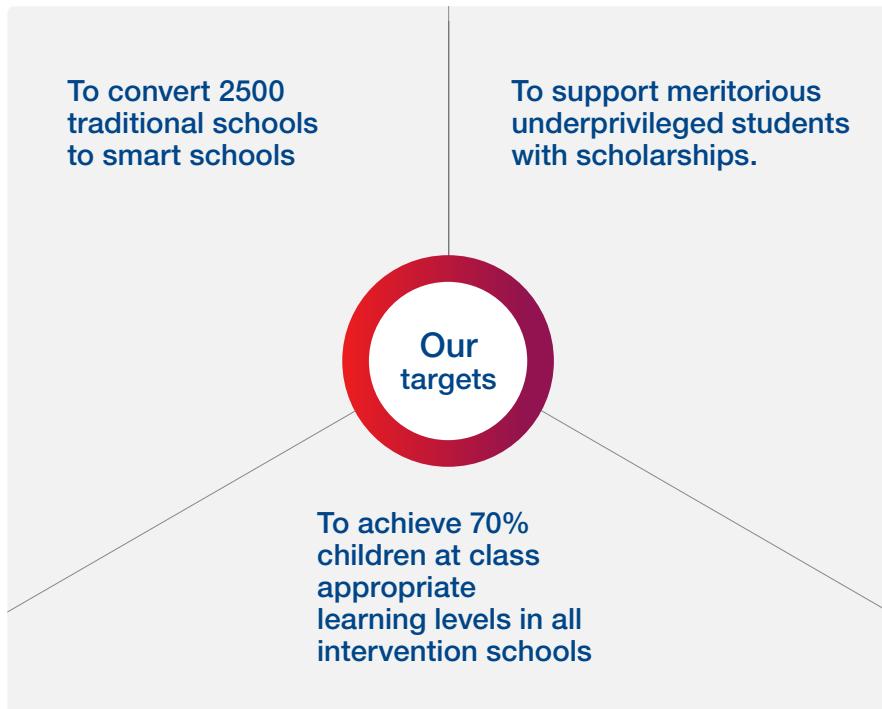
**17.69 Lakh+**



\*Refers to achievement since inception till March 31, 2022



### 2 Promotion of Education



We are implementing a programme to promote education in line with India's Sarva Shiksha Abhiyaan. Under this theme, we provide multi-faceted support to schools, to enhance the quality of education – which includes training the teachers, providing scholarships and career guidance to students, as well as infrastructure support to schools, such as building toilets and improving classrooms. We have dedicated programmes for improving teachers' skills and scaling up no-cost solutions for improving existing systems and processes. We have also been working towards establishing libraries, scientific labs and digital classrooms.

Under this theme, we have set the goal of enhancing the quality of education in

government schools through a three-dimensional, target-driven approach. The first dimension aims to convert 2,500 traditional schools into smart schools, to establish a favourable learning environment and enable teachers to utilise various efficient teaching-learning methods. We have identified six building blocks for the development of smart schools and would be providing targeted support, based on a detailed need assessment and situational analysis of the availability of adequate infrastructure such as space and electricity.

The second dimension aims to support meritorious yet underprivileged students with scholarships, to not let the financial crises interrupt the development of bright young minds.

We identify economically backward students with an annual family income below ₹2.5 Lakh and a minimum of 55% marks on their latest available marksheet.

The third dimension targets quality of education in schools. We aim to achieve 70% of students in all schools (those under intervention) at class appropriate learning (CAL) levels. The CAL levels are assessed as per the NCERT defined framework in classes 3, 5, and 8 through the National Achievement Survey in language, mathematics, EVS, science, and social science.



#### Digital classrooms

The Smart Classrooms by Parivartan in the state-run schools are equipped with a pre-loaded projector and an interactive board. The in-built e-content is aligned with the concerned state curriculum, making learning fun and engaging for the students. For effective implementation of the digital classrooms initiative, the Bank provides training to the teachers making them the experts and custodians of the infrastructure.



### Basic Science and Math laboratory

For collaborative practical approach



### Library

Additional learning hubs fundamental to overall personal development



### Smart class infrastructure

enable modern technology in education to provide an interactive learning environment.



### Construction and maintenance of toilet facility

Prevents dropouts and absenteeism



### Drinking water facility

Provisioning uncontaminated and safe drinking water for students



### Active Corner (for primary schools only)

For stimulation of cognitive learning capacities and improve attendance and enrolment

**2.8 Lakh+**

SCHOOLS BENEFITTED\*

**19.94 Lakh+**

TEACHERS TRAINED\*

**2.09 Cr+**

STUDENTS REACHED\*

**710+**

LIBRARIES SET UP\*

## 3 Skills Training and Livelihood Enhancement

### Increase in income

Increase in income of ~5 Lakh farmers across the country

### To have 1 Lakh community institutions

to have Local Economic Activation with 1 Lakh community-led enterprises promoted including VDCs/ FIG/FPO/SHG/JLG/WUG/ YG/AG etc. (~50% women led)

**Our Targets**

### Skilling of youth

Skill training for employment generation



\*Refers to achievement since inception till March 31, 2022



## Social - Community

Under the Skills Training and Livelihood Enhancement theme, we focus on the economic development of farmers and youth in rural areas by providing means of generating income through agricultural or non-agricultural activities. Since its beginning, this initiative has assisted around 2.54 Lakh+ people. The overarching objective is to empower the disadvantaged by providing them with greater possibilities, assisting them in finding local jobs, increasing their household income and discouraging migration. We also support women Self Help Groups (SHGs) or Joint Liability Groups (JLGs) by providing occupational skills training, financial literacy, credit counselling, livelihood finance, and market linkage. We have started SLI EMI collections through Common Service Centre operators (CSC VLE) providing convenience to customers at the village level.

We have set separate goals for individual and institutional capacity development under this theme.

The first goal focuses on increasing farmers' income across the country. We have defined three distinct sub-goals to move forward in a targeted and systematic way. Through the first sub-goal, we aim to reach 5 Lakh small and marginal farmers (with annual income below ₹60,000) and support them in maximising output and reducing input costs. We are also enabling farmers to adopt modern and innovative farming tools and techniques, by providing them exposure visits to different fields and agricultural institutes, and supporting them with seeds, fertilisers, and other farm support materials. Additionally, we help farmers diversify their income by supporting them in allied activities such as livestock rearing, timber, horticulture, and fishery, among others.

The second sub-goal relates to the promotion of 1 Lakh community-

led enterprises to boost local economic activities, of which ~50% would be women-led. Under this, we encourage the economically deprived communities to engage in entrepreneurship on an individual or a cluster basis. We support identification of prospective economic activities in the intervention villages and assist the community members in founding and operating an enterprise – which include beauty parlours, small shops, goateries, poultry, tailoring, etc. for individual beneficiaries, and processing units, packaging units, fisheries, and handicrafts, etc. for group enterprises, established through FPO, SHG, and JLG.

The third sub-goal relates to skill development for employment generation where we provide classroom/online/blended skill development training in trades that could lead to job placement or self-employment opportunity

for unemployed youth, school dropouts and landless farmers. Our training programmes typically have certifications from the NSDC, the Sector Skill Council, or other qualified non-government agencies.

The second goal relates to the development and sustenance of institutions for livelihood enhancement – particularly community institutions such as village development committees, farmers' groups, self-help groups, water user groups, sanitation committees, youth groups, and adolescent groups. We aim to develop and support 1 Lakh community institutions. The Bank's intervention could range from a few months to three years. The activities are related to agriculture, water, sanitation, health, livelihood, and other rural development work.



\*Refers to achievement since inception till March 31, 2022

## Stories of Parivartan

### Increasing production with high-tech farming

Tehsil: Lalsot, Dausa District, Rajasthan



Beneficiary: **Prem Devi**

### Strengthening agri-horticulture

District: Mandi, Himachal Pradesh



Beneficiary: **2,000 Farmers**

Prem Devi is a small-scale farmer who was dealing with a variety of challenges, including poor tomato quality owing to inappropriate sapling planting, output losses due to numerous illnesses, and severe lack of water.

We assisted her with a high-tech farming system and capacitated her to maximise profit, while lowering the cost of production. Drip systems, mulching sheet covering,

stands, and water tanks were provided as part of the initiative to her boost her agricultural operations.

Since implementation of the intervention, the water usage has been reduced due to installation of drip systems.

Prem Devi sold roughly 150 quintals of tomatoes, making a profit of ₹98,000. This has not only improved her quality of life, but has also motivated other farmers in the region.

Farmers in the Mandi district have become victims to exploitation by middlemen. In addition, their lack of negotiating power over prices has aggravated the situation.

We supported market linkages through:

- Formation of 45 Farmer Interest Groups (FIG)
- Conducted 25 orientation trainings on value chain and value addition in apple production
- Encouraged farmers to sell their harvest in bulk

Constructed a model apple processing machine to promote apple bi-products

Farmers now have better market access, with 27.63 tonnes of apples sold straight from the producer. FIG farmers have begun selling their products in bulk and delivering it straight to customers. As a result, their negotiating strength and revenues have improved.



## Fighting the pandemic

India



We reached out to Covid-care hospitals in several states to learn about their needs and concerns, with the aim to fix infrastructural gaps using the lessons learned during the second and third wave.

Through the Covid Crisis Support Scholarship Programme, we are assisting 4,000+ students who are experiencing personal or financial hardships, as a result of Covid. With monetary aid up to ₹75,000, the Bank created a specific initiative to help students

from class 1 and above, up to those pursuing UG and PG programmes.

We are increasing the oxygen capacity in 18 hospitals around the country to better prepare for the approaching COVID-19 waves. These oxygen plants are now being set up in Uttar Pradesh, Jharkhand, Haryana, Punjab, Karnataka, Kerala, Assam, West Bengal, New Delhi, Rajasthan, Madhya Pradesh, Chhattisgarh, Tamil Nadu, Andhra Pradesh, Odisha and Himachal Pradesh.

## Upskilling women and rural youth

India



Training and placing 5,000 women across 6 states

Aiding disconnected rural youth across 10 states

In collaboration with the Apparel Made-Ups and Home Furnishings Sector Skill Council, we have trained over 5000 women across six states in apparel-related job areas. This included awareness/counseling sessions, quality training sessions, provision of learning materials, toolkit etc.

We have also set up a team to followup and support the applicants to get employed at top companies.

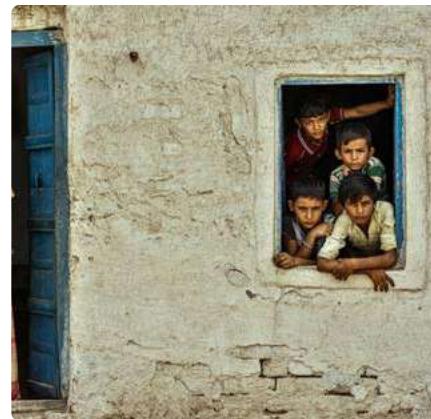
We aim to place women candidates in top national and international companies. We are setting up a team to follow and support the

applicants, once they've been placed through off-site or on-site verification.

With our 'Head Held High' (HHH) initiative, we have developed the 'Make India Capable' programme which aim to improve the skills and capabilities of 1500 rural youths in ten districts across ten states (Karnataka, Maharashtra, Rajasthan, Jharkhand, Bihar, Uttarakhand, Telangana, Gujarat, Haryana, and Odisha).

The programme guarantees that ~70% of the trained youngsters would be placed in a job within 39 months. The project commenced in FY21-22 and has trained over 280 applicants until March 2022.

## 4 Healthcare and Hygiene



We have adopted an integrated approach related to healthcare and hygiene. We have not only been provisioning healthcare services to our communities in the form of health clinics, nutrition programmes and immunisation drives, but have also been working on hygiene and sanitation in schools and communities. To complement our community-led sanitation efforts directed toward the proper disposal of wastewater, we have been working on the institutionalisation of waste pickers through social and financial inclusion for dry waste management.

Under this thematic area, we have set the goal to improve sanitation facilities – which we are implementing through targeted efforts on three distinct sub-goals. The three sub-goals are related to waste management, clean drinking water and household sanitation facilities.

Under the first sub-goal, we are developing waste management systems in 1,000 settlements. We are committed to establishing a long-term solid waste management system by providing the necessary infrastructure and instilling the necessary behavioural changes toward responsible consumption, source segregation and litter prevention. This includes setting-up materials recovery facilities (MRF) and recycling facilities in 15 ULBs, in addition to village-level interventions such as residential composting, door-to-door garbage collection and the related mechanisms for user fee collection, compost sales and recycling.

We are targeting 1,000 communities for providing access to clean drinking water. This would include interventions to promote clean drinking water availability at both the community-level (through Jal-minar or other water

**23,800+**  
HOUSEHOLD TOILETS CONSTRUCTED\*

**1,810+**  
SANITATION DRIVES CONDUCTED\*

buildings) as well as at the family-level (piped water connection). Through these interventions, three litres of water per person per day will be made available. We are also forming and orienting water user groups to ensure sustenance of the services who would be entrusted with post-project maintenance and water quality testing.

The third sub-goal pertains to ensuring that 100% of households have acceptable sanitation facilities. While the Government of India is believed to have provided sanitation facilities to every household, we are supplementing the government's efforts by working towards enhancing the usage of such facilities by undertaking soft initiatives like awareness and motivation, infrastructure-based interventions, to support the repair and upgradation of such facilities, if and where required.

\*Refers to achievement since inception till March 31, 2022



### Employee engagement 2021-22

The Parivartan initiative also strives to engage our employees through its Employee Volunteering Programme, encouraging them to contribute their time and effort. Our employees have displayed strong commitment by participating in various social programmes.



#### Financial Literacy Sessions for school students

- HDFC Bank has created a fun-filled and student-friendly financial literacy workshop. These workshops are conducted by the bank employees.
- The Bank collaborated with Teach for India to conduct these sessions. 100+ students were engaged through the virtual workshops.



#### Konkan Flood Relief

- The Bank collaborated with Donatekart and Aahardaan Foundation to raise funds and facilitate delivery of essential materials to the Konkan flood affected areas.
- Among the affected areas, the Bank catered to communities in Chiplun district reaching out to 500 families.



#### Be a Secret Santa

- The Bank organised its annual 'Be a Secret Santa' campaign marking Christmas-donation drive.
- The campaign allowed the bank to donate towards several causes including support for children living on streets, welfare of stray animals, senior citizens and more.



#### SmartUp

- Under its SmartUp programme, HDFC Bank supports start-ups to help them drive social change with motivation.
- The Bank officials cumulatively spent 100+ hours in shortlisting the start-ups. The Bank also launched a new sub-segment called SmartUp Unnati, a dedicated programme for mentoring women entrepreneurs by women leaders at the Bank. Under the above programme, four senior leaders dedicated 15+ hours in mentoring 8 women entrepreneurs.



#### Employee payroll giving programme

- 1,400+ employees have subscribed to the Give India Payroll Giving Programme to donate towards several different causes.
- HDFC Bank matches the employee's contribution, and the sum amount is annually donated to a charity of the employees' choice.



#### Gifting independence to the elderly on Independence Day

- On Independence Day, the Bank organised an email-fundraiser campaign through its NGO partner-Donatekart. The bank employees through the campaign could donate towards procurement of essential materials for the elderly staying at Old age homes.



#### Plant on the go

- With a motto to make our surroundings greener, the bank distributed seedbombs among its staff in Mumbai.
- The seedbombs (mud balls consisting of seeds) were specially made by tribal women. 800+ seedbombs were distributed among the staff.

## 5 Financial Literacy and Inclusion

The first step towards true financial inclusion is financial literacy. Financial literacy camps are periodically conducted at our branches. In addition, we have set up financial literacy centres across India. We are also working with our non-profit partners to enhance financial literacy. The camps are designed to provide communities with information about

the fundamentals of saving, investing and organised finance, enabling them to make informed decisions. Digidhan, our flagship plan under this pillar, is a mobile financial literacy programme that travels the length and breadth of the country's hinterland, presenting the advantages of digital banking in an audio-visual format.

**23 Lakh+**

FINANCIAL LITERACY CAMPS ORGANISED\*

**1.71 Cr+**

INDIVIDUALS BENEFITTED\*



\*Refers to achievement since inception till March 31, 2022

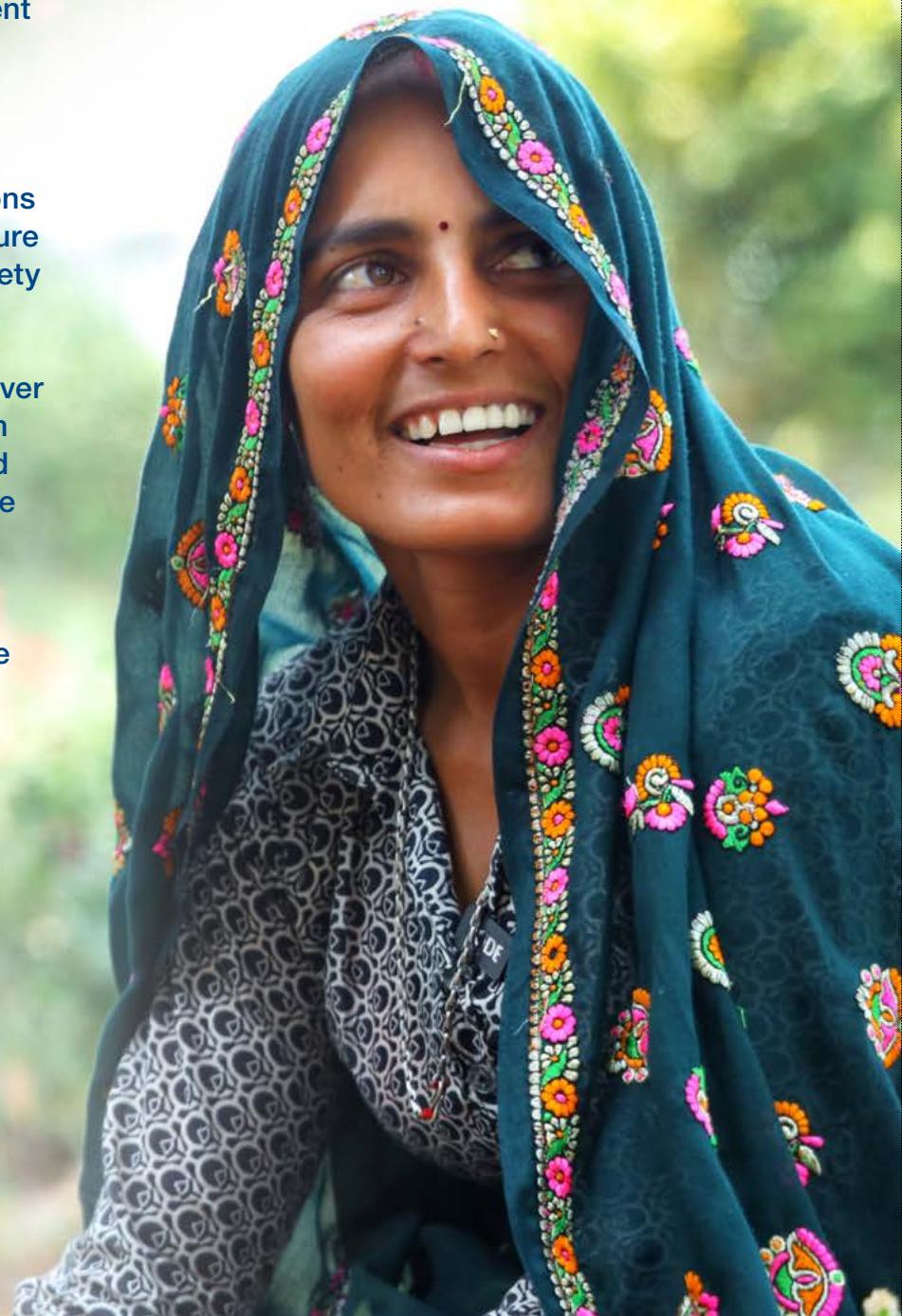


## Nation Building

# Contributing to India's development

HDFC Bank continued its journey to contribute to nation-building by digitising payments, collecting direct, indirect, and local taxes, and facilitating digital commerce by integrating with various Government owned platforms like e-National Agricultural Marketplace, and Government e-marketplace and offering banking solutions to unbanked and underserved sections of the society. The focus is to ensure the unbanked sections of the society are provided relevant financing and other banking services. As a responsible banker, we aim to deliver relevant banking solutions through partnerships with Government and other entities. The goal is to enable easier availability of funds and facilitate ease of doing business for beneficiaries such as farmers, students, teachers, and healthcare workers, amongst others.

As a socially responsible citizen, HDFC Bank endeavours to contribute to nation-building by remaining focused on key areas. These include digitising workflows and helping build alternate channels for the Government, supporting the start-up ecosystem to help fuel the economy further and supporting the Government's financial inclusion agenda.





## Helping the Government digitise fund distribution efficiently

The bank plays a major role in distribution of the Government's funds for most major schemes like central sponsored schemes, central sector schemes and funds from the 15<sup>th</sup> Finance Commission.

The Bank is one of the top 5 banks processing Government pay-outs including Direct Benefit Transfer (DBT) and has also been recognised by the Ministries of Finance, Panchayati Raj and Electronics and Information Technology for its efforts in this area.

**Assisted Single Nodal Agencies in streamlining fund-flows across the states.**

**26%**

OUR SHARE OF FUND-FLOWS FROM THE CENTRE TO THE STATES

## Powering trade and digital commerce

The Bank's integration with various platforms demonstrates continued contribution to the Government's 'Ease of doing business' and 'Digital India' initiatives. The Bank has integrated with the following platforms:

- 'ICEGATE' (Indian Customs and Central Excise Electronic Commerce/ Electronic Data Interchange Gateway)
- National Agriculture Markets (eNAM)
- FOIS system (Freight Operations Information System) of Indian Railways

The Bank's long association with GeM portal, which facilitates procurement for Government departments, was extended as it was empanelled to collect GeM Caution Money for registered suppliers.

The Bank has enabled about hundred thousand suppliers to be eligible to transact on the Government e-Marketplace by offering them the facility to deposit caution money that suppliers must deposit with GeM, prior to becoming active on the platform.

## Improving our foreign ties

HDFC Bank has created dedicated products for Embassies, Consulates and diplomats, helping strengthen

the nation's foreign ties. To address the pain-points of this segment, the Bank offers best-in-class solutions including seamless international Trade and Forex facilities, digital solutions for Visa collections and special current accounts to suit the needs of the expatriate community.

## Promoting entrepreneurship through SmartUp programme

At HDFC Bank, we work with various State Governments and incubators/accelerators including the Indian Institutes of Technology (IITs) and the Indian Institutes of Management (IIMs) to promote entrepreneurship under our SmartUp programme and Startup fund. We work with 45+ incubators certified by the Department of Science and Technology.

Networking and mentoring sessions are also held for our startup customers with HNIs and senior executives of the Bank. We have signed MoUs with 7 State Governments and the Ministry of Electronics and Information Technology (MEITY) to facilitate the execution of their startup policies.

**85**

SOCIAL IMPACT START-UPS IN THE ENVIRONMENT, HEALTH & GENDER DIVERSITY SECTORS WERE PROVIDED WITH FINANCIAL AND ADVISORY SUPPORT IN FY22.



## Developing our children, our future

The Bank recognises the importance of today's youth in shaping the future of the nation. Accordingly, it works at many levels to support the country's education system.

HDFC Bank has been a key player in extending the reach of Government schemes that help school children. It has enabled state education departments to disburse funds to Government schools for fulfilling the nutritional needs under the Mid-Day Meal Scheme. The Bank has also helped disburse funds to the last mile under the Samagra Shiksha Abhiyaan Scheme, a Centrally Sponsored Scheme focused on making quality education available to students.

## Disbursements to 1 Lakh+ schools benefitting 1 Cr+ students under Mid-day Meal Scheme

Further, the Bank has enhanced its education loan offering to students to enable larger numbers to avail quality education programmes. This has been achieved by removing the cap on loan values and widening the range of courses for which they can be used.

Additionally, the Bank has worked with Education Boards to digitise the payment of remuneration to faculty who offer their services during examinations. This has expedited the pace of these payments, brought transparency to the process, and ultimately resulted in higher

participation rates by faculty members to conduct examinations seamlessly. Online submission of claims has also helped the boards and faculties of these institutions overcome logistical challenges posed by the pandemic in submitting and processing such claims.

The Bank also recognises the critical role played by educators and has been committed to improving their lives. A new initiative under the banner of #SalaamDilSey was launched this year for Teacher's Day. Industry leaders from across the HDFC Group and others spoke at a special webinar aimed at helping teachers simplify their family finances. Attended by 1,300+ teachers, the webinar was well-received and will now become an annual affair given its success.

## Boosting and protecting farmer incomes

The Bank has been consistently assisting the Government focused sectors such as agriculture and allied industries.

In line with the Central Government's focus on developing Farmer Producer Organisations (FPO), the Bank has powered the platform created by a state agriculture department with integrated digital payment channels. This has enhanced farmers' access to a common platform for trading and buying agri-produce and supplies. The platform has also helped revenue optimisation on crop yields by farmers. The Bank has also helped digitise the financial operations for the dairy

industry by offering an integrated solution for the entire ecosystem, thus driving transparency in the process and improving planning since it provides visibility into both the demand and supply ends of the business.

In the current year, your Bank became the first private sector Bank to be empanelled with the Agriculture Insurance Company of India (AIC), for marketing their insurance products. Through this partnership, the Bank aims to provide financial security and income stability to farmers, in the event of natural calamities that affect their crop yield.

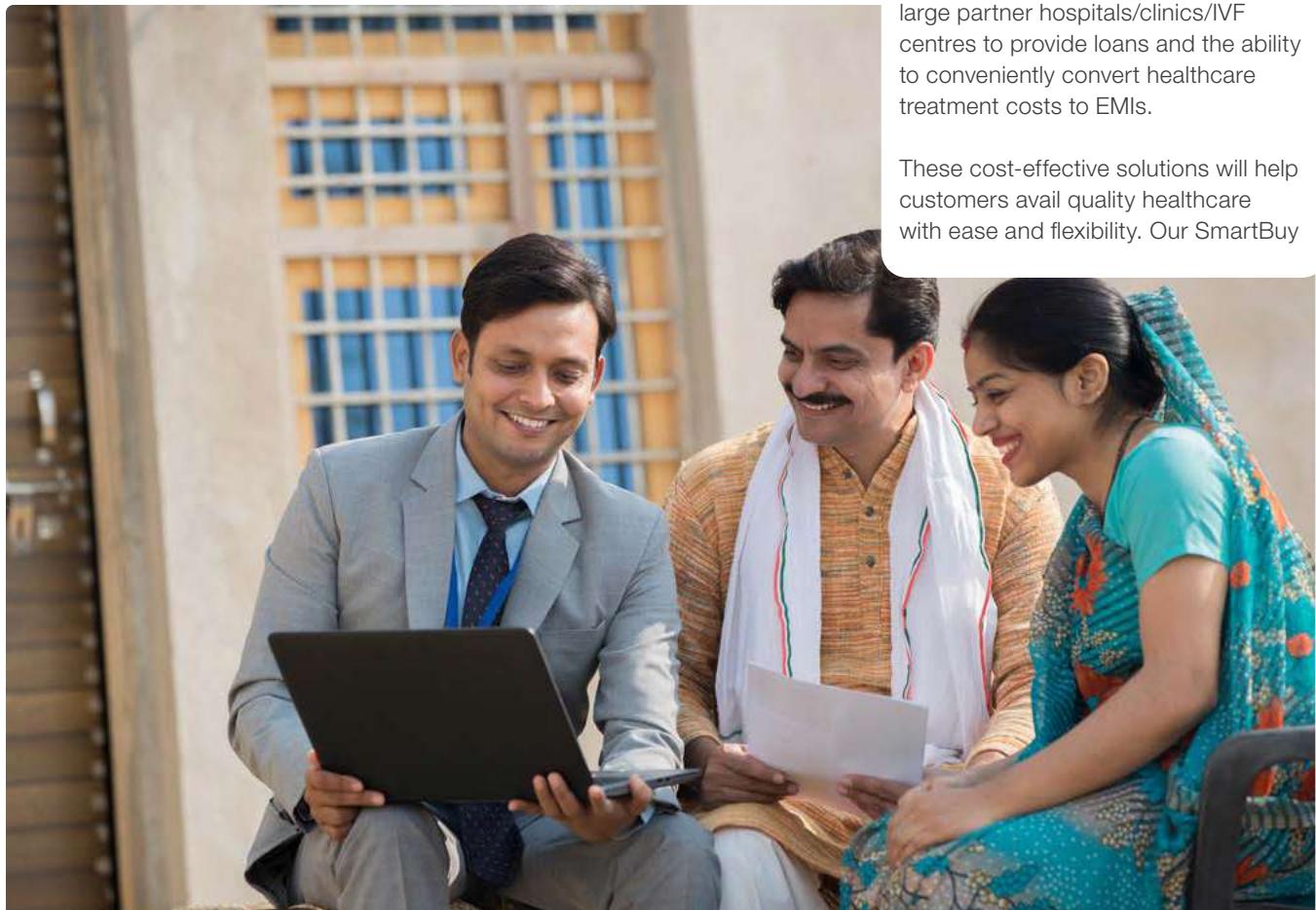
**₹70,000 Cr+**  
VALUE OF AGRI PROCUREMENT

## Making India healthy

The Bank extended its focus on healthcare during the pandemic. It enabled the smooth transfer of funds from state apex bodies to primary and secondary healthcare centres and village level hospitals. Our services also included digitisation of processes, expenditure reporting, providing digital platforms for centralised monitoring of fund utilisation, etc. The Bank has also enabled state health departments to distribute funds in a timely manner to ASHA Workers as compensation for extending healthcare services to end beneficiaries.

The pandemic provided new avenues for customising banking solutions across various segments. With the continued focus on enhancing affordability, we have enabled several large partner hospitals/clinics/IVF centres to provide loans and the ability to conveniently convert healthcare treatment costs to EMIs.

These cost-effective solutions will help customers avail quality healthcare with ease and flexibility. Our SmartBuy





platform provides a large range of offers that help customers reduce their expenses on healthcare and wellness.

The Bank has alliances with 150+ providers including players in diagnostic, pharmaceutical and hospital care. Attractive membership benefit programmes are provided to customers as a value-added service across segments.

Two special programmes, providing customised banking and financial services benefits have also been created especially for doctors.

## Digitisation and modernisation of citizen services

The Bank continued its participation in the digitisation and modernisation of Government to Citizen (G2C) services. This has not only helped optimise resources in Government organisations but also helped deliver services remotely. It includes services like payment of taxes, online collections of charges and fees by transport authorities as well as online tracking of case status with legal authorities like Motor Accident Claim Tribunals (MACT). This has also helped the authorities deliver un-interrupted services during the pandemic.

## Taking banking to the unbanked

The Bank continued to leverage Common Service Centres (CSCs) to reach the last mile. The Bank expanded its product range in the last year to include all liability, assets and payments products. We also initiated the delivery of Government sponsored social security schemes and enabled Business Correspondents to assist in collection of delinquent EMIs. Managed by Village Level Entrepreneurs (VLEs), the CSCs are instrumental in increasing our penetration in deeper geographies. The distribution network built through



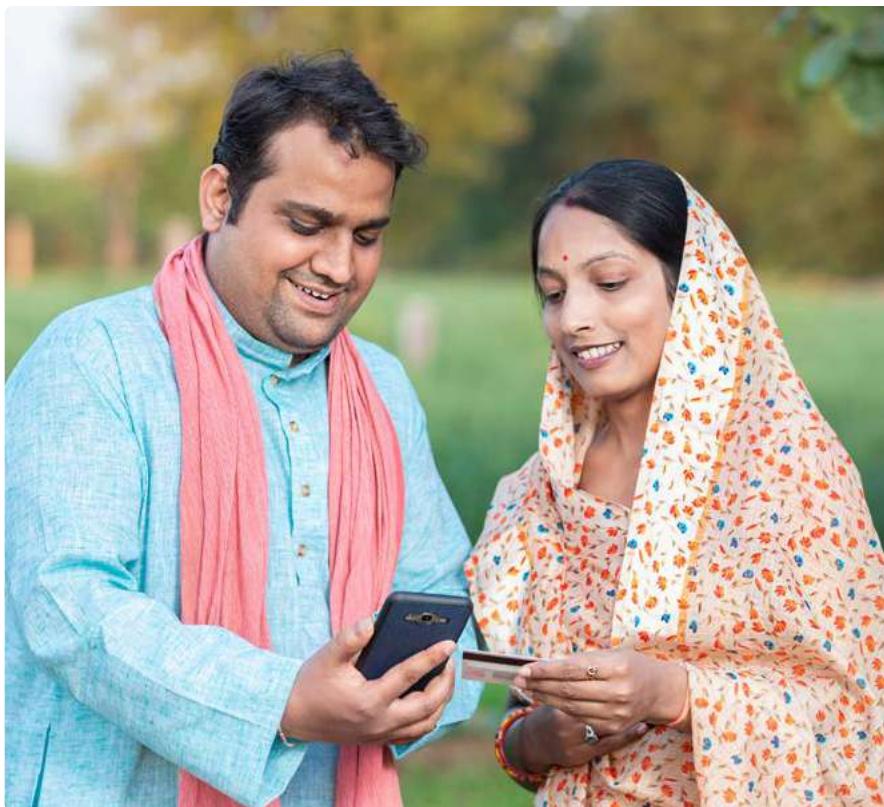
CSC now includes 4 Lakh+ centres across India for banking services. Of this, more than 68% are in semi-urban and rural areas. We also have 15,000+ centres enabled across India for conducting banking transactions.

### Social Security Schemes: 17,500+ enrolled for SSL schemes across APY, JBY & SBY

EMIs collected: 62,000+ transactions across Retail and SLI/JLG loans

The approach in deeper geographies is based on the ecosystem around the distribution network, our digital capabilities and rule-based underwriting to provide seamless service. In the process of training our VLEs, which includes women, we equip them with digital skills and make them self-reliant by enabling them to function as a small branch. To scale further into deeper geographies by replicating our success with CSC, we have also signed MOUs with additional partners. We are driven by the aspiration to provide banking products and services to the vast unbanked and underserved sections of the society.

Women empowerment is furthered by training 1.3 Lakh+ women from 19,600+ SHGs, making them financially self-reliant and positively impacting the lives of more than 6 Lakh fellow countrymen in semi urban and rural areas. Under the Stree Swabhiman initiative, sanitary napkin making units have been provided



to women VLEs, to manufacture economic and hygienic pads. These are provided to 12,500 school-going girls who have been adopted for a year by the Bank, thereby creating an ecosystem of menstrual hygiene access.

**10 Lakh citizens in the hinterlands were able to register for their COVID-19 vaccinations at CSCs with the Bank's support. Registration costs for all 10 Lakh citizens was funded by the Bank.**

### Driving digitisation in Rural Banking

We have integrated 30+ APIs which power the digital delivery of 25+ best-in-class financial products and services to the last mile customer. We have also funded the digital infrastructure set-up for 4,000 villages supporting the Digi Gaon initiative of the Government.

**Best Practice  
in Digital  
Transformation  
2021**

AT THE COVETED CII-DX 2021 FORUM



# The DNA of a responsible banker

**Our governance framework forms the bedrock of our value creation process. At HDFC Bank, stringent regulatory compliance is a given. Beyond compliance, our practices aim to embody the principles of ethical conduct, independence, responsibility, accountability, and transparency in true spirit. This is reflected in our strategic thinking, decision-making, monitoring processes and underlines all our activities and operations.**

We are led by a diverse, experienced and competent Board. The Board, along with its committees, institutes policies and frameworks on ethical conduct, anti-corruption, anti-money laundering, compliance, IT, information security, ESG, and customer satisfaction, among others, and monitors their implementation. We strive to adhere to best practices in corporate governance, such as alignment of executive pay to company performance, disclosure of Board evaluation outcomes, and wide scope of whistle-blower policy, to name a few.



## Board expertise and competence

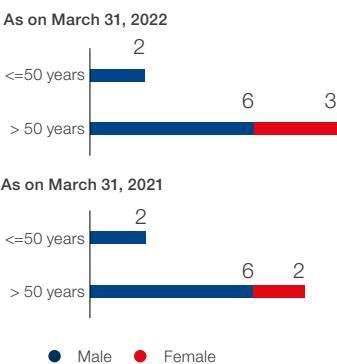
Our Board is diverse and inclusive, comprising of members with rich experience to fulfil its governance role and related responsibilities, objectively and effectively. Our Board includes members with varied skill sets and competencies across banking and allied sectors such as finance, agriculture, rural economy, risk management, small scale industries and technology.

The Board also seeks opinions from external experts whenever required. Further information on the skills, expertise and competence of our Board is included in our Corporate Governance Report on Page 385.

## Beyond compliance

At HDFC Bank, compliance with regulatory requirements is just the starting point for good governance practices. We have consistently ensured that the composition of the Board and its Committees, in terms of independence, diversity in skills, expertise and gender, meets and at times, exceeds the requirements prescribed by regulations.

### BOARD DIVERSITY BY AGE AND GENDER



## Independence in Committee composition

We ensure a high level of independence in the composition of our Board Committees. The below Committees are chaired by an independent director.

(Percentage of Independent Directors)



- CSR & ESG Committee
- Stakeholders' Relationship Committee
- Risk Policy & Monitoring Committee
- Nomination & Remuneration Committee
- Audit Committee

## 'Leadership' category organisation in Corporate Governance by IIAS

The Indian Corporate Governance Scorecard is developed by Institutional Investor Advisory Services India Limited (IIAS) with support from International Finance Corporation (IFC) and BSE Limited. The scorecard is built around the G20/OECD Principles of Corporate Governance, which are the globally accepted benchmark for corporate governance. In the 2021 scorecard (published in February 2022), HDFC Bank was one of the 20 companies which ranked in the 'LEADERSHIP' category. For more details, please refer to <https://www.iiasadvisory.com/governance-scorecard>.





## Board initiatives and involvement

The Board provides leadership and strategic guidance in shaping our procedures and processes for value creation. The key focus areas in FY22 included adherence to regulatory compliance, creating a strong technological backbone to mitigate IT and operational risks, infrastructure scalability, talent management and ESG commitments.

## Culture of transparency and accountability

We strive to inculcate global best practices in governance, timely disclosures and fair presentation of information. Transparency and accountability are among the key expectations of stakeholders. We have put in place policies and processes that allow for a sufficient and visible flow of information with adequate safeguards in place. We have also formulated a Code of Practices and Procedures for Fair Disclosures in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code lays down principles of prompt disclosure along with uniform

and universal dissemination of information. Further, the Board has also approved the following policies which are available on our website: <https://www.hdfcbank.com/personal/about-us/corporate-governance/codes-and-policies> for easy reference:

- Policy on Appointment and Fit and Proper criteria for Directors
- Whistle Blower Policy
- Compensation Policy

## Policies and frameworks for ethical conduct

To ensure a pervasive culture of ethical behaviour, we have created an environment and instituted policies and frameworks that encourage appropriate business conduct. These policies are communicated regularly to the management, employees and other stakeholders.

Our corporate governance policies include:

- Code of Ethics/Conduct
- Policies to prevent insider trading, govern related-party transactions
- Policies around Prevention of Sexual Harassment (POSH)

- Environmental Social & Governance (ESG) Policy Framework

Transparency and accountability are embedded in our culture. Our Code of Ethics/Conduct directs the Board and senior management to uphold our values and carry out business worldwide with integrity and highest ethical standards. As per our Conduct Philosophy, we do not employ child, forced or compulsory labour in our operations. Our Whistle-blower Policy provides a comprehensive framework for capturing and addressing stakeholder complaints/grievances. In FY22, we had 147 whistle-blower complaints filed by various stakeholders including shareholders, employees, customers and value chain partners. The nature of complaints varied; while some were linked to corruption and improper business practices, others pertained to behavioural issues. We did not make any political contributions.

Our publicly available Conduct Philosophy codifies mechanisms to deal with issues related to mental or physical coercion or verbal abuse, sexual harassment, sexual abuse, slavery, of employees. During FY22, there were no complaints of infringement of human rights.

We have a 'Zero Tolerance' policy on sexual harassment and an internal complaints committee is in place to address such complaints. During the year, we received 51 complaints pertaining to sexual harassment, of which 48 were resolved during the year. For more information, please refer to our Corporate Governance Report on Page 385.

PERSON-HOURS SPENT  
ON HUMAN RIGHTS TRAINING

**2 Lakh+ Hrs**

## Anti-corruption, Anti-bribery, and Anti-money Laundering (AML)

We have focused programmes consisting of Foreign Corrupt Practices Act and Bribery Act, Code of Ethics and Commitment, Trade-based Money Laundering, and KYC and AML norms to enable effective training on anti-corruption, anti-bribery and anti-money laundering. Our operations are assessed for corruption and any complaints by any stakeholder can be raised through our whistle-blower mechanism.

EMPLOYEES TRAINED ON  
ANTI-CORRUPTION, AML AND  
KYC TRAININGS

**68,087**

CONFIRMED INCIDENTS\* WHEREIN  
EMPLOYEES WERE DISMISSED OR  
DISCIPLINED FOR CORRUPTION IN FY22

**7**

## Customer satisfaction

The Customer Service Committee of the Board (CSCB) works towards continuously improving the quality of services rendered to the customer. It also ensures the implementation of directives received from the RBI in this regard. Accordingly, the CSCB formulates the Bank's comprehensive deposit policy, incorporating the issues arising out of the product approval process, annual survey of depositor satisfaction, and the triennial audit of such services, among others. We ensure strict adherence to market conduct regulations and have defined frameworks in place to maintain transparency in communications to our customers and clients. During FY22, we did not record any new cases of non-compliance concerning product and service information and labelling, or marketing communications.

During the year, we undertook several initiatives to strengthen our IT systems, augment capabilities and increase resiliency. To read more about our initiatives, refer Pg. 78 (Digitisation).

During FY22, we received no complaints regarding identified leaks, thefts, or losses of customer data with respect to data security. During the same period, we received 298 complaints from customers concerning breaches of customer privacy, 1 complaint from an outside party and 19 from regulatory bodies. The major areas of customer complaints in FY22 were related to unauthorised transactions done through UPI, unauthorised usage through Credit Card, unauthorised transactions done through NetBanking, unauthorised usage through Debit Card online and failed transactions at the Bank's ATMs.

We have a transparent Grievance Redressal Mechanism that ensures quick and effective resolution of complaints. Customers can reach out to us through multiple channels including retail branches, phone banking application, website and net banking application and retail asset customer service centres. Any grievance received, either verbally, by email or in writing, if not resolved and responded to on the same day, is logged into CRMnext – a state-of-the-art web-based system or Vision Plus (for Credit Card related issues). The CRMnext system has the capability to record and categorise grievances into different types and maintain turnaround times (TAT) for specific category/sub-category. It also has an auto escalation mechanism for cases not resolved within the defined TAT. This not only ensures proper recording and resolution of cases, but also provides for effective escalation channels in case of delays in resolution. Acknowledgement is provided for every grievance logged, in the form of a Complaint Reference

Number (CRN), and the customer is kept informed in case of any delay envisaged by the Bank, in resolution of the grievance beyond the stated timelines.

Apart from direct grievances from customers, grievances received through various regulatory bodies including Reserve Bank of India and Banking Ombudsman are handled by designated Nodal Officers. The Bank has also appointed an Internal Ombudsman as per the guidelines prescribed by the Reserve Bank of India. Denial/partial denial cases are referred to the Internal Ombudsman for guidance. The decision of the Internal Ombudsman is binding on the Bank.

## ESG governance

ESG matters are a vital component in the Bank's governance framework. The CSR and ESG Committee of the Board oversees the Bank's sustainability and climate change initiatives. The Board level committee is guided by the ESG apex committee. The ESG apex committee that comprises of key representatives from the senior management, oversees sustainability reporting initiatives, climate change disclosures, internal projects to ensure reduction of our overall emissions and tracks its progress on ESG, to achieve industry leadership. This Committee is further supported by ESG action sub-committees which includes Product Responsibility Sub-committee, which looks at ESG risks (including climate risks) in the existing portfolio and ESG-linked opportunities; the Environment Sub-committee which oversees the environmental impact from our operations and Social and Governance Sub-committee which works on workplace policies and governance initiatives.

# Leveraging expertise



**Atanu Chakraborty**

Part Time Chairman and  
Independent Director



**Umesh Chandra  
Sarangi**

Independent Director



**Renu Karnad**

Non-Executive Director



**Malay Patel**

Independent Director



**Sunita Maheshwari**

Independent Director



**Lily Vadera**

Independent Director



**MD Ranganath**

Independent Director



**Sanjiv Sachar**

Independent Director



**Sandeep Parekh**

Independent Director



**Sashidhar Jagdishan**

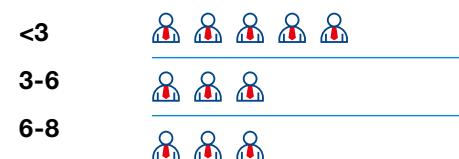
Managing Director and Chief  
Executive Officer



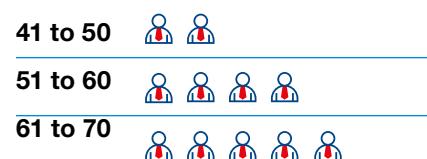
**Kaizad Bharucha**

Executive Director

## Length of service of Directors (Years)



## Age group of Directors (Years)



AVERAGE EXPERIENCE OF BOARD  
MEMBERS

31 Years

THE BOARD ARE INDEPENDENT  
DIRECTORS

~72%

WOMEN DIRECTORS ON THE BOARD

3

# Driving a future-ready organisation

**Sashidhar Jagdishan**

Managing Director and Chief Executive Officer

**Kaizad Bharucha**

Executive Director

**Anjani Rathor**

Chief Digital Officer

**Arup Rakshit**

Group Head - Treasury- Sales, Analytics and Overseas

**Nirav Shah**

Group Head - Corporate Banking and PSUs

**Parag Rao**

Group Head - Payments Business, Digital &amp; IT

**Rahul Shukla**

Group Head - Commercial Banking and Rural Business

**Rakesh Singh**

Group Head - Investment Banking, Private Banking, Marketing and Products

**Arvind Kapil**

Group Head - Retail Assets and SLI

**Arvind Vohra**

Group Head - Retail Branch Banking

**Ashima Bhat**

Group Head - Business Finance &amp; Strategy, Administration, Infrastructure, ESG &amp; CSR

**Ashish Parthasarthy**

Group Head - Treasury, GIB, NRI, Overseas and Tele-Service Channels

**Ramesh Lakshminarayanan**

Chief Information Officer

**Raveesh Bhatia**

Group Head - Emerging Corporates Group

**Sampath Kumar**

Group Head - NRI Domestic &amp; Overseas Business, Third Party Products and Tele-Sales &amp; Service Relationships

**Sanmoy Chakrabarti**

Chief Risk Officer

**Benjamin Frank**

Group Head - Wholesale Credit



Group Head - Operations, ATM and Cash Management Product



Group Head - Internal Audit and Quality Initiatives Group



Chief Credit Officer



Group Head - Government and Institutional Business, Partnerships, Ecosystems, Inclusive Banking and Start-ups



Chief Financial Officer



Chief Human Resources Officer

# Continuing our growth journey

	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
Interest income	35,064.87	41,135.53	48,469.91	60,221.45
Interest expense	19,253.75	22,652.90	26,074.23	32,629.93
<b>Net interest income</b>	<b>15,811.12</b>	<b>18,482.63</b>	<b>22,395.68</b>	<b>27,591.52</b>
Other income	6,852.62	7,919.64	8,996.34	10,751.72
<b>Net revenues</b>	<b>22,663.74</b>	<b>26,402.28</b>	<b>31,392.02</b>	<b>38,343.24</b>
Operating costs	11,236.11	12,042.20	13,987.55	16,979.69
<b>Operating result</b>	<b>11,427.63</b>	<b>14,360.08</b>	<b>17,404.47</b>	<b>21,363.55</b>
Provisions and contingencies :	1,677.01	1,588.03	2,075.75	2,725.61
Loan loss provisions	1,234.21	1,632.58	1,723.58	2,133.63
Others	442.80	(44.56)	352.17	591.98
<b>Profit before tax</b>	<b>9,750.62</b>	<b>12,772.05</b>	<b>15,328.72</b>	<b>18,637.94</b>
Provision for taxation	3,024.34	4,293.67	5,112.80	6,341.71
<b>Profit after tax</b>	<b>6,726.28</b>	<b>8,478.38</b>	<b>10,215.92</b>	<b>12,296.23</b>
<b>Funds :</b>				
Deposits	2,96,246.98	3,67,337.48	4,50,795.65	5,46,424.19
Subordinated debt	16,586.75	16,643.05	16,254.90	15,090.45
Stockholders' equity	36,214.15	43,478.63	62,009.42	72,677.77
Working funds	4,21,327.31	4,91,599.50	5,95,695.13	7,40,796.07
Loans	2,39,720.64	3,03,000.27	3,65,495.04	4,64,593.96
Investments	1,11,303.21	1,00,111.88	1,56,833.82	1,95,836.29
<b>Key Ratios :</b>				
Earnings per share (₹) <sup>1</sup>	14.24	17.74	21.08	24.42
Return on equity	20.07%	20.88%	20.36%	17.97%
Tier 1 capital ratio	11.08%	11.77%	13.66%	13.22%
Total capital ratio	16.80%	16.07%	16.79%	15.53%
Dividend per share (₹) <sup>1</sup>	2.75	3.43	4.00	4.75
Dividend payout ratio	22.77%	22.68%	23.62%	23.51%
Book value per share as at March 31 (₹) <sup>1</sup>	76.10	90.62	123.70	143.74
Market price per share as at March 31 (₹) <sup>2</sup>	312.68	374.40	511.35	535.58
Price to earnings ratio	21.95	21.11	24.26	21.93

₹ 1 Cr = ₹ 10 Million

<sup>1</sup> 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

<sup>2</sup> Source : NSE (prices for years prior to 2019-2020 have been divided by two to reflect the sub-division of shares)

<sup>3</sup> Basis RBI notifications dated April 17, 2020 and December 4, 2020

<sup>4</sup> Basis RBI notification dated April 22, 2021

<sup>5</sup> Proposed

	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
	69,305.96	80,241.35	98,972.05	1,14,812.65	1,20,858.23	1,27,753.12
	36,166.74	40,146.49	50,728.83	58,626.40	55,978.66	55,743.53
	<b>33,139.22</b>	<b>40,094.86</b>	<b>48,243.22</b>	<b>56,186.25</b>	<b>64,879.57</b>	<b>72,009.59</b>
	12,296.49	15,220.31	17,625.87	23,260.82	25,204.89	29,509.90
	<b>45,435.71</b>	<b>55,315.17</b>	<b>65,869.09</b>	<b>79,447.07</b>	<b>90,084.46</b>	<b>1,01,519.49</b>
	19,703.32	22,690.36	26,119.37	30,697.53	32,722.63	37,442.19
	<b>25,732.39</b>	<b>32,624.81</b>	<b>39,749.72</b>	<b>48,749.54</b>	<b>57,361.83</b>	<b>64,077.30</b>
	3,593.30	5,927.49	7,550.08	12,142.39	15,702.85	15,061.83
	3,145.30	4,910.43	6,394.11	9,083.32	11,450.19	10,119.38
	448.00	1,017.06	1,155.97	3,059.07	4,252.66	4,942.45
	<b>22,139.09</b>	<b>26,697.32</b>	<b>32,199.64</b>	<b>36,607.15</b>	<b>41,658.98</b>	<b>49,015.47</b>
	7,589.43	9,210.57	11,121.50	10,349.84	10,542.46	12,054.12
	<b>14,549.66</b>	<b>17,486.75</b>	<b>21,078.14</b>	<b>26,257.31</b>	<b>31,116.52</b>	<b>36,961.35</b>
	6,43,639.66	7,88,770.64	9,23,140.93	11,47,502.29	13,35,060.22	15,59,217.44
	13,182.00	21,107.00	18,232.00	18,232.00	17,127.00	21,795.25
	89,462.38	1,06,295.03	1,49,206.32	1,70,986.03	2,03,720.83	2,40,092.94
	8,63,840.19	10,63,934.32	12,44,540.69	15,30,511.26	17,46,870.52	20,68,535.05
	5,54,568.20	6,58,333.09	8,19,401.22	9,93,702.88	11,32,836.63	13,68,820.93
	2,14,463.34	2,42,200.24	2,93,116.07	3,91,826.66	4,43,728.29	4,55,535.69
	28.59	33.88	39.33	48.01	56.58	66.80
	18.04%	18.22%	16.30%	16.76%	16.60%	16.90%
	12.79%	13.25%	15.78%	17.23%	17.56%	17.87%
	14.55%	14.82%	17.11%	18.52%	18.79%	18.90%
	5.50	6.50	7.50	Nil <sup>3</sup>	6.50 <sup>4</sup>	15.50 <sup>5</sup>
	23.32%	23.26%	23.36%	NA <sup>3</sup>	11.54% <sup>4</sup>	23.28% <sup>5</sup>
	174.56	204.80	273.94	311.83	369.54	432.95
	721.28	964.50	1,159.45	861.90	1,493.65	1,470.35
	25.23	28.47	29.48	17.95	26.40	22.01

# Recognised across platforms

National Rural Livelihood Mission (NRLM),  
Ministry of Rural Development, Govt of India

## **Best Performing Bank in SHG Linkage**

Euromoney Private Banking and  
Wealth Management Survey 2022

## **Ranks No. 1 in the Mass/Super Affluent clients category (US\$100K to US\$5m)**

PWM Global Private Banking Awards 2021

## **Best Private Bank in India**

FinanceAsia Country Awards for  
Achievement 2021

## **Best Bank in India**

Asiamoney Asia Private Banking Awards 2021

## **Best for wealth transfer/succession planning in India 2021**

CII Digital Transformation Award 2021

## **'Most Innovative Best Practice' for financial inclusion — HDFC Bank and Government of India's Common Service Centres (CSC) partnership**

Euromoney Awards for Excellence 2021

## **Best Bank in India**

Business Today India's Best Banks

## **Best Large Bank**

ABF Corporate & Investment  
Banking Awards 2021

## **Corporate & Investment Bank of the Year - India**

Asiamoney Asia's Outstanding Companies Poll 2021

## **Most Outstanding Company in India**

Business Today India's Best Companies to work for

## **Ranked Best Company to work for in the BFSI sector**

Great Place To Work Institute

## **Certified as a 'Great Place To Work' for 2021-22**

# Assurance Statement



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## Independent Limited Assurance Statement to HDFC Bank Limited on its non-financial disclosures in the Integrated Annual Report for Financial Year 2021-22

To the Management of HDFC Bank Limited, HDFC Bank House, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400013

### Introduction

We ('KPMG Assurance and Consulting Services LLP', or 'KPMG') have been engaged for the purpose of providing assurance on the selected non-financial disclosures presented in the Integrated Annual Report ('the Report') of HDFC Bank Limited ('HDFC Bank' or 'the Company') for FY 2021-22. Our responsibility was to provide limited assurance on the Report content as described in the scope, boundary, and limitations.

### Reporting Criteria

HDFC Bank has developed its report based on the applicable accounting standards and has incorporated the principles of the International Integrated Reporting Framework (<IR>) published by the International Integrated Reporting Council (IIRC).

HDFC Bank's non-financial performance reporting criteria has been derived from Global Reporting Initiative (GRI) Standards 'in-accordance' comprehensive option.

### Assurance Standards Used

We conducted our assurance in accordance with

- Limited Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.
  - Under this standard, we have reviewed the information presented in the Report against the characteristics of relevance, completeness, reliability, neutrality and understandability.
  - Limited assurance consists primarily of enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement.

### Scope, Boundary and Limitations

- The scope of assurance covers select non-financial disclosures of HDFC Bank for the period 01 April 2021 to 31 March 2022.

The Disclosures<sup>1</sup> subject to assurance were as follows:

#### General Disclosures

- Organization Profile: 102-8
- Reporting Practice: 102-48, 102-49, 102-50, 102-51, 102-52, 102-53 and 102-55

#### Topic Specific Disclosures

- Environmental
  - 302 Energy 2016: 302-1, 302-3
  - 305 Emissions 2016: 305-1, 305-2, 305-3\*, 305-4
  - 306 Effluents and Waste 2016: 306-2

<sup>1</sup> For details regarding the disclosures please refer the GRI Content Index in Integrated Annual Report on Page 126-130.



- Social
  - 401 Employment 2016: 401-1, 401-3
  - 404 Training and Education 2016: 404-1, 404-2
  - 405 Diversity and Equal Opportunity 2016: 405-1
  - 413 Local communities 2016: 413-1

\*The data disclosed under 305-3 is restricted to limited upstream and downstream categories. Employee business travel (Air, Rail and Road), Upstream leased assets (Other ATMs) Purchased goods and services (paper consumption) and Waste generated from operations (E-waste disposed)

The boundary of the Report covers HDFC Bank operations in India which include:

1. 6338 branches and 18130 ATMs
2. 29 currency chests
3. 255 corporate and regional offices
4. 37 training centers and guest houses
5. 5 Data centers

The data review and validation were conducted through the Corporate office which collates the data for pan India locations. The review and management interactions were performed virtually using screen sharing tools. Based on the information provided by HDFC Bank, we have assessed the internal controls and systems.

The assurance scope excludes following:

- Aspects of the Report other than those mentioned in the scope mentioned above
- Data and information outside the defined reporting period
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim, future intention provided by the Company and assertions related to Intellectual Property Rights and other competitive issues.
- Data related to Company's financial performance
- Data review outside the operational sites as mentioned in the boundary above
- Strategy and other related linkages expressed in the Report

#### **Assurance Procedures**

Our assurance process involves performing procedures to obtain evidence about the reliability of specified disclosures. The nature, timing and extent of procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the selected non-financial disclosures whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the preparation of the Report in order to design assurance procedures that are appropriate in the current circumstances.

Our assurance procedures also included:

- Assessment of HDFC Bank's reporting procedures regarding their consistency with the application of GRI Standards.
- Evaluating the appropriateness of the quantification methods used to arrive at the non-financial disclosures presented in the Report.
- Review of systems and procedures used for quantification, collation, and analysis of non-financial disclosures included in the Report.
- Understanding the appropriateness of various assumptions, estimations and materiality thresholds used by HDFC Bank for data analysis.
- Discussion with the relevant stakeholders and data owners responsible for collecting the data and information presented in the report
- Review of selected key performance data as defined in scope, boundary and limitations was carried out on a sample basis through video conferencing with corporate office
- Site visits for CSR programmes conducted in Akbarpur and Bhawapur villages in Uttar Pradesh

Appropriate documentary evidence was obtained to support our conclusions on the information and



data verified. Where such documentary evidences could not be collected due to sensitive nature of the information, our team verified the same with the HDFC Bank during virtual interactions.

#### **Conclusions**

We have reviewed selected non-financial disclosures in the report of HDFC Bank for FY 2021-22. Based on our review and procedures performed, nothing has come to our attention that causes us not to believe that the non-financial performance data and information as per the scope of assurance presented in the Report is appropriately stated, in all material respects and in accordance with GRI Standards.

Data representation and calculation related errors were detected but the same were resolved during the assurance process. There is a scope for enhancing the understanding of the performance disclosures among the data owners. We have provided our observations to the Bank in a separate management letter. These, do not, however, affect our conclusions regarding the Report.

#### **Independence**

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 (Revised) standard.

Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQC 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

#### **Responsibilities**

HDFC Bank is responsible for developing the Report contents. HDFC Bank is also responsible for identification of material sustainability topics, establishing and maintaining appropriate performance management, internal control systems and derivation of performance data reported. This statement is made solely to the Management of HDFC Bank in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to HDFC Bank those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than HDFC Bank for our work, for this report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. Our report is released to HDFC Bank on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Prathmesh Raichura

Partner

KPMG Assurance and Consulting Services LLP

20 June 2022

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Description</b>	<b>Page Number(s) and/or URL(s)/Section</b>
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102-53		Contact point for questions regarding the report	At the end of this table.
102-54		Claims of reporting in accordance with the GRI Standards	2
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**Dear Stakeholders,**

Your Directors take great pleasure in presenting the 28<sup>th</sup> Annual Report on the business and financial operations of your Bank, together with the audited accounts for the year ended March 31, 2022.

Like last year, let me start by wishing all of you health and happiness on behalf of the HDFC Bank family. The entire world has learnt the importance of this all over again during the pandemic.

The good news is that the pandemic more or less appears to be behind us, thanks to the pick-up in the vaccination program rolled out by the Union Government and the virus mutants being less and less dangerous. As the shadow over the health of individuals lifts, the health of the economy has been improving too.

India's GDP grew by 8.7 per cent in FY 2021-22 compared to a contraction of 6.6 per cent in FY 2020-21 as per the Central Statistical Organisation (CSO), surpassing pre-pandemic levels of output. The biggest drivers of growth were pick up in investment and exports. Capital expenditure was led by the Union Government, with the private sector playing a supporting role. The Government and the RBI also announced a host of measures to contain the impact of the second wave on domestic economic activity. This was followed by stepping up allocation on capital expenditure in the Union Budget for FY 2022-23 by 24.5 per cent to ₹ 7.5 lakh crore.

The economy now faces headwinds from rising inflationary pressures brought about by supply chain disruptions and geopolitical tensions, particularly the Ukraine crisis. This can affect private consumption, lead to reduced profit margins due to rising input costs and slowdown the recovery in the private sector capital expenditure cycle.

In an effort to contain inflation, the RBI on May 4, 2022 in an off cycle announcement, hiked the policy rate by 40 basis points to 4.4 per cent and increased the Cash Reserve Ratio by 50 basis points to 4.5 per cent. It further hiked the Repo Rate by another 50 points to 4.90 per cent in the June 8, 2022 Monetary Policy announcement.

To sum up, despite the current headwinds, India is expected to be the fastest growing economy in the world in FY 2022-23, clocking a 7.3 per cent growth rate, and is well poised to withstand any external volatility and shocks.

**(For more details, please refer to the Macroeconomic and Industry section on page no. 135)**

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

**Financial Parameters**

Your Bank recorded an improvement in a 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 was an important element in the Bank's performance. Net Profit at ₹ 36,961.3 crore went up by 18.8 per cent. Net Interest Income at ₹ 72,009.6 crore rose 11.0 per cent. Net Interest Margin stood at 4.0 per cent. Gross Non-Performing Assets (NPAs) at 1.17 per cent was among the lowest in the industry.

**GNPA  
1.17 per cent**  
Among the lowest in the industry

**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 9.6 crore people, predominantly in rural India. Driving this change is the Sustainable Livelihood Initiative (SLI) team, which works on improving livelihood

opportunities. The ‘Teaching-The-Teacher’ initiative has impacted over 2 crore students since inception. The Holistic Rural Development Programme has touched 9.88 lakh households across more than 3,335 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 736.01 crore.

### CSR SPEND

**₹736.01 crore**

in FY 2021-22

For further details on Parivartan please refer to page no. 94.

### Summary

The economy recovered in FY 2021-22 and India is expected to be the fastest growing economy in the world in FY 2022-23. There are of course inflationary pressures, but the country has the ability to absorb these and the uncertainties brought about by geopolitical issues. In the long run, the market presents tremendous opportunities given the sheer level of under penetration of banking services in the country. Your Bank is well positioned to capitalise on these opportunities given the strength of its franchise. It has geared up for the years ahead through its Future Ready Strategy. This can be envisaged as 10 strategic pillars backed by key enablers to catalyse, create and capture the next wave of growth. **(To know more about this please refer to page no. 32)**

Your Bank is also poised to make a greater contribution to bridge the urban-rural divide through both its business and social activities and help build a country where more can prosper together.

This will, of course, not be possible without the contribution of the ever-growing family of over two lakh employees (including those of the subsidiaries) across the country, who remain at the forefront of taking your Bank forward every day. In the previous two financial years, which were characterised by the pandemic, our colleagues went beyond the call of duty to keep the bank functioning. Many of them soldiered on despite the loss of loved ones. We also lost some colleagues during the pandemic.

While we structured and delivered a compassion package to the families of the deceased, no word or action can adequately convey our sorrow.

Your Directors would also like to place on record that we did not reduce salaries during this trying period. Your Bank paid bonuses and increments on time in the year under review and followed the normal promotion cycle. It is doing the same this year as well.

### 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, your 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 Bank did not lose its human touch but continued 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

Particulars	For the year ended/As on	
	March 31, 2022	March 31, 2021
Deposits and Borrowings	1,744,034.6	1,470,547.5
Advances	1,368,820.9	1,132,836.6
Total Income	157,263.0	146,063.1
Profit Before Depreciation and Tax	50,615.3	42,961.4
Profit After Tax	36,961.4	31,116.5
Profit Brought Forward	73,652.8	57,492.4
Total Profit Available for Appropriation	110,614.1	88,608.9
<b>Appropriations</b>		
Transfer to Statutory Reserve	9,240.3	7,779.1
Transfer to General Reserve	3,696.1	3,111.6
Transfer to Capital Reserve	666.5	2,291.7
Transfer to / (from) Investment Reserve	233.1	61.7
Transfer to / (from) Investment Fluctuation Reserve	-	1,712.0
Dividend pertaining to previous year paid during the year	3,592.4	-
Balance carried over to Balance Sheet	<b>93,185.7</b>	<b>73,652.8</b>

## Dividend

The Board of Directors of the Bank, at its meeting held on April 23, 2022, has recommended a dividend of ₹ 15.50 (Fifteen Rupees Fifty Paise only) per equity share of ₹ 1/- (Rupee 1 only) each, for the financial year ended March 31, 2022. This translates to a Dividend Payout Ratio of 23.28 % of the profits for the financial year ended March 31, 2022.

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 Payout 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 payment 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 payment 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.

Instrument	Rating	Rating Agency	Comments
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 Option Scheme (ESOP)

As on March 31, 2022, the issued, subscribed and paid up capital of your Bank stood at ₹ 5,545,540,976/- comprising 5,545,540,976 equity shares of ₹ 1/- each. Further, 32,764,494 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** of the Directors' Report).

## Capital Adequacy Ratio (CAR)

As on March 31, 2022, your Bank's total CAR, calculated as per Basel III Regulations, stood at 18.9 per cent, well above the regulatory minimum requirement of 11.70 per cent, including a Capital Conservation Buffer of 2.50 per cent and an additional requirement of 0.20 per cent on account of the Bank being identified as a Domestic Systemically Important Bank. Tier I Capital was at 17.9 per cent as of March 31, 2022.

**TOTAL CAR**  
**18.9 per cent**

well above regulatory minimum requirement of 11.70 per cent

## Management Discussion and Analysis

### Macroeconomic and Industry Developments

The Indian economy expanded in FY 2021-22, surpassing pre-pandemic levels of output. As per the Central Statistical Organisation, GDP grew by 8.7 per cent compared with a contraction of 6.6 per cent in FY 2020-21. Growth was supported

by reopening of the economy and a pick-up in the vaccination rate. Private consumption recovery picked up pace (registered a growth of 7.9 per cent in FY 2021-22) and rose above pre-pandemic levels. The biggest support came from a pick-up in investment (supported by Government capital expenditure and some revival in private capital expenditure) and strong export growth.

In addition, both the Central Government and the RBI announced a host of measures to contain the impact of the second wave on domestic economic activity. The Government focused on providing relief and credit flow to small business, health, tourism sectors and other service sectors that were affected by the pandemic. On the monetary policy side, the RBI kept its stance accommodative and policy rates unchanged at 4.0 per cent in FY 2021-22 and announced measures to provide liquidity support. Some of the measures included extension of Targeted Long Term Repo Operations (TLTRO), providing on-tap liquidity window for contact intensive sectors, and extension of priority sector lending.

Economic activity is poised to gain further momentum in FY 2022-23 supported by a recovery in consumption, continued rise in exports and a push through Government capital expenditure. In the Union Budget for FY 2022-23, the Government increased its allocation on capital expenditure by 24.5 per cent (from FY 2021-22 Revised Estimates) to ₹ 7.5 lakh crore. In addition, it announced measures in the Union Budget for FY 2022-23 such as extension of credit guarantee scheme by a year and an increase in guaranteed amount earmarked for the hospitality sector. This was to address the sectors worst affected by the pandemic.



However, recent geopolitical tensions do present some headwinds for the growth outlook. Higher crude oil prices and resulting higher fuel and transportation costs are likely to weigh on private consumption. In addition, higher input costs are likely to put stress on profit margins and could slow down the recovery in the private capex cycle. Moreover, lower global growth (due to a slowdown in China and geopolitical tensions) could have a bearing on India's export demand. The International Monetary Fund expects the world economy to grow at a slower pace of 3.6 per cent in 2022 from 6.1 per cent in 2021. On balance, India's GDP growth is expected to rise by 7.3 per cent in FY 2022-23, making it the fastest growing economy in the world. External stability related indicators (short-term debt, Forex reserves, FDI flows) show that India is better positioned than the 2013 taper tantrum episode to withstand shocks.

Besides growth, geopolitical tensions and lingering supply side disruptions are likely to weigh on domestic retail inflation as well. CPI headline inflation rose to an 8-year high of 7.8 per cent in April-22 (vs. 6.95 per cent in March-22) led by a broad-based increase in food prices, which rose to a 17-month high, fuel and core inflation (CPI excluding food and fuel). Core inflation rose to around 8-year high of 7.0 per cent in Apr-22. Going forward, CPI inflation is expected to average at 7.3 per cent in H1 FY23 and ease to 6.2 per cent in H2 FY23 assuming crude oil prices average at USD 105 pbl in FY23. For the full FY23, CPI inflation is expected to average at 6.7 per cent, assuming a normal monsoon, some moderation in global commodity prices in H2, and elevated services inflation. Support from recently announced excise duty cuts on petrol and diesel is likely to be offset by some pass through of high crude oil prices to pump prices by Oil Marketing Companies to cover up their under recoveries.

To rein in elevated inflation amid Russia-Ukraine crisis, the RBI raised rate by 40 bps in an off-cycle meeting on 4<sup>th</sup> May 2022 and delivered another rate hike of 50 bps in its June 2022 policy, taking the repo rate to 4.9%. The central bank justified its rate action as a step to control the second-round impact of inflationary pressures and an effort to anchor inflation expectations. The RBI raised its inflation forecast by 100 bps to 6.7% for FY23. On the liquidity front, the central bank reiterated that it would provide enough liquidity in the system --- balancing any change due to its FX operations, Government spending or seasonality - in a manner that the normalization is non-disruptive for growth. The average liquidity in the system as of May 2022 stood at INR 5.2 lakh crore. The MPC voted to remain focused on withdrawal of accommodation in a calibrated fashion to ensure inflation remains within the RBI's upper band while supporting growth. The RBI dropped the phrase "remain accommodative" from its stance. RBI's concern about the broad-based nature of the increase in inflation and the risk of the second-round impact on inflation expectations makes a case for an aggressive path by the central bank going forward. The policy rate is likely to be raised well beyond the pre-pandemic level, close to 5.75-6% by fiscal year-end. (HDFC Bank expectations).

Overall, the Indian economy recovered from the impact of the pandemic in FY 2021-22 and is estimated to be the fastest growing economy in the world in FY 2022-23. Though there are new headwinds that could cloud the economic outlook, India is better positioned (as gauged by external indicators) to withstand extreme volatile episodes/shocks.

## Financial Performance

The financial performance of your Bank during the year ended March 31, 2022, remained healthy with Total Net Revenue (Net Interest Income plus Other Income) rising 12.7 per cent to ₹ 101,519.5 crore from ₹ 90,084.5 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 11.0 per cent to ₹ 72,009.6 crore coupled with a Net Interest Margin (NIM) of 4.0 per cent.

**TOTAL NET REVENUE**  
**12.7 per cent growth**

Other Income grew by 17.1 per cent to ₹ 29,509.9 crore. The largest component was Fees and Commissions at ₹ 19,536.6 crore. Gain on Revaluation and Sale of Investments was ₹ 2,282.6 crore. Foreign Exchange and Derivatives Revenue was ₹ 3,907.9 crore, and recoveries from written-off accounts were ₹ 2,765.1 crore.

The outbreak of the COVID-19 pandemic had led to a nationwide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. Since then, India experienced two waves of the COVID-19 pandemic following the discovery of mutant coronavirus variants, leading to the reimposition of regional lockdowns which were subsequently lifted. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The disruptions following the outbreak impacted loan originations, the sale of third-party products, the use of credit and debit cards by customers and the efficiency in collection efforts resulting in increase in customer defaults and consequent increase in provisions there against. India is emerging from the COVID-19 pandemic. The extent to which any new wave of COVID-19 will impact the Bank's results will depend on ongoing as well as future developments, 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 us.

Operating (Non-Interest) Expenses rose to ₹ 37,442.2 crore from ₹ 32,722.6 crore. During the year, your Bank set up 734 new branches and 2,043 ATMs / Cash Deposit and Withdrawal Machines (CDMs). This, along with higher spend on IT, resulted in higher infrastructure and staffing expenses. Staff expenses also went up due to employee additions and annual wage revisions. Further, Deposit Insurance and Credit Guarantee Corporation (DICGC) premium cost increased due to deposit growth and rate increase. Despite higher staff and infrastructure expenses, the Cost to Income Ratio was 36.9 per cent as compared to 36.3 per cent during the previous year.

### NEW BRANCHES

**734**

in FY 2021-22

Total Provisions and Contingencies were ₹ 15,061.8 crore as compared to ₹ 15,702.8 crore in 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 in the form of contingent provisions of approximately ₹ 1,000.0 crore.

The Coverage Ratio based on specific provisions alone excluding write-offs was 72.7 per cent and including general, floating and contingent provisions was 182.3 per cent. Your Bank made General Provisions of ₹ 1,257.9 crore during the year. Gross Non-Performing Assets (GNPAs) were at 1.17 per cent of Gross Advances, as against 1.32 per cent in the previous year. Net NPA ratio stood at 0.32 per cent as against 0.40 per cent in the previous year.

Profit Before Tax grew by 17.1 per cent to ₹ 49,015.4 crore. After providing for Income Tax of ₹ 12,054.1 crore, Net Profit increased by 18.8 per cent to ₹ 36,961.3 crore from ₹ 31,116.5 crore. Return on Average Net Worth was 16.90 per cent while Basic Earnings Per Share was ₹ 66.80 up from ₹ 56.58.

As on March 31, 2022, your Bank's Total Balance Sheet stood at ₹ 2,068,535 crore, an increase of 18.4 per cent over ₹ 1,746,871 crore on March 31, 2021. Total Deposits rose by 16.8 per cent to ₹ 1,559,217 crore from ₹ 1,335,060 crore. Savings Account Deposits grew by 26.8 per cent to ₹ 511,739 crore while Current Account Deposits rose by 12.8 per cent to ₹ 239,311 crore. Time Deposits stood at ₹ 808,168 crore, representing an increase of 12.3 per cent. CASA Deposits accounted for 48.2 per cent of Total Deposits. Advances stood at ₹ 1,368,821 crore, representing an increase of 20.8 per cent. Domestic Loan Portfolio of ₹ 1,337,504 crore grew by 20.3 per cent over March 31, 2021.

## NET PROFIT 18.8 per cent increase

in FY 2021-22

### Business Review

Your Bank's operations are split into Domestic and International.

#### A) Domestic Business comprises the following:

##### Retail Banking

The Retail Business operated under challenging circumstances in the year under review but these were less pronounced compared with the previous year. This business is directly linked to consumption, which slowed down in general during the lockdown. The lockdown was less severe in the year under review and as the unlock gathered momentum, the business too gained momentum with Domestic Retail Advances rising by 13.7 per cent.

Domestic Retail Deposits grew by 18.5 per cent to ₹ 1,262,093 crore from ₹ 1,064,684 crore in the preceding year, while Retail Advances rose 13.7 per cent to ₹ 599,608 crore from ₹ 527,586 crore.

Personal Loans continue to exhibit strong growth with overall portfolio reaching ₹ 1,40,000 crore at the end of the year. A greater focus on the Government segment as well as top corporates resulted in improved portfolio quality.

This year, your Bank maintained leadership position in Auto Loan segment, which underwent supply chain constraints, by outpacing industry growth, thus increasing marketshare and crossing ₹ 100,000 crore.

There is continued focus on digitalising processes and customer touchpoints to better your Bank's reach. After the great success of Personal Loan in 10 Seconds, Digital Loan Against Shares and Digital Loan against Mutual Funds, the Bank has recently launched an end-to-end digital car loan process (Application to Disbursement). This is an industry first car loan process with a completely digital, contactless and paperless experience, wherein New to the Bank customers can avail disbursement within 30 Minutes (which includes Video KYC Process) and existing pre-approved customers can get loan disbursement in 10 seconds.

The Payments Business, where your Bank has a strong presence not only acts as a catalyst for cashless transactions but also spurs consumption. With 4.30 crore debit cards, 1.65 crore credit cards and about 28.94 lakh acceptance points, 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.

RBI, through its order dated December 2, 2020, advised your Bank to immediately (i) stop sourcing of new credit card customers and (ii) stop all launches of digital business generating activities planned under program Digital 2.0.

RBI lifted the restrictions on new credit card acquisitions in August 2021 followed by the removal of the embargo on the Digital 2.0 program in March 2022.

The Bank has since been working on the following four pillars: making credit cards more powerful and customer focused, entering into strategic alliances and forging partnerships, enhancing focus on customers' experience and complaints and digitalising the user journeys

**CREDIT CARDS IN FORCE**  
1.65  
crore

The Virtual Relationship Management practice is an integrated customer centric approach covering three pillars - Virtual Relationships, Virtual Sales and Virtual Care. A banking experience with digital ease and personalised conversations is at the core of our VRM strategy. As digital or contactless banking became a necessity during the pandemic, this programme gained further traction in the year under review. Under VRM, relationship managers reach out to customers through remote and digital platforms resulting in deeper and cost effective engagement. As digital literacy and exposure increases exponentially, VRMs are gaining wider acceptance through deeper engagement and relationships backed by a strong product offering.

Meanwhile, your Bank also added 734 branches during the year, taking the total to 6,342. As of March 31, 2022, the Bank's distribution network was at 6,342 branches and 18,130 ATMs / Cash Deposit & Withdrawal Machines (CDMs) across 3,188 cities / towns as against 5,608 branches and 16,087 ATMs / CDMs across 2,902 cities / towns as of March 31, 2021. Fifty per cent of our branches are in semi-urban and rural areas. In addition, the Bank has 15,341 business correspondents, which are primarily manned by Common Service Centres (CSCs). The total number of customers your Bank catered to as on March 31, 2022 was over 7.10 crore, up from over 6.18 crore in the previous year.

As you are aware, 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 ₹ 3,550 crore of home loans every month in the year under review and purchased ₹ 28,205 crore as direct assignment of loans.

## Third Party Products

Your Bank distributes Life, General and Health Insurance, and Mutual Funds (third party products). Income from this business grew by 24 per cent to ₹ 4,422 crore from ₹ 3,573 crore and accounted for 23 per cent of Total Fee Income in the year ended March 31, 2022, compared with 22 per cent in the preceding year.

### Life Insurance

The open architecture adopted by your Bank for insurance distribution with eight insurers was made more robust through enhancements in digital journeys and product innovation with all the partners. End-to-end solicitation journey for all the products offered is now seamlessly integrated between the Bank and insurance partners. More than 50 products are available for solicitation on HDFC Bank NetBanking platform - which now contributes almost 50 per cent of the total policies. Premium mobilisation in Life Insurance for the year ended March 31, 2022 was ₹ 6,819 crore.

### Non-Life Insurance

In the Non-Life insurance space, your Bank along with its insurance partners, introduced new and innovative products and increased customer offerings with an objective of providing wider health insurance coverage during the pandemic. All the products offered are enabled through NetBanking and tele-sales 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 health insurance space keeping the customer requirement in mind. Premium mobilisation in General and Health Insurance stood at ₹ 2,270 crore as of March 31, 2022.

### Mutual Funds

Your Bank adopts an open architecture in Mutual Funds distribution as well and distributes funds of 35 Asset Management Companies (AMCs) with continued focus on digital journeys which enables customers to register for an online Investment Services Account (ISA); 85 per cent of ISAs are now opened through digital mediums. AUM of the Bank grew by 22.7 per cent to ₹ 92,479 crore for the year ended March 31, 2022.

### Wealth

The Private Banking Group was rebranded as HDFC Bank Wealth with a focussed strategy to reach out to Super Affluent and Mass Affluent Customers in B30 cities in addition to the

current setup in metros. In the year under review, the business has expanded to 67 new locations and is now catering to 216 cities with 46 per cent increase in total families managed and total Assets under management of Rs. 4.11 lakh crores. Your bank is on track to reach 800+ locations by the end of this financial year through a hub and spoke model. Your bank is currently ranked 2<sup>nd</sup> amongst distributors in terms of distributor managed Mutual Fund Assets under management with market share of 4 per cent. The business has been ranked No. 1 in Mass Affluent (US\$100K to US\$5m) Category by Euromoney Private Banking & Wealth Management Survey 2022 in addition to receiving prestigious awards like Best Private Bank in India by Global Private Banking Awards 2021 and Best Bank for Succession Planning by Asiamoney Asia Private Banking Awards 2021.

Our dedicated service team for Wealth Clients ensures that we deliver on our Service First philosophy. Further, to ensure transition from transactional approach of wealth management to client centric portfolio management approach, your bank tracks the Annual Recurring Revenue (ARR) of its Wealth business as a key metric of client retention. Your bank has an open architecture framework across investment products to ensure that the recommended investment options are based on robust quantitative and qualitative evaluation model re-accentuating our customer centricity. Your bank is developing a mobile first Wealth application that will leverage on advanced analytics and intuitive client experience/ journeys to provide differentiated wealth solutions across customer segments. The digital platform will focus on agile digital journeys and personalisation to cater to customers across the country. The goal is to deliver a highly personalised experience that democratises wealth management and makes it accessible for all our customers.

## **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, PSUs, large and emerging corporates, and SMEs. Your Bank's strong offerings include working capital and term loans, 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 2021-22 with a domestic loan book size of ₹ 737,896 crore, recording a growth of 26.4 per cent over the year earlier. This constituted about 55 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. And continuing to lend during the pandemic while being prudent.

Corporate Banking, which focuses on large, well-rated companies, continued to be the biggest contributor to Wholesale Banking in terms of asset size. It was able to do so as it was armed with sufficient cash due to its strong capital base and balance sheet.

In Corporate banking, your Bank refocused on its engagement with MNCs. This business also continued 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 supported customer requirements under the Production Linked Incentive Scheme. 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 year under review, the Bank continued its focus on the MSME sector. There has already been increased formalisation/digitalisation of the MSME sector due to the adoption of the Goods and Service Tax (GST). The COVID-19 pandemic led to the sector experiencing substantial stress, prompting the Union Government to identify it for special support through various schemes like Moratorium, ECLGS, ECLGS Extension and COVID support loans. Your Bank supported its customers during this period by participating in the Government schemes.

The Investment Banking business further cemented its prominent position in the Debt Capital Markets, Equity Capital Markets and INR Loan Syndication. Your Bank maintained its position amongst the top 3 in the Bloomberg rankings of Rupee Bond Book Runners for FY 2021-22, with a market share of 14.42 per cent. Your Bank is actively assisting clients in equity fund raising and was ranked 5<sup>th</sup> in the PRIME Database League Tables for IPOs and Rights Issues for FY 2021-22 for private sector issues against 9<sup>th</sup> for FY 2020-21. Your Bank is ranked 2<sup>nd</sup> in the Bloomberg rankings of Syndicated INR term loans for FY 2021-22, with a market share of 11.32 per cent against ranking of 3<sup>rd</sup> for FY 2020-21.

In the Government business, your Bank sustained its focus on tax collections, collecting direct tax (CBDT) of Rs 4,08,869.61 crore and Indirect tax (CBIC+ GST) of over Rs 2,24,712.76 crore during FY 2021-22. 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 been a pioneer in providing Digital Banking Services to its wholesale banking customers. It was an early



# Directors' Report

adopter of digital technology through the Corporate Net Banking Platform, ENet. It has now launched an upgraded Corporate Internet Banking Platform CBX which offers a better UI/UX and richer dashboard. New customers will be onboarded on this and existing customers will be migrated to this platform.

The bank has introduced a unique Supply Chain digital platform that allows its corporate clients and their supply chain network consisting of dealers, vendors, and corporate customers to connect seamlessly with the bank's system. The platform is designed to provide a convenient, easy to use and efficient interface across all supply chain products for all members of the supply chain thus enhancing customer experience.

Your 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.

## 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 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 ₹ 3,907.9 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 increased with the RBI liberalizing regulations and allowing Indian banks to participate in Non-Deliverable Offshore markets.

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 in '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.

## B) International Business

During the year, your Bank stayed on course to cater to NRI clients and deepen its product and service proposition. Your Bank has global footprints by way of representative offices and branches in countries like Bahrain, Hong Kong, the UAE and Kenya. It also has a presence in International Financial Service Centre (IFSC) at GIFT City in Gandhinagar, Gujarat.

The Bank's product strategy in International Markets is customer centric and it has products to cater to client needs across asset classes. Your Bank now has plans to extend the product offering from GIFT City Branch under Liberalized Remittance Scheme to Resident and Non Resident clients.

As on March 31, 2022, the Balance Sheet size of International Business was US\$ 7.66 billion. Advances constituted 3.12% of the Bank's gross advances. The Total Income contributed by Overseas Branches constituted 0.55% of Bank's Total Income for the year.

**INTERNATIONAL BUSINESS**  
**US \$ 7.6 + billion**  
Balance Sheet

## C) Partnering with the Government

### Government and Institutions Business

The past year has been momentous for the Government and Institutions Business vertical in your Bank. Some key Highlights for your Bank include:

1. Declared the single largest collector of direct taxes by the Controller General of Accounts, Government of India in FY 2020-21
2. Received mandates and began collecting customs duty
3. Received mandates from the Railways Board for e-freight collections, and pension business

4. Integrated with Government of India's e-National Agricultural Marketplace
5. Enabled more than 90,000 MSMEs to be eligible to transact on the Government e-marketplace
6. Processed more than 130 million transactions using Government of India's Public Financial Management System to transfer funds to beneficiaries
7. Processed about 26% of the funds flowing from the Central Government to the states for development programs under the aegis of the Centrally sponsored schemes, Central sector schemes, and 15<sup>th</sup> Finance Commission
8. Received collection mandates from the following two state Governments – Rajasthan and Himachal Pradesh

#### D) Semi-Urban and Rural

The Semi-urban and Rural markets have always been a focus of your Bank's strategy. In the last few years, your 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 (Agri & Allied activities, Small and Marginal Farmers and weaker sections etc), your Bank has been offering a wide range of products on the asset side, such as 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. The semi-urban and rural push has been backed by the Bank's digital strategy.

Your Bank's operations in Semi-urban and Rural locations are explained below:

#### Agriculture and Allied Activities

Your Bank's assets in Agriculture & Allied activities stood at ₹134,487.50 crore as on March 31, 2022.

In general, the key to your Bank's success in the existing market is 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, farm development/investment loans, two- wheeler loans, auto loans, tractor loans, small agri business 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 and non-crop segment covering agri allied and small agri business enterprises including rural MSMEs.

Your 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. It has transformed rural banking services from being product centric to customer centric.

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.

#### Participation in Government Schemes

As a part of Atmanirbhar Bharat Abhiyan, to give a fillip to the Indian economy and to make every Indian citizen self-reliant, the Government of India has announced several schemes/enablers across several sectors, more particularly in the agriculture sector.

Your Bank is implementing almost all such initiatives/schemes targeting multiple stakeholders of the agri ecosystem.

**Agricultural Infrastructure Fund (AIF) Scheme:** Through this scheme the Bank is offering medium to long-term debt facility for investment in viable projects pertaining to post harvest management, infrastructure development such as construction of warehouses/silos.

Your Bank has actively participated in agri infrastructure campaigns conducted by PMU, AIF (Ministry of Agriculture) and stood #1 amongst private sector Banks. As on March 31, your Bank has sanctioned ₹ 427 crore covering 298 projects.

**Farmer Produce Organisations (FPOs):** Leveraging the Government scheme for formation and promotion of 10k new FPOs (Credit guarantee is available from SFAC/NABARD), your Bank is funding eligible FPOs for working capital and term loan requirements. Through this initiative, your Bank will be able to reach a larger number of small and marginal farmers.

**Pradhan Mantri Formalisation of Food and Micro Enterprises (PMFME):** Your Bank is actively implementing the scheme and passing the benefits to all eligible borrowers in the food processing sector.

Other Agri schemes include Agri Marketing Infrastructure Fund, Animal Husbandry Infrastructure Fund, Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PMKUSUM), Mission for Integrated Development of Horticulture (MIDH) as well as state specific Government schemes.

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. Moreover, these services are also available on the Bank's website in vernacular languages. Kisan Dhan Vikas e-Kendra is one of its kind in the Banking Industry to reach out to farmers as a one-stop solution for all their requirements viz. loan eligibility, online application facility, training through kiosks, call an expert facility, soil testing and much more. Your Bank also provides advisory on weather, cropping and harvesting through SMS.

In line with this, the Bank also launched the e-KISAN Dhan app, a unique digital app for the rural/farming community. This is an exclusive mobile app for all rural banking and agriculture information needs from HDFC Bank.

This app aggregates crucial information required by the farmers. There have been about 100,000 downloads of the app.

Multiple needs of the farmers can be serviced such as purchase of agri inputs, agro products, information on best practices, weather alerts, mandi rates, expert advice, agri news, information on Government schemes like debt waiver, interest subvention, crop insurance and livestock centre amongst others.

## Digital Interventions

**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 1,700 milk cooperatives across 21 states, benefiting more than 5.2 lakh dairy farmers. The Dairy business witnessed 73% per cent year-on-year growth in disbursements and 61% in the book.

## Substituting Moneylenders:

The bank is making inroads into a market dominated by the unorganised sector, moneylenders and pawn brokers. The bank is keen on making the gold loan facility available across the length and breadth of the country. In FY 2021-22 your bank made gold loans available in 351 more branches taking the

total number of branches where it can be availed of to 1,362. The bank has ended the year with a portfolio of ₹ 8,367 crore.

The bank is implementing its blueprint for gold loans being made available in every branch of the country. The Bank is also planning strategically to partner with channels who have the solutions available to increase the reach.

## 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, floods and the pandemic. 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. 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, agri business, MSMEs and dairy farmers. It also continues to engage closely with farmers to mitigate risks and protect portfolio quality.

## 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. Your Bank's assets in the MSME segment stood at ₹ 313,919.49 crore as on March 31, 2022. Its Micro Enterprises assets alone stood at ₹ 112,564.77 crore as on March 31, 2022.

The MSME sector was one of the sectors identified for special support by the Government and the RBI during the pandemic through various schemes like Interest Moratorium, ECLGS, ECLGS extension, COVID support loans etc.

Your Bank has ensured support for its customers through ECLGS and ECLGS extension schemes during the year and has also supported the customers through ad hoc enhancements as needed by them. Your Bank emerged as a star performer under the ECLGS 1.0, 2.0, 3.0 and ECLGS extension schemes. It disbursed loans amounting to ₹ 17,100.89 crore to over 0.78

lakh customers in all ELGS schemes. This swift support enabled existing customers to meet their operational liabilities and helped in the smooth functioning of their businesses.

The silver lining has been that the pace of digitalisation among MSMEs has gained further momentum. This will not only help the pace of disbursement but also increase transparency in the sector. The process started with the Government's digitalisation push and the adoption of GST, which resulted in easy availability of data for banks regarding cash flows of these companies. It has been further expanded to enable customers to apply online by submitting requisite documents online and post sanction disbursement execution in digital way.

The SME portal continues to offer ad hoc approvals, pre-approved TODs on an STP basis to existing customers. They can request 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, your Bank's focus has been on customer engagement for increasing the penetration of Trade on Net applications. This 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.

### Taking Banking to the Unbanked

Your Bank is fully committed to taking banking to the remotest parts of the country through a combination of an extensive physical network and a robust digital suite of products and services. Today, about half of your Bank's outlets are located in rural and semi-urban areas. Your 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 26.02 lakh accounts under the Pradhan Mantri Jan Dhan Yojana (PMJDY) and enrolled 38.58 lakh customers in social security schemes since inception. We now rank among the leading private sector banks in this regard. In the year under review, loans to the tune of ₹ 7,028 crore to 12.76 lakh beneficiaries were extended under the Pradhan Mantri Mudra Yojana (PMMY) and nearly ₹ 216 crore to 1,014 beneficiaries under the 'Stand up India' scheme to Scheduled Caste, Scheduled Tribe and women borrowers. Your Bank also has actively supported PM Street Vendor's AtmaNirbhar Nidhi (PMSVANIDHI) a special scheme under micro-credit facility for street vendors with a collateral free affordable term loan of ₹ 10,000 for 1 year. Your Bank has disbursed ₹ 10,000 each to 16,286 street vendors to support them during the pandemic and has also educated the street vendors in using the digital mode for making financial transactions.

### Sustainable Livelihood initiative

This is primarily a social initiative with elements of business. It entails skill training, livelihood financing, and creating market linkages. (Please refer to page no. 95 for details)

### E) Environmental Sustainability

Sustainability is one of the core values of the Bank. Please refer to page no. 56 where it is covered in detail.

### F) Business Enablers

#### 1) People Transformation

People is one of the core values of the Bank. For details please refer to page no. 80.

#### 2) Information Technology

##### Summary

The Bank has accelerated the Technology and Digital Transformation with a continued focus on creating a seamless digital experience for customers. RBI, through its order dated December 2, 2020, advised your Bank to immediately (i) stop sourcing of new credit card customers and (ii) stop all launches of digital business generating activities planned under program Digital 2.0. RBI lifted the restrictions on new credit card acquisitions in August 2021 followed by the removal of the embargo on the Digital 2.0 program in March 2022. The Bank is fully geared to launch the next wave of strategic technology & digital programs which will pave the way for new customer journeys and best-in-class products and services through innovation and transformation.

Your Bank has taken significant strides to ensure further fortification of its IT infrastructure and architecture as a robust, scalable and secure ecosystem. Strategic technology initiatives such as hybrid cloud approach, DR Resiliency, capacity enhancements, data centre migration to state-of-the-art facilities, comprehensive obsolescence management and monitoring, next-gen security operations centre and more are pivotal to the Bank to move from strength to strength and usher in the next age of digital banking.

#### (A) Technology Absorption

The Bank is accelerating the technology and digital transformation agenda. It continues to stay invested in creating a seamless digital and customer experience across digital touchpoints. Your Bank's focused factory approach is enabling the building of its own capabilities to co-create Tech IP. Additionally, the imbibing of agile and DevSecOps principles and practices and cloudification of the Bank's tech stack are pivotal enablers in the next leg of its technology and digital transformation journey.



Initiatives such as DR Resiliency and the Bank's Hybrid Cloud Strategy continue to fortify its IT infrastructure and architecture backbone.

Focus on its digital programs will pave the way for the Bank to create next level neo-banking experiences for its customers. From shaping new customer journeys to introducing best-in-class products and services, transformation and innovation shall be at the forefront.

Key initiatives in this space are:

- **Vyapar:** Digital onboarding of merchants for payment acceptance and servicing of banking transactions for the merchant community
- **API based digital journeys for the auto industry:** Launched a digital API platform for auto financing
- **PayZapp 2.0:** Enhanced experience of app customers to onboard, auto-link HDFC Bank cards, wallet and limit management, transaction display via rich statement
- **Wealth management system:** A new wealth management app with client self-profiling, goal setting, mutual fund order execution and portfolio re-balancing
- **SME customer experience transformation:** New technology to support business volume at larger scale, revamp the entire SME customer experience across commercial and retail business lines
- **Biz Express:** A new web portal for SME segments covering digital on-boarding, managing their multiple accounts, making payments with hierarchy, raising GST compliant invoices for payment, multiple collection modes, raise service requests online etc.

Your Bank has taken multiple steps to ensure that its robust, scalable and secure technology set-up is strengthened even further. The Bank continues to rigorously monitor the progress against commitments to the regulator.

To this effect, significant strides were taken in the following technology areas:

## 1. Implementation of a landing zone for Hyperscalers

Your Bank has invested in a hybrid-cloud approach with the leading cloud service partners i.e., AWS, Azure and GCP. A common landing zone has been implemented across these partners to create a secure and streamlined environment for all cloud deployments in the future. The landing zone also enables the Bank's agenda of imbibing agility and DevSecOps in the technology and digital transformation journey.

## 2. Capacity Upgrades

The capacity management program has made significant inroads to ensure capacity planning and management are commensurate with the rapid business growth witnessed by the Bank. Strengthening of capacity management practices has culminated into a threshold of 70 per cent across key parameters such as user concurrency, utilisation of database, server, storage, network and security devices. This has resulted in planned capacity upgrades of critical applications such as:

- 90,000 concurrent users capacity for using NetBanking and MobileBanking.
- The foundations of the banking platform being upgraded along with modernisation of 300+ services. This enhances the Bank's scalability and capacity to cater to triple the load of UPI transactions. Successfully managing over 45 crore bank customer transactions per month which had doubled in the last 12 months. Your Bank has already been ranked among the top players as published in NPCI's UPI performance metrics dashboard. Overall, the Bank's average customer uptime was 99.94 per cent.

The senior management and the Board continue to keep strong focus on capacity, performance, scalability and availability of the Bank's critical applications.

## 3. DR and Resiliency

The Bank has notably intensified the rigour in its DR drills for critical applications and will continue to further work on strengthening its DR processes and capabilities as outlined and communicated in its periodic submissions. The pivotal enablers in this journey are:

- A rigorous focus on reducing RTO for key applications to 40-60 minutes, which has been completed for 56 key applications
- Deep automation to improve configuration drift management between primary and DR sites
- Enrichment of existing automation tools for DR to cover all DR scenarios and reduce the RTO time further
- Refactoring key applications into an 'Hot DR' / 'Active-Active' design

## 4. Migration of the Primary Data Centre

Your Bank embarked on a journey to fully migrate and consolidate its primary data centre to state-of-the-art facilities in Mumbai and Bengaluru partnering with Sify and NTT. A systematic plan helped achieve 100 per cent migration of production applications in November 2021 followed by 100 per cent migration of UAT applications in March 2022. Further, a phase-wise plan is in place to migrate the Bank's Chembur, Mumbai data centre to the NTT facility over the next 6 months.

The new facilities help ensure the Board's continued focus on ensuring a robust IT infrastructure for the Bank's applications and operations with higher customer uptimes across digital touchpoints.

## 5. Technology Obsolescence Management

A technology obsolescence program management office was established in June 2021 for comprehensive obsolescence tracking and management. Processes and procedures have been introduced to identify and remediate obsolete components 6 months before the end of support. The scope covers more than 19,000 components across the Bank's IT environment as of today. A detailed plan is in place to remediate components pertaining to high-risk applications by June 2022. The Bank continues to maintain rigorous monitoring on obsolescence through periodic reviews and reporting along with the senior management.

## 6. Cyber Security

Cyber security is at the heart of the technology transformation journey with substantial advancements being made to further fortify the Bank's infrastructure and applications. A few initiatives in this regard are:

- Foundation of a next-gen Security Operations Centre (SOC) with advanced technologies for predictive security and incident management - To this effect, the Bank has provisioned the Securonix platform on AWS and configured more than 10,000 logging sources and devices for monitoring
- Introduction of Security Orchestration, Automation & Response (SOAR) to reduce the incident response time by connecting security solutions with each other and automating the incident life cycle
- Micro-segmentation is being enabled in the data centre network to allow higher visibility across network flows as well as stronger preparedness and management against ransomware related events/incidents
- 24x7 defacement monitoring and vulnerability management of the Bank's internet properties minimise the surface area for cyber security attacks.

Technology related challenges over the past few years have only made the Bank's resolve stronger to consolidate and fortify its technology environment. Focused technology and digital investments and programs in technology are pivotal to the Bank to usher in the new age of digital banking and experiences for its customers.

## Service Quality Initiatives and Grievance Redressal

Customer Focus is one of the five core values of your Bank. Driven by this core value, your Bank has always endeavoured to improve customer experience and has adopted a holistic approach for the same across multiple channels. This is critical in a highly competitive business environment, especially since it has various lines of businesses. Ensuring product quality and service delivery becomes vital for business growth. Your Bank desires to achieve this by seeking customer feedback as well as benchmarking with best-in-class business entities. Your bank has adopted a three-step strategy with regards to Customer Service - Define, Measure, and Improve.

Your Bank has adopted a multi-pronged approach to provide an omnichannel experience to its customers. On one side, your Bank has traditional touch points like Branch, Email Management team and Phone banking, and on the other side, it has state-of-the-art platforms like NetBankinbg, MobileBanking, the chatbot Eva and the bank's exclusive social care handles which offer a wide range of channel choice to its customers. Your Bank has also improvised on the relationship-based banking programmes. In addition to the branch-based relationship managers, it also has a Virtual Relationship Manager (VRM) programme to cater to various financial needs in a personalized manner. Your Bank invites and reviews the performance on customer service as well as grievance redressal at different levels which are Branch Level Customer Service Committees (BLCSCs), Standing Committee on Customer Service (SCCS) and Customer Service Committee of the Board (CSCB). 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, the Service Quality team carries out regular reviews across various products/processes/channels. The effectiveness of the quality of service provided is also reviewed at different levels, including the Customer Service Committee of the Board.

One of the basic building blocks of providing acceptable level of customer service is to have an effective internal Grievance Redressal mechanism / framework. In this regard, the bank has outlined a framework for redressal of customer grievances and documented it in the form of a Grievance Redressal Policy – duly approved by its Board. Bank has also made this policy available in public domain (on the website as well as in the branches).

Your Bank has provided multiple channels to its customers to share feedback on its services as well as register their grievances. Your 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 in focus, your Bank has formulated a Board approved Protection Policy, which limits the liability of customers in case of unauthorized electronic banking transactions

Your Bank is on a journey to measure customer loyalty through a high velocity, closed loop customer feedback system. This customer experience transformation programme will help employees empathize 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 improvements in product, services, process, and policies.

Thanks to these initiatives, your Bank's customer complaints for FY 21-22 decreased by 21 percent from 4,67,453\* to 3,68,291.

\*Restated complaints number based on reclassification of queries into complaints from 3,25,786.

## Risk Management and Portfolio Quality

### 1) 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 environment, Liquidity Risk, Information Technology Risk and Information Security Risk have also become 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 ensures that frameworks are established for assessing and managing various risks faced by your 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 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 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 Risks
- Market Risk
- Operational Risk

- Interest Rate Risk in the Banking Book
- Liquidity Risk
- Intraday Liquidity Risk
- Intra Day Credit Risk
- Credit Concentration Risk
- Counterparty Credit Risk
- Model Risk
- Outsourcing Risk
- People Risk
- Business Risk
- Strategic Risk
- Compliance Risk
- Reputation Risk
- Technology Risk
- Group 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. In 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 to 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. Your Bank also has a robust framework for assessing Counterparty Banks, which are reviewed periodically to ensure interbank exposures are within approved appetite.

As on March 31, 2022, your Bank's ratio of Gross Non Performing Assets (GNPAs) to Gross Advances was 1.17 per cent. Net Non-performing Assets (Gross Non-Performing Assets Less Specific Loan Loss provisions) was 0.32 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 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, 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), Scenario based P&L Triggers, 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 the Bank may not be able to meet its financial obligations as they fall due without incurring unacceptable losses. Your Bank's framework for liquidity and interest rate risk management is spelt out through a well-defined Board approved Asset Liability Management Policy. As part of this process, your Bank has established various Board-approved limits, both for liquidity risk and interest rate risk in banking book. Implementation of the policy, monitoring of limits is reviewed by the Asset Liability Committee (ALCO). While the maturity gap, Basel III ratios 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 and repricing risk. 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, your Bank's average LCR stood at 121.16 per cent on a consolidated basis for FY 2021-22 as against the regulatory threshold at 100 per cent.

### Average Liquidity Coverage Ratio

**121.16 per cent**

on a consolidated basis for FY 2021-22

The Net Stable Funding Ratio (NSFR), a key liquidity risk measure under BCBS liquidity standards, is also used to measure your Bank's liquidity position. The NSFR seeks to ensure that your Bank maintains a stable funding profile in relation to the composition of its assets and off-balance sheet activities. The RBI guidelines stipulated a minimum NSFR requirement of 100 per cent at a consolidated level with effect from October 1, 2021. Your Bank has maintained the NSFR well above 100 per cent since its implementation. Based on guidelines issued by RBI, your Bank's NSFR stood at 124.00 per cent on a consolidated basis at March 31, 2022.

### Operational Risk

This is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It also includes risk of loss due to legal risk.



# Directors' Report

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 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 developing risk mitigation strategies in managing operational risk for their respective units.

The second line of defence is the ORMD, which is responsible for implementing the operational risk management framework across the Bank. It designs and develops tools required for implementing the framework including policies and processes, guidelines towards implementation and maintenance of the framework. In order to achieve the aforesaid objective pertaining to operational risk management framework, the ORMC guides and oversees the functioning, implementation and maintenance of operational risk management activities of Bank, with special focus on:

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

Internal Audit is the third 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. It has well laid down policies and processes for the 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 Information Security Practices

Your Bank operates in a highly automated environment and makes use of the latest technologies available on cloud or on Premises Data centres to support various business segments. This results in various risks such as those associated with the use, ownership, operation, involvement, influence, and adoption of IT within an enterprise, as well as business disruption due to technological failures. Additionally, it can lead to 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 & Information Security-related risks.

The three lines of defence approach is adopted for enterprise-wide Technology Risk management. The first line of defence holds primary responsibility of managing the risk and ensuring proper controls are in place.

The second line of defence defines policies, frameworks and controls. Information Technology Risk and Information Security Group addresses technology and information security related risks. A well-documented Board-approved information security policy and cyber security policy are in place. Your Bank has a robust Business Continuity and Disaster Recovery plan that is periodically tested to ensure that it can meet any operational contingencies. Further, there is 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.

For details on robust cyber security measures please refer page no. 51.

An independent assurance team within Internal Audit acts as a third line of defence that provides assurance on the management of IT-related risks.

## d. Fraud Monitoring and Control

Your Bank has put in place a Whistle Blower and Vigilance Policy and a central vigilance team that oversees the implementation of fraud prevention measures. Frauds are investigated to identify the root cause and relevant corrective steps are taken to prevent recurrence.

Fraud Monitoring committees at the senior management and Board level also deliberate on material fraud events and advise

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, support 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 the Board approved ICAAP Policy.

### **Stress Testing Framework**

Your Bank has implemented a Board approved Stress Testing Policy and Framework which forms an integral part of the Bank's ICAAP. Stress testing involves the use of various techniques to assess your Bank's potential vulnerability to extreme but plausible stressed business conditions. The changes in the levels of Pillar I risks and select Pillar II risks, along with the changes in the on and off Balance Sheet positions of your Bank are assessed under assumed 'stress' scenarios and sensitivity factors. The suite of stress scenarios include topical themes as well as prevailing geopolitical / macroeconomic / sectoral and other trends. The stress testing outcome may be analysed through capital impact and/or identification of vulnerable borrowers depending on the scenario.

### **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, Concentration Risk, Market Risk, Operational Risk,

Liquidity Risk, Interest Rate Risk on Banking Book, Technology Risk, Reputation Risk, Compliance Risk, Business Risk and others). 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 ISO22301:2019 certified Business Continuity Program in place to minimise service disruptions and potential impact on its employees, customers and business during any unforeseen adverse events or circumstances. This program is designed in accordance with the guidelines issued by regulatory bodies and is subject to regular internal, external and regulatory reviews. The central Business Continuity Office works towards strengthening the bank's continuity preparedness. The implementation is overseen by the Business Continuity Steering Committee which is chaired by the Chief Risk Officer. The Business Continuity Procedure has well defined roles and responsibilities for Crisis Management, Business Recovery, Emergency Response and IT Disaster Recovery Teams. Please refer to page no. 52 for more details.

Some of the key aspects of this program include the following:

- Presence of a Steering Committee for centralised monitoring of your Bank's Business Continuity program implementation
- Presence of Crisis Management teams for effective management of recovery operations during disruptive events
- Presence of a dedicated DR site for recovery of critical core and customer facing applications
- Decentralised recovery plans at functional and regional levels for structured and speedy recovery of operations
- Periodic drills are exercises for testing the effectiveness of these recovery plans.

These robust practices have enabled your bank to continue delivering banking services seamlessly to customers throughout the COVID-19 pandemic phases coupled with other major disruptive events. Your Bank has successfully emerged from all these difficult situations with a hybrid approach comprising of well-adopted continuity and recovery strategies like remote working (work from home), split operations, work transfer and/or staff transfer to available sites, in accordance with prevailing protocols and norms.



## 7) 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 second line of defense 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
  - (i) Daily tally of cash and near-cash items at end of day
  - (ii) 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
- (c) Reconciliation of all Suspense Accounts and establishment of responsibility in case of outstanding
- (d) 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 and Thematic 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 by use of data analytics to study trends/patterns to detect outliers (if any) and alert the Management.

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 your Bank's ICAAP, as well as evaluates the quality and comprehensiveness of your 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. The Internal Audit Department plays an important role in strengthening of the

Control functions by periodically reviewing their practices and processes as well as recommending enhancements thereof. Additionally, oversight is also kept on the functioning of the subsidiaries, related party transactions and extent of adherence to the licensing conditions of the RBI.

Any new product/process introduced in your 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 Audit Committee of the Board and a dotted line reporting to the Managing Director for administrative purposes.

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.

Your Bank besides having robust controls in place to ensure adherence to the KYC guidelines at the time of account opening also has monitoring process at various stages of the customer lifecycle including a continuous review process in the form of transaction monitoring carried out by a dedicated AML CFT monitoring team, which carries out transaction reviews for identification of suspicious patterns/trends that enables your Bank to further carry out enhanced due diligence (wherever required) 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.

## G) 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 leading retail broking firms. The financial results of the subsidiaries are prepared in accordance with notified Indian Accounting Standards ('Ind-AS').

The detailed financial performance of the companies is given below.

### Transacting customers of HSL

**12.73 lakh**

### HDFC Securities Limited (HSL)

HSL's Total Income under Indian Accounting Standards was ₹ 1,990.30 crore as against ₹ 1,399.43 crore in the previous year and Net Profit was ₹ 984.34 crore as against ₹ 703.22 crore in the previous year. The company has a customer base of 38.30 lakh to whom it offers an exhaustive range of investment and protection products. In the year under review, HSL had 12.73 lakh transacting customers. The focus on digitalisation continued. Notably, 91 per cent of its customers accessed its services digitally, against 92 per cent in the previous year.

In a conscious effort to rationalise the distribution network with greater emphasis on digital offerings, HSL consolidated its existing branches to end with 216 branches across 147 cities / towns at the end of the year. It created digital Boarding Journeys which led to more than 50 per cent customers being onboarded digitally.

In the case of Margin Trade Funding (MTF), the average book size during the year was ₹ 2,992 crore, which is more than three times the average book size of ₹ 930 crore in the last financial year. The book size at the year end stands at ₹ 3,288 crore.

Nifty rose right from the beginning of FY 2021-22 to touch a peak in mid-October 2021. It corrected later to a low in early March 2022. An upward bounce later led to Nifty closing the fiscal not very far from the all-time high of October 2021. The Indian equity market gave solid returns in FY 2021-22, despite geopolitical turmoil playing spoilsport in the last quarter of the financial year. Nifty50 recorded an impressive 19 per cent year-on-year gain and ended the financial year with the second-best returns in seven years. Broader markets also put up an impressive performance. The Nifty Midcap 100, up more than 25 per cent y-o-y, and the Nifty Smallcap 100, up more than 29 per cent y-o-y, out performed the benchmark in FY 2021-22. Sectoral indices also posted decent performance during this period.



# Directors' Report

As on March 31, 2022, your Bank held 95.96 per cent stake in HSL.

## **HDB Financial Services Limited**

Incorporated in 2007, HDB is a leading NBFC that caters to the evolving needs of its customers by re-imagining opportunities and fulfilling their aspirations. It has a strong network of over 1,374 branches spread across 989 cities/towns. HDB's net interest income grew 9.4 per cent to ₹ 5,037.5 crore for the year ended March 31, 2022, from ₹ 4,605.0 crore in the year ended March 31, 2021. Profit for the year under review was ₹ 1,011.4 crore against ₹ 391.5 crore in the previous year. Its Assets Under Management for the year ended March 31, 2022 stood at ₹ 61,444.3 crore compared to ₹ 61,560.7 crore in the previous year.

HDB offers a comprehensive suite of products and service offerings that are tailor-made to suit its customers' requirements, including first-time borrowers and the under-served segments.

## **Products and Services**

HDB is engaged in the business of Financing, fee-based products and BPO services.

**Financing:** HDB offers a diverse range of product offerings (secured and unsecured) to various customer segments. These include Consumer Loans, Enterprise Loans, Asset Finance and Micro-Lending.

### **Consumer Loans**

Consumer loans are offered to customers to buy consumer durables, lifestyle products and digital products. HDB also provides personal and Gold loans to individuals for personal, family or household purposes to meet their short or medium term requirements. The Company also provides auto loans and two-wheeler loans.

### **Enterprise Loans**

HDB offers secured and unsecured loans designed for SMEs, including working capital and term loans.

### **Asset Finance**

HDB offers loans for the purchase of new and used commercial vehicles and construction equipment that generate income for the borrowers. The customer base includes fleet owners, first time users, first time borrowers and captive use buyers.

### **Micro Lending**

HDB offers micro-loans to borrowers through the Joint Liability Groups (JLGs) framework. With Micro-Lending, HDB endeavours to empower and promote financial inclusion within these sections, thus resulting in sustainable development of the nation.

## **Fee-based products/Insurance Services**

HDB is a registered Corporate Insurance Agent having licence from Insurance Regulatory & Development Authority of India (IRDAI). The company is engaged in the sale of both Life and General (Non-Life) Insurance products.

## **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. The division also delivers back-office services such as forms processing, documents verification, finance and accounting services and correspondence management and front office services such as contact centre management and outbound marketing.

## **The Enablers**

HDB's presence across diverse digital channels has enabled the company to offer a wide variety of financial solutions to its customers. HDB's customers can access and manage their loan account 24/7 through its Mobile Banking Application - 'HDB On The Go', Customer Service Portal to manage the loan account, Missed Call Service, WhatsApp Account Management Service and the Chatbot #AskPriya.

As on March 31, 2022, your Bank held 94.96 per cent stake in HDB.

## **Other Statutory Disclosures**

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

Fourteen (14) meetings of the Board were held during the year under review. The details of Board meetings held during the year, attendance of Directors at the meetings and constitution of various Committees of the Board are included separately in the Corporate Governance Report.

### **Annual Return**

In accordance with the provisions of Companies Act, 2013, the Annual Return of the Bank in the prescribed Form MGT-7 is available on the website of the Bank at the link <https://www.hdfcbank.com/personal/about-us/investor-relations/annual-reports>.

### **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.

## Details in respect of frauds reported by auditors under section 143 (12)

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 Auditors 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, 2022 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.

During the year ended March 31, 2022, fees paid to MSKA & Associates and M.M. Nissim & Co. LLP and their respective network firms on consolidated basis are as follows:

Fees (excluding 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	(₹ in crores)
Statutory Audit*	3.85	-	-	
Certification & other attestation services	1.88	-	-	
Non-audit services	-	-	-	
Outlays	0.02	-	-	
Total	5.75	-	-	

\*Out of the total statutory audit fees, ₹ 3.30 crore were approved at the AGM held on July 17, 2021 and the balance ₹ 0.55 crore is proposed to the shareholders for approval at the ensuing AGM

## Disclosure under Foreign Exchange Management Act, 1999

As far as FEMA compliances in relation to strategic downstream investments in the Bank's subsidiaries is concerned, during the year under review, there have been no strategic downstream investments made by Bank in its subsidiaries. Accordingly,

- 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

M. M. Nissim & Co. LLP, Chartered Accountants and MSKA & Associates, Chartered Accountants, have conducted the joint statutory audit of the Bank for FY 2021-22, pursuant to the approval of the RBI and the shareholders of the Bank.

The Board of Directors, on the recommendation of the Audit Committee, has finalized for recommendation to RBI for approval, the name of M/s. Price Waterhouse LLP, Chartered Accountants as the first preferred firm to act as Joint Statutory Auditors of the Bank in relation to the Financial Years 2022-23, 2023-24 and 2024-25, subject to approval of the shareholders at the ensuing Annual General Meeting (AGM). This firm shall act as the Joint Statutory Auditors along with M.M. Nissim & Co. LLP, Chartered Accountants for the remainder of the latter's tenure.

Appropriate resolutions in this regard are also being proposed at the ensuing AGM.

the Bank has obtained a certificate from MSKA & Associates, Chartered Accountants, to this effect.

## Corporate Social Responsibility

The brief outline of the CSR policy of the Bank and the initiatives undertaken by the Bank on CSR activities during the year are



set out in **Annexure 2** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. This Policy is available on the Bank's website at <https://v1.hdfcbank.com/csr/index.aspx>.

## Related Party Transactions

Particulars of contracts or arrangements 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 3**.

## Particulars of Loans, Guarantees or Investments

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186 of the Companies Act, 2013, except sub-section (1), do not apply to a loan made, guarantee given or security provided 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 number 10 of Schedule 18 of the Financial Statements as per the applicable provisions of the 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 4** 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 values and conduct business worldwide with integrity and highest ethical standards, the Bank has also adopted a "Whistle Blower Policy" to encourage and empower the Employees/ Stakeholders to make or report any Protected Disclosures under the Policy, without any fear of reprisal, retaliation, discrimination or harassment of any kind.

This Policy has also been put in place to provide a mechanism through which adequate safeguards can be provided against victimization of employees who avail of this mechanism. The policy would cover and will be applicable to the Protected Disclosures related to violation/ suspected violation of the Code of Conduct including (a) breach of applicable law; (b) fraud or corruption; (c) leakage/suspected leakage of unpublished price sensitive information which are in violation to SEBI (Prohibition of Insider Trading) Regulations, 2015 and related internal policy

of the Bank, i.e. Share Dealing Code of the Bank, (d) wilful data breach and/ or unauthorized disclosure of Bank's proprietary data including customer data.

All Protected Disclosures made under the policy shall be made to the Whistle Blower Committee through the following modes; (a) By letter in a closed / sealed envelope addressed to Whistle Blower committee, (b) by submission of the same on the information portal of the Bank, (c) by way of an email addressed to [whistleblower@hdfcbank.com](mailto:whistleblower@hdfcbank.com). In exceptional circumstances, the Whistle Blower may make such Protected Disclosures directly to the Chairperson of the Audit Committee of the Bank.

All Protected Disclosures received under this Policy would be examined by the Whistle Blower Committee and further assign the investigation to an appropriate Investigation Officer(s) depending on the nature of the subject matter of the Protected Disclosure. The Investigation Authority shall place the investigation report in respect of any Protected Disclosure before the Whistle Blower Committee together with any other supporting documents which may be required by the Whistle Blower Committee and shall discuss the findings of the investigation with the Whistle Blower Committee. After review of the investigation report and the requisite supporting documents, the Whistle Blower Committee shall take the necessary actions in relation to the Protected Disclosure.

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. During the financial year 2021-22, a total of 147 such complaints were received and taken up for investigation which has resulted in certain staff actions in 47 cases post investigation. The broad categories of whistle blower complaints were in the areas of improper business practices, behavioural related issues and corruption.

The Policy is available on the website of the Bank at the link-  
<https://www.hdfcbank.com/personal/about-us/corporate-governance/codes-and-policies>

## Securities Class Action Suit

On September 3, 2020, a securities class action lawsuit was filed against the Bank and certain of its current and former officers in the United States District Court for the Eastern District of New York. The complaint was amended on February 8, 2021. The amended complaint alleges that the Bank, its former Managing Director, Mr. Aditya Puri, and the present Managing Director & CEO, Mr. Sashidhar Jagdishan made materially false and misleading statements regarding certain aspects of the Bank's business and compliance policies, which resulted in the Bank's American Depository Share price declining on July 13, 2020

thereby allegedly causing damage to the Bank's investors. On April 9, 2021, the Bank, Mr. Puri, and Mr. Jagdishan served their motion to dismiss the amended complaint, and on July 23, 2021, they served their reply brief in support of the motion and filed all of the motion papers. The Court held oral argument on the motion to dismiss on January 14, 2022, and the motion remains pending before the Court. The Bank believes that the asserted claims are baseless and without merit and intends to vigorously defend against the allegations.

## **Material Developments: Proposed Scheme of Amalgamation**

The Board of Directors of HDFC Bank Limited ('HDFC Bank') at its meeting held on April 4, 2022, approved a composite scheme of amalgamation ('Scheme') for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of the Housing Development Finance Corporation Limited ('HDFC Limited'), with and into HDFC Limited and (ii) HDFC Limited with and into HDFC Bank and matters related thereto.

With effect from the appointed date and upon the amalgamation of HDFC Limited with and into HDFC Bank becoming effective, HDFC Limited along with all its assets, liabilities, contracts, employees, licenses, records and approvals being their respective integral parts shall stand transferred to and vest in or shall be deemed to have been transferred to and vested in HDFC Bank, as a going concern.

Upon the Scheme becoming effective and in consideration of the proposed amalgamation of HDFC Limited with and into HDFC Bank, HDFC Limited will stand dissolved without being wound up and the shareholders of HDFC Limited as on the record date will receive 42 shares of HDFC Bank (each of face value of ₹ 1), for 25 shares held in HDFC Limited (each of face value of ₹ 2). This share exchange ratio has been arrived at based on a joint valuation report submitted by two Registered Valuers and independent Chartered Accountancy firms appointed by HDFC Bank and HDFC Limited, which was supported by a Fairness Opinion provided by two SEBI registered merchant bankers.

During the period between the approval of the Scheme by the respective boards of HDFC Bank and HDFC Limited and up to the effectiveness of the Scheme, the business of HDFC Bank and HDFC Limited shall be carried out with reasonable diligence and business prudence in the ordinary course, consistent with past practice, in accordance with the applicable laws and as mutually agreed.

The Board of Directors of HDFC Bank and HDFC Limited have opined that the proposed amalgamation would be in the best interest of the respective companies, their shareholders,

employees, creditors and other stakeholders, since the proposed amalgamation will yield advantages as set out, *inter alia*, below:

- (a) the amalgamation, through the Scheme, shall enable HDFC Bank to build its housing loan portfolio and enhance its existing customer base;
- (b) The amalgamation is based on leveraging the significant complementarities that exist amongst the parties to the Scheme. It would create meaningful value for various stakeholders including respective shareholders, customers, employees, as the combined business would benefit from increased scale, comprehensive product offering, balance sheet resiliency and the ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others;
- (c) HDFC Bank is a private sector bank and has a large base of over 6.8 Crore customers. The Bank platform will provide a well-diversified low cost funding base for growing the long tenor loan book acquired by the HDFC Bank pursuant to the amalgamation;
- (d) HDFC Bank is a banking company with a large distribution network that offers product offerings in the retail and wholesale segments. HDFC Limited is a premier housing finance company in India and provides housing loans to individuals as well as loans to corporates, undertakes lease rental discounting and construction finance apart from being a financial conglomerate. A combination of HDFC Limited and HDFC Bank is entirely complementary to, and enhances the value proposition of, HDFC Bank;
- (e) HDFC Bank would benefit from a larger balance sheet and networth which would allow underwriting of larger ticket loans and also enable a greater flow of credit into the Indian economy;
- (f) HDFC Limited has invested capital and developed skills and has set up approximately 464 (Four Hundred and Sixty Four) offices across the country. These offices can be used to sell the entire product suite of both HDFC Bank and HDFC Limited;
- (g) The loan book of HDFC Limited is diversified having cumulatively financed over 9 million dwelling units. With HDFC Limited's leadership in the home loan arena, developed over the past 45 years, HDFC Bank would be able to provide to customers flexible mortgage offerings in a cost-effective and efficient manner;
- (h) HDFC Bank has access to funds at lower costs due to its high level of current and savings accounts deposits (CASA). With the amalgamation of HDFC Limited with and into HDFC Bank, HDFC Bank will be able to offer more competitive housing products;



- (h) HDFC Limited's rural housing network and affordable housing lending is likely to qualify for HDFC Bank as priority sector lending and will also enable a higher flow of credit into priority sector lending, including agriculture;
- (i) the amalgamation will result in reducing HDFC Bank's proportion of exposure to unsecured loans;
- (j) HDFC Limited has built technological capabilities to evaluate the credit worthiness of customers using analytical models, and has developed unique skills in financing various customer segments. The models have been tested and refined over the years at scale and HDFC Bank will benefit from such expertise in underwriting and financing of mortgage offerings;
- (k) HDFC Bank can leverage on the loan management system, comprising rule engines, IT tools and rules, agents connected through a central system;
- (l) The amalgamation is expected to result in bolstering the capital base and bringing in resiliency in the balance sheet of HDFC Bank.
- (m) HDFC Investments Limited and HDFC Holdings Limited are Systemically Important Non - Deposit Taking Non - Banking Financial Companies and are also wholly owned subsidiaries of HDFC Limited. The proposed amalgamation shall result in simplified corporate structure.

The Scheme is subject to receipt of requisite approvals, including from statutory and regulatory authorities, as required under applicable laws. The scheme has been filed with BSE Limited, National Stock Exchange of India Limited and Reserve Bank of India.

## Statement on Declaration by Independent Directors

Mr. Atanu Chakraborty, Mrs. Lily Vadera, Mr. Malay Patel, Mr. M. D. Ranganath, Mr. Sanjiv Sachar, Mr. Sandeep Parekh, Dr. (Mrs.) Sunita Maheshwari and Mr. Umesh Chandra Sarangi are the Independent Directors on the Board of the Bank as on March 31, 2022.

Pursuant to the provisions of Section 149 of the Act, the Independent Directors have submitted declarations that each of them meets 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. 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.

## Board Performance Evaluation

The performance evaluation of the Board, Committees of the Board and the individual members of the Board (including the Chairman) for FY 2021-22, was carried out internally pursuant to the framework laid down by the Nomination and Remuneration Committee (NRC). A questionnaire for the evaluation of the Board, its Committees and the individual members of the Board (including the Chairman), designed in accordance with the said framework and covering various aspects of the performance of the Board and its Committees, including composition, roles and responsibilities, Board processes, Boardroom culture, adherence to Code of Conduct and Ethics, quality and flow of information, as well as measurement of performance in the areas of strength and areas of focus, as identified in the previous year's evaluation, was sent out to the Directors. The Committees were evaluated inter alia on parameters such as composition, terms of reference, quality of discussions, contribution to Board decisions and balance of agenda between the Committee and the Board. 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 performance of Non-Independent Directors on key personal and professional attributes was also carried out at the meeting of Independent Directors. The assessment of performance of the Independent Directors on the Board (including Chairman) was subsequently discussed by the Board. In addition to the above parameters, the Board also evaluated 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.

The evaluation brought out the cohesiveness of the Board, a Boardroom culture of trust and cooperation, and Boardroom discussions which are open, transparent and encourage diverse viewpoints. Other areas of strength included effective discharge of Board's roles and responsibilities. Some of the areas of focus for the Board going forward included increasing time dedicated to strategy- competitive positioning and benchmark, long term succession planning and talent management, improvement in Board processes and quality of information. The Board also noted that while there has been positive development in the areas of focus identified in the previous year's evaluation, efforts need to continue in that direction. The appropriate feedback was conveyed to the Board members and other concerned stakeholders, for suitable action.

## 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://www.hdfcbank.com/personal/about-us/corporate-governance/codes-and-policies>.

The remuneration of all employees of the Bank, including Whole Time Directors, Material Risk Takers, Key Managerial Personnel and Senior Management, is governed by the Compensation Policy of the Bank. The same is available at the web-link <https://www.hdfcbank.com/personal/about-us/corporate-governance/codes-and-policies>. 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. 25 of Schedule 18 forming part of the Accounts.

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 in person 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 fixed remuneration of ₹ 20,00,000 (Rupees Twenty Lakh Only) per annum for each Non-Executive Director on proportionate basis.

Mr. Malay Patel, Independent Director of the Bank, is also an Independent Director on the Board of HDFC Securities Limited, subsidiary of the Bank. Mr. Patel receives sitting fees and reimbursement of expenses at actuals incurred for attending Board/ Committee meetings from the said subsidiary. None of

the Directors of your Bank other than Mr. Patel is a director of the Bank’s subsidiaries as on March 31, 2022.

## **Succession Planning**

The Nomination and Remuneration Committee ('NRC') and the Board of Directors ("the Board"), review succession planning and transitions at the Board and Senior Management levels. The Board composition and the desired skill sets/ areas of expertise at the Board level are continuously reviewed and vacancies, if any, are reviewed in advance through a systematic due diligence process. The recent appointment on the Board of Mrs. Lily Vadera as an Independent Director was done taking into account her skill sets/areas of expertise in the banking industry.

Succession planning at Senior Management levels, including business and assurance functions, is continuously reviewed to ensure continuity and depth of leadership at two levels below the Managing Director. Successors are identified prior to the Senior Management positions falling vacant, to ensure a smooth and seamless transition.

Succession planning is a continuous process which is periodically reviewed by the NRC and the Board.

## **Significant and Material Orders Passed by Regulators**

- 1) Reserve Bank of India (RBI) by an order dated May 27, 2021, levied a penalty of ₹10 cores (Rupees ten crores only) for marketing and sale of third-party non-financial products to the Bank’s auto loan customers, arising from a whistle blower complaint, which revealed, inter alia, contravention of Section 6(2) and Section 8 of the Banking Regulation Act, 1949. The Bank has discontinued the sale of said third-party non-financial product since October 2019. The penalty was paid by the Bank.
- 2) SEBI issued final order on January 21, 2021, levying a penalty of ₹1 crore on the Bank, in the matter of invocation of securities pledged by BMA Wealth Creators (BRH Wealth Kreators) for availing credit facilities. SEBI has also directed the Bank to transfer sale proceeds of ₹ 158.68 crores on invocation of securities, along with interest to escrow account with a nationalised bank by marking lien in favour of SEBI. The Bank had challenged SEBI's order before SAT and SAT, vide its interim order, have stayed operation of SEBI's order. SAT, vide its final order dated February 18, 2022, allowed the Bank's appeal and quashed SEBI's Order.
- 3) RBI has issued an Order dated December 02, 2020 (“Order”) to HDFC Bank Limited (the “Bank”) with regard to certain incidents of outages in the internet banking/mobile banking/payment utilities of the Bank over the past 2 years, including



# Directors' Report

the outages in the Bank's internet banking and payment system on November 21, 2020 due to a power failure in the primary data centre. RBI, vide above order, advised the Bank (a) to stop all digital business generating activities planned under its 'Digital 2.0' and proposed Business generating applications digital also imposed restrictions and (b) to stop sourcing of new credit card customers. The Bank has initiated remedial activities including fixing of staff accountability and the same were communicated to the RBI. Basis the Bank's submission, RBI vide its letter dated August 17, 2021, has relaxed the restriction placed on sourcing of new credit cards customers and further vide its letter dated March 11, 2022 has lifted the restrictions on the business generating activities planned under the Bank's Digital 2.0 program.

## Directors and Key Managerial Personnel

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

During the year, Mr. Atanu Chakraborty was appointed as the Part-time Chairman and Independent Director on the Board of the Bank with effect from May 5, 2021 and Mrs. Lily Vadera was appointed as an Independent Director on the Board of the Bank with effect from November 26, 2021.

Further, Mr. Srikanth Nadhamuni tendered his resignation as Non-Executive (Non-Independent) Director of the Bank, effective from February 18, 2022, citing potential future transactions/arrangements which may materialize between the Bank and a company in which Mr. Nadhamuni may be interested. Your Board places on record its sincere appreciation for the contribution made by Mr. Nadhamuni during his tenure with the Bank and wishes him well in future endeavours.

Further, at the meeting of the Board of Directors held on April 16, 2022, Mrs. Renu Karnad has been re-appointed as the Non-Executive Director (Nominee of Housing Development Finance Corporation Limited, promoter of the Bank) on the Board of the Bank, for a period of five (5) years with effect from September 3, 2022, subject to the approval of the shareholders at the ensuing AGM.

During the financial year 2021-22, 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 Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure 5**. Further, the statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in an Annexure and forms part of this report. In terms of Section 136(1) of the Companies Act, 2013, the annual report and the financial statements are being sent to the Members excluding the aforesaid Annexure. The Annexure is available for inspection and any Member interested in obtaining a copy of the Annexure may write to the Company Secretary of the Bank.

## Conservation of Energy and Technology Absorption

Please refer to page no. 58 for information on Conservation of Energy and page no. 143 for information on Technology Absorption.

## Foreign Exchange Earnings and Outgo

During the year, the total foreign exchange earned by the Bank was ₹ 3,907.9 crore (on account of net gains arising on all exchange / derivative transactions) and the total foreign exchange outgo was ₹ 2,248.3 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 were appointed as Secretarial Auditors of the Bank for the financial year 2021-22. The report of the Secretarial Auditors is enclosed as **Annexure 6** 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 and Sustainability Report

The Bank's Business Responsibility and Sustainability 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 forms an integral part of this report.

## 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 started in the shadow of the pandemic. The good news is that it more or less appears to be behind us. In no small measure due to the roll out of the vaccination programme.

The recovery in health has been followed by clear signs of economic recovery with the country's GDP growing by 8.7 per cent in 2021-22 against a contraction of 6.6 per cent in the previous year.

Headwinds have now appeared in the form of inflationary pressures due to a combination of supply chain disruptions and geopolitical tensions particularly the Ukraine crisis. In an effort to contain inflation the RBI has hiked the Repo Rate by 90 basis points in two announcements - an off cycle one on May 4 and the June Policy- to 4.90 per cent. Notwithstanding these challenges the Indian economy is expected to be the fastest growing one in the world. That is clearly good news.

Going forward, the Bank has a huge opportunity as India is still under penetrated when it comes to banking services. Your Bank clearly has certain factors in its favour : A strong balance sheet with among the lowest NPA levels in the industry and a trusted franchise. The regulators too have been kind. Our progress against our regulatory commitments over the past year has resulted in the lifting of the restrictions placed on new card acquisitions in August 2021, followed by the removal of the embargo on the Digital 2.0 program in March 2022. The Bank has also rolled out the Future Ready Strategy. All this will help the Bank move forward in the next level of its growth journey. It will do this by focusing on its five core values: Customer Focus, Operational Excellence, Product Leadership, People and Sustainability. And adhere to the highest standards of corporate governance as we continue to 'Lead Responsibly'.

On behalf of the Board of Directors

**Sashidhar Jagdishan**

**Managing Director  
and CEO**

**Atanu Chakraborty**

**Part-time Chairman and  
Independent Director**

Mumbai, June 10, 2022



## Annexure 1 to the Directors' Report

The ESOP Schemes of the Bank are in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 [erstwhile Securities and Exchange Board of India (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:

Schemes	Date of Share-holders Approval	Total No of Options Approved	Grant Price (₹) FV ₹ 1/-	Options Opening balance FV ₹ 1/-	Options Granted / Options Re-instanted FV ₹ 1/-	Options Vested FV ₹ 1/-	Options Exercised & Shares Allotted of ₹ 1/-	Options Forfeited	Options Lapsed	Total Options in Force as on March 31, 2022
Plan C-ESOS XXIII	17 <sup>th</sup> June, 2005	10,00,00,000	417.75	9,700		8,700		1,000		0
Plan F-ESOS XXIV	27 <sup>th</sup> June, 2013	20,00,00,000	417.75	35,58,600		35,49,300			9,300	0
Plan F-ESOS XXV	27 <sup>th</sup> June, 2013	20,00,00,000	546.33	1,55,16,200		1,03,12,000		0	61,100	51,43,100
Plan F-ESOS XXVII	27 <sup>th</sup> June, 2013	20,00,00,000	716.6	1,58,68,540		34,32,004		0	45,800	1,23,90,736
Plan F-ESOS XXVIII	27 <sup>th</sup> June, 2013	20,00,00,000	731.08	30,930		0		0	0	30,930
Plan G-ESOS XXIX	21 <sup>st</sup> July, 2016	20,00,00,000	1030.6	2,95,53,280		63,81,300	1,20,27,590	2,74,000	149550	1,71,02,140
Plan G-ESOS XXX	21 <sup>st</sup> July, 2016	20,00,00,000	1003.03	7,47,310		1,69,200	2,50,000	8,000	0	4,89,310
Plan G-ESOS XXXI	21 <sup>st</sup> July, 2016	20,00,00,000	1045.23	4,80,400		1,12,000	97100	0	0	3,83,300
Plan G -ESOS XXXII	21 <sup>st</sup> July, 2016	20,00,00,000	1107.18	5,26,800		1,24,700	133500	24400	0	3,68,900
Plan G -ESOS XXXIII	21 <sup>st</sup> July, 2016	20,00,00,000	1229	4,36,51,000		1,01,70,200	2227200	8,24,900	11600	4,05,87,300
Plan G -ESOS XXXIV	21 <sup>st</sup> July, 2016	20,00,00,000	882.85	10,20,400		2,36,100	37800	29500	0	9,53,100
Plan G -ESOS XXXV	21 <sup>st</sup> July, 2016	20,00,00,000	1235.8	57205600		14173500	689300	1137700	0	55378600
Plan G -ESOS XXXVI	21 <sup>st</sup> July, 2016	20,00,00,000	1426.45	0	2,53,90,600	0	0	350000	0	25040600
Plan G -ESOS XXXVII	21 <sup>st</sup> July, 2016	20,00,00,000	1516.95	0	2,38,000	0	0	0	0	238000
Total :-				16,81,68,760	2,56,28,600	3,13,67,000	3,27,64,494	26,48,500	2,78,350	15,81,06,016
Options Exercised during FY 2021-22										32,764,494
Share Capital Money received during FY 2021-22										3,27,64,494.00
Share Premium Money received during FY 2021-22										26,064,848,619.40
Perquisite Tax Amount collected during FY 2021-22										9,656,899,957.00
Total Amount collected during FY 2021-22										35,754,513,070.40

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 Schemes XXIII to ESOP Scheme XXVIII will lapse in case the same are not exercised by the employee within 4 years from the respective dates of vesting. However, for the grant of options under the ESOP Schemes XXIX to ESOP Scheme XXXVII, the vested options will lapse in case the same are not exercised by the employee within 2 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 and should be exercised within one year period or its lapse date whichever is earlier from the date of such event for options granted under ESOP Scheme XXIII to ESOP Scheme XXXV. However, in case of ESOP Scheme XXXVI to ESOP Scheme XXXVII the vesting will happen on date of such event and exercisable within two years from the occurrence of the event or its lapse date whichever is earlier.
Source of shares	Primary
Variation in terms of ESOS	The below modification was approved by Shareholders as a Special Resolution in the Annual General Meeting held on July 17, 2021. Amendment to the ESOS Plan D-2007, ESOS-Plan E-2010, ESOS-Plan F-2013 and ESOS-Plan G-2016, to incorporate the changes mentioned in the explanatory statement to the Notice of the AGM held on July 17, 2021.

## i. DETAILS OF OPTIONS GRANTED TO SENIOR MANAGERIAL PERSONNEL AND KMP\*

S. No.	Name	Grade	Final Grant
1.	Anantharaman S**	Group Head	86,200
2.	Anjani Rathor	Group Head	1,03,700
3.	Arup Rakshit	Group Head	86,200
4.	Arvind Kapil	Group Head	1,03,700
5.	Arvind Vohra	Group Head	1,03,700
6.	Ashima Bhat	Group Head	1,03,700
7.	Ashish Parthasarthy	Group Head	1,03,700
8.	Benjamin Frank	Group Head	86,200
9.	Bhavesh Zaveri	Group Head	86,200
10.	Chakrapani Venkatachari	Group Head	86,200
11.	Jimmy Tata	Group Head	1,03,700
12.	Nirav Shah	Group Head	1,03,700
13.	Parag Rao	Group Head	1,03,700
14.	Rahul Shukla	Group Head	1,03,700
15.	Rakesh Singh	Group Head	1,03,700
16.	Ramesh Lakshminarayanan	Group Head	1,03,700
17.	Raveesh Bhatia	Group Head	86,200
18.	S Sampathkumar	Group Head	1,03,700
19.	Sanmoy Chakrabarti	Group Head	86,200
20.	Santosh Haldankar	Senior Vice President (Legal ) & Company Secretary	12,100
21.	Smita Bhagat	Group Head	1,03,700
22.	Srinivasan Vaidyanathan	Chief Financial Officer	1,03,700
23.	Vinay Razdan	Group Head	1,03,700

\* No ESOPs were granted to the Managing Director and Executive Director during FY 2021-22.

\*\*Exited during the year

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 option calculated in accordance with Accounting Standard (AS) - 20 (Earnings Per Share)	The diluted EPS of the Bank calculated after considering the effect of potential equity shares arising on account of exercise of options is ₹ 66.3
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	During the year, the compensation cost for options granted has been recognised basis the fair value of the options calculated based on the Black-Scholes model
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 ₹ 796.5 and the weighted average fair value is ₹ 214.98
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 Bank adopted the Fair value method to account for the stock options it granted to the employees during the year. The Bank calculated the fair value of options at the time of grant, using Black-Scholes model with the following assumptions
I. Risk-free interest rate	4.38 percent to 6.07 percent

II. Expected life	1 to 6 years
III. Expected volatility	23.86 percent to 38.70 percent
IV. Expected dividends	0.21 percent to 0.52 percent
V. The price of the underlying share in the market at the time of option grant	The market price per share was ₹ 1,426.45 and ₹ 1,518.05 at the time of grant of options under ESOS XXXVI and ESOS XXXVII respectively.
VI. The weighted average market price of Bank's shares on NSE at the time of option grant	₹ 1,422.61 and ₹1,524.49 at the time of grant of options under ESOS XXXVI and ESOS XXXVII respectively.
VII. Method used and assumptions made to incorporate effects of expected early exercise	The Black-Scholes model is used to calculate the fair value of options at the time of grant.
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

## 1. Brief outline on CSR Policy of the Company

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, Sports, 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.

## 2. Composition of CSR and ESG Committee:

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of the Committee held during the year	Number of meetings of the Committee attended during the year
1	Dr. (Mrs.) Sunita Maheshwari*	(Chairperson, Independent Director)	5	4
2	Mr. Umesh Chandra Sarangi*	Independent Director	5	2
3	Mr. Kaizad Bharucha	Executive Director	5	5
4	Mr. Malay Patel	Independent Director	5	5
5	Mr. Sanjiv Sachar	Independent Director	5	5
6	Mrs. Renu Karnad	Non-Executive Director	5	5

\*During the year, Mr. Umesh Chandra Sarangi ceased to be a member of the Committee with effect from September 17, 2021 while Dr. (Mrs.) Sunita Maheshwari was inducted as a member on the Committee with effect from June 9, 2021.

## 3. Provide the web-link where Composition of CSR and ESG committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

<https://v1.hdfcbank.com/csr/index.aspx>

## 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

The Bank carried out 8 impact assessment studies in FY 2021-22 of which 2 impact assessment studies were mandated in compliance with the requirements of CSR Rules, additionally 6 impact assessment studies were conducted.

Below is the web link of mandatory impact assessment studies conducted:

<https://v1.hdfcbank.com/csr/our-commitment.aspx>

## 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
1	2020-21	7.05 Cr	0
<b>Total</b>		<b>7.05 Cr</b>	<b>0</b>

## 6. Average net profit of the company as per section 135(5): ₹ 36,693 Cr

## 7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 733.86 Cr



# Directors' Report

**(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** ₹ 0

**(c) Amount required to be set off for the financial year, if any:** ₹ 0

**(d) Total CSR obligation for the financial year (7a+7b-7c):** ₹ 733.86 Cr

## 8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (₹ Cr.)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
736.01	NA	NA	NA	NA	NA

**(b) Details of CSR amount spent against **ongoing projects** for the financial year:**

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (₹ Cr.)	Amount spent in the current financial Year (₹ Cr)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
										Name	CSR Registration Number
1	Promoting quality education	Promoting Education (ii)	Yes	Uttar Pradesh	Varanasi	1	1.31	1.31	NA	No	Ambuja Cement Foundation
2	Support for school children	Promoting Education (ii)	Yes	Rajasthan	Karauli	1	1.49	1.49	NA	No	Baif Institute For Sustaintable Livelihoods And Development
3	Promoting quality education	Promoting Education (ii)	Yes	Rajasthan & J & K	Tonk, Dungarpur, Srinagar, Badgam, Anantnag, Jammu and Samba	1	3.55	3.55	NA	No	Bal Raksha Bharat
4	Promoting quality education	Promoting Education (ii)	Yes	Karnataka, Telangana, Andhra Pradesh	Tumkur, Medchal, SriKakulam, Vijayanagaram, Vishakhapatnam, Guntur, Prakasam, Nellore, Chittoor, Kadappa, Anantapuram, Kurnul, West Godavari, Krishna, East Godavari	1	5.06	5.06	NA	No	Bal Raksha Bharat
5	Educational Crisis Scholarship Support	Promoting Education (ii)	Yes	Pan India	Multiple districts	1	8.3	8.3	NA	No	Buddy4study India Foundation
6	Promoting quality education	Promoting Education (ii)	Yes	Pan India	Multiple districts	1	3.28	3.28	NA	No	Central Square Foundation
7	Promoting quality education	Promoting Education (ii)	Yes	Delhi	Delhi	1	1.08	1.08	NA	No	Centum Foundation

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (₹ Cr.)	Amount spent in the current financial Year (₹ Cr)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency		
										Name	CSR Registration Number	
8	Smart School project	Promoting Education (ii)	Yes	Gujarat	Banaskantha	3	0.12	0.12	NA	No	Collectives For Integrated Livelihood Initiatives	
9	Promoting quality education	Promoting Education (ii)	Yes	Himachal Pradesh	Shimla	1	1	1	NA	No	Efrah- A Society For Social Welfare	
10	Entrepreneurship Training Program	Promoting Education (ii)	Yes	Kerala & Tamil Nadu	Thiruvananthapuram, Kollam, Alappuzha, Kottayam, Idukki, Ernakulam, Thrissur, Virudhunagar, Vellore, Chennai, Tiruvallur, Kanchipuram, Madurai, Tirupur, Coimbatore, Karur, Namakkal, Salem, Dindigul, Siva Ganga, Erode, Tirunelveli, Pondicherry, Cuddalore	1	1.08	1.08	NA	No	Ict Academy Of Tamilnadu	CSR00009157
11	Scholarship support program	Promoting Education (ii)	Yes	Haryana	Sonipat	3	3.18	3.18	NA	No	International Foundation For Research And Education (Ifre)	CSR00000712
12	Student Learning improvement program	Promoting Education (ii)	Yes	Pan India	Multiple districts	4	1.99	1.99	NA	No	Khan Academy India	CSR00001762
13	Anando	Promoting Education (ii)	Yes	Maharashtra	Yavatmal	3	0.09	0.09	NA	No	Light Of Life Trust	CSR00000156
14	Support for school children	Promoting Education (ii)	Yes	Maharashtra	Raigad	3	0.09	0.08	NA	No	Light Of Life Trust	CSR00000156
15	Project Utkarsh	Promoting Education (ii)	Yes	Rajasthan	Jaipur	2	0.15	0.15	NA	No	Moinee Foundation	CSR00000043
16	Project Utkarsh	Promoting Education (ii)	Yes	Rajasthan	Bikaner	1	1.2	1.2	NA	No	Moinee Foundation	CSR00000043
17	Promoting quality education	Promoting Education (ii)	Yes	Maharashtra	Mumbai	1	0.3	0.3	NA	No	Save The Children India	CSR00000158
18	Upgradation of government schools	Promoting Education (ii)	Yes	Punjab	Ludhiana	1	1.01	1.01	NA	No	Society For Action In Community Health	CSR00000283
19	Zero Investment Innovation for Education initiatives	Promoting Education (ii)	Yes	Pan India	Multiple districts	5	10.31	10.31	NA	No	Sri Aurobindo Society	CSR00000200



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Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (₹ Cr.)	Amount spent in the current financial Year (₹ Cr)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency		
										Name	CSR Registration Number	
20	Promoting quality education	Promoting Education (ii)	Yes	Jharkhand	Singhbhum	1	2	2	NA	No	Tata Steel Foundation	CSR00001142
21	Digital Equalizer	Promoting Education (ii)	Yes	Maharashtra	Mumbai	3	0.67	0.67	NA	No	The American India Foundation Trust	CSR00001977
22	Promoting quality education	Promoting Education (ii)	Yes	Odisha & Jharkhand	Naupada, Balangir, East Singhbhum	3	2.65	2.65	NA	No	The American India Foundation Trust	CSR00001977
23	Promoting quality education	Promoting Education (ii)	Yes	Pan India	Multiple projects	2	4	4	NA	No	The American India Foundation Trust	CSR00001977
24	Promoting quality education	Promoting Education (ii)	Yes	Maharashtra, Haryana, and Punjab	Thane, Mumbai, Oune, Kurukshetra, Panchkula, Phagwara	3	0.23	0.22	NA	No	Udayan Care	CSR00000619
25	Promoting quality education	Promoting Education (ii)	Yes	Jharkhand	Ranchi, Khunti, Bokaro and Dhanbad	3	4	4	NA	No	Wockhardt Foundation	CSR00000161
26	Plastic Waste Management	Preventive and Curative Healthcare (i)	Yes	Madhya Pradesh and Maharashtra	Gwalior and Thane	3	0.41	0.41	NA	No	Centre For Environment Education (Cee) Society Ahmedabad	CSR00001260
27	Plastic Waste Management	Preventive and Curative Healthcare (i)	Yes	Assam and Bihar	Kamrup, Samastipur and Patna	3	0.51	0.51	NA	No	Centre For Environment Education (Cee) Society Ahmedabad	CSR00001260
28	Plastic Waste Management	Preventive and Curative Healthcare (i)	Yes	Andhra Pradesh and Telangana	Rajanna Sircilla NTR Krishna	3	0.39	0.39	NA	No	Centre For Environment Education (Cee) Society Ahmedabad	CSR00001260
29	Plastic Waste Management	Preventive and Curative Healthcare (i)	Yes	Punjab and Jammu & Kashmir	Ludhiana, Jammu and Leh	3	0.44	0.44	NA	No	Centre For Environment Education (Cee) Society Ahmedabad	CSR00001260
30	Plastic Waste Management	Preventive and Curative Healthcare (i)	Yes	Jharkhand	Ranchi and Khorda	3	0.41	0.41	NA	No	Centre For Environment Education (Cee) Society Ahmedabad	CSR00001260

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (₹ Cr.)	Amount spent in the current financial Year (₹ Cr)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
										Name	CSR Registration Number
31	Plastic Waste Management	Preventive and Curative Healthcare (i)	Yes	Odisha	Ganjam and Sarguja	3	0.12	0.12	NA	No	Centre For Environment Education (Cee) Society Ahmedabad
32	Solid waste management	Preventive and Curative Healthcare (i)	Yes	Goa and Uttarakhand	Panjim, Rishikesh, Haldwani, Dehradun and Uttarkashi	4	2	2	NA	No	Charities Aid Foundation India
33	Solid Waste Management	Preventive and Curative Healthcare (i)	Yes	Himachal Pradesh	Dharamshala	3	1.11	1.11	NA	No	Waste Warriors
34	Trauma Care upskilling program	Preventive and Curative Healthcare (i)	Yes	Gujarat	Ahmedabad, Vadodara, Surat, Bhuj, Gandhidham, Rajkot and Bhavnagar	1	0.09	0.09	NA	No	Lifeline Foundation
35	Mental Health Program	Preventive and Curative Healthcare (i)	Yes	PAN India	Multiple districts	1	0.09	0.09	NA	No	The Live Love Laugh Foundation
36	Covid relief program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Pan India	Multiple districts	2	1.74	1.74	NA	Yes	Direct
37	Covid relief program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	PAN India	Multiple districts	2	17.73	17.73	NA	Yes	Direct
38	Covid relief program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Mumbai	2	0.09	0.09	NA	Yes	Direct
39	Covid relief program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Mumbai	2	0.21	0.21	NA	Yes	Direct
40	Natural Resource Management	Ensuring Environmental Sustainability (iv)	Yes	Punjab	Firozpur	1	0.44	0.44	NA	No	Ailsg
41	Natural Resource Management	Ensuring Environmental Sustainability (iv)	Yes	Chhattisgarh	Korba	3	0.31	0.31	NA	No	Ambuja Cement Foundation



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Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (₹ Cr.)	Amount spent in the current financial Year (₹ Cr)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency		
										Name	CSR Registration Number	
42	Solar Energy Project	Ensuring Environmental Sustainability (iv)	Yes	Uttarakhand	Haridwar	1	1.8	1.8	NA	No	Ambuja Cement Foundation	CSR00006913
43	Natural Resource Management	Ensuring Environmental Sustainability (iv)	Yes	Rajasthan	Jhadol	3	0.17	0.17	NA	No	Baif Institute For Sustainable Livelihood And Development (Bisld)	CSR0000259
44	Water Supply Management	Ensuring Environmental Sustainability (iv)	Yes	Karnataka	Chikkaballapur	3	0.74	0.74	NA	No	Foundation For Ecological Security	CSR0000637
45	Natural Resource Management	Ensuring Environmental Sustainability (iv)	Yes	Rajasthan	Chittorgarh	3	0.5	0.5	NA	No	Foundation For Ecological Security (Fes)	CSR0000637
46	Plastic Waste Management	Ensuring Environmental Sustainability (iv)	Yes	Assam	Golaghat	2	5.9	5.9	NA	No	Gramin Vikas Trust	CSR0000633
47	Natural Resource Management	Ensuring Environmental Sustainability (iv)	Yes	Rajasthan	Banswara	1	0.8	0.8	NA	No	Nm Sadguru Water And Development Foundation	CSR0000285
48	Tree plantation	Ensuring Environmental Sustainability (iv)	Yes	PAN INDIA	Multiple districts	1	8	8	NA	Yes	Direct	NA
49	Solar streetlights installation	Ensuring Environmental Sustainability (iv)	Yes	Chhattisgarh	Raigarh, Kondagaon,Bastar	1	1.3	1.3	NA	No	Professional Assistance For Development Action	CSR0000973
50	Natural Resource Management	Ensuring Environmental Sustainability (iv)	Yes	Rajasthan	Pratapgarh	3	0.96	0.96	NA	No	Self Reliant Initiatives Through Joint Action (Srijan)	CSR00001911
51	Natural Resource Management	Ensuring Environmental Sustainability (iv)	Yes	Uttarakhand, Assam, Odisha,	Nainital, Biswanath Charali Khorda	3	2.16	2.16	NA	No	Society For The Upliftment Of Villagers & Development Of Himalayan Areas (Suvidha)	CSR0000399
52	Natural Resource Management	Ensuring Environmental Sustainability (iv)	Yes	Jharkhand	East Singhum	1	0.44	0.44	NA	No	Tata Steel Foundation	CSR00001142

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										Name	CSR Registration Number
53	Natural Resource Management	Ensuring Environmental Sustainability (iv)	Yes	Uttarakhand Chamoli	1	0.8	0.8	NA	No	Himmothan Society	CSR00000081
54	Solar Panel Installation	Ensuring Environmental Sustainability (iv)	Yes	Maharashtra Mumbai	2	0.02	0.02	NA	No	United Way Of Mumbai	CSR00000762
55	Livelihood Enhancement for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Gujarat Surendranagar & Dang	3	0.28	0.28	NA	No	Aga Khan Rural Support Programme India	CSR00004229
56	Livelihood enhancement of farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Madhya Pradesh Harda	1	1.91	1.91	NA	No	Aga Khan Rural Support Programme India	CSR00004229
57	Skill training to youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra Mumbai	3	0.3	0.3	NA	No	All India Institute Of Local Self Government	CSR00000373
58	Livelihood Enhancement for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Gujarat Junagadh	3	0.11	0.11	NA	No	Ambuja Cement Foundation	CSR00006913
59	Livelihood Enhancement for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Uttarakhand Haridwar	1	1.01	1.01	NA	No	Ambuja Cement Foundation	CSR00006913
60	Livelihood Enhancement for women	Vocational Training and Livelihood Enhancement (ii)	Yes	PUNJAB Muktsar	3	0.82	0.82	NA	No	Ambuja Cement Foundation	CSR00006913
61	Skill Training for youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Chhattisgarh Bilaspur	3	0.3	0.3	NA	No	Ambuja Cement Foundation	CSR00006913
62	Skill training of youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Uttar Pradesh Noida	3	1.04	1.04	NA	No	Ambuja Cement Foundation	CSR00006913
63	Skill Training Program for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Uttar Pradesh Lucknow	1	0.49	0.49	NA	No	Ambuja Cement Foundation	CSR00006913



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										Name	CSR Registration Number
64	Skill Training Program for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Uttarakhand Hardidwar	3	1.7	1.68	NA	No	Ambuja Cement Foundation	CSR00006913
65	Skill Training and Livelihood Enhancement	Vocational Training and Livelihood Enhancement (ii)	Yes	Pan India Multiple District	3	0.51	0.51	NA	No	Anudip Foundation For Social Welfare	CSR00000060
66	Skill Training for youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Pan India Multiple District	1	2	2	NA	No	Apparel Made Ups And Home Furnishing Sector Skill Council	CSR00000393
67	Training of youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Pan India Multiple District	1	7.18	7.18	NA	No	Apparel Made Ups And Home Furnishing Sector Skill Council	CSR00000393
68	Skill training of youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Himachal Pradesh Sirmaur	3	1.5	1.5	NA	No	Appropriate Technology India	CSR00000392
69	Integrated Watershed Management and Enterprise Development Program	Vocational Training and Livelihood Enhancement (ii)	Yes	Meghalaya West Jayantya	4	0.94	0.94	NA	No	Aroh Foundation	CSR00000044
70	Integrated Livestock Development	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra Osmanabad	2	0.91	0.91	NA	No	Baif Institute For Sustainable Livelihoods And Development	CSR00000259
71	Livelihood Enhancement for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Uttar Pradesh Raebareli	3	0.6	0.6	NA	No	Baif Institute For Sustainable Livelihoods And Development	CSR00000259
72	Livelihood Enhancement for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Uttar Pradesh & Ditricts	Multiple districts s	3	0.5	0.5	NA	Baif Institute For Sustainable Livelihoods And Development	CSR00000259

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (₹ Cr.)	Amount spent in the current financial Year (₹ Cr)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency		
										Name	CSR Registration Number	
73	Livelihood enhancement of farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Andhra pradesh	Telangana - Rangareddy, Vikarabad, Mahabubnagar, AP - Prakasam, Guntur	3	1.03	1.03	NA	No	Baif Institute For Sustainable Livelihoods And Development	CSR00000259
74	Livelihood enhancement of farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Madhya Pradesh	Mandsaur	3	0.2	0.2	NA	No	Baif Institute For Sustainable Livelihoods And Development	CSR00000259
75	Livestock development program	Vocational Training and Livelihood Enhancement (ii)	Yes	Karnataka	Haveri, Dharwad, Davangere, Gadag, Vijayapura, Bagalkote, Ballary, and Belgaum	3	0.94	0.94	NA	No	Baif Institute For Sustainable Livelihoods And Development	CSR00000259
76	Skills Training and Livelihood Enhancement	Vocational Training and Livelihood Enhancement (ii)	Yes	Odisha	Sambalpur		0.34	0.34	NA	No	Baif Institute For Sustainable Livelihoods And Development	CSR00000259
77	Promoting community led enterprises	Vocational Training and Livelihood Enhancement (ii)	Yes	Ladakh	Leh, Kargil	3	1.41	1.41	NA	No	Barefoot College International	CSR00011699
78	Livelihood enhancement of farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Andhra pradesh	Krishna	3	0.16	0.15	NA	No	Bharatiya Yuva Shakti Trust	CSR00001952
79	Livelihood enhancement of farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Telangana	Hyderabad, Rangareddy	3	0.13	0.12	NA	No	Bharatiya Yuva Shakti Trust	CSR00001952
80	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra	Satara	1	1.44	1.44	NA	No	Bharatiya Yuva Shakti Trust	CSR00001952
81	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Gujarat	Chhota Udepur	1	1.73	1.73	NA	No	Care India Solutions For Sustainable Development	CSR00000786
82	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Madhya Pradesh	Damoh	1	1.85	1.85	NA	No	Care India Solutions For Sustainable Development	CSR00000786



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										Name	CSR Registration Number	
83	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	PUNJAB	Bathinda	1	2.26	2.23	NA	No	Care India Solutions For Sustainable Development	CSR00000786
84	Skill Training Program for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Karnataka	Dharwad	2	3.61	3.61	NA	No	Deshpande Foundation.	CSR00001646
85	Livelihood Enhancement for women	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra	Aurangabad, Beed, Nanded, Osmanabad, Hingoli	3	0.51	0.51	NA	No	Dhan Foundation	CSR00000273
86	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Tamilnadu	Sivaganga	1	1.66	1.66	NA	No	Dhan Foundation	CSR00000273
87	Skill training of Persons with Disabilities	Vocational Training and Livelihood Enhancement (ii)	Yes	Tamilnadu and Kerala	Chennai and Kochi	3	0.22	0.22	NA	No	Dr Reddys Foundation	CSR00000794
88	Skill training of youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Gujarat	Rajkot & Navsari	3	0.36	0.36	NA	No	Dr Reddys Foundation	CSR00000794
89	Livelihood Enhancement for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Uttarakhand	Champawat	3	1.23	1.23	NA	No	End Poverty	CSR00000314
90	Livelihood Enhancement for tribals	Vocational Training and Livelihood Enhancement (ii)	Yes	Gujarat	Mahisagar	3	0.87	0.87	NA	No	Foundation For Ecological Security	CSR00000637
91	Livelihood Promotion	Vocational Training and Livelihood Enhancement (ii)	Yes	Rajasthan	Bhilwara	1	1.68	1.68	NA	No	Foundation For Ecological Security	CSR00000637
92	Skill Training for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra	Mumbai	1	0.4	0.4	NA	No	Friends Union For Energizing Lives	CSR00000051

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										Name	CSR Registration Number	
State	District											
93	Skill Training Program for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Chandigarh	Chandigarh	3	2.12	2.12	NA	No	Friends Union For Energizing Lives	CSR00000051
94	Skill Training Program for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra	Pune	1	2.97	2.97	NA	No	Friends Union For Energizing Lives	CSR00000051
95	Skills Training and Livelihood Enhancement	Vocational Training and Livelihood Enhancement (ii)	Yes	Odisha	Bhuvaneshwar	2	0.93	0.93	NA	No	Friends Union For Energizing Lives	CSR00000051
96	Livelihood enhancement for women	Vocational Training and Livelihood Enhancement (ii)	Yes	Assam	Darang	3	0.14	0.12	NA	No	Fxb India Suraksha	CSR00000076
97	Skill Enhancement of Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Pan India	Multiple District	3	0.82	0.82	NA	No	Head Held High Foundation	CSR00000919
98	Livelihood Enhancement for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Uttarakhand	Uttarkashi	3	0.81	0.8	NA	No	Himalayan Action Research Centre	CSR00008707
99	Farmers training program	Vocational Training and Livelihood Enhancement (ii)	Yes	Jammu and Kashmir	Ladakh	3	1.69	1.69	NA	No	Himmothan Society	CSR00000081
100	Livelihood Enhancement for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Uttar Pradesh	Chamoli	1	1.03	1.03	NA	No	Himmothan Society	CSR00000081
101	Skill Training for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Kerala	Palakkad	3	1.4	1.4	NA	No	Iit Palakkad	CSR00006228
102	Skill training for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Jammu and Kashmir	Kupwara,Gandebal, Baramula, Budgam, Shopian, Pulwama	3	1.2	1.2	NA	No	Indian Society Of Agribusiness Professionals	CSR00000109



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			State	District						Name	CSR Registration Number	
103	Livelihood enhancement for artisans and farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Jammu and Kashmir	Kashmir	3	0.72	0.72	NA	No	Indo Global Social Service Society	CSR00001677
104	Livelihood Enhancement for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Karnataka	Hassan, Chikmagular, Shivmogga Madurai, Myladurathurai, Nagapatnam, Tirunelveli, Tutticorn	3	3.58	3.58	NA	No	Indus Tree Crafts Foundation	CSR00000571
105	Livelihood Enhancement for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Jharkhand	Ranchi (Regional Project)	1	1.28	1.28	NA	No	Kgvk	CSR00000159
106	Entrepreneurial skill development for women	Vocational Training and Livelihood Enhancement (ii)	Yes	Odisha	Kandhamal	3	0.96	0.96	NA	No	Kit Technology Business Incubator	CSR00002635
107	Skills Training and Livelihood Enhancement	Vocational Training and Livelihood Enhancement (ii)	Yes	Odisha	Sambalpur	3	0.2	0.2	NA	No	Mahashakti Foundation	CSR00002561
108	Value chain development for fisher women	Vocational Training and Livelihood Enhancement (ii)	Yes	Karnataka	Utral Kannada, Uduppi	3	0.3	0.3	NA	No	Manuvikasa	CSR00002730
109	Livelihood Enhancement for women	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra	Mumbai	3	0.45	0.45	NA	No	New Resolution India	CSR00000754
110	Skill Training for youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Chandigarh	Chandigarh	1	1.21	1.21	NA	No	Orion Educational Society	CSR00000597
111	Training of nurses	Vocational Training and Livelihood Enhancement (ii)	Yes	Jharkhand	Gumla, Ranchi, West Singhbhum	1	2.69	2.69	NA	No	Paniit Alumni Reach For India Foundation	CSR00000005
112	Skill training for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Rajasthan	Udaipur	3	0.47	0.47	NA	No	Professional Assistance For Development Action	CSR00000973

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										Name	CSR Registration Number
113	Skill training for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Bihar	Kisangunj, Jamui, Banka & Samstipur	3	0.39	0.39	NA	No	Professional Assistance For Development Action
114	Livelihood Enhancement for women	Vocational Training and Livelihood Enhancement (ii)	Yes	Chhattisgarh	Dhamtari	3	1.13	1.13	NA	No	Professional Assistance For Development Action
115	Livelihood Enhancement for women	Vocational Training and Livelihood Enhancement (ii)	Yes	Chhattisgarh	Raigarh	3	1.84	1.84	NA	No	Professional Assistance For Development Action
116	Livelihood Enhancement for women	Vocational Training and Livelihood Enhancement (ii)	Yes	Madhya Pradesh	Panna and Chattarpur	3	1.2	1.2	NA	No	Professional Assistance For Development Action
117	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Chhattisgarh	Bastar	3	1.6	1.6	NA	No	Professional Assistance For Development Action
118	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Jharkhand	Dumka	1	1.96	1.96	NA	No	Professional Assistance For Development Action
119	Skills Training and Livelihood Enhancement	Vocational Training and Livelihood Enhancement (ii)	Yes	West Bengal	Bankura	3	0.72	0.71	NA	No	Professional Assistance For Development Action
120	Skills Training and Livelihood Enhancement	Vocational Training and Livelihood Enhancement (ii)	Yes	West Bengal	Purulia	3	0.82	0.82	NA	No	Professional Assistance For Development Action
121	Skill training for artisans	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra	Palghar	3	0.23	0.23	NA	No	Raah Foundation
122	Skill Training for Health workers	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra	Mumbai, Pune, Satara, Udupi, Goa	1	0.08	0.08	NA	No	Red Dot Foundation



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			State	District						Name	CSR Registration Number	
123	Farmers training program	Vocational Training and Livelihood Enhancement (ii)	Yes	Himachal Pradesh	Mandi	3	1.68	1.68	NA	No	Sanjeevani Vikas E�am Jan Kalyan Samiti	CSR00000466
124	Skill training for youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Uttar Pradesh	Varanasi	1	0.4	0.33	NA	No	Sarthak Educational Trust	CSR00001093
125	Skill training of disabled youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Kerala	Thiruvananpuram	1	0.35	0.34	NA	No	Sarthak Educational Trust	CSR00001093
126	Skill training for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Jharkhand and Bihar	Khunti, Muzaffarpur, Vaishali, Gaya, Jehanabad, Samstipur, Nawada	3	1.18	1.18	NA	No	Sarva Seva Samity Sanstha	CSR00000224
127	Livelihood Enhancement for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Uttar Pradesh	chitrakoot	3	0.69	0.69	NA	No	Self Reliant Initiatives Through Joint Action	CSR00001911
128	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Rajasthan	Baran	3	2.85	2.85	NA	No	Self Reliant Initiatives Through Joint Action	CSR00001911
129	Skill Training for Women	Vocational Training and Livelihood Enhancement (ii)	Yes	Pan India	Multiple District	1	12	12	NA	No	Society For Development Alternatives	CSR00000829
130	Livelihood Development through Organic Agriculture	Vocational Training and Livelihood Enhancement (ii)	Yes	Assam, Meghalaya, Odisha and Bihar	Golaghat, Ri Bhoi, Khorda and Darbhanga	3	3.45	3.44	NA	No	Suvidha..	CSR00000399
131	Skill training of youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra & Goa	Nagpur and North Goa	3	0.11	0.11	NA	No	Tata Community Initiatives Trust	CSR00002739
132	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Gujarat	Dahod	1	1.46	1.46	NA	No	Tata Education And Development Trust	CSR00003775

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										Name	CSR Registration Number	
State	District											
133	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Jharkhand	Dumka	1	1.02	0.7	NA	No	Tata Education And Development Trust	CSR00003775
134	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Odisha	Kalahandi	1	0.21	0.21	NA	No	Tata Education And Development Trust	CSR00003775
135	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Uttarakhand	Pithoragarh	1	0.5	0.5	NA	No	Tata Education And Development Trust	CSR00003775
136	Livelihood Enhancement for socially excluded and stigmatised populations	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra	Mumbai	3	0.29	0.29	NA	No	Tata Institute Of Social Sciences, Mumbai	CSR00003475
137	Skill Training for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Jharkhand	Kharsawan	3	0.9	0.9	NA	No	Tata Steel Foundation	CSR00001142
138	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra	Ratnagiri	1	0.91	0.91	NA	No	The Pride India	CSR00001069
139	Skill training for farmers	Vocational Training and Livelihood Enhancement (ii)	Y Yes es es	Jharkhand	Simdega, Ranchi	3	0.33	0.33	NA	No	Transforming Rural India Foundation	CSR00000421
140	Skill training of youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Delhi NCR and UP	Delhi, Gautam Buddha Nagar and Ghaziabad	1	0.21	0.21	NA	No	Udayan Care	CSR00000619
141	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Rajasthan	Madhopur	1	0.28	0.28	NA	No	Udyogini	CSR00001487
142	Skill training of youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Pan India	Multiple District	3	4.87	4.87	NA	No	United Way Of Delhi	CSR00000216



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										Name	CSR Registration Number	
143	Women and farmers training program	Vocational Training and Livelihood Enhancement (ii)	Yes	Rajasthan	Bikaner	3	2.32	2.32	NA	No	Urmul Seemant Samiti	CSR00000567
144	Farmers training program	Vocational Training and Livelihood Enhancement (ii)	Yes	Jharkhand	Gumla	3	0.95	0.95	NA	No	Vikas Samvad Samiti	CSR00000367
145	Livelihood Enhancement for farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Telangana	Mulungu	2	1.62	1.62	NA	No	Vrutti	CSR00000538
146	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh	Chhindwada	4	0.02	0.02	NA	No	Watershed Organisation Trust	CSR00000518
147	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh	Sagar	2	0.73	0.73	NA	No	Abhyuday Sansthan	CSR00000495
148	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh	Ratlam	4	0.19	0.19	NA	No	Baif Development Research Foundation	CSR00000308
149	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Assam	Kamrup	4	0.07	0.07	NA	No	Fxb India Suraksha	CSR00000076
150	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Assam	Nalbari	4	0.29	0.29	NA	No	Gramya Vikash Mancha	CSR00000407
151	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Odisha	Nayagarh	4	1.42	1.42	NA	No	Gram Vikas	CSR00000596
152	Holistic Rural Development Program	Rural Development Projects (x)	Yes	PUNJAB	Amritsar	4	0.17	0.17	NA	No	Shramik Bharti	CSR00000332
153	Holistic Rural Development Program	Rural Development Projects (x)	Yes	PUNJAB	Fazilka	4	0.52	0.52	NA	No	Centre For Advance Research And Development	CSR00000339
154	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttarakhand	Haridwar	4	1.57	1.57	NA	No	Ambuja Cement Foundation	CSR00006913
155	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh	Shahdol	4	2.18	2.18	NA	No	Action For Social Advan-Cement (Asa)	CSR00001213
156	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Meghalaya	Ri-Bhoi	4	0.72	0.72	NA	No	Fxb India Suraksha	CSR00000076

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										Name	CSR Registration Number
157	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh Dhamtari	4	0.48	0.46	NA	No	Gramin Vikas Trust	CSR00000633
158	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Jharkhand Khunti	4	1.84	1.84	NA	No	Network For Enterprise Enhancement And Development Support Needs	CSR00002858
159	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Odisha Rayagada	4	1.97	1.97	NA	No	Prayatn Sanstha	CSR00000483
160	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Bihar Vaishali	4	0.53	0.53	NA	No	Aga Khan Rural Support Programme India	CSR00004229
161	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Jharkhand Ramgarh	4	3	3	NA	No	Kgyk	CSR00000159
162	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Haryana Mahendragarh	4	0.64	0.64	NA	No	S M Sehgal Foundation	CSR00000262
163	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Assam Dhemaji	3	0.16	0.16	NA	No	World Vision India	CSR00004211
164	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh Barabanki	4	1.47	1.46	NA	No	Aga Khan Foundation	CSR00008713
165	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Maharashtra Satara	3	0.09	0.09	NA	No	Action For Agricultural Renewal In Maharashtra Afarm	CSR00000092
166	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Maharashtra Dhule	3	0.14	0.14	NA	No	Vikas Sahyog Pratishthan	CSR00001779
167	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Kerala Idukki, Wayanadu, Alapuzha, Kottayam, Pathanamthitta, Ernakulam	3	1.27	1.27	NA	No	M S Swaminathan Research Foundation	CSR00000470
168	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Maharashtra Nanded	3	1.42	1.42	NA	No	Centre For Advance Research And Development	CSR00000339
169	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Gujarat Sabarkantha	4	3.04	3.04	NA	No	Collectives For Integrated Livelihood Initiatives	CSR00000508



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										Name	CSR Registration Number	
170	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Gujarat	Narmada	3	1.73	1.73	NA	No	Aga Khan Rural Support Programme India	CSR00004229
171	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Gujarat	Kheda	3	1.66	1.66	NA	No	Foundation For Ecological Security	CSR0000637
172	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Jharkhand	Dumka	4	3.06	3.06	NA	No	Professional Assistance For Development Action	CSR00000973
173	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Assam	Kamrup	3	2.16	2.16	NA	No	Citizens Foundation	CSR00000589
174	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Rajasthan	Jaisalmer	3	1.86	1.86	NA	No	Urmul Rural Health Research And Development Trust	CSR00000546
175	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Karnataka	Gulberga, Bidar, Raichur	3	2.65	2.65	NA	No	Myrada	CSR00001099
176	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Prayagraj (Allahabad)	3	1.88	1.88	NA	No	Peoples Action For National Integration	CSR00000125
177	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Rajasthan	Dhaulpur	3	1.95	1.95	NA	No	Manjari Foundation	CSR00000074
178	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Rajasthan	Karauli	3	1.64	1.64	NA	No	Udyogini	CSR00001487
179	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Haryana	Yamunanagar	4	1.88	1.88	NA	No	Centre For Advance Research And Development	CSR00000339
180	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh	Surguja	3	0.46	0.46	NA	No	Ambuja Cement Foundation	CSR00006913
181	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh	Barwani	3	1.37	1.37	NA	No	Aga Khan Rural Support Programme India	CSR00004229

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										Name	CSR Registration Number
182	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh Bilaspur	3	0.48	0.48	NA	No	National Institute Of Women Child And Youth Development	CSR00000206
183	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh Korea(Koriya)	3	0.77	0.77	NA	No	Watershed Organisation Trust	CSR00000518
184	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh Kanker	3	0.48	0.48	NA	No	Udyogini	CSR00001487
185	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Maharashtra Yawatmal	3	1.49	1.49	NA	No	Sanjeevani Inst. For Empowerment & Development	CSR00000270
186	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh Balod	3	0.57	0.53	NA	No	Vrutti	CSR00000538
187	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Rajasthan Dausa	2	2.12	2.11	NA	No	Baif Development Research Foundation	CSR00000308
188	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Maharashtra Palghar	2	1.09	1.09	NA	No	All India Institute Of Local Self Government	CSR00000373
189	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh Vidisha	2	2.52	2.52	NA	No	Arpan Seva Sansthan	CSR00000826
190	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh Janjgir-Champa	3	1.17	1.17	NA	No	Indo Global Social Service Society	CSR00001677
191	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Himachal Pradesh Kangra	3	2.32	2.32	NA	No	Peoples Action For National Integration	CSR00000125
192	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Assam Darang	3	1.65	1.65	NA	No	Fxb India Suraksha	CSR00000076
193	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh Kabeerdham	3	0.77	0.77	NA	No	Aroh Foundation	CSR00000044
194	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh Jashpur	3	1.59	1.59	NA	No	Self Reliant Initiatives Through Joint Action	CSR00001911
195	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Meghalaya East Khasi	3	1.45	1.45	NA	No	Aroh Foundation	CSR00000044



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										Name	CSR Registration Number
196	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Assam	Vishwanath Chirali	4	2.14	2.14	NA	No	Suvidha..
197	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Rajasthan	Pali	2	1.52	1.52	NA	No	Self Reliant Initiatives Through Joint Action
198	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Rajasthan	Rajasmand	2	2.17	2.17	NA	No	Seva Mandir
199	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh	Durg	2	4.14	4.14	NA	No	Care India Solutions For Sustainable Development
200	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh	Khandwa	3	1.26	1.26	NA	No	Indo Global Social Service Society
201	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh	Khargone	3	2.32	2.32	NA	No	Suvidha..
202	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Jharkhand	Hazaribagh	4	2.89	2.89	NA	No	Kgvk
203	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Sikkim	East Sikkim	2	1.54	1.54	NA	No	Citizens Foundation
204	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Bihar	Nalanda	4	1.89	1.89	NA	No	Oxfam India
205	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Gujarat	Somnath	3	0.73	0.73	NA	No	Tns India Foundation
206	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Odisha	Koraput	3	1.26	1.26	NA	No	Foundation For Ecological Security
207	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Maharashtra	Jalna	3	3.47	3.47	NA	No	Watershed Organisation Trust
208	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Maharashtra	Osmanabad	3	1.27	1.27	NA	No	Cohesion Foundation Trust
209	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh	Ujjain	2	1.81	1.81	NA	No	Action For Social Advance-Ment (Asa)
210	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Rajasthan	Dholpur	1	0.31	0.31	NA	No	Manjri Foundation

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (₹ Cr.)	Amount spent in the current financial Year (₹ Cr)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency		
										Name	CSR Registration Number	
211	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh	Balrampur	3	1.82	1.82	NA	No	Udyogini	CSR00001487
212	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh	Surajpur	2	1.45	1.45	NA	No	Indo Global Social Service Society	CSR00001677
213	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh	Sarguja	3	0.92	0.92	NA	No	Ambuja Cement Foundation	CSR00006913
214	Holistic Rural Development Program	Rural Development Projects (x)	Yes	PUNJAB	Patiala	2	2.5	2.5	NA	No	Ambuja Cement Foundation	CSR00006913
215	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Assam	Lakhimpur	1	1.69	1.69	NA	No	Indo Global Social Service Society	CSR00001677
216	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh	Gariaband	2	1.41	1.4	NA	No	National Institute Of Women Child And Youth Development	CSR00000206
217	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Gorakhpur	3	2.49	2.49	NA	No	Peoples Action For National Integration	CSR00000748
218	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Varanasi	1	1.28	1.28	NA	No	Aroh Foundation	CSR00000044
219	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh	Burhanpur	2	1.74	1.64	NA	No	Aga Khan Rural Support Programme India	CSR00004229
220	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Jharkhand	Ranchi	1	0.36	0.36	NA	No	Nav Bharat Jagriti Kendra	CSR00001693
221	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Meghalaya	Ri-Bhoi	2	2.73	2.73	NA	No	Society For Action In Community Health	CSR00000283
222	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Haryana	Nuh	3	1.77	1.77	NA	No	S M Sehgal Foundation	CSR00000262
223	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Bahraich	3	1.8	1.8	NA	No	Aga Khan Foundation	CSR00008713
224	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Rajasthan	Alwar	2	1.83	1.83	NA	No	Ibtada	CSR00002333



# Directors' Report

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (₹ Cr.)	Amount spent in the current financial Year (₹ Cr)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
										Name	CSR Registration Number
225	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttarakhand Almora	3	2.76	2.76	NA	No	Himmothan Society	CSR00000081
226	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh Jhabua	3	0.9	0.9	NA	No	Baif Institute For Sustainable Livelihoods And Development	CSR00000259
227	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Bihar Gaya	1	1.93	1.93	NA	No	Nav Jagriti	CSR00000824
228	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh Guna	1	1.32	1.32	NA	No	End Poverty	CSR00000314
229	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Maharashtra Chandrapur	1	1.63	1.63	NA	No	Krushi Vikas Va Gramin Prashikshan Sanstha	CSR00001360
230	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Haryana Rewari	3	2.13	2.13	NA	No	End Poverty	CSR00000314
231	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Maharashtra Hingoli	1	2.4	2.4	NA	No	Baif Institute For Sustainable Livelihoods And Development	CSR00000259
232	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Tamilnadu Virudhunagar	4	3.04	3.04	NA	No	National Agro Foundation	CSR00000610
233	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Himachal Pradesh Hamirpur	1	2.01	2.01	NA	No	Himmothan Society	CSR00000081
234	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Karnataka Koppal	1	0.79	0.79	NA	No	Baif Institute For Sustainable Livelihoods And Development	CSR00000259
235	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Andhra pradesh Anantapur	1	1.14	1.14	NA	No	Foundation For Ecological Security	CSR00000637
236	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh Sitapur	1	2.25	2.25	NA	No	Aga Khan Foundation	CSR00008713
237	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh Rajgarh	1	1.14	1.14	NA	No	Arpan Seva Sansthan	CSR00000826

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (₹ Cr.)	Amount spent in the current financial Year (₹ Cr)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency		
										Name	CSR Registration Number	
238	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Gujarat	Kheda	1	1.96	1.96	NA	No	Foundation For Ecological Security	CSR00000637
239	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Lalitpur	1	1.2	1.2	NA	No	Centre For Advance Research And Development	CSR00000339
240	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Pratapgarh	1	1.31	1.31	NA	No	Peoples Action For National Integration	CSR00000125
241	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh	Balod	3	1.19	1.19	NA	No	Vrutti	CSR00000538
242	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Maharashtra	Satara	1	1.35	1.35	NA	No	Action For Agricultural Renewal In Maharashtra Afarm	CSR00000092
243	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Maharashtra	Nasik	1	2.37	2.37	NA	No	Sanjeevani Inst. For Empower-Ment & Develop-Ment	CSR00000270
244	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Bihar	Sitamarhi	1	0.82	0.82	NA	No	Oxfam India	CSR00000839
245	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Agra	3	1.92	1.92	NA	No	Ambuja Cement Foundation	CSR00006913
246	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Kerala	Ernakulam	3	1.51	1.51	NA	No	M S Swaminathan Research Foundation	CSR00000470
247	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Shrawasti	3	2.16	2.16	NA	No	Gorakhpur Environ-Mental Action Group	CSR00000748
248	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Chandauli	3	1.43	1.42	NA	No	Sahbhagi Shikshan Kendra	CSR00000486
249	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Sikkim	W Sikkim	3	1.98	1.98	NA	No	Gramin Vikas Trust	CSR00000633
250	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Bihar	Sheikhpura	3	1.07	1.07	NA	No	Integrated Development Foundation	CSR00000268
251	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Odisha	Jagatsinghpur	1	1.59	1.59	NA	No	Harsha Trust	CSR00001106



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										Name	CSR Registration Number	
252	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Odisha	Kalahandi	3	2.41	2.34	NA	No	Oxfam India	CSR00000839
253	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Odisha	Puri	4	0.98	0.98	NA	No	Prayatn Sanstha	CSR00000483
254	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh	Korea	3	1.69	1.69	NA	No	Watershed Organisation Trust	CSR00000518
255	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh	Balrampur	3	1.73	1.73	NA	No	Udyogini	CSR00001487
256	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Gujarat	Amreli	3	0.89	0.89	NA	No	Coastal Salinity Prevention Cell	CSR00002590
257	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Gujarat	Panchmahals	3	1.46	1.46	NA	No	Navin-Chandra Mafatlal Sadguru Water And Development Foundation	CSR00000285
258	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh	BALODA BAZAR	3	0.71	0.67	NA	No	Gramin Vikas Trust	CSR00000633
259	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Assam	Baksa	3	1.34	1.34	NA	No	Gramya Vikash Mancha	CSR00000407
260	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Jharkhand	Palamu	4	2.07	2.07	NA	No	Aident Social Welfare Organisation	CSR00000766
261	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Jharkhand	Bokaro	3	1.19	1.19	NA	No	Life Education And Development Support	CSR00000579
262	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Mathura	3	1.21	1.21	NA	No	S M Sehgal Foundation	CSR00000262
263	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Jhansi	1	0.86	0.86	NA	No	Self Reliant Initiatives Through Joint Action	CSR00001911
264	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Sitapur	3	0.58	0.58	NA	No	Aga Khan Foundation	CSR00008713
265	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Lakhimpur	3	0.6	0.6	NA	No	Aga Khan Foundation	CSR00008713

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (₹ Cr.)	Amount spent in the current financial Year (₹ Cr)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
										Name	CSR Registration Number
266	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Ayodhya	3	1.07	1.07	NA	No	Peoples Action For National Integration
267	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Bulandshahr	3	1.36	1.36	NA	No	End Poverty
268	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Jharkhand	Koderma	3	1.72	1.72	NA	No	Support.
269	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Jharkhand	Saraikela Kharsawan	3	1.22	1.22	NA	No	Centre For World Solidarity
270	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Jharkhand	Latehar	3	1.27	1.27	NA	No	Vikas Bharti
271	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Odisha	Nabarangpur	3	0.46	0.46	NA	No	Aragamee
272	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Bihar	Begusarai	3	0.77	0.77	NA	No	NirDesh
273	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Bihar	Aurangabad	3	1.72	1.72	NA	No	Rashtriye Gramin Vikas Nidhi
274	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Maharashtra	Amravati	3	1.13	1.13	NA	No	Vikas Sahyog Pratishthan
275	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh	Dhar	1	1.47	1.47	NA	No	Watershed Organisation Trust
276	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Maharashtra	Wardha	3	0.16	0.16	NA	No	Aga Khan Agency For Habitat India
277	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Saharanpur	3	0.86	0.86	NA	No	Centre For Advance Research And Development
278	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh	Sehore	3	1.4	1.4	NA	No	Arpan Seva Sansthan
279	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh	Dewas	4	0.74	0.74	NA	No	Samaj Pragati Sahayog
280	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Chhattisgarh	Bemetara	1	0.5	0.5	NA	No	Samerth Charitable Trust



# Directors' Report

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (₹ Cr.)	Amount spent in the current financial Year (₹ Cr)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
										Name	CSR Registration Number
281	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Uttar Pradesh	Kaushambi	3	0.87	0.87	NA	No	Baif Institute For Sustainable Livelihoods And Development
282	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Jharkhand	Godda	3	0.58	0.58	NA	No	Professional Assistance For Development Action
283	Holistic Rural Development Program	Rural Development Projects (x)	Yes	PUNJAB	Partner	1	1.25	1.25	NA	No	Centre For Advance Research And Development
284	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Himachal Pradesh	Una	3	0.23	0.23	NA	No	Ambuja Cement Foundation
285	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Haryana	Mahendragarh	3	0.41	0.41	NA	No	S M Sehgal Foundation
286	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh	Shajapur	1	1.26	1.26	NA	No	Arpan Seva Sansthan
287	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh	Chhindwara	1	1.55	1.55	NA	No	Naman Sewa Samiti
288	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Madhya Pradesh	Indore	1	0.65	0.65	NA	No	Sai Jyoti Gramodoyog Samaj Sewa Samiti
289	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Andhra pradesh	Andhra	3	0.66	0.66	NA	No	Foundation For Ecological Security
290	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Andhra pradesh	Prakasam	3	0.28	0.28	NA	No	Baif Institute For Sustainable Livelihoods And Development
291	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Karnataka	Krishnagiri	3	0.18	0.18	NA	No	Myrada
292	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Karnataka	Gulbarga	3	0.7	0.7	NA	No	Myrada
293	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Karnataka	Yadgiri	3	0.68	0.67	NA	No	Myrada

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (₹ Cr.)	Amount spent in the current financial Year (₹ Cr)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
										Name	CSR Registration Number
294	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Karnataka Bidar	3	0.51	0.51	NA	No	Myrada	CSR00001099
295	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Kerala Wayanadu,Idukki	3	0.32	0.32	NA	No	M S Swaminathan Research Foundation	CSR00000470
296	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Kerala Thiruvananthapuram	3	0.38	0.38	NA	No	Dhan Foundation	CSR00000273
297	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Maharashtra Nanded	3	0.43	0.43	NA	No	Centre For Advance Research And Development	CSR00000339
298	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Maharashtra Bhandara	3	0.36	0.36	NA	No	Vikas Sahyog Pratishthan	CSR00001779
299	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Meghalaya Ri Bhoi	3	0.14	0.14	NA	No	Fxb India Suraksha	CSR00000076
300	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Odisha Bolangir	3	0.7	0.7	NA	No	Gram Vikas	CSR00000596
301	Holistic Rural Development Program	Rural Development Projects (x)	Yes	West bengal South 24 Paraganas	3	0.33	0.33	NA	No	Sabuj Sangha	CSR00000299
302	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Odisha Kendrapara	3	0.18	0.18	NA	No	Youth Council For Development Alternative (Ycda)	CSR00016873
303	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Bihar Nawada	3	0.33	0.33	NA	No	Bhartiya Jan Uthan Parishad	CSR00001501
304	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Jharkhand Khunti	2	0.39	0.39	NA	No	Network For Enterprise Enhancement And Development Support Needs	CSR00002858
305	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Jharkhand Lohardaga	3	0.44	0.44	NA	No	Baif Institute For Sustainable Livelihoods And Development	CSR0000259
306	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Jharkhand Sahebganj	3	0.54	0.54	NA	No	Pravah	CSR00002347



# Directors' Report

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (₹ Cr.)	Amount spent in the current financial Year (₹ Cr)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
										Name	CSR Registration Number
307	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Bihar	Munger	3	0.15	0.15	NA	No	Baif Institute For Sustainable Livelihoods And Development
308	Holistic Rural Development Program	Rural Development Projects (x)	Yes	Jharkhand	Giridih	3	0.24	0.24	NA	No	Jan Jagran Kendra
309	Financial Literacy Program	Rural Development Projects (x)	Yes	Pan India	Multiple districts	1	157.54	157.54	NA	Yes	Direct
310	Dairy Support Program	Rural Development Projects (x)	Yes	Pan India		1	19.19	19.19	NA	Yes	Direct
<b>Total</b>						613.02	*612.16	NA*			

\* Bank has overachieved it's 2% mandatory CSR obligation for FY 2021-22. Hence, unspent balance of INR 0.86 Cr. against the excess fund disbursed will not be transferred to unspent CSR account for FY 2021-22 and same will be treated as opening balance for FY 2022-23.

## (c) Details of CSR amount spent against other than **ongoing projects** for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent for the project (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency		
							Name	CSR Registration Number	
1	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Madhya Pradesh	Sagar	0.08	No	Abhyuday Sansthan	CSR00000495
2	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Satara	0.01	No	Action For Agricultural Renewal In Maharashtra Farm	CSR00000092
3	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Madhya Pradesh	Ujjain	0.01	No	Action For Social Advancement (Asa)	CSR00001213
4	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Madhya Pradesh	Shahdol	0.03	No	Action For Social Advancement (Asa)	CSR00001213
5	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Tamilnadu	Melmaruvathur	0.56	No	Adhiparasakthi Charitable Medical Educational And Cultural Trust	CSR00000466
6	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Uttar Pradesh	Barabanki	0.01	No	Aga Khan Foundation	CSR00008713

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent for the project (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
							Name	CSR Registration Number
				State	District			
7	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Uttar Pradesh	Bahraich	0.09	No	Aga Khan Foundation CSR00008713
8	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Bihar	Vaishali	0.03	No	Aga Khan Rural Support Programme India CSR00004229
9	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Madhya Pradesh	Barwani	0.04	No	Aga Khan Rural Support Programme India CSR00004229
10	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Gujarat	Narmada	0.03	No	Aga Khan Rural Support Programme India CSR00004229
11	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Odisha	Bhubaneswar	0.25	No	Aic Cv Raman College Of Engineering Foundation CSR00017678
12	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	PUNJAB	Mohali	0.5	No	Aic Isb Association CSR00004912
13	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Rajasthan	Jaipur	0.25	No	Aic Jklu Foundation CSR00018265
14	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Gujarat	Ahmedabad	0.1	No	Aic Lmcp Foundation CSR00005955
15	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Maharashtra	Pune	0.5	No	Aic Mitadt Incubator Forum CSR00003125
16	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Karnataka	Bangalore	0.98	No	Aic Ncore Developmental Impact Foundation CSR00017882
17	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Andhra pradesh	Anantapur	0.25	No	Aic Sku Confederation CSR00017704
18	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Sikkim	Majitar	0.25	No	Aic Smu Technology Business Incubation Foundation CSR00004563
19	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Delhi	New Delhi	0.9	No	Aic Stpinext Initiatives CSR00019475
20	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Uttarakhand	Haridwar	0.08	No	Ambuja Cement Foundation CSR00006913
21	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Chhattisgarh	Sarguja	0.00	No	Ambuja Cement Foundation CSR00006913
22	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Uttar Pradesh	Noida	0.5	No	Amity Technology Incubator CSR00018123



# Directors' Report

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent for the project (₹ Cr)	Mode of Imple- men- ta- tion - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency		
							Name	CSR Registration Number	
				State	District				
23	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Kerala	Kollam	0.5	No	Amrita Technology Business Incubator	CSR00018348
24	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Raigad	0.73	No	Annada	CSR00000749
25	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Uttar Pradesh	Varanasi	0.08	No	Aroh Foundation	CSR00000044
26	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Chhattisgarh	Kawardha	0.03	No	Aroh Foundation	CSR00000044
27	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Madhya Pradesh	Rajgrah	0.02	No	Arpan Seva Sansthan	CSR00000826
28	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Madhya Pradesh	Vidisha	0.07	No	Arpan Seva Sansthan	CSR00000826
29	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Pan India	Guwahati	1	No	Assam Arogya Nidhi	CSR00009814
30	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Gujarat	Surat	0.5	No	Association For Harnessing Innovation And Entrepreneurship	CSR00003499
31	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Madhya Pradesh	Dhar	0	No	Baif Development Research Foundation	CSR00000308
32	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Madhya Pradesh	Jhabua	0.28	No	Baif Institute For Sustainable Livelihoods And Development	CSR00000259
33	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Hingoli	0.01	No	Baif Institute For Sustainable Livelihoods And Development	CSR00000259
34	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Karnataka	Koppal	0.01	No	Baif Institute For Sustainable Livelihoods And Development	CSR00000259
35	Support to person with disability	Preventive and Curative Healthcare (i)	Yes	Pan India	Jaipur	0.72	No	Bhagwan Mahaveer Viklang Sahayata Samiti	CSR00001480
36	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Mumbai	0.12	Yes	Direct	NA
37	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Himachal Pradesh	Pan India	5.73	Yes	Direct	NA

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent for the project (₹ Cr)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency		
							Name	CSR Registration Number	
				State	District				
38	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Pan India	Separate list provided	12.99	No	Buddy4study India Foundation	CSR00000121	
39	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Pan India	PATNA	3	No	Care India Solutions For Sustainable Development	CSR00000786
40	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Chhattisgarh	Durg	0.04	No	Care India Solutions For Sustainable Development	CSR00000786
41	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Uttar Pradesh	Lalitpur	0.04	No	Centre For Advance Research And Development	CSR00000339
42	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Haryana	Yamuna Nagar	0.03	No	Centre For Advance Research And Development	CSR00000339
43	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Nanded	0.04	No	Centre For Advance Research And Development	CSR00000339
44	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Mumbai	0.18	Yes	Direct	NA
45	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Osmanabad	0.02	No	Cohesion Foundation Trust	CSR00000148
46	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Gujarat	Sabarkantha	0.02	No	Collectives For Integrated Livelihood Initiatives	CSR00000508
47	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	PUNJAB	Ludhiana, Khargone and Kendrapada	1.19	No	Concern India Foundation	CSR00000898	
48	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Pan India	Multiple districts	1	No	Csc Academy	CSR00006887
49	Training on Phlebotomy	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra	Multiple districts	0.25	No	Csc Academy	CSR00006887
50	Digitization in villages	Promoting Education (ii)	Yes	Odisha	Angul, Pali	2	No	Csc Academy	CSR00006887
51	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Karnataka	Bangalore	0.9	No	Derbi Foundation	CSR00010231
52	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Mumbai	1.15	Yes	Direct	NA
53	Flood Relief program	Disaster Management (xii)	Yes	Maharashtra	Sangli	0.05	No	Donatekart Foundation	CSR00005168



# Directors' Report

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent for the project (₹ Cr)	Mode of Imple- men- ta- tion - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency		
							State	District	Name
54	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Uttar Pradesh	Gorakhpur	0	Yes	Direct	NA
55	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Madhya Pradesh	Guna	0.17	No	End Poverty	CSR00000314
56	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Haryana	Rewari	0.18	No	End Poverty	CSR00000314
57	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Maharashtra	Pune	1	No	Entrepreneurship Development Center	CSR00000220
58	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Telangana	Hyderabad	0.25	No	Foundation For Cfhe	CSR00001821
59	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Odisha	Koraput	0.02	No	Foundation For Ecological Security	CSR00000637
60	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Gujarat	Kheda	0.02	No	Foundation For Ecological Security	CSR00000637
61	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Gujarat	Kheda	0.02	No	Foundation For Ecological Security	CSR00000637
62	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Andhra pradesh	Ananthpur	0.09	No	Foundation For Ecological Security	CSR00000637
63	Support to Olympiads	Training to Promote Sports (vii)	Yes	Pan India	Multiple District	1.5	No	Foundation For Promotion Of Sports And Games	CSR00001100
64	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Karnataka	Hubballi	0.25	No	Foundation For Sandboxstartup Initiatives	CSR00001469
65	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Mumbai, Thane	0.79	Yes	Direct	NA
66	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Punjab	Ludhiana	0.01	Yes	Direct	NA
67	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Gujarat	Ahmedabad	0.5	No	Gcs Med College Hosp And Research Centre	CSR00000688
68	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Karnataka	Ranchi	0.15	Yes	Direct	NA
69	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Pan India	Partner	3.04	No	Giveindia	CSR00000389

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							Name	CSR Registration Number
				State	District			
70	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	West Bengal	Washim	0.53	No	Giveindia CSR00000389
71	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Pan India	Pan India	4.78	No	Giveindia CSR00000389
72	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Pan India	Pan India	8.78	No	Giveindia CSR00000389
73	Payroll Giving Programme	Eradicating Poverty (i)/ Promoting Education (ii)/ Gender Equality (iii)	Yes	Pan India	Pan India	0.41	No	Giveindia CSR00000389
74	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Chhattisgarh	Dhamtari	0.07	No	Gramin Vikas Trust CSR00000633
75	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Assam	Nalbari	0.05	No	Gramya Vikash Mancha CSR00000407
76	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Gujarat	Ahmedabad	0.9	No	Gujarat Student Startup And Innovation Hub CSR00023347
77	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Uttarakhand	Almora	0.01	No	Himmothan Society CSR00000081
78	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Telangana	Hyderabad	0.5	No	I Tic Foundation lit Hyderabad CSR00003816
79	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Rajasthan	Alwar	0.01	No	Ibtada CSR00002333
80	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Karnataka	Bangalore	0.5	No	Indian Institute Of Management Bangalore CSR00003458
81	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Chhattisgarh	Bhilai	0.76	No	Indian Institute Of Technology Bhilai CSR00018467
82	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Delhi	New Delhi	0.5	No	Indian Society Of Agribusiness Professionals CSR00000109
83	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Uttar Pradesh	Bhadohi, Varanasi, Lucknow	1.27	Yes	Direct NA
84	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Chhattisgarh	Surajpur	0.1	No	Indo Global Social Service Society CSR00001677
85	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Chhattisgarh	Champa	0.1	No	Indo Global Social Service Society CSR00001677



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							Name	CSR Registration Number	
				State	District				
86	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Madhya Pradesh	Khandwa	0.06	No	Indo Global Social Service Society	CSR00001677
87	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Himachal Pradesh	Mandi	0.01	Yes	Direct	NA
88	Purchase of Medical Equipment	Preventive and Curative Healthcare (i)	Yes	Uttarakhand	Dehradun	0.27	Yes	Direct	NA
89	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Bihar	Samastipur	0.02	No	Integrated Development Foundation	CSR00000268
90	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Telangana	Hyderabad	0.5	No	International Institute Of Information Technology Hyderabad Foundation	CSR00005001
91	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Kerala	Thrissur	0.62	Yes	Direct	NA
92	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Pan India	Assam - KAMRUP (Rural), Tinsukia, Biswanath, NAGAON, Sonitpur, Morigaon, Morigaon. Manipur - Imphal East, Thoubal, Tamenglong. Meghalaya - West Jaintia Hills, West Khasi Hills, East Garo Hills. Nagaland - Dimapur. Sikkim - East Sikkim. WB - KTiruppur, Alimpong, Koochbehar, Karnataka - Kurg, Shimogga, Kolar, Srinivaspur, Gulbarga, Bellari, Arunachal - TAWANG, West Tripura, Tamil Nadu - Virudhunagar, Thanjavur, Vellore, Tirunelveli, Mizoram - Aizwal, Saiha	12.35	No	Karuna Trust	CSR00000946	
93	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Punjab	Patiala	0	Yes	Direct	NA

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							Name	CSR Registration Number
				State	District			
94	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Odisha	Bhubaneswar	0.26	No	Kiit Technology Business Incubator CSR00002635
95	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Kerala	Wayanadu,Idukki, Kuttanadu, Enakulam	0.05	No	M S Swaminathan Research Foundation CSR00000470
96	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Rajasthan	Dholpur	0.07	No	Manjari Foundation CSR00000074
97	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Maharashtra	Aurangabad	0.5	No	Marathwada Accelerator For Growth And Incubation Council CSR00012590
98	Purchase of Machinery for Hospital	Preventive and Curative Healthcare (i)	Yes	Tamilnadu	Kolkata	0.9	No	Medical Research Foundation CSR00002370
99	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Mumbai	0.34	Yes	Direct NA
100	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Chhattisgarh	Bilaspur	0.02	Yes	Direct NA
101	Promoting Quality Education	Promoting Education (ii)	Yes	Uttarakhand	Dehradun	0.51	No	Meerabo Global Foundation CSR00005114
102	Support to Cancer Patients	Preventive and Curative Healthcare (i)	Yes	Uttar Pradesh	Madan	1.5	No	Msbsv Mahamana Pandit Madan Mohan Malviya Cancer Centre Tata Memorial CSR00001287
103	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Karnataka	Gulberga, Bidar, Raichur	0.1	No	Myrada CSR00001099
104	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Tamilnadu	Virudhunagar	0.03	No	National Agro Foundation CSR00000610
105	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Chhattisgarh	Pendra	0.07	No	National Institute Of Women Child And Youth Development CSR00000206
106	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Chhattisgarh	Gariabandh	0.02	No	National Institute Of Women Child And Youth Development CSR00000206
107	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Bihar	Gaya	0.03	No	Nav Jagriti CSR00000824
108	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Jharkhand	Khunti	0.04	No	Network For Enterprise Enhancement And Development Support Needs CSR00002858



# Directors' Report

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							Name	CSR Registration Number	
				State	District				
109	Distribution of E- Rikshaws	Ensuring Environmental Sustainability (iv)	Yes	Jharkhand	Lucknow	2.62	Yes	Direct	NA
110	Promoting Quality Education	Promoting Education (ii)	Yes	Rajasthan	Alwar	0.2	No	Orion Educational Society	CSR00000597
111	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Bihar	Nalanda	0.12	No	Oxfam India	CSR00000839
112	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Bihar	Sitamarhi	0.08	No	Oxfam India	CSR00000839
113	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Gujarat	Gandhinagar	0.5	No	Pdeu Innovation And Incubation Centre	CSR00001317
114	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Uttar Pradesh	Prayagraaj	0.04	No	Peoples Action For National Integration	CSR00000125
115	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Uttar Pradesh	Gorakhpur	0.04	No	Peoples Action For National Integration	CSR00000125
116	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Uttar Pradesh	Pratapgarh	0.01	No	Peoples Action For National Integration	CSR00000125
117	Solar Street Light	Ensuring Environmental Sustainability (iv)	Yes	Himachal Pradesh	Kullu	0.22	No	Peoples Action For National Integration	CSR00000125
118	Promotion of Clean and Renewable Energy	Ensuring Environmental Sustainability (iv)	Yes	Uttar Pradesh	Kaushambi and Shahjahanpur	0.6	No	Peoples Action For National Integration	CSR00000125
119	Water Supply Management	Preventive and Curative Healthcare (i)	Yes	Himachal Pradesh	Bilaspur	0.24	No	Peoples Action For National Integration	CSR00000125
120	Tree Plantation Program	Ensuring Environmental Sustainability (iv)	Yes	Pan India	Prayagraj	0.02	Yes	Direct	NA
121	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Odisha	Rayagada	0.12	No	Prayatn Sanstha	CSR00000483
122	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)		Tamilnadu	Chennai	0.45	Yes	Direct	NA
123	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Jharkhand	Dumka	0.03	No	Professional Assistance For Development Action	CSR00000973
124	Infrastructure for sports complex	Training to Promote Sports (vii)	Yes	West Bengal	Kolkata	0.73	Yes	Direct	NA

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							Name	CSR Registration Number
				State	District			
125	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Haryana	Nuh	0.04	No	S M Sehgal Foundation CSR00000262
126	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Haryana	Mahendragarh	0.02	No	S M Sehgal Foundation CSR00000262
127	Controlling Air Pollution	Ensuring Environmental Sustainability (iv)	Yes	Chhattisgarh	Bilaspur	0.2	Yes	Direct NA
128	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Yavatmal	0.02	No	Sanjeevani Inst. For Empowerment & Development CSR00000270
129	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Nasik	0.05	No	Sanjeevani Inst. For Empowerment & Development CSR00000270
130	Carbon Footprint Mitigation	Ensuring Environmental Sustainability (iv)	Yes	Himachal Pradesh	Mandi	2.56	No	Sanjeevani Vikas E�am Jan Kalyan Samiti CSR00000466
131	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Maharashtra	Pune	1	No	Science And Technology Park University Of Pune CSR00003979
132	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Kerala	Trivandrum	0.2	No	Sctimst Technology Business Incubator For Medical Devices And Biomaterials CSR00008116
133	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Rajasthan	Pali	0.06	No	Self Reliant Initiatives Through Joint Action CSR00001911
134	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Chhattisgarh	Jashpur	0.03	No	Self Reliant Initiatives Through Joint Action CSR00001911
135	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Karnataka	Rajanna Sircilla	1.5	Yes	Direct NA
136	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Pan India	Pan India	0.05	No	Setu Charitable Trust CSR00001063
137	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Rajasthan	Rajasmand	0.01	No	Seva Mandir CSR00000288
138	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Mumbai	0.01	Yes	Direct NA
139	Skill training for youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Uttar Pradesh	Lucknow	0.3	Yes	Direct NA
140	Incubator Support Program	Contribution to Incubators or Research (ix - a)	Yes	Maharashtra	Mumbai	0.5	No	Social Entrepreneurs Foundation India CSR00001257



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							Name	CSR Registration Number	
				State	District				
141	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)		Tamilnadu	Viluppuram	0.49	No	Sri Aurobindo Society	CSR00000200
142	Scholarship support program	Promoting Education (ii)	Yes	Maharashtra	Mumbai	0.34	No	Sri Sathya Sai Trust	CSR00001704
143	Felicitating martyrs and disabled soldiers	Armed Force Veterans (vi)	Yes	Pan India	Multiple District	0.25	No	Sri Shanmukhananda Fine Arts & Sangeetha Sabha	CSR00001777
144	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)		Maharashtra	Mumbai	0.67	Yes	Direct	NA
145	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Assam	Golaghat	0.17	No	Suvidha..	CSR00000399
146	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Assam	Biswanath	0.03	No	Suvidha..	CSR00000399
147	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Madhya Pradesh	Khargone	0.04	No	Suvidha..	CSR00000399
148	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)		Uttarakhand	Almoda and Tehri	0.38	No	Suvidha..	CSR00000399
149	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Pan India	Pune	1.75	No	Symbiosis Society	CSR00005192
150	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Mumbai	0.2	No	Taj Public Service Welfare Trust	CSR00000540
151	Support to Cancer Patients	Preventive and Curative Healthcare (i)	Yes	Pan India	Multiple districts	0.5	No	Tata Memorial Centre	CSR00001287
152	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Gujarat	Somnath	0.08	No	Tns India Foundation	CSR00001337
153	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Rajasthan	Karauli	0.04	No	Udyogini	CSR00001487
154	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Chhattisgarh	Balrampur	0.01	No	Udyogini	CSR00001487
155	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Chhattisgarh	Kanker	0.01	No	Udyogini	CSR00001487
156	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Rajasthan	Jaisalmer	0.01	No	Urmul Rural Health Research And Development Trust	CSR00000546

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							Name	CSR Registration Number
				State	District			
157	Water Management tool	Preventive and Curative Healthcare (i)	Yes	Pan India	Multiple District	0.01	Yes	Direct
158	Sanitation project	Preventive and Curative Healthcare (i)	Yes	Tamilnadu	Venkatapuram	0.49	No	Voice Foundation
159	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Chhattisgarh	Balod	0	No	Vrutti
160	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Madhya Pradesh	Chhindwara	0.02	No	Watershed Organisation Trust
161	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Jalna	0.01	No	Watershed Organisation Trust
162	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Gujarat	Ahmedabad, Gandhinagar	2	No	Yuva Unstoppable
163	COVID Relief Program	Preventive and Curative Healthcare (i)/ Disaster Management (xii)	Yes	Maharashtra	Lonavala	0	No	Yuva Unstoppable
164	Smart Class project	Promoting Education (ii)	Yes	Chhattisgarh	Raipur, Korba, Mahasamund, Bilaspur, Rajnandgaon, Dhamtari, Kabirdham, Raigarh, Janjir Champa, Durg, Bastar, Kondagaon, Kanker, Jashpur, Mungeli, Surguja, Dantewada, Bijapur, Koriya,	0.47	No	Yuva Unstoppable
165	Smart Class project	Promoting Education (ii)	Yes	PUNJAB	Amritsar	0.5	No	Yuva Unstoppable
166	Smart Class project	Promoting Education (ii)	Yes	Odisha	Angul, Khurda, Nayagarh, Jagatsinghpur, Kendrapara, Bolangir, Boudh, Kandhamal, Jharsuguda, Keonjhar, Mayurbhanj, Sambalpur, Cuttack, Jagatsinghpur, Puri, Bargarh, Kalahandi, Koraput, Malkangiri, Rayagada, Balasore, Bhadrak, Ganjam, Khurda, Jajpur	2.2	No	Yuva Unstoppable
167	Smart Class project	Promoting Education (ii)	Yes	Delhi	Delhi	0.22	No	Yuva Unstoppable



# Directors' Report

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent for the project (₹ Cr)	Mode of Imple- men- ta- tion - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
							Name	CSR Registration Number
				State	District			
168	Smart Class project	Promoting Education (ii)	Yes	Delhi	Delhi	1.53	No	Yuva Unstoppable CSR00000473
169	Smart Class project	Promoting Education (ii)	Yes	PUNJAB	Rajpura	0.75	No	Yuva Unstoppable CSR00000473
170	Smart Class project	Promoting Education (ii)	Yes	PUNJAB	Amritsar	0.95	No	Yuva Unstoppable CSR00000473
171	Community Toilets	Preventive and Curative Healthcare (i)	Yes	Uttar Pradesh	Siddharth Nagar	0.12	No	Yuva Unstoppable CSR00000473
172	Digitisation of government schools	Promoting Education (ii)	Yes	Uttar Pradesh	Varanasi, Lucknow, Kaasganj, Kakori, Gorakhpur,	0.34	No	Yuva Unstoppable CSR00000473
Total					110.83			

- (d) Amount spent in Administrative Overheads: ₹ 12.53 Cr
- (e) Amount spent on Impact Assessment, if applicable: ₹ 0.49 Cr
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 736.01 Cr
- (g) Excess amount for set off, if any

Sl. No.	Particular	Amount (₹ Cr.)
(i)	Two percent of average net profit of the company as per section 135(5)	733.86
(ii)	Total amount spent for the Financial Year	736.01
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2.15
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	2.15

- 9 (a) Details of Unspent CSR amount for the preceding three financial years: NA
- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NA

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) : No capital assets have been created or acquired in the name of the Bank through CSR Spend in the financial year.
- (a) Date of creation or acquisition of the capital asset(s): NA
  - (b) Amount of CSR spent for creation or acquisition of capital asset: NA
  - (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: NA
  - (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): NA

**Sashidhar Jagdishan**

**Managing Director & CEO**

**Dr. (Mrs.) Sunita Maheshwari**

**(Chairperson, CSR and ESG Committee)**

## Annexure 3 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:**

(a) Name(s) of the related party	Housing Development Finance Corporation Limited
Nature of relationship	Promoter of the Bank
(b) Nature of contracts/arrangements/transactions	Purchase of home loans
(c) Duration of the contracts / arrangements/ transactions	1 year
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. Housing Development Finance Corporation Limited continues servicing of the assigned portfolio for which the Bank pays servicing fees.
	Home loans purchased: ₹ 28,205.24 crs
(e) Date(s) of approval by the Board, if any:	N.A.
(f) Amount paid as advances, if any:	Nil

Note: 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 4 to the Directors' Report

## Performance and financial position of subsidiaries of the Bank as on March 31, 2022

(₹ crore)

Name of entity	Net assets as of March 31, 2022		Profit for the year ended March 31, 2022	
	As % of consolidated net assets**	Amount***	As % of consolidated profit	Amount***
<b>Parent:</b>				
HDFC Bank Limited	97.08%	240,092.94	97.13%	36,961.33
<b>Subsidiaries*:</b>				
1. HDFC Securities Limited	0.66%	1,644.71	2.62%	995.94
2. HDB Financial Services Limited	3.97%	9,823.61	2.68%	1,020.19
Minority Interest in all subsidiaries	0.29%	720.42	0.26%	98.15

\* The subsidiaries are domestic entities

\*\* Consolidated net assets are total assets minus total liabilities including minority interest

\*\*\* Amounts are before inter-company adjustments



## Annexure 5 to the Directors' Report

### Disclosures on Remuneration

#### 1. Ratio of Remuneration of each director to the median employees' remuneration for the FY 2021-22

Name and Designation	Ratio
Atanu Chakraborty, Part-Time Chairman and Independent Director	14.42 : 1
Renu Karnad, Non-Executive Director (Nominee of HDFC Ltd)	16.17 : 1
Srikanth Nadhamuni, Non-Executive Director	15.37 : 1
Malay Patel, Independent Director	15.96 : 1
Umesh Chandra Sarangi, Independent Director	15.01 : 1
Sanjiv Sachar, Independent Director	16.49 : 1
Sandeep Parekh, Independent Director	13.42 : 1
MD Ranganath, Independent Director	17.86 : 1
Sunita Maheshwari, Independent Director	8.67 : 1
Lily Vadera, Independent Director	2.73 : 1
Sashidhar Jagdishan, Managing Director & CEO	147 : 1*
Kaizad Bharucha, Executive Director	136 : 1*

\*In case of Managing Director & CEO and the Executive Director, the Bank has considered the annualised fixed pay for the computation of ratios. Fixed pay includes - salary, allowances, retiral benefits as well as value of perquisites as approved by the Reserve Bank of India. Variable Pay has been excluded from the same.

For the Directors other than Managing Director & CEO and Executive Director, the actual remuneration paid during the year 2021–22 has been considered while calculating the ratio of remuneration to the median employees' remuneration.

#### Note:

1. Mr. Atanu Chakraborty was appointed as the Part Time Chairman and Independent Director of the Bank with effect from May 5, 2021.
2. Mrs. Lily Vadera was appointed as an Independent Director of the Bank with effect from November 26, 2021.
3. Mr. Srikanth Nadhamuni tendered his resignation as Non-Executive (Non-Independent) Director of the Bank with effect from February 18, 2022.
4. All employees of the Bank, including overseas employees, have been considered.
5. In case of non-executive directors, sitting fees paid for attending Board and Committee meetings during FY 2021-22 and fixed remuneration paid as permitted

by relevant RBI guidelines [presently at ₹ 20,00,000 (Rupees Twenty Lakhs Only) per annum for each Non-Executive Director has been considered. Mr. Atanu Chakraborty, Part Time Chairman and Independent Director is not eligible for the same pursuant to the RBI guidelines and is entitled to a remuneration as separately approved by the RBI. During the year, Mr. Chakraborty was paid such remuneration of ₹ 31,70,698.96 (i.e. ₹ 35,00,000 per annum) on proportionate basis.

#### 2. Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any, in the FY 2021-22

Designation	Percentage
Managing Director <sup>A</sup>	0.00
Executive Director <sup>B</sup>	0.00
Chief Financial Officer	3.37
Company Secretary	2.75

<sup>A&B</sup> As per the salary review approval process of the Reserve Bank of India, the salary increment proposal to be effected from April 01 in a given financial year can only be made in the subsequent financial year post assessment of performance for the reference financial year. For e.g. salary increment proposal to be made to the RBI effective April 01, 2020 can only be made post assessment of performance for the financial year 2020 – 2021. The approval received from the RBI will therefore be retrospectively applied from April 01, 2020. Therefore, due to this process, the salary increase given in the particular year will always be reported as zero.

The salary increase for previous financial year i.e. 2020 – 2021 paid retrospectively from April 01, 2020 was approved by the RBI on March 23, 2022.

<sup>A</sup> Mr. Sashidhar Jagdishan, the current Managing Director & CEO, held the title of Group Head- Finance prior to his appointment as the Managing Director & CEO of the Bank with effect from October 27, 2020. The percentage increase mentioned in previous year disclosures of 6.66 % is the increase he received in his previous role as Group Head. No salary increase or variable pay in the financial year 2021-2022 has been recommended or approved so far for the Managing Director as an application for the same would be submitted to the RBI post approval by the NRC and the Board after due performance assessment for the year 2021-2022.

<sup>B</sup> Mr. Kaizad Bharucha the current Executive Director received an 8.00% increase on Fixed Pay effective April 01, 2020, the approval for which was received on March 23, 2022. The components considered for Fixed Pay increase were as follows: Basic, Consolidated Allowances, Leave Travel Allowance, Provident Fund, Superannuation and Gratuity. There was no increase given on Perquisites.

**Non-executive / Independent Directors:**

The Non-Executive Directors are paid sitting fees of ₹ 50,000 or ₹ 100,000 per meeting for attending Committee & Board meetings. The Board of Directors increased the sitting fees of certain key Committee meetings to ₹ 100,000 per meeting with effect from April 1, 2021, namely, Audit Committee, Risk Policy & Monitoring Committee, Nomination & Remuneration Committee, Credit Approval Committee and IT Strategy Committee. Subsequently, sitting fees payable for attending Independent Directors Meeting and Customer Service Committee meeting were increased to ₹ 1,00,000 with effect from August 14, 2021 and November 26, 2021 respectively. The Non-Executive Directors, other than the Chairman, are paid fixed remuneration of ₹ 20,00,000 (Rupees Twenty Lakh Only) per annum for each Non-Executive Director, on proportionate basis.

Mr. Atanu Chakraborty, Part Time Chairman & Independent Director was paid remuneration of ₹ 31,70,698.96 (i.e. ₹ 35,00,000 per annum) on proportionate basis, during FY 2021-22 as approved by the RBI, in addition to sitting fees and provision of car for official and personal use.

### **3. Percentage Increase in the median remuneration of employees in the FY 2021-22**

The percentage increase in median remuneration of employees in the FY 2021-22 was 1.21%. This includes front line sales and overseas staff.

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

As of March 31, 2022, the number of permanent employees on the rolls of the Bank was 1,41,579.

### **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 : 3.06%\*

The average percentage increase for Non-Managerial Staff : 8.91%

The average percentage increase in the salaries is inclusive of front line sales and overseas staff and is primarily on account of annual fixed pay increase and promotions.

\*The average percentage increase is only for Company Secretary and Chief Financial Officer. Whole Time Directors are excluded from the calculation since they did not receive increment for the financial year 2021 - 2022. For more details please refer to the foot notes of point number 2.

### **6. Affirmation that the remuneration is as per the remuneration policy of the company**

Yes



## Annexure 6 to the Directors' Report

### FORM NO. MR 3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[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, statutory compliances and expressing our opinion thereon.

Based on our 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 period ended on **31st March, 2022**, 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, minutes books, forms and returns filed and other records maintained by the Bank for the financial period ended on **31st March, 2022** in accordance with 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 to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, **as applicable**;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as amended from time to time**:
  - 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 and Sweat Equity) Regulations, 2021 (erstwhile The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (repealed w.e.f. August 13, 2021);
  - e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (erstwhile The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (repealed w.e.f. August 9, 2021);
  - 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, 2021 - **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 (Depositories and Participants) Regulations, 2018;
  - j) The Securities and Exchange Board of India (Bankers to an issue) Regulations, 1994;

- k) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992;
- l) The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
- (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 Reserve Bank of India (RBI) from time to time. Further, the Bank has complied with other applicable general business laws, rules, regulations and guidelines.

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

- i. Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and
- ii. The Securities and Exchange Board of India (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 subject to the following observations:

1. Reserve Bank of India (RBI) has imposed, by an order dated May 27, 2021 (as received by the Bank on May 28, 2021), a monetary penalty of ₹10.00 crore (Rupees ten crore only) on HDFC Bank Limited ('Bank'). As per the said order, 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 (Act), for marketing / sale of third party non-financial products in contravention of provisions of Section 6(2) and Section 8 of the Act. The Bank has discontinued the sale of said third-party non-financial product since October, 2019. The penalty was paid by the Bank.
2. SEBI issued final order on January 21, 2021, levying a penalty of ₹ 1 crore on the Bank, in the matter of invocation of securities pledged by BMA Wealth Creators (BRH Wealth Kreators) for availing credit facilities. SEBI has also directed the Bank to transfer sale proceeds of Rs.158.68 crores on invocation of securities, along with interest to escrow account with a nationalised bank by marking lien in favour of SEBI. The Bank had challenged SEBI's order before Securities Appellate Tribunal (SAT) and SAT, vide its interim order, have stayed operation of SEBI's order. SAT, vide its final order dated February 18, 2022, allowed the Bank's appeal and quashed SEBI's Order.

- 3. RBI, vide its order dated December 02, 2020 with regard to certain incidents of outages in the internet banking / mobile banking / payment utilities of the Bank over the past 2 years, had advised the Bank (a) to stop all digital business generating activities planned under its 'Digital 2.0' and proposed Business generating applications digital also imposed restrictions and (b) to stop sourcing of new credit card customers with regard to certain incidents of outages in the internet banking / mobile banking / payment utilities of the Bank over the past 2 years. Further, basis the Bank's submission, RBI vide its letter dated August 17, 2021, have relaxed the restriction placed on sourcing of new credit cards customers and further vide its letter dated March 11, 2022 have lifted the restrictions on the business generating activities planned under the Bank's Digital 2.0 program.

**We further report that:**

- (a) The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, 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 in advance as prescribed under the applicable Secretarial Standards, 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.
- (d) The minutes of the Board meetings and Committee Meetings have not identified any dissent by members of the Board /Committee of the Board respectively hence we have no reason to believe that the decisions by the Board were not approved by all the directors/members present.

**We further report that**, there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Bank has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

**We further report that** during the audit period the following events / actions have taken place, having a major bearing on the Bank's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

1. The Bank has raised U.S.\$ 1,000,000,000 (U.S.\$ One Billion) by the issue and allotment of Direct, Subordinated,



# Directors' Report

Unsecured 3.70% Basel III Compliant Additional Tier I Notes ("Notes") to overseas investors in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act") and outside the United States in offshore transactions as defined in and in reliance on Regulation S under the Securities Act. The Notes will be listed on the India International Exchange (IFSC) Limited and the NSE IFSC Limited (NSE International Exchange).

2. Approval of the Shareholders was obtained at the Annual General Meeting held on 17<sup>th</sup> July, 2021:
  - a. to borrow or raise funds in Indian Currency by issue of Unsecured Perpetual Debt Instruments (part of Additional Tier I Capital), Tier II Capital Bonds and Long-Term Bonds (Financing of Infrastructure & affordable Housing) on a private placement basis for an amount in aggregate not exceeding Rs.50,000 Cr;
  - b. to amend the HDFC Bank Limited Employees' Stock Option Scheme, 2007 ("ESOS-Plan D-2007");
  - c. to amend the HDFC Bank Limited Employees' Stock Option Scheme, 2010 ("ESOS-Plan E-2010");
  - d. to amend the HDFC Bank Limited Employees' Stock Option Scheme, 2013 ("ESOS-Plan F-2013");
  - e. to amend the HDFC Bank Limited Employees' Stock Option Scheme, 2016 ("ESOS-Plan G-2016");
3. The Bank has issued and allotted 6.44% Unsecured, Redeemable Long Term, Fully Paid-up, Non-Convertible Bonds in the nature of Debentures amounting to Rs.5000 Crore (50000 Bonds of face value Rs.10,00,000/- each) on a private placement basis, on September 27, 2021.
4. The Bank has allotted 3,27,64,494 Equity Shares of Re.1/- each under "Employee Stock Option Schemes" of the Bank.

Place : Mumbai  
Date : June 10, 2022

**ALWYN JAY & Co.**  
Company Secretaries

**Office Address :**  
Annex-103, Dimple Arcade,  
Asha Nagar, Kandivali (East),  
Mumbai 400101.

**[Alwyn D'Souza, FCS.5559]**  
[Partner]  
[Certificate of Practice No.5137]  
**[UDIN : F005559D000481232]**

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

## Annexure A

To  
The 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 Pandemic restrictions 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.

Place : Mumbai  
Date : June 10, 2022

**ALWYN JAY & Co.**  
Company Secretaries

**Office Address :**  
Annex-103, Dimple Arcade,  
Asha Nagar, Kandivali (East),  
Mumbai 400101.

**[Alwyn D'Souza, FCS.5559]**  
[Partner]  
[Certificate of Practice No.5137]  
**[UDIN : F005559D000481232]**

# 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, 2022, the Profit and Loss Account, the Statement of Cash Flows 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 Standards prescribed under section 133 of the Act read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2022 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements for the year ended March 31, 2022. 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.



# Independent Auditor's Report

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Identification of Non-performing advances (NPA) and provisioning on advances:

Total Loans and Advances (Net of Provision) as at March 31, 2022: ₹ 1,368,821 Crores

Provision for NPA as at March 31, 2022: ₹ 11,733 Crores

(Refer Schedule 9, Schedule 17(C)(2), Schedule 18(13))

Key Audit Matter	How our audit addressed the key audit matter
The Reserve Bank of India's ("RBI") guidelines on Income recognition, asset classification and provisioning ("IRACP") prescribe the prudential norms for the identification and classification of non-performing assets ("NPA") and the minimum provision required for such assets.	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 including collateral.
The Bank is required to have Board approved policy as per IRACP guidelines for NPA identification and provision.	Testing of Application controls includes testing of automated controls, reports and system reconciliations.
The Bank is also required to apply its judgment 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.	Evaluated the governance process and tested controls over calculations of provision on non-performing advances, basis of provisioning in accordance with the Board approved policy.
The provision on NPA is 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.	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 IRACP norms and Bank policy.
Additionally, the Bank makes provisions on exposures that are not classified as NPAs including advances to certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified as contingency provisions.	Performed other substantive procedures including but not limited to the following:
The Management of the Bank also makes an assessment of the impact on borrowers' accounts which were restructured as per RBI Circulars issued to provide relief to the borrowers.	<ul style="list-style-type: none"><li>• Selected samples of performing loans and assessed independently as to whether those should be classified as NPA;</li><li>• For samples selected examined the security valuation, financial statements and other qualitative information of the borrowers;</li><li>• 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;</li><li>• For selected samples assessed independently accounts that can potentially be classified as NPA and Red Flagged Accounts;</li><li>• 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;</li><li>• 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;</li><li>• Selected and tested samples of accounts which were restructured under MSME restructuring circular and Resolution Framework for COVID-19 related stress circular for their compliance with the RBI directions; and</li><li>• Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.</li></ul>

### Evaluation of litigations included in Contingent Liabilities

Particulars	As at March 31, 2022
Legal Cases	₹ 131 Crores
Taxes	₹ 1,293 Crores

(Refer Schedule 12, Schedule 17(C)(17), Schedules 18(18)(c)(1) & (2))

#### Key Audit Matter

The Bank has material open tax litigations which involve significant judgement 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 judgement, experience, and advises from legal and independent tax consultants wherever considered necessary.

Since the assessment of these open litigations requires significant level of judgement in interpretation of law, we have included this as a key audit matter.

#### How our audit addressed the key audit matter

Our Audit procedures with respect to this matter included:

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 legal matters and taxation matters;
- Obtained list of cases / matters in respect of which litigations were outstanding as at reporting date:
  - For significant legal matters, we sought external confirmations and also corroborated with management's documented conclusions on the assessment of outstanding litigations against the Bank;
  - For significant taxation 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; and
- Agreed underlying tax balances to supporting documentation, including correspondence with tax authorities.
- Assessed the disclosures in the standalone financial statements.



# Independent Auditor's Report

<b>Information Technology ("IT") Systems and Controls</b>	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
The Bank has a complex IT architecture to support its day-to-day business operations. High volume of transactions are processed and recorded on single or multiple applications.	Our Audit procedures with respect to this matter included:  For testing the IT general controls, application controls and IT dependent manual controls, we involved specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems.
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.	Obtained a comprehensive understanding of IT applications 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.
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.	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.
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.	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 the 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 on the other information that we obtained prior to the date of this auditor's report, 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 the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the RBI from time to time (the "RBI Guidelines") as applicable to the Bank. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and the RBI Guidelines 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 judgements 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to standalone 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 the Management of the Bank.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



# Independent Auditor's Report

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, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Act and relevant rules issued thereunder.
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, though during the course of our audit we visited 94 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 Statement Cash Flows 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 guidelines prescribed by the RBI;
  - e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 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 Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Schedule 12, Schedule 17(C)(17) and Schedules 18(18)(c)(1) & (2) 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)(7) and 17(C)(17), Schedule 18(11) and Schedule 18(18)(c) to the standalone financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank during the year ended March 31, 2022;
  - iv.
    - 1. The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons / entities, including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary has, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - 2. The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds have been received by the Bank from any persons / entities, including foreign entities, that the company has directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - 3. Based on the audit procedures which we have considered reasonable and appropriate in the circumstances and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations made by the Management under sub-clause (1) and (2) contain any material misstatement; and
  - v. The Bank has paid dividend during the year which is in compliance with section 123 of the Act.
- h) 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 Act do not apply.

## Other Matter

The audit of standalone financial statements for the year ended March 31, 2021 was conducted by MSKA & Associates, Chartered Accountants, the statutory auditor of the Bank, who had expressed an unmodified opinion on those financial statements. Accordingly, we, M M Nissim & Co LLP, Chartered Accountants, do not express any opinion on the figures reported in the standalone financial statements for the year ended / as at March 31, 2021.

Our opinion on the standalone financial statement is not modified in respect of the above matter.

### For MSKA & Associates

Chartered Accountants  
ICAI Firm Registration Number: 105047W

### Swapnil Kale

Partner  
Membership Number: 117812  
UDIN: 22117812AHEKWE1480

Mumbai,  
April 16, 2022

### For M M Nissim & Co LLP

Chartered Accountants  
ICAI Firm Registration Number:  
107122WW100672

### Sanjay Khemani

Partner  
Membership Number: 044577  
UDIN: 22044577AHEOLM8359

Mumbai,  
April 16, 2022



## **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, 2022]

### **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, 2022 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 Board of Directors 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 with reference to financial statements 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, 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, 2022, 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

#### For M M Nissim & Co LLP

Chartered Accountants

ICAI Firm Registration Number:

107122W/W100672

#### Swapnil Kale

Partner

Membership Number: 117812

UDIN: 22117812AHEKWE1480

#### Sanjay Khemani

Partner

Membership Number: 044577

UDIN: 22044577AHEOLM8359

Mumbai,

April 16, 2022

Mumbai,

April 16, 2022



# Balance Sheet

As at March 31, 2022

₹ in '000

	Schedule	As at March 31, 2022	As at March 31, 2021
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	5,545,541	5,512,776
Reserves and surplus	2	2,395,383,846	2,031,695,513
Deposits	3	15,592,174,400	13,350,602,208
Borrowings	4	1,848,172,073	1,354,873,236
Other liabilities and provisions	5	844,074,643	726,021,504
<b>Total</b>		<b>20,685,350,503</b>	<b>17,468,705,237</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	1,299,956,352	973,407,363
Balances with banks and money at call and short notice	7	223,312,892	221,296,594
Investments	8	4,555,356,930	4,437,282,921
Advances	9	13,688,209,314	11,328,366,309
Fixed assets	10	60,836,735	49,093,169
Other assets	11	857,678,280	459,258,881
<b>Total</b>		<b>20,685,350,503</b>	<b>17,468,705,237</b>
Contingent liabilities	12	13,954,422,995	9,710,975,961
Bills for collection		569,680,463	447,481,440
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 and on behalf of the Board

**For MSKA & Associates**

Chartered Accountants  
ICAI Firm Registration Number:  
105047W

**For M M Nissim & Co LLP**

Chartered Accountants  
ICAI Firm Registration Number:  
107122WW100672

**Atanu Chakraborty**

Part Time Chairman of the Board

**Umesh Chandra Sarangi**

Independent Director

**Malay Patel**

Independent Director

**Swapnil Kale**

Partner  
Membership Number: 117812

**Sanjay Khemani**

Partner  
Membership Number: 044577

**Lily Vadera**

Independent Director

**Sashidhar Jagdishan**

Managing Director & CEO

**Kaizad Bharucha**

Executive Director

**Srinivasan Vaidyanathan**

Chief Financial Officer

Mumbai, April 16, 2022

**Santosh Haldankar**

Company Secretary

# Profit and Loss Account

For the year ended March 31, 2022

	Schedule	Year ended March 31, 2022	₹ in '000 Year ended March 31, 2021
<b>I INCOME</b>			
Interest earned	13	1,277,531,191	1,208,582,265
Other income	14	295,099,004	252,048,927
<b>Total</b>		<b>1,572,630,195</b>	<b>1,460,631,192</b>
<b>II EXPENDITURE</b>			
Interest expended	15	557,435,282	559,786,560
Operating expenses	16	374,421,858	327,226,301
Provisions and contingencies [Refer Schedule 18 (23)]		271,159,503	262,453,079
<b>Total</b>		<b>1,203,016,643</b>	<b>1,149,465,940</b>
<b>III PROFIT</b>			
Net profit for the year		369,613,552	311,165,252
Balance in the Profit and Loss account brought forward		736,527,947	574,924,020
<b>Total</b>		<b>1,106,141,499</b>	<b>886,089,272</b>
<b>IV APPROPRIATIONS</b>			
Transfer to Statutory Reserve		92,403,388	77,791,313
Dividend pertaining to previous year paid during the year		35,923,960	-
Transfer to General Reserve		36,961,355	31,116,525
Transfer to Capital Reserve		6,664,722	22,916,842
Transfer to / (from) Investment Reserve Account		2,331,331	616,645
Transfer to / (from) Investment Fluctuation Reserve		-	17,120,000
Balance carried over to Balance Sheet		931,856,743	736,527,947
<b>Total</b>		<b>1,106,141,499</b>	<b>886,089,272</b>
<b>V EARNINGS PER EQUITY SHARE (FACE VALUE ₹ 1 PER SHARE)</b>		₹	₹
Basic		66.80	56.58
Diluted		66.35	56.32
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 and on behalf of the Board

**For MSKA & Associates**

Chartered Accountants  
ICAI Firm Registration Number:  
105047W

**For M M Nissim & Co LLP**

Chartered Accountants  
ICAI Firm Registration Number:  
107122W/W100672

**Atanu Chakraborty**

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**Sashidhar Jagdishan**

Managing Director & CEO

Mumbai, April 16, 2022

**M. D. Ranganath**

Independent Director

**Malay Patel**

Independent Director

**Kaizad Bharucha**

Executive Director

**Srinivasan Vaidyanathan**

Chief Financial Officer

**Santosh Haldankar**

Company Secretary



# Cash Flow Statement

For the year ended March 31, 2022

₹ in '000

	<b>Year ended March 31, 2022</b>	<b>Year ended March 31, 2021</b>
<b>Cash flows from operating activities:</b>		
Profit before income tax	490,154,792	416,589,837
<b>Adjustments for:</b>		
Depreciation on fixed assets	15,998,039	13,024,133
(Profit) / loss on revaluation of investments	(15,463,977)	14,853,243
Amortisation of premium on held to maturity investments	8,213,244	7,654,693
(Profit) / loss on sale of fixed assets	33,388	(15,407)
Provision / charge for non performing assets	106,334,842	116,499,658
Provision for standard assets and contingencies	49,569,684	42,694,827
Dividend from subsidiaries	(8,308,954)	(4,830,434)
Employee Stock Options Expense	3,259,696	-
	<b>649,790,754</b>	<b>606,470,550</b>
<b>Adjustments for:</b>		
Increase in investments	(121,951,685)	(525,406,084)
Increase in advances	(2,466,388,983)	(1,509,246,390)
Increase in deposits	2,241,572,192	1,875,579,261
(Increase) / decrease in other assets	(380,235,846)	100,182,759
Increase / (decrease) in other liabilities and provisions	75,178,971	(6,756,511)
	<b>(2,034,597)</b>	<b>540,823,585</b>
Direct taxes paid (net of refunds)	(140,052,624)	(125,875,723)
<b>Net cash flows (used in) / from operating activities</b>	<b>(142,087,221)</b>	<b>414,947,862</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(21,407,866)	(16,173,763)
Proceeds from sale of fixed assets	182,956	141,637
Dividend from subsidiaries	8,308,954	4,830,434
<b>Net cash flow used in investing activities</b>	<b>(12,915,956)</b>	<b>(11,201,692)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issue of share capital, net of issue expenses	26,097,614	17,600,995
Proceeds from issue of Additional Tier I capital bonds	81,627,500	-
Redemption of Tier II capital bonds	(36,500,000)	(11,050,000)
Net proceeds / (repayments) in other borrowings	446,616,337	(80,362,136)
Dividend paid during the year	(35,923,960)	-
<b>Net cash flow from / (used in) financing activities</b>	<b>481,917,491</b>	<b>(73,811,141)</b>
<b>Effect of exchange fluctuation on translation reserve</b>	<b>1,650,973</b>	<b>(1,418,252)</b>
<b>Net increase in cash and cash equivalents</b>	<b>328,565,287</b>	<b>328,516,777</b>
<b>Cash and cash equivalents as at April 1<sup>st</sup></b>	<b>1,194,703,957</b>	<b>866,187,180</b>
<b>Cash and cash equivalents as at March 31<sup>st</sup></b>	<b>1,523,269,244</b>	<b>1,194,703,957</b>

As per our report of even date

For and on behalf of the Board

**For MSKA & Associates**

Chartered Accountants  
ICAI Firm Registration Number:  
105047W

**For M M Nissim & Co LLP**

Chartered Accountants  
ICAI Firm Registration Number:  
107122WW100672

**Atanu Chakraborty**

Part Time Chairman of the Board

**Umesh Chandra Sarangi**

Independent Director

**Malay Patel**

Independent Director

**Sashidhar Jagdishan**

Managing Director & CEO

**Srinivasan Vaidyanathan**

Chief Financial Officer

**Swapnil Kale**

Partner  
Membership Number: 117812

**Sanjay Khemani**

Partner  
Membership Number: 044577

**Lily Vadera**

Independent Director

**Kaizad Bharucha**

Executive Director

**Santosh Haldankar**

Company Secretary

Mumbai, April 16, 2022

# Schedules to the Financial Statements

As at March 31, 2022

## SCHEDULE 1 - CAPITAL

	₹ in '000	As at March 31, 2022	As at March 31, 2021
<b>Authorised capital</b>			
6,50,00,00,000 (31 March, 2021 : 6,50,00,00,000) Equity Shares of ₹ 1/- each		6,500,000	6,500,000
<b>Issued, subscribed and paid-up capital</b>			
5,54,55,40,976 (31 March, 2021 : 5,51,27,76,482) Equity Shares of ₹ 1/- each		5,545,541	5,512,776
<b>Total</b>		<b>5,545,541</b>	<b>5,512,776</b>

## SCHEDULE 2 - RESERVES AND SURPLUS

	₹ in '000	As at March 31, 2022	As at March 31, 2021
<b>I Statutory reserve</b>			
Opening balance		423,605,693	345,814,380
Additions during the year		92,403,388	77,791,313
<b>Total</b>		<b>516,009,081</b>	<b>423,605,693</b>
<b>II General reserve</b>			
Opening balance		167,607,883	136,491,358
Additions during the year		36,961,355	31,116,525
<b>Total</b>		<b>204,569,238</b>	<b>167,607,883</b>
<b>III Balance in profit and loss account</b>		<b>931,856,743</b>	<b>736,527,947</b>
<b>IV Share premium account</b>			
Opening balance		605,126,833	587,555,328
Additions during the year		26,064,849	17,571,505
<b>Total</b>		<b>631,191,682</b>	<b>605,126,833</b>
<b>V Amalgamation reserve</b>			
Opening balance		10,635,564	10,635,564
Additions during the year		-	-
<b>Total</b>		<b>10,635,564</b>	<b>10,635,564</b>
<b>VI Capital reserve</b>			
Opening balance		49,564,566	26,647,724
Additions during the year		6,664,722	22,916,842
<b>Total</b>		<b>56,229,288</b>	<b>49,564,566</b>
<b>VII Investment reserve</b>			
Opening balance		616,645	-
Additions during the year		2,398,701	616,645
Deductions during the year		(67,370)	-
<b>Total</b>		<b>2,947,976</b>	<b>616,645</b>
<b>VIII Investment fluctuation reserve</b>			
Opening balance		36,190,000	19,070,000
Additions during the year		-	17,120,000
<b>Total</b>		<b>36,190,000</b>	<b>36,190,000</b>
<b>IX Foreign currency translation account</b>			
Opening balance		1,820,382	3,238,634
Additions / (deductions) during the year		1,650,973	(1,418,252)
<b>Total</b>		<b>3,471,355</b>	<b>1,820,382</b>
<b>X Cash flow hedge reserve</b>			
Opening balance		-	-
Additions / (deductions) during the year		(976,777)	-
<b>Total</b>		<b>(976,777)</b>	<b>-</b>



# Schedules to the Financial Statements

As at March 31, 2022

	₹ in '000	As at March 31, 2022	As at March 31, 2021
<b>XI Employees stock options reserve</b>			
Opening balance		-	-
Additions during the year		3,259,696	-
<b>Total</b>		<b>3,259,696</b>	-
<b>Total</b>		<b>2,395,383,846</b>	<b>2,031,695,513</b>

## SCHEDULE 3 - DEPOSITS

	₹ in '000	As at March 31, 2022	As at March 31, 2021
<b>A I Demand deposits</b>			
(i) From banks		55,508,311	38,701,928
(ii) From others		2,337,597,681	2,083,119,132
<b>Total</b>		<b>2,393,105,992</b>	<b>2,121,821,060</b>
<b>II Savings bank deposits</b>		<b>5,117,385,438</b>	<b>4,035,000,577</b>
<b>III Term deposits</b>			
(i) From banks		98,018,897	106,458,399
(ii) From others		7,983,664,073	7,087,322,172
<b>Total</b>		<b>8,081,682,970</b>	<b>7,193,780,571</b>
<b>Total</b>		<b>15,592,174,400</b>	<b>13,350,602,208</b>
<b>B I Deposits of branches in India</b>		<b>15,490,951,433</b>	<b>13,291,717,787</b>
<b>II Deposits of branches outside India</b>		<b>101,222,967</b>	<b>58,884,421</b>
<b>Total</b>		<b>15,592,174,400</b>	<b>13,350,602,208</b>

## SCHEDULE 4 - BORROWINGS

	₹ in '000	As at March 31, 2022	As at March 31, 2021
<b>I Borrowings in India</b>			
(i) Reserve Bank of India		90,200,000	90,200,000
(ii) Other banks		7,001,848	8,860,455
(iii) Other institutions and agencies		842,557,858	659,354,025
(iv) Upper and lower tier II capital and innovative perpetual debts		134,770,000	171,270,000
(v) Bonds and Debentures (excluding subordinated debt)		236,750,000	186,750,000
<b>Total</b>		<b>1,311,279,706</b>	<b>1,116,434,480</b>
<b>II Borrowings outside India</b>		<b>536,892,367</b>	<b>238,438,756</b>
<b>Total</b>		<b>1,848,172,073</b>	<b>1,354,873,236</b>

Secured borrowings included in I and II above: Nil (previous year: Nil) except borrowings of ₹ 24,204.49 crore (previous year: ₹ 44,625.92 crore) under repurchase transactions (including tri-party repo) and transactions under Liquidity Adjustment Facility.

## SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

	₹ in '000	As at March 31, 2022	As at March 31, 2021
I Bills payable		130,937,438	124,241,904
II Interest accrued		67,482,314	62,334,334
III Others ( <i>including provisions</i> )		580,028,887	486,411,605
IV Contingent provisions against standard assets		65,626,004	53,033,661
<b>Total</b>		<b>844,074,643</b>	<b>726,021,504</b>

## SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

	₹ in '000	As at March 31, 2022	As at March 31, 2021
I Cash in hand ( <i>including foreign currency notes</i> )		112,044,402	106,925,639
II Balances with Reserve Bank of India:			
(a) In current accounts		817,771,950	594,421,724
(b) In other accounts		370,140,000	272,060,000
<b>Total</b>		<b>1,187,911,950</b>	<b>866,481,724</b>
<b>Total</b>		<b>1,299,956,352</b>	<b>973,407,363</b>

## SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

	₹ in '000	As at March 31, 2022	As at March 31, 2021
<b>I In India</b>			
(i) Balances with banks:			
(a) In current accounts		3,227,259	8,333,753
(b) In other deposit accounts		119,869	9,869
<b>Total</b>		<b>3,347,128</b>	<b>8,343,622</b>
(ii) Money at call and short notice:			
(a) With banks		-	-
(b) With other institutions		4,913,271	-
<b>Total</b>		<b>4,913,271</b>	<b>-</b>
<b>Total</b>		<b>8,260,399</b>	<b>8,343,622</b>
<b>II Outside India</b>			
(i) In current accounts		73,622,217	110,344,840
(ii) In deposit accounts		20,204,262	3,909,632
(iii) Money at call and short notice		121,226,014	98,698,500
<b>Total</b>		<b>215,052,493</b>	<b>212,952,972</b>
<b>Total</b>		<b>223,312,892</b>	<b>221,296,594</b>



# Schedules to the Financial Statements

As at March 31, 2022

## SCHEDULE 8 - INVESTMENTS

	₹ in '000	
	As at March 31, 2022	As at March 31, 2021
<b>A Investments in India in</b>		
(i) Government securities	3,665,273,063	3,511,410,385
(ii) Other approved securities	-	-
(iii) Shares	4,855,855	4,332,926
(iv) Debentures and bonds	647,083,638	617,897,218
(v) Subsidiaries / joint ventures	38,264,875	38,264,875
(vi) Others (Units, CDs, CPs, PTCs and security receipts)	173,655,256	241,696,270
<b>Total</b>	<b>4,529,132,687</b>	<b>4,413,601,674</b>
<b>B Investments outside India in</b>		
(i) Government securities (including Local Authorities)	2,275,818	5,936,075
(ii) Other investments		
(a) Shares	26,426	35,024
(b) Debentures and bonds	23,921,999	17,710,148
<b>Total</b>	<b>26,224,243</b>	<b>23,681,247</b>
<b>Total</b>	<b>4,555,356,930</b>	<b>4,437,282,921</b>

## SCHEDULE 9 - ADVANCES

	₹ in '000	
	As at March 31, 2022	As at March 31, 2021
<b>A</b> (i) Bills purchased and discounted	290,524,179	345,427,765
(ii) Cash credits, overdrafts and loans repayable on demand	4,334,112,539	3,630,544,900
(iii) Term loans	9,063,572,596	7,352,393,644
<b>Total</b>	<b>13,688,209,314</b>	<b>11,328,366,309</b>
<b>B</b> (i) Secured by tangible assets*	9,031,012,224	7,618,839,623
(ii) Covered by bank / government guarantees	483,870,294	393,758,390
(iii) Unsecured	4,173,326,796	3,315,768,296
<b>Total</b>	<b>13,688,209,314</b>	<b>11,328,366,309</b>
* Includes advances against stock and book debts of ₹ 175,547.78 crore (previous year: ₹ 131,211.86 crore)		
<b>C I</b> Advances in India		
(i) Priority sector	3,889,850,541	2,574,675,399
(ii) Public sector	1,356,938,096	1,199,082,740
(iii) Banks	68,862,972	85,383,854
(iv) Others	7,944,406,589	7,153,125,825
<b>Total</b>	<b>13,260,058,198</b>	<b>11,012,267,818</b>
<b>C II</b> Advances outside India		
(i) Due from banks	49,098,849	55,276,539
(ii) Due from others		
(a) Bills purchased and discounted	2,548,344	63,490
(b) Syndicated loans	5,418,892	8,347,907
(c) Others	371,085,031	252,410,555
<b>Total</b>	<b>428,151,116</b>	<b>316,098,491</b>
<b>Total</b>	<b>13,688,209,314</b>	<b>11,328,366,309</b>

(Advances are net of provisions)

## SCHEDULE 10 - FIXED ASSETS

₹ in '000

	As at March 31, 2022	As at March 31, 2021
<b>A Premises (including land)</b>		
<b>Gross block</b>		
At cost on 31 March of the preceding year	20,283,839	18,636,852
Additions during the year	1,667,165	1,745,137
Deductions during the year	(130,218)	(98,150)
<b>Total</b>	<b>21,820,786</b>	<b>20,283,839</b>
<b>Depreciation</b>		
As at 31 March of the preceding year	6,908,835	6,341,803
Charge for the year	715,944	660,308
On deductions during the year	(112,842)	(93,276)
<b>Total</b>	<b>7,511,937</b>	<b>6,908,835</b>
<b>Net block</b>		
<b>B Other fixed assets (including furniture and fixtures)</b>		
<b>Gross block</b>		
At cost on 31 March of the preceding year	124,715,562	111,296,870
Additions during the year	26,294,103	16,176,309
Deductions during the year	(4,949,973)	(2,757,617)
<b>Total</b>	<b>146,059,692</b>	<b>124,715,562</b>
<b>Depreciation</b>		
As at 31 March of the preceding year	88,997,397	79,272,764
Charge for the year	15,285,413	12,360,893
On deductions during the year	(4,751,004)	(2,636,260)
<b>Total</b>	<b>99,531,806</b>	<b>88,997,397</b>
<b>Net block</b>		
<b>C Assets on lease (plant and machinery)</b>		
<b>Gross block</b>		
At cost on 31 March of the preceding year	4,546,923	4,546,923
Additions during the year	-	-
<b>Total</b>	<b>4,546,923</b>	<b>4,546,923</b>
<b>Depreciation</b>		
As at 31 March of the preceding year	4,104,467	4,104,467
Charge for the year	-	-
<b>Total</b>	<b>4,104,467</b>	<b>4,104,467</b>
<b>Lease adjustment account</b>		
As at 31 March of the preceding year	442,456	442,456
Charge for the year	-	-
<b>Total</b>	<b>442,456</b>	<b>442,456</b>
<b>Unamortised cost of assets on lease</b>		
<b>Total</b>	<b>60,836,735</b>	<b>49,093,169</b>



# Schedules to the Financial Statements

As at March 31, 2022

## SCHEDULE 11 - OTHER ASSETS

	₹ in '000	
	As at March 31, 2022	As at March 31, 2021
I Interest accrued	134,467,710	118,762,922
II Advance tax / tax deducted at source (net of provisions)	42,693,607	36,071,347
III Stationery and stamps	420,769	434,856
IV Non banking assets acquired in satisfaction of claims	512,211	512,557
V Bond and share application money pending allotment	-	225,000
VI Security deposit for commercial and residential property	5,687,636	5,483,331
VII Others*	673,896,347	297,768,868
<b>Total</b>	<b>857,678,280</b>	<b>459,258,881</b>

\*Includes deferred tax asset (net) of ₹ 6,229.67 crore (previous year: ₹ 4,937.76 crore) and deposits placed with NABARD / SIDBI / NHB on account of shortfall in lending to priority sector of ₹ 44,738.08 crore (previous year: ₹ 9,320.37 crore)

## SCHEDULE 12 - CONTINGENT LIABILITIES

	₹ in '000	
	As at March 31, 2022	As at March 31, 2021
I Claims against the bank not acknowledged as debts - taxation	12,931,485	12,677,596
II Claims against the bank not acknowledged as debts - others	1,311,797	2,275,100
III Liability for partly paid investments	-	-
IV Liability on account of outstanding forward exchange contracts	6,551,871,752	4,964,726,675
V Liability on account of outstanding derivative contracts	5,897,615,819	3,577,046,284
VI Guarantees given on behalf of constituents - in India	833,910,325	751,195,338
- outside India	3,524,321	1,800,917
VII Acceptances, endorsements and other obligations	615,639,684	376,536,252
VIII Other items for which the bank is contingently liable	37,617,812	24,717,799
<b>Total</b>	<b>13,954,422,995</b>	<b>9,710,975,961</b>

## SCHEDULE 13 - INTEREST EARNED

	₹ in '000	
	Year ended March 31, 2022	Year ended March 31, 2021
I Interest / discount on advances / bills	985,120,227	948,345,362
II Income from investments	260,461,338	232,142,691
III Interest on balance with RBI and other inter-bank funds	25,523,700	23,412,507
IV Others	6,425,926	4,681,705
<b>Total</b>	<b>1,277,531,191</b>	<b>1,208,582,265</b>

## SCHEDULE 14 - OTHER INCOME

₹ in '000

	Year ended March 31, 2022	Year ended March 31, 2021
I Commission, exchange and brokerage	195,365,747	161,693,202
II Profit / (loss) on sale of investments (net)	7,362,434	53,523,204
III Profit / (loss) on revaluation of investments (net)	15,463,977	(14,853,243)
IV Profit / (loss) on sale of building and other assets (net)	706,725	484,014
V Profit / (loss) on exchange / derivative transactions (net)	39,079,094	24,384,132
VI Income earned by way of dividends from subsidiaries / associates and / or joint ventures abroad / in India	8,308,954	4,830,434
VII Miscellaneous income	28,812,073	21,987,184
<b>Total</b>	<b>295,099,004</b>	<b>252,048,927</b>

## SCHEDULE 15 - INTEREST EXPENDED

₹ in '000

	Year ended March 31, 2022	Year ended March 31, 2021
I Interest on deposits	489,089,952	501,433,080
II Interest on RBI / inter-bank borrowings	68,189,380	58,225,908
III Other interest	155,950	127,572
<b>Total</b>	<b>557,435,282</b>	<b>559,786,560</b>

## SCHEDULE 16 - OPERATING EXPENSES

₹ in '000

	Year ended March 31, 2022	Year ended March 31, 2021
I Payments to and provisions for employees	120,316,860	103,647,937
II Rent, taxes and lighting	16,408,506	16,981,899
III Printing and stationery	5,285,712	4,291,454
IV Advertisement and publicity	2,161,308	954,746
V Depreciation on bank's property	15,998,039	13,024,133
VI Directors' fees / remuneration, allowances and expenses	70,825	51,433
VII Auditors' fees and expenses	62,572	46,273
VIII Law charges	2,548,186	1,366,427
IX Postage, telegram, telephone etc.	5,697,517	4,807,651
X Repairs and maintenance	17,259,357	16,162,822
XI Insurance	19,093,514	17,228,235
XII Other expenditure*	169,519,462	148,663,291
<b>Total</b>	<b>374,421,858</b>	<b>327,226,301</b>

\* Includes professional fees, commission to sales agents, card and merchant acquiring expenses and system management fees.

# Schedules to the Financial Statements

As at March 31, 2022

## Schedule 17 - Significant accounting policies appended to and forming part of the financial statements for the year ended March 31, 2022

### 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), GIFT City, India. 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 the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021, 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 year. 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, 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 accounted on settlement date except in the case of equity shares which are accounted on trade date.

##### Basis of classification:

Investments that are held 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 under HTM category. Investments in the equity of subsidiaries / joint ventures are categorised as HTM. 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".

##### Short sale:

The Bank undertakes short sale transactions in Central Government dated securities. The short position is categorised under HFT category and netted off from investments. 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 short sale is recognised on settlement date.

##### Valuation:

Investments classified under AFS and HFT categories are marked to market individually and depreciation / appreciation is aggregated for each group and net depreciation in each group is provided and net appreciation is ignored.

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. Investments denominated in foreign currencies are valued based on the prices provided by market information providers such as Bloomberg, Refinitiv, etc.

The market value of unquoted government of India securities, state government securities and special bonds such as oil bonds, fertilizer bonds, etc. issued by the government of India is computed as per the prices published by FBIL with FIMMDA as the calculating agent.

The valuation of other unquoted fixed income securities (viz. other approved securities and bonds and debentures), and preference shares, is done with appropriate mark-up, i.e. applicable FIMMDA published credit spread over the Yield to Maturity (YTM) rates for government of India securities as published by FBIL with 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 for each company.

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.

Investments in Security receipts (SR) and unquoted units of Infrastructure Investment Trust (InvIT) are valued as per the net asset value provided by the issuing Asset Reconstruction Company and InvIT trust respectively.

Investments in unquoted Venture Capital Fund (VCF) are categorised, at the discretion of the Bank, under HTM category for an initial period of three years and valued at cost during this period. Such investments are transferred to the AFS category after the said period of three years. Investments in AFS category are valued at NAV shown by the VCF in its financial statements. Units are valued based on the latest audited financials of the VCF, if available or at ₹ 1 per VCF as per the RBI guidelines.

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 of India securities published by FBIL with FIMMDA as the calculating agent.

Net depreciation, 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

provided earlier. The book value of individual securities is not changed on such revaluation 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 from investments. Any diminution, other than temporary, in the value of investments in HTM category is provided for.

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

#### **Repurchase and reverse repurchase transactions:**

Repurchase (Repo) and reverse repurchase (Reverse Repo) transactions are reflected as borrowing and lending transactions respectively.

Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted 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 Credit Guarantors, provisions for funded interest term loan and provision for diminution in the fair value of restructured assets.

#### **Provisioning:**

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

The specific provision 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 included under Provisions and Contingencies.

Non-performing advances are written-off in accordance with the Bank's policy. Recoveries from bad debts written-off are included under other income.

In relation to derivative contracts with non-performing borrowers, the Bank makes provision for the entire amount

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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 the case of overseas branches, general provision on standard assets 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.

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.

Provisions made in addition to the Bank's policy for specific loan loss provisions for non-performing assets, possible slippage of specific exposures 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. Floating provisions are used only for contingencies under extraordinary circumstances and for making specific provisions for non-performing accounts. 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 accordance with the RBI guidelines on the prudential framework for resolution of stressed assets and the resolution frameworks for COVID-19 related stress and its Board approved policy, the Bank has implemented resolution plans for eligible borrowers. The asset classification and necessary provisions thereon are done in accordance with the said RBI guidelines.

## 3 Securitisation and transfer of assets

Assets transferred through securitisation and direct assignment of cash flows are de-recognised in the Balance Sheet when they are sold (true sale criteria being fully met

with) and consideration is received. Sales / transfers that do not meet true sale criteria are accounted for as borrowings. For a securitisation or direct assignment transaction, the Bank recognises profit upon receipt of the funds and loss is recognised at the time of sale.

On sale of stressed assets, if the sale is at a price below the net book value (i.e., funded outstanding less specific 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 when the sum of cash received by way of initial consideration and / or redemption or transfer of security receipts issued by SC / RC exceeds the net book value of the loan at the time of transfer.

In respect of stressed assets sold under an asset securitisation, where the investment by the bank in security receipts (SRs) backed by the assets sold by it is more than 10 percent of such SRs, provisions held are higher of the provisions required in terms of net asset value declared by the Securitisation Company ('SC') / Reconstruction Company ('RC') and provisions as per the extant norms applicable to the underlying loans, notionally treating the book value of these SRs as the corresponding stressed loans assuming the loans remained in the books of the Bank.

The Bank invests in Pass Through Certificates (PTCs) issued by other Special Purpose Vehicles (SPVs). These are accounted at acquisition cost and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised based on effective interest rate method.

The Bank transfers advances through inter-bank participation with and without risk. In the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances. In case where the Bank is assuming risk by participation, the aggregate amount of the participation is classified under advances. In the case of issue of participation certificate without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is acquiring participation certificate, the aggregate amount of participation acquired is shown as due from banks under advances.

## 4 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation as adjusted for impairment, if any. Cost includes cost of purchase and all expenditure like site preparation, installation costs and professional fees

incurred on the asset before it is ready to use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.

Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis. The 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:

<b>Asset</b>	<b>Estimated useful life as assessed by the Bank</b>	<b>Estimated useful life specified under Schedule II of the Companies Act, 2013</b>
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 amortised 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.
- 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.

## 5 Impairment of assets

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

## 6 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 revaluation 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 and the extant RBI guidelines.

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.

## 7 Foreign exchange and derivative contracts

Foreign exchange spot and forward contracts, both deliverable and non-deliverable, 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 exchange rate for valuation of contracts having longer maturities i.e. greater than one year, is derived using the USD-INR spot rate as well as relevant INR yield curve and USD yield curve. For other currency pairs, the forward points (for rates / tenors not published by FEDAI) are obtained from Refinitiv or Bloomberg for valuation of the forex deals. Valuation is considered on

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present value basis. 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 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 date. 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).

The Bank as part of its risk management strategy, makes use of financial derivative instruments, including foreign exchange forward contracts, for hedging the risk embedded in some of its financial assets or liabilities recognised on the balance sheet. 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 at the reporting date thereafter.

In case of a fair value hedge, the changes in the fair value of the hedging instruments and hedged items are recognised in the Profit and Loss Account and in case of cash flow hedges, the changes in fair value of effective portion are recognised in Reserves and Surplus under 'Cash flow hedge reserve' and ineffective portion of an effective hedging relationship, if any, is recognised in the Profit and Loss Account. The accumulated balance in the cash flow hedge reserve, in an effective hedging relationship, is recycled in the Profit and Loss Account at the same time that the impact from the hedged item is recognised in the Profit and Loss Account.

## 8 Revenue recognition

Interest income is recognised in the Profit and Loss Account on an accrual basis, except in the case of non-performing assets and overdue interest on retail EMI based performing advances, which are recognised when realised. 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 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.

Fees paid / received for priority sector lending certificates (PSLC) is recognised on straight-line basis over the period of the certificate.

## 9 Employee benefits

### Employee Stock Option Scheme (ESOS):

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Bank to its employees and whole time directors. The options granted to employees vest as per their vesting schedule 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 in respect of options granted up to March 31, 2021. 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.

Effective April 01, 2021, the fair value of share-linked instruments on the date of grant for all instruments granted after March 31, 2021 is recognised as an expense in

accordance with the RBI guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff. The fair value of the stock-based employee compensation is estimated using Black-Scholes model. The compensation cost is amortised on a straight-line basis over the vesting period of the option with a corresponding credit to Employee Stock Options Reserve. On exercise of the stock options, corresponding balance in Employee Stock Options Reserve is transferred to Share Premium. In respect of the options which expire unexercised, the balance standing to the credit of Employee Stock Options Reserve is transferred to General Reserve.

#### **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 amount, without an upper limit, equivalent to 15 days' basic salary payable for each completed year of service to all eligible employees on resignation, retirement, death while in employment or on termination of employment. The Bank makes contributions to a recognised Gratuity Trust administered by trustees and whose funds are managed by 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 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 a 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 contribution and recognises such contribution 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. The Bank recognises such contributions as an expense in the year in which it is incurred.

Interest payable to the members of the exempted 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.

#### **Pension:**

In respect of pension payable to certain eLKB employees under the Lord Krishna Bank (Employees) Pension Scheme, 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) based 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

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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.

## National 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.

## 10 Debit and credit card 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.

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

## 15 Share issue expenses

Share issue expenses are adjusted against 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 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.

## 18 Cash and cash equivalents

Cash and cash equivalents include cash including foreign currency notes 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, is recognised in the Profit and Loss Account.

# Schedules to the Financial Statements

For the year ended March 31, 2022

## SCHEDULE 18 - Notes forming part of the financial statements for the year ended March 31, 2022

Amounts in notes forming part of the financial statements for the year ended March 31, 2022 are denominated in rupee crore to conform to extant RBI guidelines, except where stated otherwise.

### 1. Dividend

The Reserve Bank of India (RBI), vide its notification dated April 22, 2021 mentioned that banks may pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty per cent of the amount determined as per the dividend payout ratio prescribed by RBI. Accordingly, the Bank has paid dividend of ₹ 6.50 per equity share of ₹ 1/- each aggregating to ₹ 3,592.40 crore, for the financial year ended March 31, 2021.

### 2. Proposed scheme of amalgamation

The Board of Directors at its meeting held on April 04, 2022, approved a composite Scheme of amalgamation ("Scheme"), for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, into and with Housing Development Finance Corporation Limited ("HDFC Limited"); and thereafter (ii) HDFC Limited into HDFC Bank Limited, and their respective shareholders and creditors, under Sections 230 to 232 of the Companies Act, 2013 and other applicable laws including the rules and regulations. The share exchange ratio shall be 42 equity shares of face value of ₹ 1/- each of the Bank for every 25 equity shares of face value of ₹ 2/- each of HDFC Limited. The Scheme is subject to the receipt of requisite approvals from statutory and regulatory authorities, and the respective shareholders and creditors, under applicable law.

As per the scheme, the appointed date for the amalgamation of HDFC Limited with and into the Bank shall be the effective date of the scheme. Upon the scheme becoming effective, the Bank will issue equity shares to the shareholders of HDFC Limited as on the record date. The equity shares held by HDFC Limited in the Bank will be extinguished as per the scheme.

### 3. Change in accounting policy

The RBI, vide its clarification dated August 30, 2021 on Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff, advised Banks that the fair value of share-linked instruments on the date of grant should be recognised as an expense for all instruments granted after the accounting period ending March 31, 2021. Accordingly, the Bank has changed its accounting policy from the intrinsic value method to the fair value method for all employee stock options granted after March 31, 2021. The fair value is estimated on the date of grant using Black-Scholes model and is recognised as compensation expense over the vesting period. As a result, 'Employees cost' for the year ended March 31, 2022 is higher by ₹ 325.97 crore with a consequent reduction in profit after tax by the said amount.

### 4. Capital adequacy

The Bank's capital to risk-weighted assets ratio ('Capital Adequacy Ratio') 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:

Minimum ratio of capital to risk-weighted assets	As at March 31,		
	2020	2021	2022
Common Equity Tier 1 (CET 1)	7.575	7.575	8.200
Tier 1 capital	9.075	9.075	9.700
Total capital	11.075	11.075	11.700

The above minimum CET 1, Tier 1 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:

Particulars	As at March 31,	
	2022	2021
CET 1 capital	225,585.50	190,602.36
Additional Tier 1 capital	16,221.25	7,985.00
Tier 1 capital	241,806.75	198,587.36
Tier 2 capital	13,927.75	13,958.94
<b>Total capital</b>	<b>255,734.50</b>	<b>212,546.30</b>
<b>Total risk weighted assets</b>	<b>1,353,510.85</b>	<b>1,131,143.88</b>
<b>Capital adequacy ratios under Basel III</b>		
CET 1	16.67%	16.85%
Tier 1	17.87%	17.56%
Tier 2	1.03%	1.23%
<b>Total</b>	<b>18.90%</b>	<b>18.79%</b>
<b>Leverage Ratio</b>	<b>10.62%</b>	<b>10.40%</b>
Percentage of the shareholding of Government of India	Nil	Nil
Amount of non-equity Tier 1 capital raised during the year, of which:	8,318.25	Nil
Basel III compliant Perpetual Debt instrument	8,318.25	Nil
Amount of Tier 2 capital raised during the year, of which:	Nil	Nil
Basel III compliant Non-cumulative Subordinated bonds	Nil	Nil

As on March 31, 2022, the Bank's subordinated and perpetual debt capital instruments amounted to ₹ 5,477.00 crore (previous year: ₹ 9,127.00 crore) and ₹ 16,318.25 crore (previous year: ₹ 8,000.00 crore) respectively.

In accordance with the RBI guidelines, banks are required to make consolidated Pillar 3 and Net Stable Funding Ratio (NSFR) disclosures under the Basel III Framework. These disclosures are available on the Bank's website at the following link: <https://www.hdfcbank.com/personal/resources/regulatory-disclosures>. The disclosures have not been subjected to audit by the statutory auditors of the Bank.

### Capital infusion

During the year ended March 31, 2022, the Bank has allotted 3,27,64,494 equity shares (previous year: 2,94,90,022 equity shares) aggregating to face value of ₹ 3.27 crore (previous year: ₹ 2.95 crore) on exercise of stock options. Accordingly, the share capital increased by ₹ 3.27 crore (previous year: ₹ 2.95 crore) and the share premium increased by ₹ 2,606.48 crore (previous year: ₹ 1,757.15 crore).

The details of the movement in the paid-up equity share capital of the Bank are given below:

Particulars	March 31, 2022	March 31, 2021
Opening balance	551.28	548.33
Addition pursuant to stock options exercised	3.27	2.95
Closing balance	554.55	551.28

### 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 ₹ 36,961.36 crore (previous year: ₹ 31,116.53 crore) and the weighted average number of equity shares outstanding during the year of 5,53,32,03,566 (previous year: 5,49,96,68,151).

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For the year ended March 31, 2022

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

Particulars	For the years ended	
	March 31, 2022	March 31, 2021
Nominal value per share (₹)	1.00	1.00
Basic earnings per share (₹)	66.80	56.58
Effect of potential equity shares (per share) (₹)	(0.45)	(0.26)
Diluted earnings per share (₹)	66.35	56.32

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, 2022	March 31, 2021
Weighted average number of equity shares used in computing basic earnings per equity share	5,53,32,03,566	5,49,96,68,151
Effect of potential equity shares outstanding	3,77,30,419	2,57,50,092
Weighted average number of equity shares used in computing diluted earnings per equity share	5,57,09,33,985	5,52,54,18,243

## 6. Reserves and Surplus

### Statutory Reserve

The Bank has made an appropriation of ₹ 9,240.34 crore (previous year: ₹ 7,779.13 crore) out of profits for the year ended March 31, 2022 to the Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

### General Reserve

The Bank has made an appropriation of ₹ 3,696.14 crore (previous year: ₹ 3,111.65 crore) out of profits for the year ended March 31, 2022 to the General Reserve.

### Capital Reserve

During the year ended March 31, 2022, the Bank has appropriated ₹ 666.47 crore (previous year: ₹ 2,291.68 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.

### Investment Reserve Account

During the year ended March 31, 2022, the Bank has appropriated ₹ 233.13 crore (net) (previous year: ₹ 61.66 crore (net)) from Profit and Loss Account to Investment Reserve Account as per the RBI guidelines.

### Investment Fluctuation Reserve

During the year ended March 31, 2022, the Bank made transfer of Nil (previous year: ₹ 1,712.00 crore) to Investment Fluctuation Reserve. As per RBI guidelines, banks were required to create an Investment Fluctuation Reserve (IFR) equivalent to 2.00% of their HFT and AFS investment portfolios by March 31, 2021. The balance in the IFR as at March 31, 2022 is 2.28% (previous year: 2.00%) of the Bank's HFT and AFS investment portfolios.

### Cash Flow Hedge Reserve

During the year ended March 31, 2022, the Bank has recognised ₹ (97.68) crore (previous year: Nil) as Cash Flow Hedge Reserve on derivative contracts designated as cash flow hedge.

### Employee Stock Option Reserve

During the year ended March 31, 2022, the Bank has recognised ₹ 325.97 crore (previous year: Nil) as Employee Stock Option Reserve on account of fair valuation of share-linked instruments.

### Draw down from Reserves

The Bank has not undertaken any drawdown from reserves during the years ended March 31, 2022 and March 31, 2021.

## 7. 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 Securities and Exchange Board of India (Share Based Employee Benefits and Sweaty Equity) Regulations, 2021 and RBI guidelines 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 financial year 2021-22, certain modifications were made in the subsisting ESOP Plans pursuant to the approval of the shareholders of the Bank as to allow any employee of the Bank moving / getting transferred to a subsidiary company, to be so entitled to the stock options already granted to such an employee as continuity of service for Long Term Incentives earned during the course of his / her service with the Bank.

### 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, 2022:

Particulars	Number of options	Weighted average exercise price (₹)
Options outstanding, beginning of year	16,81,68,760	1,063.79
Granted during the year	2,56,28,600	1,427.29
Exercised during the year	3,27,64,494	796.52
Forfeited / Lapsed during the year	29,26,850	1,196.30
Options outstanding, end of year	15,81,06,016	1,175.65
Options exercisable	6,53,21,116	1,036.49

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2021:

Particulars	Number of options	Weighted average exercise price (₹)
Options outstanding, beginning of year	14,28,65,602	899.03
Granted during the year	5,74,66,600	1,235.80
Exercised during the year	2,94,90,022	596.85
Forfeited / Lapsed during the year	26,73,420	1,107.22
Options outstanding, end of year	16,81,68,760	1,063.79
Options exercisable	6,44,53,260	834.48

# Schedules to the Financial Statements

For the year ended March 31, 2022

- The following table summarises the information about stock options outstanding as at March 31, 2022:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan F	417.75 to 731.08	1,75,64,766	1.07	666.77
Plan G	882.85 to 1,516.95	14,05,41,250	2.70	1,239.25

- The following table summarises the information about stock options outstanding as at March 31, 2021:

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	417.75	9,700	0.32	417.75
Plan F	417.75 to 731.08	3,49,74,270	1.48	610.67
Plan G	882.85 to 1,235.80	13,31,84,790	3.18	1,182.83

In accordance with the RBI clarification dated August 30, 2021, the Bank has estimated the fair value of the options granted after March 31, 2021 using Black-Scholes model. This is recognised as compensation expense over the vesting period of the options with effect from April 01, 2021.

The assumptions considered in the model for valuing the ESOPs granted during the year ended March 31, 2022 are given below:

Particulars	March 31, 2022
Dividend yield	0.21% to 0.52%
Expected volatility	23.86% to 38.70%
Risk - free interest rate	4.38% to 6.07%
Expected life of the options	1 to 6 Years

## 8. Other liabilities

- The Bank held provisions towards standard assets amounting to ₹ 6,562.60 crore as at March 31, 2022 (previous year: ₹ 5,303.37 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 ₹ 9,684.88 crore as at March 31, 2022 (previous year: ₹ 5,861.17 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, 2022 include unrealised loss on foreign exchange and derivative contracts of ₹ 7,464.74 crore (previous year: ₹ 8,127.65 crore).

## 9. 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, 2022 the Bank holds standard asset provisions of ₹ 355.00 crore (previous year: ₹ 230.31 crore) and maintains capital (including CCB & D-SIB) of ₹ 1,412.67 crore (previous year: ₹ 918.77 crore) in respect of the unhedged foreign currency exposure of its customers.

# Schedules to the Financial Statements

For the year ended March 31, 2022

## 10. Investments

### Composition of investments as at March 31, 2022:

	Investments in India					Investments outside India			Total Investments (₹ crore)	
	Government Securities	Other Approved Securities	Shares and Bonds	Debentures and / or joint ventures	Subsidiaries and / or joint ventures	Total Investments in India	Government Securities (including and / or joint local authorities)	Subsidiaries and / or joint local ventures	Others	Total Investments Investments outside India
<b>Held to Maturity</b>										
Gross	285,210.50	-	-	8,160.52	3,826.49	13.35	297,210.86	-	-	297,210.86
Less:	-	-	-	-	-	-	-	-	-	-
Provision for non-performing investments (NPI)										
Net	285,210.50	-	-	8,160.52	3,826.49	13.35	297,210.86	-	-	297,210.86
<b>Available for Sale</b>										
Gross	79,925.94	-	530.96	56,184.73	-	16,373.52	153,015.15	230.31	-	2,394.84 2,625.15 155,640.30
Less:	(291.93)	-	(45.38)	-	-	-	(337.31)	(2.73)	-	(2.73) (340.04)
Provision for depreciation and NPI										
Net	79,634.01	-	485.58	56,184.73	-	16,373.52	152,677.84	227.58	-	2,394.84 2,622.42 155,300.26
<b>Held for Trading</b>										
Gross	1,684.07	-	-	363.53	-	1,047.56	3,095.16	-	-	3,095.16
Less:	(1.27)	-	-	(0.42)	-	(68.90)	(70.59)	-	-	(70.59)
Provision for depreciation and NPI										
Net	1,682.80	-	-	363.11	-	978.66	3,024.57	-	-	3,024.57
<b>Total Investments</b>	<b>366,820.51</b>	<b>-</b>	<b>530.96</b>	<b>64,708.78</b>	<b>3,826.49</b>	<b>17,434.43</b>	<b>453,321.17</b>	<b>230.31</b>	<b>-</b>	<b>2,394.84 2,625.15 455,946.32</b>
Less:										
Provision for non-performing investments for HTM category										

Investments in India							Investments outside India				Total Investments	
Government Securities		Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and / or joint ventures	Others Investments in India	Total Investments in India	Government Securities (including and / or joint local authorities)	Subsidiaries and / or joint ventures	Others	Total Investments outside India	
Less:	(293.20)	-	(45.38)	(0.42)	-	(68.90)	(407.90)	(2.73)	-	-	(2.73)	
Provision for depreciation and NPI for AFS and HFT categories												
<b>Net</b>	<b>366,522.31</b>	-	<b>485.58</b>	<b>64,708.36</b>	<b>3,826.49</b>	<b>17,365.53</b>	<b>452,913.27</b>	<b>227.58</b>	-	<b>2,394.84</b>	<b>2,622.42</b>	<b>455,535.69</b>

Composition of investments as at March 31, 2021:												
Investments in India							Investments outside India				(₹ crore)	
Government Securities		Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and / or joint ventures	Others	Total Investments in India	Government Securities (including and / or joint local authorities)	Subsidiaries and / or joint ventures	Others	Total Investments outside India	
<b>Held to Maturity</b>												
Gross	251,779.64	-	-	8,034.79	3,826.49	12.19	263,653.11	-	-	-	- 263,653.11	
Less:	-	-	-	-	-	-	-	-	-	-	-	
Provision for non-performing investments (NPI)												
<b>Net</b>	<b>251,779.64</b>	-	-	<b>8,034.79</b>	<b>3,826.49</b>	<b>12.19</b>	<b>263,653.11</b>	-	-	-	- 263,653.11	
<b>Available for Sale</b>												
Gross	98,850.71	-	494.09	50,289.24	-	19,998.52	169,632.56	600.69	-	1,774.51	2,375.20 172,007.76	
Less:	(443.03)	-	(60.79)	-	-	-	(503.82)	(7.08)	-	-	(7.08) (510.90)	
Provision for depreciation and NPI												
<b>Net</b>	<b>98,407.68</b>	-	<b>433.30</b>	<b>50,289.24</b>	-	<b>19,998.52</b>	<b>169,128.74</b>	<b>593.61</b>	-	<b>1,774.51</b>	<b>2,368.12 171,496.86</b>	
<b>Held for Trading</b>												

### Composition of investments as at March 31, 2021:



# Schedules to the Financial Statements

For the year ended March 31, 2022

Investments in India						Investments outside India			Total Investments
Government Securities	Other Approved Securities	Shares	Bonds	Deben-tures and / or joint ventures	Others	Government Securities (including local authorities)	Subsidiaries and / or joint ventures	Others	Total Investments outside India
Gross 953.74	-	-	-	3,465.68	-	4,499.78	8,919.20	-	8,919.20
Less: Provision for depreciation and NPI (0.02)	-	-	-	-	(340.86)	(340.88)	-	-	(340.88)
Net 953.72	-	-	-	3,465.68	-	4,158.92	8,578.32	-	8,578.32
<b>Total Investments</b> 351,584.09	-	494.09	61,789.71	3,826.49	24,510.49	442,204.87	600.69	-	2,375.20 444,580.07
Less:	Provision for non-performing investments for HTM category (443.05)	-	(60.79)	-	-	(340.86)	(844.70)	(7.08)	(851.78)
<b>Net</b> <b>351,141.04</b>	-	<b>433.30</b>	<b>61,789.71</b>	<b>3,826.49</b>	<b>24,169.63</b>	<b>441,360.17</b>	<b>593.61</b>	-	<b>1,774.51</b> <b>2,368.12</b> <b>443,728.29</b>

- Other investments in India as at March 31, 2022 include investments in commercial paper aggregating to ₹ 146.82 crore (previous year: ₹ 97.86 crore) and NII certificate of deposits (previous year: NII).
- Other investment outside India as at March 31, 2022 includes shares of ₹ 2.64 crore (previous year: ₹ 3.50 crore) and bonds and debentures of ₹ 2,392.20 crore (previous year: ₹ 1,771.01 crore).

- Movement in provisions held towards depreciation on investments & Investment Fluctuation Reserve:**

Particulars	March 31, 2022	March 31, 2021
<b>i) Movement in provisions held towards depreciation on investments</b>		
a) Opening balance	851.78	978.47
b) Add: Provision made during the year (including provision on non-performing investments)	12.00	790.99
c) Less: Write-off, write back of excess provision during the year	453.15	917.68
d) Closing balance	410.63	851.78
<b>ii) Movement of Investment Fluctuation Reserve</b>		
a) Opening balance	3,619.00	1,907.00
b) Add: Amount transferred during the year	-	1,712.00
c) Less: Drawdown	-	-
d) Closing balance	3,619.00	3,619.00
<b>iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT category</b>	2.28%	2.00%

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, 2022:

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2022
<b>Securities sold under repo</b>				
1. Government securities	9,020.00	34,381.25	10,466.70	14,465.00
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-
<b>Securities purchased under reverse repo</b>				
1. Government securities	8,968.09	131,685.88	65,670.26	35,746.89
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, 2021:

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2021
<b>Securities sold under repo</b>				
1. Government securities	1,747.44	35,747.72	11,871.55	13,939.92
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-
<b>Securities purchased under reverse repo</b>				
1. Government securities	3,840.10	135,217.76	61,602.21	24,948.85
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-



# Schedules to the Financial Statements

For the year ended March 31, 2022

- Details of tri-party repo / reverse repo deals (in amount of funds borrowed or lent terms) done during the year ended March 31, 2022:

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2022
<b>Securities sold under tri-party repo</b>				
1. Government securities	-	70,080.05	33,659.03	9,799.00
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-
<b>Securities purchased under tri-party repo</b>				
1. Government securities	-	44,926.80	432.45	-
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, 2021:

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2021
<b>Securities sold under tri-party repo</b>				
1. Government securities	-	62,412.35	28,907.14	30,706.00
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-
<b>Securities purchased under tri-party repo</b>				
1. Government securities	-	1,000.00	2.74	-
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-

- Non-SLR investment portfolio**

- Issuer-wise composition of non-SLR investments as at March 31, 2022:

Sr. No. Issuer	Amount	Extent of private placement <sup>#</sup>	Extent of "below investment grade" securities <sup>(1)</sup>	Extent of "unrated" securities <sup>(2)</sup>	Extent of "unlisted" securities <sup>(2)</sup>
1 Public sector undertakings	9,373.42	7,770.27	-	-	-
2 Financial institutions	5,467.21	1,865.00	-	-	-
3 Banks	3,676.36	1,889.77	1,715.19	-	-
4 Private corporate	49,264.41	31,047.96	-	11.45	2,900.71
5 Subsidiaries / Joint Ventures <sup>(3)</sup>	3,826.49	3,826.49	-	-	-
6 Others	17,517.92	16,240.06	-	-	-
7 Provision held towards depreciation	(117.43)				
<b>Total</b>	<b>89,008.38</b>	<b>62,639.55</b>	<b>1,715.19</b>	<b>11.45</b>	<b>2,900.71</b>

# Amounts reported under these columns are not mutually exclusive.

(1) Includes overseas investment of ₹ 1,715.19 crore in bond and debentures issued by entities having domicile in India, where the issuer rating given by domestic rating agencies is above investment grade.

(2) Excludes investments in securities issued by foreign sovereigns, equity shares, units of equity oriented mutual fund schemes, equity / debt instruments / units issued by venture capital funds, commercial paper, certificate of deposits, securities acquired by way of conversion of debt, security receipts, pass through certificates and unlisted convertible debentures.

(3) Investments in debt securities issued by Subsidiaries / Joint Ventures have been classified under Private Corporates.

- Issuer-wise composition of non-SLR investments as at March 31, 2021:

Sr. No.	Issuer	Amount	Extent of private placement <sup>#</sup>	Extent of “below investment grade” securities <sup>(1)</sup>	Extent of “unrated” securities <sup>(2)</sup>	(₹ crore)	Extent of “unlisted” securities <sup>(2)</sup>
						Extent of “below investment grade” securities <sup>(1)</sup>	
1	Public sector undertakings	7,058.68	6,505.03	-	-	-	-
2	Financial institutions	3,490.82	1,200.00	-	-	-	-
3	Banks	3,642.70	255.40	1,427.68	-	-	-
4	Private corporate	50,843.98	36,117.38	1,021.46	0.44	2,640.09	
5	Subsidiaries / Joint Ventures <sup>(3)</sup>	3,826.49	3,826.49	-	-	-	-
6	Others	24,133.31	19,032.85	-	-	-	-
7	Provision held towards depreciation	(408.73)					
<b>Total</b>		<b>92,587.25</b>		<b>66,937.15</b>	<b>2,449.14</b>	<b>0.44</b>	<b>2,640.09</b>

# Amounts reported under these columns are not mutually exclusive.

(1) Includes overseas investment of ₹ 1,449.14 crore in bond and debentures issued by entities having domicile in India, where the issuer rating given by domestic rating agencies is above investment grade.

(2) Excludes investments in securities issued by foreign sovereigns, equity shares, units of equity oriented mutual fund schemes, equity / debt instruments / units issued by venture capital funds, commercial paper, certificate of deposits, securities acquired by way of conversion of debt, security receipts, pass through certificates and unlisted convertible debentures.

(3) Investments in debt securities issued by Subsidiaries / Joint Ventures have been classified under Private Corporates.

- Non-performing non-SLR investments:

Particulars	March 31, 2022	(₹ crore)	
		March 31, 2021	
Opening balance	82.44	82.44	
Additions during the year	-	-	
Reductions during the year	47.41	-	
<b>Closing balance</b>	<b>35.03</b>	<b>82.44</b>	
<b>Total provisions held</b>	<b>35.03</b>	<b>60.79</b>	

### • Securities kept as margin

The details of securities that are kept as margin are as under:

Sr. No.	Particulars	Face value as at March 31,	
		2022	2021
I.	Securities kept as margin with Clearing Corporation of India towards:		
a)	Collateral and funds management - Securities segment	5,300.00	2,120.00
b)	Collateral and funds management - Tri-party Repo	59,013.79	62,361.84
c)	Default fund - Forex Forward segment	235.10	150.00
d)	Default fund - Forex Settlement segment	51.05	51.05
e)	Default fund - Rupee Derivatives (Guaranteed Settlement) segment	65.65	48.00
f)	Default fund - Securities segment	65.00	65.00
g)	Default fund - Tri-party repo segment	55.00	50.00
II.	Securities kept as margin with the RBI towards:		
a)	Real Time Gross Settlement (RTGS)	50,539.64	51,725.77
b)	Repo transactions	49,971.80	49,959.91
III.	Securities kept as margin with National Securities Clearing Corporation of India (NSCCIL) towards NSE Currency Derivatives segment.	107.72	107.72
IV.	Securities kept as margin with Indian Clearing Corporation Limited towards BSE Currency Derivatives segment.	161.00	161.00
V.	Securities kept as margin with Metropolitan Clearing Corporation of India towards MCX Currency Derivatives segment.	13.00	13.00

# Schedules to the Financial Statements

For the year ended March 31, 2022

- Sale and transfers to / from HTM category**

- During the year ended March 31, 2022, there has been no sale from, and transfer to / from, HTM category in excess of 5% of the book value of investments held in the HTM category at the beginning of the year.
- In accordance with the RBI guidelines, sale from, and transfer to / from, HTM category exclude:
  - The one-time transfer of securities to / from HTM category with the approval of Board of Directors undertaken by banks at the beginning of the accounting year;
  - Direct sales from HTM for bringing down SLR holdings in HTM category consequent to a downward revision in SLR requirements by RBI;
  - Sales to the Reserve Bank of India under liquidity management operations of RBI such as the Open Market Operations (OMO) and the Government Securities Acquisition Programme (GSAP);
  - Repurchase of Government Securities by Government of India from banks under buyback / switch operations;
  - Repurchase of State Development Loans by respective state governments under buyback / switch operations; and
  - Additional shifting of securities explicitly permitted by the Reserve Bank of India.

## 11. Derivatives

- Forward Rate Agreements (FRA) / Interest Rate Swaps (IRS)\***

(₹ crore)

Sr. No. Particulars	March 31, 2022	March 31, 2021
i) The total notional principal of swap agreements	518,928.08	317,188.20
ii) Total losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	3,011.67	3,251.25
iii) Collateral required by the Bank upon entering into swaps***	-	17.10
iv) Concentration of credit risk arising from swaps (%)**	47.17%	62.04%
v) Concentration of credit risk arising from swaps (Amount)**	1,420.65	2,017.07
vi) The fair value of the swap book	255.15	(141.37)

\* 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, 2022 and March 31, 2021.

\*\*\* Represents outstanding amount of net margin received from customers as at March 31, 2022 and March 31, 2021.

### The nature and terms of Rupee IRS outstanding as at March 31, 2022 are set out below:

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	2	600.00	INCMT	Floating receivable v/s fixed payable
Trading	3,609	220,044.98	OIS	Fixed receivable v/s floating payable
Trading	4,041	222,466.69	OIS	Floating receivable v/s fixed payable
Trading	2	1,000.00	MIOIS	Floating receivable v/s fixed payable
Trading	425	28,418.85	MIFOR	Fixed receivable v/s floating payable
Trading	99	5,209.83	MIFOR	Floating receivable v/s fixed payable
Trading	27	2,040.00	MOD MIFOR	Fixed receivable v/s floating payable
Trading	18	995.00	MOD MIFOR	Floating receivable v/s fixed payable
<b>Total</b>		<b>480,775.35</b>		

**The nature and terms of foreign currency IRS as on March 31, 2022 are set out below:**

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	1	60.05	GBP SONIA	Fixed receivable v/s floating payable
Trading	1	60.05	GBP SONIA	Floating receivable v/s fixed payable
Trading	4	161.22	EURIBOR	Fixed receivable v/s floating payable
Trading	8	434.95	EURIBOR	Floating receivable v/s fixed payable
Trading	42	5,742.58	USD LIBOR	Fixed receivable v/s floating payable
Trading	205	24,189.96	USD LIBOR	Floating receivable v/s fixed payable
Trading	4	463.50	USD SOFR	Fixed receivable v/s floating payable
Trading	16	1,979.35	USD SOFR	Floating receivable v/s fixed payable
<b>Total</b>		<b>33,091.66</b>		

**The nature and terms of Forward Rate Agreement as on March 31, 2022 are set out below:**

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	214	5,061.07	Bond Yield	Sell FRA
<b>Total</b>		<b>5,061.07</b>		

**The nature and terms of Rupee IRS outstanding as at March 31, 2021 are set out below:**

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	2	600.00	INCMT	Floating receivable v/s fixed payable
Trading	2,414	115,869.21	OIS	Fixed receivable v/s floating payable
Trading	2,288	117,077.25	OIS	Floating receivable v/s fixed payable
Trading	566	32,993.50	MIFOR	Fixed receivable v/s floating payable
Trading	281	13,465.00	MIFOR	Floating receivable v/s fixed payable
<b>Total</b>		<b>280,004.96</b>		

**The nature and terms of foreign currency IRS as on March 31, 2021 are set out below:**

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	1	91.25	GBP LIBOR	Fixed receivable v/s floating payable
Trading	1	91.25	GBP LIBOR	Floating receivable v/s fixed payable
Trading	2	37.77	EURIBOR	Fixed receivable v/s floating payable
Trading	6	316.46	EURIBOR	Floating receivable v/s fixed payable
Trading	84	9,350.78	USD LIBOR	Fixed receivable v/s floating payable
Trading	227	25,206.95	USD LIBOR	Floating receivable v/s fixed payable
<b>Total</b>		<b>35,094.46</b>		

**The nature and terms of Forward Rate Agreement as on March 31, 2021 are set out below:**

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	66	2,088.78	Bond Yield	Sell FRA
<b>Total</b>		<b>2,088.78</b>		



# Schedules to the Financial Statements

For the year ended March 31, 2022

- Exchange traded interest rate derivatives**

(₹ crore)

Sr. No. Particulars	March 31, 2022	March 31, 2021
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). The underlying rate of interest could be an interest rate curve, interest rate index or bond yield. 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 an agreed exchange rate on a 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 an agreed exchange rate 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 on 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 credit risk and market risk departments, as part of the Risk Management Group, that assesses 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, scenario based profit and loss limit for option portfolio, stop loss trigger levels 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 that are used to assess market and credit risks for derivative transactions are specified by the credit risk and market risk units. Limits are monitored on a daily basis by the mid-office.

The Bank has 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 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 using various qualitative and quantitative methods.

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. The Bank as part of its risk management strategy, makes use of financial derivative instruments, including foreign exchange forward contracts, for hedging the risk embedded in some of its financial assets or liabilities recognised on the balance sheet. In case of a fair value hedge, the changes in the fair value of the hedging instruments and hedged items are recognised in the Profit and Loss Account and in case of cash flow hedges other than for foreign exchange forward contracts, the changes in fair value of effective portion are recognised in Reserves and Surplus under 'Cash flow hedge reserve' and ineffective portion of an effective hedging relationship, if any, is recognised in the Profit and Loss Account. The accumulated balance in the cash flow hedge reserve, in an effective hedging relationship, is recycled in the Profit and Loss Account at the same time that the impact from the hedged item 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 counterparties 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

# Schedules to the Financial Statements

For the year ended March 31, 2022

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. Further, to mitigate the current exposure in non-centrally cleared forex and derivative transactions, Bank has entered into Credit Support Annex ('CSA') agreements with some of the major international counterparty banks and few Indian financial institutions.

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, 2022	March 31, 2021	March 31, 2022	March 31, 2021
1 Derivatives (notional principal amount)				
a) Hedging	7,579.25	-	-	-
b) Trading	62,860.03	40,074.83	519,322.30	317,629.80
2 Marked to market positions				
a) Asset (+)	1,108.41	922.74	3,019.64	3,253.93
b) Liability (-)	(672.91)	(594.51)	(2,764.49)	(3,395.30)
c) Net	435.50	328.23	255.15	(141.37)
3 Credit exposure	3,983.65	3,077.28	6,896.91	5,423.27
4 Likely impact of one percentage change in interest rate (100*PV01)**				
a) On hedging derivatives	2.82	-	-	-
b) On trading derivatives	49.06	32.08	501.21	187.97
5 Maximum of 100*PV01 observed during the year**				
a) On hedging*	5.05	-	-	-
b) On trading	57.78	43.07	527.62	187.97
6 Minimum of 100*PV01 observed during the year**				
a) On hedging*	1.97	-	-	-
b) On trading	33.04	18.83	272.28	0.34

\* Computed for the month end dates where hedge deals were outstanding.

\*\* Amounts given are absolute values on a net basis, excluding currency options.

✓ As at March 31, 2022, the notional principal amount of outstanding foreign exchange contracts classified as trading amounted to ₹ 655,187.18 crore (previous year: ₹ 496,472.67 crore). There were no foreign exchange contracts classified as hedging outstanding as at March 31, 2022 (previous year: Nil).

✓ 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 has computed the exposure under the Current Exposure Method for counterparty credit risk capital computation based on the guidelines issued by RBI on "Bilateral Netting of Qualified Financial Contracts - Amendments to Prudential Guidelines" dated March 30, 2021. However, for the purpose of calculating product-wise derivative exposure as mentioned in point number 3 in table above, bank has calculated using Current Exposure Method ('CEM') without netting benefits and the balance outstanding as on March 31, 2022.

## 12. Credit default swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2022 (previous year: Nil).

### 13. Asset quality

- Classification of assets and provisions held as at March 31, 2022:

	Standard	Non-Performing			Total Non-Performing Assets	(₹ crore)
	Total Standard Advances	Substandard	Doubtful	Loss		
<b>Gross Standard Advances and NPAs ^</b>						
Opening Balance	1,128,309.31	8,100.47	5,392.69	1,592.84	15,086.00	1,143,395.31
Add: Additions during the year					26,861.43	
Less: Reductions during the year*					25,806.47	
Closing balance	1,364,413.25	8,392.21	6,347.08	1,401.67	16,140.96	1,380,554.21
*Reductions in Gross NPAs due to:						
i) Upgradation*					9,485.80	
ii) Recoveries (excluding recoveries from upgraded accounts)					6,890.80	
iii) Technical / Prudential Write-offs						
iv) Write-offs other than those under (iii) above					9,429.87	
<b>Provisions (excluding Floating Provisions)</b>						
Opening balance of provisions held	5,303.37	3,836.02	5,102.32	1,592.84	10,531.18	15,834.55
Add: Fresh provisions made during the year					17,771.79	
Less: Excess provision reversed / Write-off loans					16,569.69	
Closing balance of provisions held	6,562.60	4,165.31	6,166.30	1,401.67	11,733.28	18,295.88
<b>Net NPAs</b>						
Opening Balance		4,264.45	290.37	-	4,554.82	
Add: Fresh additions during the year					9,089.64	
Less: Reductions during the year					9,236.78	
Closing Balance		4,226.90	180.78	-	4,407.68	

^ NPAs include investments and foreign exchange and derivatives aggregating to ₹ 39.99 crore (previous year: ₹ 86.67 crore) that are classified as non-performing by the Bank.

\* includes those accounts where all overdue have been paid.



# Schedules to the Financial Statements

For the year ended March 31, 2022

- Classification of assets and provisions held as at March 31, 2021:**

	Standard	Non-Performing			(₹ crore)	
	Total Standard Advances	Substandard	Doubtful	Loss	Total Non-Performing Assets	Total
<b>Gross Standard Advances and NPAs ^</b>						
Opening Balance	990,167.42	7,308.53	4,335.42	1,006.02	12,649.97	1,002,817.39
Add: Additions during the year					16,040.01	
Less: Reductions during the year*					13,603.98	
Closing balance	1,128,309.31	8,100.47	5,392.69	1,592.84	15,086.00	1,143,395.31
*Reductions in Gross NPAs due to:						
i) Upgradation*					1,601.63	
ii) Recoveries (excluding recoveries from upgraded accounts)					2,713.27	
iii) Technical / Prudential Write-offs					-	
iv) Write-offs other than those under (iii) above					9,289.08	
<b>Provisions (excluding Floating Provisions)</b>						
Opening balance of provisions held	4,437.86	3,973.67	4,127.92	1,006.02	9,107.61	13,545.47
Add: Fresh provisions made during the year					13,027.95	
Less: Excess provision reversed / Write-off loans					11,604.38	
Closing balance of provisions held	5,303.37	3,836.02	5,102.32	1,592.84	10,531.18	15,834.55
<b>Net NPAs</b>						
Opening Balance		3,334.86	207.50	-	3,542.36	
Add: Fresh additions during the year					3,012.06	
Less: Reductions during the year					1,999.60	
Closing Balance		4,264.45	290.37	-	4,554.82	

^ NPAs include investments and foreign exchange and derivatives aggregating to ₹ 86.67 crore (previous year: ₹ 90.59 crore) 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:

Particulars	March 31, 2022	March 31, 2021
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) has been included under “Other Liabilities”. Movement in floating provision is given below:

Particulars	March 31, 2022	March 31, 2021
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.

Ratios	March 31, 2022	March 31, 2021
Gross non-performing assets to gross advances <sup>1</sup>	1.17%	1.32%
Gross non-performing advances to gross advances	1.17%	1.31%
Percentage of net non-performing assets <sup>2</sup> to net advances <sup>3</sup>	0.32%	0.40%
Provision coverage ratio <sup>4</sup>	72.69%	69.81%

1 Gross advances are net of bills rediscounted and interest in suspense.

2 Net NPAs are non-performing assets net of specific provisions, claims received from Credit Guarantors, 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.

3 Net advances are equivalent to gross advances net of specific loan loss provisions, claims received from Credit Guarantors, provision for funded interest term loans classified as NPA and provisions in lieu of diminution in the fair value of restructured assets.

4 Provision coverage ratio does not include assets written-off.

The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated September 03, 2020 (“Interim Order”), had directed banks that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, the Bank did not classify any account which was not NPA as of August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020.

The Interim Order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Bank continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

- 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 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.

There was no divergence in asset classification and provisioning for NPAs for the years ended March 31, 2021 and 2020.

# Schedules to the Financial Statements

For the year ended March 31, 2022

- Details of accounts subjected to restructuring**

		Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Standard	Number of borrowers	-	1	-	2	1	1	-	-	1	4
	Gross Amount (₹ crore)	-	27.50	-	92.46	23.15	26.72	-	-	23.15	146.68
	Provision held (₹ crore)	-	-	-	-	-	-	-	-	-	-
Substandard	Number of borrowers	169	15	-	-	476	8	1,260	707	1,905	730
	Gross Amount (₹ crore)	2.77	0.46	-	-	67.25	0.99	104.11	26.49	174.13	27.94
	Provision held (₹ crore)	-	-	-	-	-	0.78	-	0.06	-	0.84
Doubtful	Number of borrowers	3	-	1	2	41	1	93	1	138	4
	Gross Amount (₹ crore)	0.15	-	4.42	6.80	16.77	6.25	5.92	0.16	27.26	13.21
	Provision held (₹ crore)	-	-	-	-	0.35	-	-	-	0.35	-
Total	Number of borrowers	172	16	1	4	518	10	1,353	708	2,044	738
	Gross Amount (₹ crore)	2.92	27.96	4.42	99.26	107.17	33.96	110.03	26.65	224.54	187.83
	Provision held (₹ crore)	-	-	-	-	0.35	0.78	-	0.06	0.35	0.84

- Details of accounts restructured under Micro, Small and Medium Enterprises (MSME) sector under RBI guidelines issued in January 2019:**

(₹ in crore except number of accounts)

March 31, 2022		March 31, 2021	
No. of accounts restructured	Amount outstanding	No. of accounts restructured	Amount outstanding
2,87,562	6,874.39	2,82,589	3,391.35

- Provision pertaining to fraud accounts reported during the year:**

Particulars	March 31, 2022	March 31, 2021
No. of frauds reported	6,543	5,232
Amount involved in fraud (₹ crore)	505.86	1,640.80
Amount involved in fraud net of recoveries / write-offs as at the end of the year (₹ crore)	231.74	1,321.08
Provisions held as at the end of the year (₹ crore)	231.74	1,321.08
Amount of unamortised provision debited from "other reserves" as at the end of the year (₹ crore)	-	-

Above table represents all frauds reported during the year.

The information on frauds for the financial year ended March 31, 2021 includes certain large value credits which were already reckoned as NPA's in the prior years and these were fully provided for.

- Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) as at March 31, 2022 are given below:**

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year i.e. September 30, 2021 (A)*	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2022	Of (A), amount written off during the half-year#	Of (A), amount paid by the borrowers during the half-year**	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year i.e. March 31, 2022^
			written off during the half-year#	by the borrowers during the half-year**	
Personal Loans	11,588.80	1,594.28	620.09	212.96	9,781.56
Corporate persons	1,834.34	128.64	1.61	193.29	1,512.41
Of which, MSMEs	159.92	5.71	0.58	0.03	154.18
Others	2,457.43	303.17	21.97	58.19	2,096.07
<b>Total</b>	<b>15,880.57</b>	<b>2,026.09</b>	<b>643.67</b>	<b>464.44</b>	<b>13,390.04</b>

\* Includes restructuring done in respect of requests received as of September 30, 2021 processed subsequently.

# Represents debt that slipped into NPA and was subsequently written-off during the half-year ended March 31, 2022.

\*\* Amount paid by the borrower during the half-year is net of additions in the borrower account including additions due to interest capitalisation.

^ Excludes other facilities to the borrowers aggregating to ₹ 2,307.65 crore which have not been restructured.

### Details of Resolution Plan (RP) implemented under Prudential Framework for Resolution of Stressed Assets dated June 07, 2019:

	No. of borrowers	Amount Outstanding
March 31, 2022	-	-
March 31, 2021	-	-

### Transfer of Assets

- Details of non-performing assets (NPAs) transferred during the financial year 2021-2022:**

Particulars	(₹ in crore except number of accounts)		
	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Number of accounts	70,921	65,704	-
Aggregate principal outstanding of loans transferred	2,187.81	449.46	-
Weighted average residual tenor of the loans transferred (in years)	3.01	2.01	-
Net book value of loans transferred (at the time of transfer)	992.38	188.86	-
Aggregate consideration	1,093.10	35.94	-
Additional consideration realised in respect of accounts transferred in earlier years	2.67	-	-

No excess provisions were reversed to the Profit and Loss Account on account of sale of NPAs.

- Details of stressed loan (Non-performing asset and Special Mention Account) transferred during the financial year 2020-2021:**

Particulars	(₹ in crore except number of accounts)		
	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Number of accounts	1,67,197	-	-
Aggregate principal outstanding of loans transferred	4,107.60	-	-

# Schedules to the Financial Statements

For the year ended March 31, 2022

Particulars	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Weighted average residual tenor of the loans transferred (in years)	2.70	-	-
Net book value of loans transferred (at the time of transfer)*	3,164.66	-	-
Aggregate consideration	2,051.06	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-

\*If accounts had been classified as NPA during the period of operation of the Interim Order dated September 03, 2020 of the Hon'ble SC, specific provision would have been made for the accounts sold. Accordingly, the net book value would have been ₹ 2,419.41 crore. No excess provisions were reversed to the Profit and Loss Account on account of sale of NPAs.

- Pursuant to RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, Banks are required to disclose transfer of "loans not in default and Special Mention Accounts" respectively. The Bank has not transferred any loans not in default / Special Mention Accounts during the period from September 24, 2021 to March 31, 2022.
- Details of ratings of SRs outstanding as on March 31, 2022 are given below:**

(₹ crore)			
Rating	Rating Agency	Recovery rating	Outstanding as at March 31, 2022
R2	CRISIL	75% - 100%	182.87
NR2	India Ratings	100% - 150%	366.20
NR3	India Ratings	75% - 100%	614.34
NR4	India Ratings	50% - 75%	218.01
NA*			102.30
<b>Total</b>			<b>1,483.72</b>

\* Pursuant to regulatory norms, the ARC has time to obtain initial rating of SRs from an approved credit rating agency within a period of six months from the date of acquisition of assets by it.

- Details of ratings of SRs outstanding as on March 31, 2021 are given below:**

(₹ crore)			
Rating	Rating Agency	Recovery rating	Outstanding as at March 31, 2021
R2	CRISIL	75% - 100%	367.20
NR2	India Ratings	100% - 150%	1,243.49
NR3	India Ratings	75% - 100%	372.77
<b>Total</b>			<b>1,983.46</b>

## Acquisition of Assets

- During the years ended March 31, 2022 and March 31, 2021, no non-performing financial assets were acquired by the Bank.**
- Pursuant to the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, the details of loans acquired during the period from September 24, 2021 to March 31, 2022 are given below:**
  - Details of loans not in default acquired through assignment are given below:**

Particulars	Value
Aggregate amount of loans acquired (₹ in crore)	18,094.40
Weighted average residual maturity (in years)	14.99
Weighted average holding period by originator (in years)	1.57
Retention of beneficial economic interest by the originator	10%
Tangible security coverage	100%

The loans acquired are not rated as these are to non-corporate borrowers.

From the above, 58 loans aggregating to ₹ 11.45 crore was repurchased by the transferor in compliance with paragraph 48 of Master Direction - RBI (Transfer of Loan Exposures) Directions, 2021.

- The Bank has not acquired any Special Mention Account.
- The RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 has mandated disclosure of transfer of loan assets. Considering the terms 'loans not in default' and 'special mention account' under this circular vis-a-vis loans termed as 'standard' as hitherto and the separate processes prescribed therein for transfer of such assets, the Bank believes that such disclosure would be more meaningful if disclosed prospectively and therefore transfer of loan exposures prior to September 24, 2021 including comparatives of previous year are not considered relevant for disclosure.
- During the years ended March 31, 2022 and March 31, 2021, there were no standard assets securitised-out 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, 2022 and as at March 31, 2021.

#### **• Off-Balance Sheet SPVs**

There are no Off-Balance Sheet SPVs sponsored by the Bank, which need to be consolidated as per accounting norms.

### **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, 2022	March 31, 2021
<b>a) Direct exposure</b>	<b>133,650.15</b>	<b>114,575.93</b>
(i) Residential mortgages*	83,773.07	71,673.56
(of which housing loans eligible for inclusion in priority sector advances)	(29,375.95)	(27,886.84)
(ii) Commercial real estate	49,683.48	42,587.09
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
(a) Residential	160.09	227.73
(b) Commercial real estate	33.51	87.55
<b>b) Indirect exposure</b>	<b>36,208.42</b>	<b>32,877.30</b>
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	36,208.42	32,877.30
<b>Total exposure to real estate sector</b>	<b>169,858.57</b>	<b>147,453.23</b>

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

#### **• Details of capital market exposure**

Exposure is higher of limits sanctioned or the amounts outstanding as at the year end.

(₹ crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
(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	7,107.55	6,247.22
(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	3,067.03	143.97

# Schedules to the Financial Statements

For the year ended March 31, 2022

Sr. No.	Particulars	March 31, 2022	March 31, 2021
(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	4,036.47	5,156.29
(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	379.35	423.41
(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers	14,216.38	9,875.78
(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	4,643.34	4,154.34
(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)	17.90	12.49
<b>Total exposure to capital market</b>		<b>33,468.02</b>	<b>26,013.50</b>

- Details of risk category wise country exposure**

(₹ crore)

Risk Category	March 31, 2022		March 31, 2021	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	30,148.36	-	33,231.41	-
Low	16,729.52	-	12,744.74	-
Moderately low	1,054.54	-	2,031.36	-
Moderate	474.80	-	625.57	-
Moderately high	260.29	-	2.71	-
High	7.06	-	0.15	-
Very high	24.76	-	26.79	-
<b>Total</b>	<b>48,699.33</b>	-	<b>48,662.73</b>	-

- Details of factoring exposure**

The factoring exposure of the Bank as at March 31, 2022 is ₹ 7,865.01 crore (previous year: ₹ 4,358.45 crore).

- Intra-Group exposure**

**Intra-Group exposures in accordance with RBI guidelines are as follows:**

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Total amount of intra-group exposures	12,765.40	11,659.17
Total amount of top 20 intra-group exposures	12,765.40	11,659.17
Percentage of intra-group exposures to total exposure of the Bank on borrowers / customers	0.57%	0.63%
Details of breach of limits on intra-group exposures and regulatory action thereon, if any	Nil	Nil

- Details of Single Counterparty Limit / Limit for Group of Connected Counterparties exceeded by the Bank.**

The RBI has prescribed limits linked to a bank's eligible capital base in respect of exposures to single counterparty and group of connected counterparties. During the years ended March 31, 2022 and March 31, 2021 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, 2022 (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, 2022 was Nil (previous year: Nil).

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

- Concentration of deposits**

(₹ crore, except percentages)

Particulars	March 31, 2022	March 31, 2021
Total deposits of twenty largest depositors	61,578.97	54,551.06
Percentage of deposits of twenty largest depositors to total deposits of the Bank	3.9%	4.1%

- Concentration of advances**

(₹ crore, except percentages)

Particulars	March 31, 2022	March 31, 2021
Total advances to twenty largest borrowers	295,918.84	225,412.82
Percentage of advances of twenty largest borrowers to total advances of the Bank	13.8%	12.9%

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

- Concentration of exposure**

(₹ crore, except percentages)

Particulars	March 31, 2022	March 31, 2021
Total exposure to twenty largest borrowers / customers	319,497.99	252,112.93
Percentage of exposure of twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	14.4%	13.7%

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

- Concentration of NPAs**

(₹ crore, except percentages)

Particulars	March 31, 2022	March 31, 2021
Total gross exposure to top twenty NPA accounts	2,306.92	2,930.96
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	14.3%	19.4%

- Sector-wise advances**

(₹ crore)

Sr. No.	Sector	As at March 31, 2022			As at March 31, 2021		
		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
<b>A Priority sector</b>							
1	Agriculture and allied activities	102,210.34	4,157.29	4.07%	92,904.27	3,409.52	3.67%
2	Advances to industries eligible as priority sector lending	130,568.43	772.65	0.59%	66,235.29	384.89	0.58%



# Schedules to the Financial Statements

For the year ended March 31, 2022

Sr. No.	Sector	As at March 31, 2022			As at March 31, 2021		
		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
3	Services	126,753.53	2,584.04	2.04%	69,688.06	1,347.39	1.93%
4	Personal loans	35,235.05	523.70	1.49%	32,616.87	337.72	1.04%
	<b>Sub-total (A)</b>	<b>394,767.35</b>	<b>8,037.68</b>	<b>2.04%</b>	<b>261,444.49</b>	<b>5,479.52</b>	<b>2.10%</b>
	<b>B Non-Priority sector</b>						
1	Agriculture and allied activities	3,408.11	421.79	12.38%	3,399.43	410.75	12.08%
2	Industry	295,034.46	1,927.23	0.65%	265,490.84	2,064.11	0.78%
3	Services	327,552.74	2,758.63	0.84%	294,532.37	3,806.07	1.29%
4	Personal loans	359,751.56	2,995.63	0.83%	318,441.52	3,325.55	1.04%
	<b>Sub-total (B)</b>	<b>985,746.87</b>	<b>8,103.28</b>	<b>0.82%</b>	<b>881,864.16</b>	<b>9,606.48</b>	<b>1.09%</b>
	<b>Total (A) + (B)</b>	<b>1,380,514.22</b>	<b>16,140.96</b>	<b>1.17%</b>	<b>1,143,308.65</b>	<b>15,086.00</b>	<b>1.32%</b>

- **Details of 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 in such transactions. The details of purchase / sale of PSLC during the year are as under:

Type of PSLCs	For the year ended March 31, 2022		For the year ended March 31, 2021	
	PSLC bought during the year	PSLC sold during the year	PSLC bought during the year	PSLC sold during the year
Agriculture	726.00	-	3,030.00	-
Small and Marginal farmers	887.25	-	625.00	-
Micro Enterprises	31,280.00	-	18,830.00	-
General	67,707.50	-	61,842.50	2,000.00
<b>Total</b>	<b>100,600.75</b>	<b>-</b>	<b>84,327.50</b>	<b>2,000.00</b>

## 15. Other fixed assets

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

Particulars	March 31, 2022		March 31, 2021
	(₹ crore)		(₹ crore)
<b>Cost</b>			
As at March 31 of the previous year		3,566.70	3,236.57
Additions during the year		806.03	330.13
Deductions during the year		(0.01)	-
<b>Total (a)</b>		<b>4,372.72</b>	<b>3,566.70</b>
<b>Depreciation</b>			
As at March 31 of the previous year		2,822.87	2,473.76
Charge for the year		443.58	349.11
On deductions during the year		(0.01)	-
<b>Total (b)</b>		<b>3,266.44</b>	<b>2,822.87</b>
<b>Net value (a-b)</b>		<b>1,106.28</b>	<b>743.83</b>

## 16. Other assets

- Other assets include deferred tax asset (net) of ₹ 6,229.67 crore (previous year: ₹ 4,937.76 crore). The break-up of the same is as follows:

Particulars	March 31, 2022	March 31, 2021
<b>Deferred tax asset arising out of:</b>		
Loan loss and contingencies	5,745.11	4,441.48
Employee benefits	58.41	67.14
Depreciation	66.90	53.02
Others	359.25	376.12
<b>Total (a)</b>	<b>6,229.67</b>	<b>4,937.76</b>
<b>Deferred tax liability (b)</b>	-	-
<b>Deferred tax asset (net) (a-b)</b>	<b>6,229.67</b>	<b>4,937.76</b>

- Key items under "Others" in Other assets are as under:

Particulars	March 31, 2022	March 31, 2021
Deposit with NABARD / SIDBI / NHB - PSL shortfall	44,738.08	9,320.37
Unrealised gain on foreign exchange and derivative contracts*	7,923.90	8,472.31
Deferred tax assets	6,229.67	4,937.76
Accounts receivable	4,129.31	3,139.47
Deposits & amounts paid in advance	3,297.55	3,134.56
Advances for capital assets	1,067.48	766.70
Residual items	3.64	5.72
<b>Total</b>	<b>67,389.63</b>	<b>29,776.89</b>

\* 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, 2022

## 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.

	As at March 31, 2022										(₹ crore)									
	1 day	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	2 months to 3 months	3 months to 6 months	months to 1 year	Over 3 months	Over 6 months	Over 1 year	Over 3 years to 5 years	Over 3 years to 5 years	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	
Loans & advances*	15,887.52	21,695.65	15,157.80	45,647.16	51,173.80	53,279.34	90,228.96	101,559.82	560,217.39	185,260.82	228,712.67	1,368,820.88								
Investments*	102,260.15	22,936.74	4,113.47	7,045.41	9,643.29	8,324.59	23,635.54	27,984.84	159,398.09	12,542.99	77,650.58	455,535.69								
Deposits*	32,342.12	70,543.76	30,158.67	37,703.12	50,207.34	35,555.31	75,054.08	103,905.16	669,179.97	15,077.04	439,490.87	1,559,217.44								
Borrowings*	542.63	16,504.77	3,177.86	15,036.59	20,313.02	8,153.04	15,073.47	26,803.05	48,219.53	17,993.25	13,000.00	184,817.21								
Foreign currency assets	14,259.58	12,976.59	6,209.09	18,737.58	9,202.72	6,337.86	14,212.97	3,628.29	4,974.93	1,722.78	759.90	93,022.29								
Foreign currency liabilities	2,494.86	2,843.35	4,739.94	9,502.37	13,118.28	8,912.00	10,304.04	9,451.62	9,134.10	8,555.93	3,420.55	82,477.04								

\* The amounts represented include Foreign Currency Balances.  
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.

	As at March 31, 2021										(₹ crore)									
	1 day	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	2 months to 3 months	3 months to 6 months	months to 1 year	Over 3 months	Over 6 months	Over 1 year	Over 3 years to 5 years	Over 3 years to 5 years	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	
Loans & advances*	9,900.05	20,452.08	10,506.09	44,857.71	49,736.96	48,183.51	96,978.08	109,298.00	483,407.07	123,428.17	136,148.91	1,132,836.63								
Investments*	112,341.38	43,161.08	4,382.04	5,714.46	9,820.26	9,528.83	16,545.14	23,695.50	144,222.12	9,065.84	65,251.65	443,728.30								
Deposits*	13,684.11	70,664.28	40,914.97	30,083.61	50,474.48	36,695.33	78,391.96	91,952.08	532,038.94	14,701.27	375,459.19	1,335,060.22								
Borrowings*	258.26	36,982.20	1,207.28	4,011.50	7,153.92	2,751.16	11,238.59	10,202.85	38,696.56	8,275.00	14,700.00	135,487.32								
Foreign currency assets	13,495.91	12,932.26	2,992.89	13,794.28	4,609.15	5,091.85	11,792.57	4,328.34	6,159.55	1,009.88	262.38	76,469.06								
Foreign currency liabilities	1,708.83	2,839.29	1,998.94	4,627.61	4,122.61	3,216.50	7,835.14	6,589.03	7,514.11	872.68	7,042.73	48,367.47								

\* The amounts represented include Foreign Currency Balances.  
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.

## 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

Particulars	March 31, 2022	March 31, 2021
Opening provision for reward points	638.79	734.15
Provision for reward points made during the year	465.13	375.21
Utilisation / write-back of provision for reward points	(468.01)	(470.57)
Closing provision for reward points	635.91	638.79

### b) Provision for legal and other contingencies

Particulars	March 31, 2022	March 31, 2021
Opening provision	503.55	445.35
Movement during the year (net)	32.54	58.20
Closing provision	536.09	503.55

### c) Description of contingent liabilities

Sr. Contingent liability* No.	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 Partly paid investments	This represents amount remaining unpaid towards liability for partly paid investments.
4 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.
5 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.
6 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

# Schedules to the Financial Statements

For the year ended March 31, 2022

## 19. Business ratios / information

Particulars	March 31, 2022	March 31, 2021
Interest income as a percentage to working funds <sup>1</sup>	7.03%	7.64%
Net interest income as a percentage to working funds	3.96%	4.10%
Net interest income as a percentage to average interest earning assets	4.20%	4.34%
Non-interest income as a percentage to working funds	1.62%	1.59%
Cost of Deposits <sup>2</sup>	3.56%	4.15%
Operating profit <sup>3</sup> as a percentage to working funds	3.53%	3.62%
Return on assets (average)	2.03%	1.97%
Business <sup>4</sup> per employee (₹ in crore)	20.25	19.30
Profit per employee <sup>5</sup> (₹ in crore)	0.28	0.26
Debt-Equity Ratio <sup>6</sup>	0.33	0.30
Return on Equity Ratio <sup>7</sup>	16.90%	16.60%

Definitions of certain items in Business ratios / information:

1. Working funds is the daily average of total assets during the year.
2. Cost of Deposits is the ratio of interest expense on deposits to daily average of total deposits.
3. Operating profit is profit for the year before provisions and contingencies and profit / (loss) on sale of building and other fixed assets (net).
4. Business is the total of quarterly average of net advances and deposits (net of inter-bank deposits).
5. Productivity ratios are based on average employee numbers.
6. Debt represents borrowings with residual maturity of more than one year.
7. Return on Equity represents net profit after tax to average equity share capital and reserves.

## 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, 2022 amounting to ₹ 1,623.48 crore (previous year: ₹ 453.82 crore).

## 21. Other income

### • Commission, exchange and brokerage income

- ✓ Commission, exchange and brokerage income is net of correspondent bank charges.
- ✓ Bancassurance business

Commission income for the year ended March 31, 2022 includes fees of ₹ 1,556.51 crore (previous year: ₹ 1,481.36 crore) in respect of life insurance business and ₹ 266.11 crore (previous year: ₹ 279.05 crore) in respect of general insurance and health insurance business.

- ✓ Marketing and distribution

Commission income for the year ended March 31, 2022 includes income from marketing and distribution of ₹ 3,059.05 crore (previous year: ₹ 2,112.67 crore), which comprises of income for displaying publicity materials at the Bank's branches / ATMs, commission on mutual funds, pension and other investment / saving products and sourcing and referral income.

### • Miscellaneous income

Miscellaneous income includes recoveries from written-off accounts amounting to ₹ 2,765.13 crore (previous year: ₹ 2,148.42 crore).

## 22. Other expenditure

Other expenditure includes commission paid to sales agents amounting to ₹ 3,718.81 crore (previous year: ₹ 2,611.72 crore), exceeding 1% of the total income of the Bank.

## 23. Provisions and contingencies

The break-up of 'Provisions and Contingencies' included in the Profit and Loss Account is given below:

Particulars		(₹ crore)
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Provision for income tax - Current	13,346.03	11,644.77
- Deferred	(1,291.91)	(1,102.31)
Provision for NPAs <sup>1</sup>	10,119.38	11,450.19
Provision for diminution in value of non-performing investments	(14.52)	(16.82)
Provision for standard assets	1,257.85	866.63
Other provisions and contingencies <sup>2</sup>	3,699.12	3,402.85
<b>Total</b>	<b>27,115.95</b>	<b>26,245.31</b>

1. Includes loss on sale of NPAs / stressed assets.
2. Includes provisions for tax, legal and other contingencies ₹ 3,704.83 crore (previous year: ₹ 3,401.29 crore), provisions / (write-back) for securitised-out assets ₹ 0.14 crore (previous year: ₹ (2.21) crore) and standard restructured assets ₹ (5.85) crore (previous year: ₹ 3.77 crore).

## 24 Employee benefits

### Gratuity

Particulars		(₹ crore)
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
<b>Reconciliation of opening and closing balance of the present value of the defined benefit obligation</b>		
<b>Present value of obligation as at April 1</b>	<b>857.58</b>	<b>725.87</b>
Interest cost	56.41	45.94
Current service cost	109.39	100.50
Benefits paid	(56.13)	(38.21)
Actuarial (gain) / loss on obligation:		
Experience adjustment	(65.14)	26.48
Assumption change	8.32	(3.00)
<b>Present value of obligation as at March 31</b>	<b>910.43</b>	<b>857.58</b>
<b>Reconciliation of opening and closing balance of the fair value of the plan assets</b>		
<b>Fair value of plan assets as at April 1</b>	<b>743.24</b>	<b>514.93</b>
Expected return on plan assets	53.26	40.89
Contributions	131.14	104.45
Benefits paid	(56.13)	(38.21)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	21.96	105.74
Assumption change	1.97	15.44
<b>Fair value of plan assets as at March 31</b>	<b>895.44</b>	<b>743.24</b>
<b>Amount recognised in Balance Sheet</b>		
Fair value of plan assets as at March 31	895.44	743.24
Present value of obligation as at March 31	(910.43)	(857.58)
<b>Asset / (liability) as at March 31</b>	<b>(14.99)</b>	<b>(114.34)</b>
<b>Expenses recognised in Profit and Loss Account</b>		
Interest cost	56.41	45.94
Current service cost	109.39	100.50
Expected return on plan assets	(53.26)	(40.89)
Net actuarial (gain) / loss recognised in the year	(80.75)	(97.70)
<b>Net cost</b>	<b>31.79</b>	<b>7.85</b>
Actual return on plan assets	77.19	162.07
Estimated contribution for the next year	148.57	131.14



# Schedules to the Financial Statements

For the year ended March 31, 2022

Particulars	March 31, 2022	March 31, 2021
<b>Assumptions</b>		
Discount rate	6.80% per annum	6.50% per annum
Expected return on plan assets	6.50% per annum	6.50% per annum
Salary escalation rate	7.00% per annum	7.00% 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, 2022	as at March 31, 2021
Government securities	28.80%	27.90%
Debenture and bonds	24.52%	26.04%
Equity shares	40.40%	41.23%
Others	6.28%	4.83%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Experience adjustment

(₹ crore)

Particulars	Years ended March 31,				
	2022	2021	2020	2019	2018
Plan assets	895.44	743.24	514.93	501.71	416.40
Defined benefit obligation	910.43	857.58	725.87	617.96	542.97
Surplus / (deficit)	(14.99)	(114.34)	(210.94)	(116.25)	(126.57)
Experience adjustment gain / (loss) on plan assets	21.96	105.74	(64.41)	11.70	0.13
Experience adjustment (gain) / loss on plan liabilities	(65.14)	26.48	(8.46)	7.12	10.44

## Pension

(₹ crore)

Particulars	March 31, 2022		March 31, 2021	
<b>Reconciliation of opening and closing balance of the present value of the defined benefit obligation</b>				
Present value of obligation as at April 1		89.99	64.15	
Interest cost		5.19	3.79	
Current service cost		1.40	1.37	
Past service cost		7.69	-	
Benefits paid		(20.43)	(11.63)	
Actuarial (gain) / loss on obligation:				
Experience adjustment		6.44	31.41	
Assumption change		(2.26)	0.90	
<b>Present value of obligation as at March 31</b>		<b>88.02</b>	<b>89.99</b>	
<b>Reconciliation of opening and closing balance of the fair value of the plan assets</b>				
Fair value of plan assets as at April 1		0.33	9.51	
Expected return on plan assets		0.04	0.32	
Contributions		20.70	2.30	
Benefits paid		(20.43)	(11.63)	
Actuarial gain / (loss) on plan assets:				
Experience adjustment		0.39	(0.20)	

Particulars	March 31, 2022	March 31, 2021
Assumption change	(0.15)	0.03
<b>Fair value of plan assets as at March 31</b>	<b>0.88</b>	<b>0.33</b>
<b>Amount recognised in Balance Sheet</b>		
Fair value of plan assets as at March 31	0.88	0.33
Present value of obligation as at March 31	(88.02)	(89.99)
<b>Asset / (liability) as at March 31</b>	<b>(87.14)</b>	<b>(89.66)</b>
<b>Expenses recognised in Profit and Loss Account</b>		
Interest cost	5.19	3.79
Current service cost	1.40	1.37
Past service cost	7.69	-
Expected return on plan assets	(0.04)	(0.32)
Net actuarial (gain) / loss recognised in the year	3.95	32.48
Net cost	18.19	37.32
Actual return on plan assets	0.27	0.15
Estimated contribution for the next year	18.86	13.09
Assumptions		
Discount rate	6.80% per annum	6.50% per annum
Expected return on plan assets	6.50% per annum	6.50% per annum
Salary escalation rate	7.00% per annum	7.00% 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, 2022	% of fair value to total plan assets as at March 31, 2021
Government securities	34.17%	42.87%
Debenture and bonds	3.58%	35.11%
Others	62.25%	22.02%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Experience adjustment

(₹ crore)

Particulars	Years ended March 31,				
	2022	2021	2020	2019	2018
Plan assets	0.88	0.33	9.51	21.95	31.30
Defined benefit obligation	88.02	89.99	64.15	69.54	73.06
Surplus / (deficit)	(87.14)	(89.66)	(54.64)	(47.59)	(41.76)
Experience adjustment gain / (loss) on plan assets	0.39	(0.20)	0.28	0.48	0.59
Experience adjustment (gain) / loss on plan liabilities	6.44	31.41	9.06	3.32	3.95

## Amortisation of expenditure on account of enhancement in family pension of employees of banks

The Reserve Bank of India, vide its notification dated October 04, 2021 granted Banks an option to amortise the expenditure on account of enhancement of family pension, over a period not exceeding five years beginning with the financial year ending March 31, 2022, subject to a minimum of one-fifth of the total amount involved being expensed every year. The Bank has not availed the said option and has recognised the entire expenditure on account of enhancement of family pension in financial year ended March 31, 2022.

# Schedules to the Financial Statements

For the year ended March 31, 2022

## 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, 2022 (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, 2022	March 31, 2021
Discount rate (GOI security yield)	6.80% per annum	6.50% per annum
Expected guaranteed interest rate	8.10% per annum	8.50% per annum

The Bank does not have any unfunded defined benefit plan. The Bank contributed ₹ 420.98 crore (previous year: ₹ 370.13 crore) to the provident fund, ₹ 5.72 crore (previous year: ₹ 4.63 crore) to the National Pension Scheme (for employees who opted) and ₹ 76.37 crore (previous year: ₹ 75.64 crore) to the superannuation plan.

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. The effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are not yet issued. The Bank will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

## 25. 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 five non-executive directors as of March 31, 2022. Further, four members of the NRC are also members of the Risk Policy and Monitoring Committee (hereinafter, the 'RPCM') of the Board.

As of March 31, 2022, the NRC is comprised of Mr. Umesh Chandra Sarangi, Mr. Sanjiv Sachar, Mr. Sandeep Parekh, Mr. M.D. Ranganath and Mr. Atanu Chakraborty. Further, Mr. Sanjiv Sachar, Mr. M.D. Ranganath, Mr. Sandeep Parekh and Mr. Atanu Chakraborty are also the members of the RPCM. Mr. Sanjiv Sachar is the chairperson of the NRC.

##### Mandate of the NRC

The primary mandate of the NRC is to oversee and review the implementation of compensation policies of the Bank. The NRC periodically reviews the overall Remuneration 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 the Group Heads, Material Risk Takers, Senior Management, Risk and Control Staff, Key Management Personnel and Whole Time Directors (who are also Material Risk Takers) of the Bank is approved by the NRC and subsequently approved by the Board of Directors. The compensation of the Whole Time Directors requires the additional approval of the Reserve Bank of India. The NRC co-ordinates with the RPCM to ensure that compensation is aligned with prudent risk taking. Further the NRC also reviews the appointments of individuals at the levels of Group Heads, Key Management Personnel, Senior Management and Whole Time Directors of the Bank.

**External Consultants:**

The Bank engaged with the following consultants during the year ended March 31, 2022:

1. AON Consulting Private Limited - in respect of the Bank's annual salary market benchmarking exercise.
2. Deloitte Touche Tohmatsu India LLP - in respect of the Bank's benchmarking exercise pertaining to executive compensation.
3. Mercer Consulting (India) Private Limited - in the area of job evaluation.

**Scope of the Bank's Remuneration Policy:**

The Remuneration Policy of the Bank includes within its scope all business lines and functions, and 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 1,41,349 as at March 31, 2022 (previous year: 1,19,858).

**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, performance, skill, experience, grade and availability of talent owing to competitive market forces. Further, the Bank also considers compliance to processes, regulatory compliance and risk management as an integral part of its performance appraisal process. These factors are given due weightage for the purposes of the final performance rating of employees for a given performance year.

The NRC considers the aforementioned principles enunciated in the Bank's compensation 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, 2021 and changes were made to the policy in accordance with the revised guidelines on compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function staff issued on dated November 4, 2019. These guidelines are applicable for the performance year commencing on April 1, 2020 and shall govern all remuneration payouts subsequent to March 31, 2021.

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For the year ended March 31, 2022

## **II. Design and Structure of Remuneration**

The design and structure of remuneration in accordance with the RBI guidelines dated November 4, 2019, pertaining to the performance year 2020-2021 and the related payouts made in the financial year ended March 31, 2022 are as follows:

### **a) Fixed Pay**

The Remuneration Policy 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, 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 employees above certain job bands), National Pension Scheme and Gratuity. 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) contribution to post retirement benefits; and
- (d) compliance with all statutory obligations.

The quantum of fixed pay for the Senior Management i.e. Employees in Executive Vice President and above grades, Material Risk Takers other than Whole Time Directors, Risk and Control Staff and Key Management Personnel are approved by the NRC and the Board.

The quantum of fixed pay for Whole Time Directors is approved by the NRC and the Board, and is subject to the approval of the RBI.

### **b) Variable Pay - For Senior Management and Material Risk Takers**

The performance management system forms the basis for variable pay allocation of the Bank. The Remuneration Policy of the Bank ensures that the performance management system is comprehensive and considers both, quantitative and qualitative performance measures.

#### **(i) Composition of Variable pay**

The variable pay will be in the form of share linked instruments or a mix of cash and share linked instruments. The share linked instrument used in the financial year 2021-22 was the Employee Stock Options. 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. For Whole Time Directors the variable pay is approved by the NRC, Board and the Reserve Bank of India.

The Bank will ensure that there is a proper balance between Fixed Pay and Variable Pay. In cases where compensation by way of share-linked instruments is not permitted by law / regulations, the entire variable pay will be in cash.

#### **(ii) Limits on Variable pay**

A substantial portion of compensation i.e. at least 50% will be variable and paid on the basis of individual, business unit and organization performance. This will be in line with the principle that, at higher levels of responsibility, the proportion of variable pay will be higher. The total variable pay shall be limited to a maximum of 300% of the fixed pay (for the relative performance period).

In case the variable pay is upto 200% of the fixed pay, a minimum of 50% of the variable pay; and in case the variable pay is above 200%, a minimum of 67% of the variable pay shall be via non-cash instruments. The non-cash component in 2021-22 comprised of Employee Stock Options.

In the event that the employee is barred by statute or regulation from grant of share-linked instruments, his / her variable pay will be capped at 150% of fixed pay but shall not be less than 50% of the fixed pay.

### **(iii) Deferral of Variable pay**

For senior management including Whole Time Directors (WTDs) and Material Risk Takers (MRTs), deferral arrangements exists for the variable pay. A minimum of 60% of total variable pay is under deferral arrangements. If cash component is a part of the variable pay, at least 50% of the cash bonus is deferred. In cases where cash component of the bonus is under Rs 25 lakh, deferral arrangements is not necessary.

The deferral period is a minimum of three years and is applicable to both cash and non-cash components of variable pay. The deferral period for share linked instruments / ESOPs is governed by the ESOP Scheme Rules which is approved by the Nomination and Remuneration Committee and the Board. In 2021-22, the deferment of cash variable pay, where applicable, was 3 years in the case of cash variable pay and 4 years (vesting period) in the case of Employee Stock Options.

### **(iv) Vesting of Variable Pay**

The deferred portion of the remuneration vests at the end of deferral period and is spread out over the course of the deferral period. The first vesting is not before one year from the commencement of the deferral period. The vesting is no faster than on a pro rata basis and the frequency of the vesting is more than a year in order to ensure appropriate assessment of risk.

### **(v) Malus / Clawback Arrangement**

The Bank believes in sustained business performance in tandem with prudent risk taking. The Bank, therefore, has devised appropriate deterrents in order to institutionalize the aforementioned commitment.

**Malus Arrangement:** The provision of a Malus arrangement would entail cancellation of payout for the deferred portion of reward (cash variable pay / long term incentive (LTI) i.e. any Share Linked Instrument). The RBI guidelines define Malus thus “A Malus arrangement permits the bank to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred”.

**Clawback Arrangement:** The provision of Clawback arrangement would entail return of payout of reward (cash variable pay / long term incentive (LTI) i.e. any Share Linked Instrument) made in the previous years attributable to a given reference year wherein the incident has occurred. The return would be in terms of net amount. The RBI guidelines define Clawback thus “A Clawback is a contractual agreement between the employee and the bank in which the employee agrees to return previously paid or vested remuneration to the bank under certain circumstances”.

The Malus and Clawback clause will be actioned when the employee demonstrates behaviour involving fraudulent behaviour, moral turpitude, lack of integrity, flagrant breach of company policies and statutory norms resulting in financial or non-financial losses. Manifestation of behaviour listed above is presumed to have a malafide intent. Illustrative list of conditions are enumerated below. The occurrence of any / some / all of the following conditions / events shall trigger a review by the Nomination and Remuneration Committee for the application of the Malus or the Clawback arrangement:

- a) Substantial Financial Deterioration in profitability or risk parameters
- b) Reckless, negligent or willful actions or exhibited inappropriate values and behavior
- c) Fraud that requires a financial restatement
- d) Reputational harm
- e) Exposing the bank to substantial risk
- f) Such other conditions or events, of similar nature as above, as determined by NRC for triggering review by NRC for the purpose of application of the Malus or the Clawback arrangement.

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In determining the causes for deterioration in financial performance under (a), the Nomination and Remuneration Committee may take into consideration and have due regard to the fact whether the deterioration was for factors within control or whether it was on account of conditions like global market headwinds, industry performance, changes in legal / regulatory regime, force majeure events like occurrence of natural disasters, pandemic, other socio-economic conditions, etc.

While undertaking the review for the concerned person for the application of the Malus or the Clawback arrangement based on any trigger events, when determining accountability of the concerned person, the Nomination and Remuneration Committee shall be guided by the principles of proportionality, culpability or proximity or nexus to the event or misconduct.

In accordance with the RBI guidelines, wherever the assessed divergence in bank's provisioning for Non-Performing Assets (NPAs) or asset classification exceeds the prescribed threshold for public disclosure, the bank shall not pay the unvested portion of the variable compensation for the assessment year under 'Malus' arrangement. Further, in such situations, no proposal for increase in variable pay (for the assessment year) shall be entertained. In case the bank's post assessment Gross NPAs are less than 2.0%, these restrictions will apply only if criteria for public disclosure are triggered either on account of divergence in provisioning or both provisioning and asset classification.

The NRC may decide to apply Malus on part, or all of the variable pay. The time horizon for the application of Malus / Clawback clause shall be four years from the date of reward.

The Nomination and Remuneration Committee shall review the act of misconduct / incident to ascertain the degree of accountability attributable to a Whole Time Director / Material Risk Taker / Senior Management (Job Bands C1 and above) prior to applying the Malus or Clawback arrangement.

The criteria for Malus / Clawback will be reviewed by the Nomination and Remuneration Committee annually.

## **(vi) Approval Process:**

The Variable Pay for Senior Management, Material Risk Takers other than Whole Time Directors, Risk and control staff is approved by the NRC and the Board. For Whole Time Directors the variable pay is approved by the NRC, Board and the Reserve Bank of India.

## **Employees other than Senior Management, Material Risk Takers, Whole Time Directors**

The Bank has formulated the following variable pay plans:

### **(i) 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.

### **(ii) Performance-Linked Plans (PLPs)**

PLPs are formulated for employees in sales, collections, customer service and relationship roles who are given business / service targets but have limited impact on risk since credit decisions are exercised independent of these functions. All PLP payouts are based on a balanced scorecard framework which factors not just quantitative, but also qualitative measures, 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.

### **(iii) Employee Stock Option Plan (ESOPs)**

Employees in Job Bands D3 and above also receive 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 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.

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 Bank grants ESOPs to eligible employees. Such ESOPs vest over four tranches spread over a period of 48 months.

In accordance with the RBI guidelines, Employee Stock Options is included as part of Variable Pay.

### **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 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.

### **Guaranteed Bonus**

Guaranteed Bonuses are not 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 / Material Risk Takers and certain employees in select strategic roles, a signon bonus, if any, is limited to the first year only and would be in the form of Employee Stock Options.

### **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.

### **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.

### **Statutory Bonus**

Some 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

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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 competitive pay positioning for the purpose of retention of critical skills in the domain of Information Technology, Digital, Information Security, Data Science as well as business segments that are strategic focus areas of the bank. However, such pay revisions are done on an exception basis.

The Fixed Pay for the Material Risk Takers (other than Whole Time Directors), Senior Management, Key Management Personnel is approved by the NRC and the Board. The Fixed Pay for the Whole Time Directors is approved by the NRC, Board and the Reserve Bank of India.

## **C. Description of the ways in which current and future risks are taken into account in the remuneration processes, including 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. 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 part of the PLP plans are excluded from the Annual Bonus Plan.

(b) Variable Pay:

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 and market risk.

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 variable pay is distributed based on business unit and individual performance and job band and role of the individual for non-business functions. 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 Clawback clauses as a risk mitigant for Whole Time Directors, Material Risk Takers, Senior Management (i.e. Employees in the job Bands of Executive Vice President and above). Under the Malus clause the incumbent could forego the vesting of the deferred variable pay in full or in part. Under the Clawback clause the incumbent is obligated to return all the tranches of variable pay payout pertaining to the reference performance year. The deferred variable pay is paid out post review and approval by the NRC and the Board.

#### **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 robust performance management system for evaluating the performance of its Whole Time Directors. The performance appraisal system is based on a Balanced Scorecard Framework and considers qualitative as well as quantitative factors of performance which includes the following parameters:

1. **Business Performance** - This includes business growth, profitability, asset quality and shareholder value
2. **Stakeholder Relationship** - This includes net promoter score and corporate social responsibility
3. **Audit and Compliance** - This includes internal audit reports and compliance with the regulations and inspection reports
4. **Digital Transformation** - This includes performance on initiatives required to run the bank and grow the bank
5. **Organizational Excellence** - This includes succession planning and employee engagement

While the above parameters form the core evaluation parameters for the Bank and the remuneration of its Whole Time Directors, 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 objectives.

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:

- **Variable Pay Plans:**

**For Employees in Job Bands of Vice President and above (includes employees in Senior Management, Material Risk Takers, Whole Time Directors)** the variable Pay intends to reward short term as well as long term sustained performance of the bank and shareholder value creation.

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For the year ended March 31, 2022

**Short term Performance:** Short term performance is realised in the form of cash variable pay. The cash variable pay is based on performance rating and the job band of the individual and is further enhanced or moderated by the business performance multiplier and role. The cash variable pay is computed on the gross salary.

**Long term Performance:** Employee Stock options are granted to employees based on their performance rating and Job band and the value of the same is realised vide long term performance of the bank and creation of shareholder value.

## **For Employees in Job Bands below Vice President:**

At these levels the variable pay is in the form of Cash variable pay only and is based on the Annual performance. 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 category 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. Employees who are part of the annual cash Variable Pay plan are not part of the Performance Linked Plans mentioned below.

- **Performance-linked Plans (PLPs)**

The Bank has formulated PLPs for its sales, collections, customer service and relationship roles who are given sales, collections and service 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 PLPs are based on a balanced scorecard framework and, depending on the plan, could be paid out monthly or quarterly.

## **E. Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance**

For employees in Senior Management, Material Risk Takers and Whole Time Directors the Bank seeks to adjust remuneration to take account of the longer term performance in the following way.

- (i) **Limits on variable pay**

A substantial portion of compensation i.e. at least 50% will be variable and paid on the basis of individual, business unit and organization performance. This will be in line with the principle that, at higher levels of responsibility, the proportion of variable pay will be higher. The total variable pay shall be limited to a maximum of 300% of the fixed pay.

In case the variable pay is upto 200% of the fixed pay, a minimum of 50% of the variable pay; and in case the variable pay is above 200%, a minimum of 67% of the variable pay shall be via non-cash instruments. The non-cash component in 2021-22 comprised of Employee Stock Options.

In the event that the employee is barred by statute or regulation from grant of share-linked instruments, his / her variable pay will be capped at 150% of fixed pay but shall not be less than 50% of the fixed pay.

- (ii) **Deferral of variable pay**

For senior management including Whole Time Directors (WTDs) and Material Risk Takers (MRTs), deferral arrangements will exist for the variable pay. A minimum of 60% of total variable pay will be under deferral arrangements. If cash component is a part of the variable pay, at least 50% of the cash bonus shall be deferred. In cases where cash component of the bonus is under Rs 25 lakh, deferral arrangements would not be necessary.

The deferral period would be a minimum of three years and will be applicable to both cash and non-cash components of variable pay. The deferral period for share linked instruments / ESOPs will be governed by the ESOP Scheme Rules which will be approved by the Nomination and Remuneration Committee and the Board. In 2021-22 the deferment of cash variable pay, where applicable, was 3 years in the case of cash variable pay and 4 years (vesting period) in the case of Employee Stock Options.

- (iii) **Vesting of Variable Pay**

The deferred portion of the remuneration will vest at the end of deferral period and will be spread out over the course of the deferral period. The first vesting would not be before one year from the commencement of the deferral period.

The vesting would be no faster than on a pro rata basis and the frequency of the vesting would be more than a year in order to ensure appropriate assessment of risk.

(iv) **Malus / Clawback Arrangement:**

The Bank believes in sustained business performance in tandem with prudent risk taking. The Bank, therefore, has devised appropriate deterrents in order to institutionalize the aforementioned commitment.

**Malus Arrangement:** The provision of a Malus arrangement would entail cancellation of payout for the deferred portion of reward (cash variable pay / long term incentive (LTI) i.e. any Share Linked Instrument). The RBI guidelines define Malus thus “A **Malus** arrangement permits the bank to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred”.

**Clawback Arrangement:** The provision of Clawback arrangement would entail return of payout of reward (cash variable pay / long term incentive (LTI) i.e. any Share Linked Instrument) made in the previous years attributable to a given reference year wherein the incident has occurred. The return would be in terms of net amount. The RBI guidelines define Clawback thus “A **Clawback** is a contractual agreement between the employee and the bank in which the employee agrees to return previously paid or vested remuneration to the bank under certain circumstances”.

The Malus and Clawback clause will be actioned when the employee demonstrates behaviour involving fraudulent behaviour, moral turpitude, lack of integrity, flagrant breach of company policies and statutory norms resulting in financial or non-financial losses. Manifestation of behaviour listed above is presumed to have a malafide intent. Illustrative list of conditions are enumerated below. The occurrence of any / some / all of the following conditions / events shall trigger a review by the Nomination and Remuneration Committee for the application of the Malus or the Clawback arrangement:

- a) Substantial Financial Deterioration in profitability or risk parameters
- b) Reckless, negligent or willful actions or exhibited inappropriate values and behavior
- c) Fraud that requires a financial restatement
- d) Reputational harm
- e) Exposing the bank to substantial risk
- f) Such other conditions or events, of similar nature as above, as determined by NRC for triggering review by NRC for the purpose of application of the Malus or the Clawback arrangement.

In determining the causes for deterioration in financial performance under (a), the Nomination and Remuneration Committee may take into consideration and have due regard to the fact whether the deterioration was for factors within control or whether it was on account of conditions like global market headwinds, industry performance, changes in legal / regulatory regime, force majeure events like occurrence of natural disasters, pandemic, other socio-economic conditions etc.

While undertaking the review for the concerned person for the application of the Malus or the Clawback arrangement based on any trigger events, when determining accountability of the concerned person, the Nomination and Remuneration Committee shall be guided by the principles of proportionality, culpability or proximity or nexus to the event or misconduct.

In accordance with the RBI guidelines, wherever the assessed divergence in bank's provisioning for Non-Performing Assets (NPAs) or asset classification exceeds the prescribed threshold for public disclosure, the bank shall not pay the unvested portion of the variable compensation for the assessment year under ‘Malus’ arrangement. Further, in such situations, no proposal for increase in variable pay (for the assessment year) shall be entertained. In case the bank’s post assessment Gross NPAs are less than 2.0%, these restrictions will apply only if criteria for public disclosure are triggered either on account of divergence in provisioning or both provisioning and asset classification.

The NRC may decide to apply Malus on part, or all of the unvested deferred Variable pay. The time horizon for the application of Malus / Clawback clause shall be four years from the date of reward.

The Nomination and Remuneration Committee shall review the act of misconduct / incident to ascertain the degree of accountability attributable to a Whole Time Director / Material Risk Taker / Senior Management (C1 and above) prior to applying the Malus or Clawback arrangement.

The criteria for Malus / Clawback will be reviewed by the Nomination and Remuneration Committee annually.



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For the year ended March 31, 2022

## **Employees other than Whole Time Directors, Material Risk Takers and Senior Management**

The Bank has formulated the following variable pay plans:

- **Annual Cash Variable Pay 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.

**For Employees in Job Bands of Vice President and above** the variable Pay intends to reward short term as well as long term sustained performance of the bank and shareholder value creation.

**Short term Performance:** Short term performance is realised in the form of cash variable pay. The cash variable pay is based on performance rating and the job band of the individual and is further enhanced or moderated by the business performance multiplier and role. The cash variable pay is computed on the gross salary.

**Long term Performance:** Employee Stock options are granted to employees based on their performance rating and Job band and the value of the same is realised vide long term performance of the Bank and creation of shareholder value. The vesting period for Employee Stock Option is 4 years.

- **Performance-linked Plans (PLPs)**

The Bank has formulated PLPs for its sales, collections, customer service and relationship roles who are given sales, collections and service 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 PLPs are based on a balanced scorecard framework and, depending on the plan, could be paid out monthly or quarterly.

## **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 Cash Variable Pay**

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. For Material Risk Takers, Senior Management and Whole Time Directors 50% of the cash variable pay is deferred over 3 years in the event the cash variable pay exceeds 25 lakhs.

- **Performance-linked Plans (PLPs)**

The Bank has formulated PLPs for its sales, collections, customer service and relationship roles who are given sales, collections and service 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 PLPs are based on a balanced scorecard framework and, depending on the plan, could be paid out monthly or quarterly.

- **Employee Stock Option Plan (ESOP)**

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 for the financial year ended March 31, 2022 cover the Bank's Whole Time Directors and Material Risk Takers. The Material Risk Takers are identified in accordance with the revised guidelines on remuneration issued by the RBI on November 4, 2019. Hitherto, the quantitative disclosures would cover the Bank's Whole Time Directors and Key Risk Takers as per the erstwhile guidelines on remuneration dated January 13, 2012.

Sr. No.	Subject	March 31, 2022	March 31, 2021
(a)	Number of meetings held by the Nomination and Remuneration Committee (NRC) during the financial year and sitting fees paid to its members	Number of meetings: 13 Sitting fees paid: ₹ 0.61 crore	Number of meetings: 28 Sitting fees paid: ₹ 0.57 crore
(b) (i)	Number of employees having received a variable remuneration award during the financial year	75	76
(b) (ii)	Number and total amount of sign-on awards made during the financial year	25,000 ESOPs granted as sign-on awards	No stock options granted as sign-on awards
(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	1.Deferred Cash variable pay - ₹ 18.53 crore 2.^Employee Stock Options (ESOP) - 31,66,000 Options	Cash bonus - ₹ 3.91 crore.
(c) (ii)	Total amount of deferred remuneration paid out in the financial year	₹ 2.44 crore	₹ 2.68 crore
(d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	₹ 118.35 crore (Fixed*) ₹ 3.84 crore (variable pay pertaining to financial year ended March 31, 2021, in relation to employees where there was no deferment of cash variable pay). The same category of employees were granted 4,07,900 ESOPs. ₹ 35.50 crore (variable pay pertaining to financial year ended March 31, 2021, in relation to employees where there was a deferment of cash variable pay) of which ₹ 17.75 crore was non-deferred variable pay and ₹ 17.75 crore was deferred variable pay. The same category of employees were granted 27,58,100 ESOPs. Number of stock options granted during the financial year: 31,66,000 Mr. Kaizad Bharucha was awarded cash variable pay ₹ 2.08 crore for the performance year 2019 - 2020 paid out in the F.Y. 2022 basis RBI letter dated – April 29, 2021. The above amount is not included in the variable pay awarded this year as it pertains to the previous year.	₹ 117.73 crore (Fixed*) ₹ 29.85 crore (variable pay pertaining to financial year ended March 31, 2020, in relation to employees where there was no deferment of pay) ₹ 1.67 crore (variable pay pertaining to financial year ended March 31, 2020, in relation to employees where there was a deferment of pay), of which ₹ 1.00 crore was non-deferred variable pay and ₹ 0.67 crore was deferred variable pay. The Bank's erstwhile managing director, Mr. Aditya Puri, was paid a one-time lump sum payment of ₹ 3.50 crore on retirement in accordance with the approval received from the RBI. The approval of the RBI on the fixed pay revision effective April 1, 2020 and the variable pay of the Bank's Whole Time Directors for the financial year ended March 31, 2020 is awaited. Number of stock options granted during the financial year: 85,42,800 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.
(e) (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments	1.Cash bonus - ₹ 18.53 crore 2.^Employee Stock Options (ESOP) - 31,66,000 Options	Cash bonus - ₹ 3.91 crore.



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For the year ended March 31, 2022

Sr. No.	Subject	March 31, 2022	March 31, 2021
(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
(f)	Number of MRTs (Material Risk Takers) identified.	79	78
(g) (i)	Number of cases where Malus has been exercised.	None	None
(g) (ii)	Number of cases where Clawback has been exercised.	None	None
(g) (iii)	Number of cases where both Malus and Clawback have been exercised.	None	None
General Quantitative Disclosure	The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	<p>The mean pay for the Bank as a whole is ₹ 0.07 crore as of March 31, 2022.</p> <p>The ratio of the fixed pay of the managing director to the mean pay of the Bank as a whole is 94:1 as of March 31, 2022.</p> <p>The ratio of the fixed pay of the other whole time director to the mean pay of the Bank as a whole is 87:1 as of March 31, 2022.</p>	<p>The mean pay for the Bank as a whole is ₹ 0.07 crore as of March 31, 2021.</p> <p>The ratio of the fixed pay of the managing director to the mean pay of the Bank as a whole is 90:1 as of March 31, 2021.</p> <p>The ratio of the fixed pay of the other whole time director to the mean pay of the Bank as a whole is 77:1 as of March 31, 2021.</p>

\* Excludes gratuity benefits, since the same is computed at Bank level.

^ In accordance with the RBI guidelines, Employee Stock Options are to be included as part of variable pay. The number of options reported as part of deferred remuneration comprise of Employee Stock Options granted during the financial year 2021-22 (as part of non cash variable pay) and are yet to be vested. The first pay out in line with the extant RBI guidelines came into force effective April 01, 2021.

## 26. 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 1 or Tier 2 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, 2022 is given below:

### Business segments:

(₹ crore)

Sr. No. Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1 Segment revenue	34,385.12	115,189.91	66,482.93	21,496.22	237,554.18
2 Unallocated revenue					(12.18)
3 Less: Inter-segment revenue					80,278.99
4 Income from operations (1) + (2) - (3)					157,263.01
5 Segment results	8,939.51	9,223.24	25,053.01	7,386.51	50,602.27
6 Unallocated expenses					1,586.79
7 Income tax expense (including deferred tax)					12,054.12
8 Net profit (5) - (6) - (7)					36,961.36
9 Segment assets	551,767.34	619,468.20	808,136.61	76,591.09	2,055,963.24
10 Unallocated assets					12,571.81
11 Total assets (9) + (10)					2,068,535.05
12 Segment liabilities	77,273.63	1,292,339.74	413,825.31	5,994.76	1,789,433.44
13 Unallocated liabilities					39,008.67
14 Total liabilities (12) + (13)					1,828,442.11



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For the year ended March 31, 2022

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	474,493.71	(672,871.54)	394,311.30	70,596.33	266,529.80
16	Unallocated (10) - (13)					(26,436.86)
17	Total (15) + (16)					240,092.94
18	Capital expenditure	24.69	2,393.81	229.00	148.63	2,796.13
19	Depreciation	40.48	1,295.47	149.27	114.58	1,599.80
20	Provisions for non - performing assets / others*	(14.52)	9,932.56	1,954.52	3,180.87	15,053.43
21	Unallocated other provisions*					8.40

\* Represents material non-cash charge other than depreciation and taxation.

### Geographic segments:

Particulars	Domestic	International	(₹ crore)
Revenue	156,402.92	860.09	
Assets	2,010,500.52	58,034.53	
Capital expenditure	2,795.71	0.42	

Segment reporting for the year ended March 31, 2021 is given below:

### Business segments:

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	32,337.67	110,210.21	57,154.30	19,937.53	219,639.71
2	Unallocated revenue					30.82
3	Less: Inter-segment revenue					73,607.41
4	Income from operations (1) + (2) - (3)					146,063.12
5	Segment results	9,030.50	10,574.80	17,437.54	6,207.14	43,249.98
6	Unallocated expenses					1,590.99
7	Income tax expense (including deferred tax)					10,542.46
8	Net profit (5) - (6) - (7)					31,116.53
9	Segment assets	519,641.74	521,997.22	628,731.57	67,116.08	1,737,486.61
10	Unallocated assets					9,383.91
11	Total assets (9) + (10)					1,746,870.52
12	Segment liabilities	76,276.60	1,096,217.82	338,115.31	5,857.65	1,516,467.38
13	Unallocated liabilities					26,682.31
14	Total liabilities (12) + (13)					1,543,149.69
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	443,365.14	(574,220.60)	290,616.26	61,258.43	221,019.23
16	Unallocated (10) - (13)					(17,298.40)
17	Total (15) + (16)					203,720.83
18	Capital expenditure	24.93	1,527.55	139.94	99.72	1,792.14
19	Depreciation	36.74	1,047.40	118.18	100.09	1,302.41
20	Provisions for non - performing assets / others*	(16.82)	10,157.54	2,279.02	3,251.95	15,671.69
21	Unallocated other provisions*					31.16

\* Represents material non-cash charge other than depreciation and taxation.

## Geographic segments:

(₹ crore)

Particulars	Domestic	International
Revenue	145,131.15	931.97
Assets	1,703,283.63	43,586.89
Capital expenditure	1,791.73	0.41

## 27. Liquidity coverage ratio

### Quantitative information on Liquidity Coverage Ratio (LCR) for year ended March 31, 2022 is given below:

(₹ crore)

Particulars	Quarter ended March 31, 2022		Quarter ended December 31, 2021		Quarter ended September 30, 2021		Quarter ended June 30, 2021	
	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)		385,997.51		417,489.13		400,953.88		373,545.17
2 Retail deposits and deposits from small business customers, of which:	954,490.24	80,092.58	927,566.77	77,673.10	896,814.72	75,284.44	852,277.84	71,135.40
(i) Stable deposits	307,128.86	15,356.44	301,671.49	15,083.57	287,940.72	14,397.04	281,847.60	14,092.38
(ii) Less stable deposits	647,361.38	64,736.14	625,895.28	62,589.53	608,874.00	60,887.40	570,430.24	57,043.02
3 Unsecured wholesale funding, of which:	427,179.99	236,495.87	425,733.31	238,454.69	404,540.27	227,410.53	396,313.06	217,872.62
(i) Operational deposits (all counterparties)	50,091.34	12,318.56	49,151.99	12,082.10	41,056.81	10,080.72	47,120.53	11,571.41
(ii) Non-operational deposits (all counterparties)	361,773.31	208,861.97	364,778.87	214,570.14	356,351.20	210,197.55	342,691.41	199,800.09
(iii) Unsecured debt	15,315.34	15,315.34	11,802.45	11,802.45	7,132.26	7,132.26	6,501.12	6,501.12
4 Secured wholesale funding		1,809.17		553.04		1,691.00		1,702.72
5 Additional requirements, of which	167,534.97	96,527.73	155,825.60	87,313.27	147,989.01	80,983.14	140,451.24	74,898.54
(i) Outflows related to derivative exposures and other collateral requirement	84,702.91	84,702.91	75,933.90	75,933.90	69,165.62	69,165.62	63,937.12	63,937.12
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	82,832.06	11,824.82	79,891.70	11,379.37	78,823.39	11,817.52	76,514.12	10,961.42
6 Other contractual funding obligation	27,141.50	27,141.50	24,854.04	24,854.04	23,514.45	23,514.45	22,135.84	22,135.84
7 Other contingent funding obligations	634,305.56	29,445.82	603,961.91	28,113.35	595,276.29	27,817.78	437,391.84	19,917.22
<b>8 Total Cash Outflows</b>		<b>471,512.67</b>		<b>456,961.49</b>		<b>436,701.34</b>		<b>407,662.34</b>
9 Secured lending (e.g. reverse repo)		-		-		-		-
10 Inflows from fully performing exposures	63,853.06	33,587.93	60,426.04	32,280.13	59,397.24	31,440.06	59,738.94	31,638.73
11 Other cash inflows	99,723.29	92,944.16	90,398.02	84,455.97	85,086.16	78,694.00	83,566.17	78,654.93
<b>12 Total Cash Inflows</b>	<b>163,576.35</b>	<b>126,532.09</b>	<b>150,824.06</b>	<b>116,736.10</b>	<b>144,483.40</b>	<b>110,134.06</b>	<b>143,305.11</b>	<b>110,293.66</b>
		Total Adjusted Value						
<b>13 TOTAL HQLA</b>		<b>385,997.51</b>		<b>417,489.13</b>		<b>400,953.88</b>		<b>373,545.17</b>
<b>14 Total Net Cash Outflows</b>		<b>344,980.58</b>		<b>340,225.39</b>		<b>326,567.28</b>		<b>297,368.68</b>
<b>15 Liquidity Coverage Ratio (%)</b>		<b>111.89%</b>		<b>122.71%</b>		<b>122.78%</b>		<b>125.62%</b>

\* The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the respective quarters.



# Schedules to the Financial Statements

For the year ended March 31, 2022

## Quantitative information on Liquidity Coverage Ratio (LCR) for year ended March 31, 2021 is given below:

Particulars	(₹ crore)								
	Quarter ended March 31, 2021		Quarter ended December 31, 2020		Quarter ended September 30, 2020		Quarter ended June 30, 2020		
	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)*	Total Weighted Value (average)*
1 Total High Quality Liquid Assets (HQLA)		387,444.92		383,674.38		388,794.58		340,377.99	
2 Retail deposits and deposits from small business customers, of which:	832,171.74	69,590.69	796,241.80	66,593.38	773,039.10	64,459.71	732,384.63	60,916.81	
(i) Stable deposits	272,529.72	13,626.49	260,616.12	13,030.81	256,883.89	12,844.19	246,433.05	12,321.65	
(ii) Less stable deposits	559,642.02	55,964.20	535,625.68	53,562.57	516,155.21	51,615.52	485,951.58	48,595.16	
3 Unsecured wholesale funding, of which:	392,556.47	220,016.76	374,118.11	209,243.16	363,230.65	204,604.77	356,330.51	202,266.13	
(i) Operational deposits (all counterparties)	46,724.00	11,468.76	42,642.99	10,451.53	39,434.73	9,616.05	43,335.91	10,570.42	
(ii) Non-operational deposits (all counterparties)	337,592.54	200,308.07	322,278.94	189,595.45	314,152.61	185,345.41	300,405.14	179,106.25	
(iii) Unsecured debt	8,239.93	8,239.93	9,196.18	9,196.18	9,643.31	9,643.31	12,589.46	12,589.46	
4 Secured wholesale funding		1,468.48		136.02		572.08		2,536.01	
5 Additional requirements, of which	129,797.30	74,882.62	100,431.39	60,570.72	109,923.16	69,254.65	94,309.70	55,993.92	
(i) Outflows related to derivative exposures and other collateral requirement	65,257.51	65,257.51	53,502.98	53,502.98	62,084.76	62,084.76	48,942.70	48,942.70	
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	
(iii) Credit and liquidity facilities	64,539.79	9,625.11	46,928.41	7,067.74	47,838.40	7,169.89	45,367.00	7,051.22	
6 Other contractual funding obligation	25,016.62	25,016.62	22,110.23	22,110.23	19,704.76	19,704.76	17,620.62	17,620.62	
7 Other contingent funding obligations	86,122.40	2,583.67	80,291.75	2,408.75	75,154.22	2,757.85	78,620.58	2,358.62	
<b>8 Total Cash Outflows</b>		<b>393,558.84</b>		<b>361,062.26</b>		<b>361,353.82</b>		<b>341,692.11</b>	
9 Secured lending (e.g. reverse repo)	-	-	-	-	-	-	-	-	
10 Inflows from fully performing exposures	57,894.78	30,583.31	54,243.72	28,833.52	54,736.54	29,395.55	58,619.17	31,164.09	
11 Other cash inflows	86,460.73	80,668.22	71,902.59	66,534.28	83,850.84	76,900.67	73,670.94	66,790.62	
<b>12 Total Cash Inflows</b>	<b>144,355.51</b>	<b>111,251.53</b>	<b>126,146.31</b>	<b>95,367.80</b>	<b>138,587.38</b>	<b>106,296.22</b>	<b>132,290.11</b>	<b>97,954.71</b>	
		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>	
<b>13 TOTAL HQLA</b>		<b>387,444.92</b>		<b>383,674.38</b>		<b>388,794.58</b>		<b>340,377.99</b>	
<b>14 Total Net Cash Outflows</b>		<b>282,307.31</b>		<b>265,694.46</b>		<b>255,057.60</b>		<b>243,737.40</b>	
<b>15 Liquidity Coverage Ratio (%)</b>		<b>137.24%</b>		<b>144.40%</b>		<b>152.43%</b>		<b>139.65%</b>	

\* 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 upto ₹ 7.5 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. 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 have risen 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, 2022 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, 2022	111.89%	100.00%
December 31, 2021	122.71%	100.00%
September 30, 2021	122.78%	100.00%
June 30, 2021	125.62%	100.00%
March 31, 2021	137.24%	90.00%
December 31, 2020	144.40%	90.00%
September 30, 2020	152.43%	80.00%
June 30, 2020	139.65%	80.00%

The average LCR for the quarter ended March 31, 2022 was at 111.89% as against 137.24% for the quarter ended March 31, 2021, and above the present prescribed minimum requirement of 100%. The average HQLA for the quarter ended March 31, 2022 was ₹ 385,997.51 crore, as against ₹ 387,444.92 crore for the quarter ended March 31, 2021. During the same period the composition of government securities and treasury bills in the HQLA was at 89.04% as compared to 89.49% in the previous year.

For the quarter ended March 31, 2022, derivative exposures (net of cash inflows) / collateral requirements and undrawn commitments constituted just about 0.58% and 2.51% respectively of average cash outflow. The Bank has consistently maintained a robust funding profile with a significant portion of funding through deposits. As of March 31, 2022 the top 20 depositors comprised of 4% of total deposits indicating a healthy and stable deposit profile.

# Schedules to the Financial Statements

For the year ended March 31, 2022

## 28. Related party disclosures

As per AS-18, Related Party Disclosures read with RBI Master Direction on Financial Statements - Presentation and Disclosures, 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

Sashidhar Jagdishan, Managing Director and Chief Executive Officer

Kaizad Bharucha, Executive Director

### Relatives of key management personnel and their interested entities

Nagsri Sashidhar, Jagdishan Chandrasekharan, Dhruv Sashidhar, Mythra Mahesh, Mahesh Babu Ramamurthy, Havovi Bharucha, Huzaan Bharucha, Danesh Bharucha, Daraius Bharucha, Dilnaaz D Bharucha, Nagsri - Creating Special Memories.

The significant transactions between the Bank and related parties for year ended March 31, 2022 are given below. A specific related party transaction is a significant transaction wherever it exceeds 10% of all related party transactions in that category:

- Interest paid: HDB Financial Services Limited ₹ 5.47 crore (previous year: ₹ 12.78 crore); Housing Development Finance Corporation Limited ₹ 20.43 crore (previous year: ₹ 10.80 crore).
- Interest received: HDB Financial Services Limited ₹ 498.75 crore (previous year: ₹ 439.87 crore).
- Rendering of services: Housing Development Finance Corporation Limited ₹ 463.93 crore (previous year: ₹ 324.65 crore).
- Receiving of services: HDB Financial Services Limited ₹ 2,749.25 crore (previous year: ₹ 2,346.93 crore); Housing Development Finance Corporation Limited ₹ 720.16 crore (previous year: ₹ 589.87 crore).
- Dividend paid: Housing Development Finance Corporation Limited ₹ 562.00 crore (previous year: Nil).
- Dividend received: HDFC Securities Limited ₹ 830.90 crore (previous year: ₹ 483.04 crore).

**The Bank's related party balances and transactions for the year ended March 31, 2022 are summarised as follows:**

Items / Related party	Promoter	Subsidiaries	Key Management personnel (KMP)	Relatives of KMP & their interested entities	Total (₹ crore)
Deposits taken	2,741.49	1,195.53	4.54	1.43	3,942.99
	(5,132.37)	(1,668.62)	(23.02)	(1.43)	(6,825.44)
Deposits placed	0.32	10.62	-	-	10.94
	(0.32)	(10.62)	-	-	(10.94)
Advances given	-	6,067.14	0.55	#	6,067.69
	-	(6,067.14)	(0.73)	(0.01)	(6,067.88)
Fixed assets purchased from	-	-	-	-	-
Fixed assets sold to	-	-	-	-	-
Interest paid to	20.43	5.61	0.98	0.04	27.06
Interest received from	-	498.75	0.02	-	498.77
Income from services rendered to	463.93	72.23	#	#	536.16
Expenses for receiving services from	720.16	2,774.86	-	-	3,495.02
Equity investments	-	3,826.49	-	-	3,826.49
	-	(3,826.49)	-	-	(3,826.49)
Other investments	-	5,105.62	-	-	5,105.62
	-	(5,105.62)	-	-	(5,105.62)

Items / Related party	Promoter	Subsidiaries	Key Management personnel (KMP)	Relatives of KMP & their interested entities	Total
Dividend paid to	562.00	-	2.50	#	564.50
Dividend received from	-	830.90	-	-	830.90
Receivable from	65.33	1.19	-	-	66.52
	(135.56)	(7.78)	-	-	(143.34)
Payable to	64.14	96.01	-	-	160.15
	(64.14)	(101.83)	-	-	(165.97)
Guarantees given	0.39	-	-	-	0.39
	(0.40)	-	-	-	(0.40)
Remuneration paid	-	-	17.16	-	17.16
Loans purchased from	28,205.24	-	-	-	28,205.24

# 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, 2022, approved unpaid deferred bonus in respect of earlier years was ₹ 2.09 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, 2022 is ₹11,178.71 crore (previous year: ₹ 7,757.49 crore). The contingent credit exposure pertaining to these contracts computed in line with the extant RBI guidelines on exposure norms was ₹ 236.68 crore (previous year: ₹ 166.45 crore).

During the year ended March 31, 2022, the Bank purchased debt securities from HDB Financial Services Limited ₹ 1,316.88 crore (previous year: ₹ 3,146.57 crore) issued by it.

During the year ended March 31, 2022, the Bank made investment of Nil (previous year: ₹ 473.06 crore) in pass through certificates in respect of assets securitised out by HDB Financial Services Limited.

The deposit outstanding from HDB Employees Welfare Trust as at March 31, 2022 was ₹ 20.35 crore (previous year: ₹ 51.02 crore). The Bank also paid interest on deposit from HDB Employees Welfare Trust aggregating to ₹ 2.41 crore (previous year: ₹ 3.13 crore).

### The Bank's related party balances and transactions for the year ended March 31, 2021 are summarised as follows:

Items / Related party	Promoter	Subsidiaries	Key Management personnel (KMP)	Relatives of KMP & their interested entities	Total
Deposits taken	3,560.67	1,300.08	60.07	1.00	4,921.82
	(3,560.67)	(2,231.42 )	(717.55 )	(18.84)	(6,528.48)
Deposits placed	0.32	10.62	-	-	10.94
	(0.47 )	(10.62)	(0.76)	(3.50)	(15.35)
Advances given	-	5,572.73	0.99	#	5,573.72
	-	(6,032.37)	(2.32)	(0.02)	(6,034.71)
Fixed assets purchased from	-	-	-	-	-
Fixed assets sold to	-	-	-	-	-
Interest paid to	10.80	14.16	8.22	0.59	33.77
Interest received from	-	440.03	0.05	-	440.08
Income from services rendered to	324.65	66.62	#	#	391.27
Expenses for receiving services from	589.87	2,395.60	0.14	0.38	2,985.99



# Schedules to the Financial Statements

For the year ended March 31, 2022

Items / Related party	Promoter	Subsidiaries	Key Management personnel (KMP)	Relatives of KMP & their interested entities	Total
Equity investments	-	3,826.49	-	-	3,826.49
	-	(3,826.49)	-	-	(3,826.49)
Other investments	-	3,138.89	-	-	3,138.89
	-	(3,138.89)	-	-	(3,138.89)
Dividend paid to	-	-	-	-	-
Dividend received from	-	483.04	-	-	483.04
Receivable from	138.77	6.27	-	-	145.04
	(138.77)	(10.96)	-	-	(149.73)
Payable to	111.05	86.08	-	-	197.13
	(199.27)	(171.13)	-	-	(370.40)
Guarantees given	0.40	-	-	-	0.40
	(0.41)	-	-	(0.05)	(0.46)
Remuneration paid	-	-	22.48	-	22.48
Loans purchased from	18,979.78	-	-	-	18,979.78

# 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, 2021, approved unpaid deferred bonus in respect of earlier years was ₹ 2.90 crore.
- Related parties are in accordance with AS-18 Related Party Disclosures.

## 29 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:

Particulars	March 31, 2022	March 31, 2021
Not later than one year	1,261.61	1,163.33
Later than one year and not later than five years	4,384.36	3,943.95
Later than five years	5,410.34	5,207.95
<b>Total</b>	<b>11,056.31</b>	<b>10,315.23</b>
The total of minimum lease payments recognised in the Profit and Loss Account for the year	1,347.58	1,390.04
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	55.67	56.94
Sub-lease amounts recognised in the Profit and Loss Account for the year	10.85	9.92
Contingent (usage based) lease payments recognised in the Profit and Loss Account for the year	321.96	324.07

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.

### 30. Transfers to Depositor Education and Awareness Fund (DEAF)

The details of amount transferred during the respective year to DEAF are as under:

Particulars	March 31, 2022	March 31, 2021
Opening balance of amounts transferred to DEAF	783.99	617.69
Add: Amounts transferred to DEAF during the year	154.94	169.93
Less: Amounts reimbursed by DEAF towards claims	(7.93)	(3.63)
Closing balance of amounts transferred to DEAF	931.00	783.99

### 31. Penalties levied by the RBI

During the year ended March 31, 2022, RBI by an order dated May 27, 2021, levied a penalty of ₹ 10 crore for marketing and sale of third-party non-financial products to the Bank's auto loan customers, arising from a whistle blower complaint, which revealed, inter alia, contravention of Section 6(2) and Section 8 of the Banking Regulation Act, 1949. The Bank has discontinued the sale of said third-party non-financial product since October 2019.

During the year ended March 31, 2021, RBI imposed a penalty of ₹ 0.10 crore for bouncing of Subsidiary General Ledger which led to shortage of balance in certain securities in the Bank's Constituent Subsidiary General Ledger account.

### 32. Disclosure for complaints and grievance redress

**Summary information on complaints received by the Bank from the customers and from the OBOs (Office of Banking Ombudsman)**

Sr. No. Particulars	March 31, 2022	March 31, 2021
Complaints received by the bank from its customers		
1 Number of complaints pending at beginning of the year	6,263	5,057
2 Number of complaints received during the year	3,68,291	4,67,453
3 Number of complaints disposed during the year	3,67,676	4,66,247
3.1 Of which, number of complaints rejected by the bank	78,383	87,073
4 Number of complaints pending at the end of the year	6,878	6,263
Maintainable complaints received by the bank from OBOs		
5 Number of maintainable complaints received by the bank from OBOs	10,499	25,777
5.1 Of 5, number of complaints resolved in favour of the bank by BOs	4,494	7,593
5.2 Of 5, number of complaints resolved through conciliation / mediation / advisories issued by BOs	6,005	18,184
5.3 Of 5, number of complaints resolved after passing of Awards by BOs against the bank	Nil	Nil
6 Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously BO Scheme 2006) and covered within the ambit of the Scheme.

Pursuant to the RBI guidance, number of complaints for the previous year have been restated.

Overall Complaints Summary for the financial years:

Description	March 31, 2022	March 31, 2021
A Total Number of Complaints	4,35,152	4,80,667
B Complaints redressed by the bank within one working Day	66,861	13,214
C Net Reportable complaints (A - B)	3,68,291	4,67,453



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Top five grounds of complaints received by the Bank from the customers for the year ended March 31, 2022:

Grounds of complaints (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase / (decrease) in the number of complaints received over the previous year	Number of complaints pending at the end of the year*	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
ATM / Debit Cards	2,790	1,46,532	(22%)	2,299	28
Credit Cards	991	76,874	(52%)	731	-
Internet / Mobile / Electronic Banking	1,603	68,518	21%	2,559	9
Loans and advances	533	37,738	14%	625	14
Account opening / difficulty in operation of accounts	80	13,361	49%	146	-
Others	266	25,268	16%	518	7
<b>Total</b>	<b>6,263</b>	<b>3,68,291</b>	<b>(21%)</b>	<b>6,878</b>	<b>58</b>

Top five grounds of complaints received by the Bank from the customers for the year ended March 31, 2021:

Grounds of complaints (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase / (decrease) in the number of complaints received over the previous year	Number of complaints pending at the end of the year*	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
ATM / Debit Cards	2,651	1,86,775	(29%)	2,790	16
Credit Cards	540	1,60,288	(9%)	991	-
Internet / Mobile / Electronic Banking	1,315	56,422	64%	1,603	-
Loans and advances	297	33,167	7%	533	1
Account opening / difficulty in operation of accounts	20	8,990	(23%)	80	-
Others	234	21,811	(10%)	266	6
<b>Total</b>	<b>5,057</b>	<b>4,67,453</b>	<b>(14%)</b>	<b>6,263</b>	<b>23</b>

\* All these cases were pending within the stipulated turnaround time (TAT) of the Bank.

### 33. Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments during the years ended March 31, 2022 and March 31, 2021. The above is based on the information available with the Bank which has been relied upon by the auditors.

### 34. Overseas assets, NPAs and revenue

Particulars	March 31, 2022	March 31, 2021
Total Assets	58,034.53	43,586.89
Total NPAs	195.26	188.35
Total Revenue	860.09	931.97

## 35. Corporate social responsibility

The details of Corporate Social Responsibility (CSR) activities are given below:

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1	Amount required to be spent by the Bank during the year	733.86	627.86
2	Amount of expenditure incurred	736.87	634.90
3	Shortfall at the end of the year	-	-
4	Details of unspent CSR amount for the preceding three financial years	-	-
5	Reason for shortfall	-	-
6	Nature of CSR activities	<ul style="list-style-type: none"> <li>- Rural Development</li> <li>- Promotion of Education</li> <li>- Skill Training &amp; Livelihood Enhancement</li> <li>- Financial Literacy &amp; Inclusion</li> <li>- Healthcare &amp; Hygiene</li> </ul>	<ul style="list-style-type: none"> <li>- Rural Development</li> <li>- Promotion of Education</li> <li>- Skill Training &amp; Livelihood Enhancement</li> <li>- Financial Literacy &amp; Inclusion</li> <li>- Healthcare &amp; Hygiene</li> </ul>
7	Details of related party transactions, e.g. contribution to a trust controlled by the Bank in relation to CSR expenditure as per relevant Accounting Standard	-	-
8	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision	-	-

## 36. 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, 2022 and March 31, 2021.

## 37. 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, 2022 amounted to ₹ 4.48 crore (previous year: ₹ 3.73 crore).

Further, in accordance with RBI guidelines, remuneration to all Non-Executive Directors other than the Chairperson for the year ended March 31, 2022 amounted to ₹ 1.65 crore (previous year: ₹ 0.70 crore).

## 38. Payment of DICGC Insurance Premium

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1	Payment of DICGC Insurance Premium (excluding GST)	1,636.66	1,413.97
2	Arrears in payment of DICGC Premium	-	-

## 39. Implementation of IFRS converged Indian Accounting Standards

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, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. 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 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. In April 2018, the RBI deferred the implementation of IND-AS by a year by when the necessary legislative amendments were expected. The legislative

# Schedules to the Financial Statements

For the year ended March 31, 2022

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 Bank, being an associate of Housing Development Finance Corporation Limited (the 'Corporation'), submits 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.

## **40. COVID-19**

The outbreak of the COVID-19 pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. Since then India experienced two waves of the COVID-19 pandemic following the discovery of mutant coronavirus variants, leading to the reimposition of regional lockdowns which were subsequently lifted.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The disruptions following the outbreak, impacted loan originations, the sale of third party products, the use of credit and debit cards by customers and the efficiency in collection efforts resulting in increase in customer defaults and consequent increase in provisions there against.

India is emerging from the COVID-19 pandemic. The extent to which any new wave of COVID-19 will impact the Bank's results will depend on ongoing as well as future developments, 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 us.

## **41. Refund / Adjustment of 'interest on interest'**

In accordance with the instructions in the paragraph 5 of the RBI circular dated April 07, 2021, the Bank refunded / adjusted 'interest on interest' of ₹ 268.09 crore to all eligible borrowers during the year ended March 31, 2022.

## **42. Disclosure under Rule 11 (e) of the Companies (Audit and Auditors) Rules, 2014**

The Bank, as part of its normal banking business, grants loans and advances to its constituents including foreign entities with permission to lend / invest / provide guarantee or security or the like in other entities identified by such constituents. Similarly, the Bank accepts deposits from its constituents, who may instruct the Bank to lend / invest / provide guarantee or security or the like against such deposit in other entities identified by such constituents.

These transactions are part of Bank's normal banking business, which is conducted after exercising proper due diligence including adherence to "Know Your Customer" guidelines as applicable in respective jurisdiction.

Other than the nature of transactions described above, the Bank has not advanced / lent / invested / provided guarantee or security to or in any other person with an understanding to lend / invest / provide guarantee or security or the like to or in any other person. Similarly, other than the nature of transactions described above, the Bank has not received any funds from any other person with an understanding that the Bank shall lend / invest / provide guarantee or security or the like to or in any other person.

### 43. 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 MSKA & Associates, Chartered Accountants.

As per our report of even date

**For MSKA & Associates**  
Chartered Accountants  
ICAI Firm Registration Number:  
105047W

**Swapnil Kale**  
Partner  
Membership Number: 117812

For and on behalf of the Board

**Atanu Chakraborty**  
Part Time Chairman of the Board

**M. D. Ranganath**  
Independent Director

**Lily Vadera**  
Independent Director

**Kaizad Bharucha**  
Executive Director

**Santosh Haldankar**  
Company Secretary

**Umesh Chandra Sarangi**  
Independent Director

**Malay Patel**  
Independent Director

**Sashidhar Jagdishan**  
Managing Director & CEO

**Srinivasan Vaidyanathan**  
Chief Financial Officer

Mumbai, April 16, 2022

# 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, 2022, the Consolidated Profit and Loss Account, the Consolidated Statement of Cash Flows 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 consideration of reports of other auditors on separate financial statements and on the other financial information of 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 Standards prescribed under section 133 of the Act read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2022, of consolidated profit and its 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.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2022. 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 - Performing advances (NPA) and provision on advances****Key Audit Matter**

The Reserve Bank of India's ("RBI") guidelines on Income recognition, asset classification and provisioning ("IRACP") 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 IRACP 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 is 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 to certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified as contingency provisions.

The Management of the Bank also makes an assessment of the impact on borrowers' accounts which were restructured as per RBI Circulars issued to provide relief 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.

**How our audit addressed the 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 including collateral.

Testing of Application controls include testing of automated controls, reports and system reconciliations.

Evaluated the governance process and tested controls over calculations of provision on 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 IRACP norms and Bank policy.

Performed other substantive procedures including but 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 examined the security 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;
- 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 and tested samples of accounts which were restructured under MSME restructuring circular and Resolution Framework for COVID-19 related stress circular for their compliance with the RBI directions;
- Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.



# Independent Auditor's Report

## Evaluation of litigations included in contingent liabilities

### Key Audit Matter

The Bank has material open tax litigations which involve significant judgement 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 judgement, 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.

### How our audit addressed the key audit matter

Our Audit procedures with respect to this matter included:

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 legal matters and taxation matters;
- Obtained list of cases/matters in respect of which litigations were outstanding as at reporting date;
- For significant legal matters, we sought external confirmations and also corroborated with management's documented conclusions on the assessment of outstanding litigations against the Bank;
- For significant taxation 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; and
- Agreed underlying tax balances to supporting documentation, including correspondence with tax authorities.
- Assessed the disclosures in the consolidated financial statements.

**Information Technology (“IT”) Systems and Controls****Key Audit Matter**

The Bank has a complex IT architecture to support its day-to-day business operations. High volume of transactions are 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.

**How our audit addressed the key audit matter**

Our Audit procedures with respect to this matter included:

For testing the IT general controls, application controls and IT dependent manual controls, we involved specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank’s IT systems.

Obtained a comprehensive understanding of IT applications 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.

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.

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 the 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 on the other information that we obtained prior to the date of this auditor’s report, 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.



# Independent Auditor's Report

## **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, the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the Reserve Bank of India from time to time (the "RBI Guidelines") as applicable to the 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 and the RBI Guidelines 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 judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 Board of 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 respective entity 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 respective entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the respective entity'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 judgement 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 consolidated 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 cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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, 2022 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**

- We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 7,226,709 Lacs as at March 31, 2022, total revenues of ₹ 1,346,577 Lacs and net cash flows amounting to ₹ 45,344 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 and the financial statements certified by the Management.

- The audit of consolidated financial statements for the year ended March 31, 2021 was conducted by MSKA & Associates, Chartered Accountants, the statutory auditor of the Bank, who had expressed an unmodified opinion on those financial statements. Accordingly, we, M M Nissim & Co LLP, Chartered Accountants, do not express any opinion on the figures reported in the consolidated financial statements for the year ended / as at March 31, 2021.

Our opinion on the consolidated financial statement is not modified in respect of the above 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;



# Independent Auditor's Report

- 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 Statement of Cash Flows 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 guidelines prescribed by RBI;
- e. On the basis of the written representations received from the directors of the Bank as on March 31, 2022 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, are disqualified as on March 31, 2022 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 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(12)(d)(1) & (2) 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(12)(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.
  - iv.
    - 1. The Management of the Bank has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank and its subsidiary companies to or in any other persons / entities, including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary has, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank, and its subsidiary companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - 2. The Management of the Bank has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds have been received by the Bank and its subsidiary companies from any persons / entities, including foreign entities, that the Bank and its subsidiary companies have directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - 3. Based on the audit procedures which we have considered reasonable and appropriate in the circumstances and according to the information and explanations provided to us by the Management of Bank in this regard, nothing has come to our notice that has caused us to believe that the representations made by the Management of Bank under sub-clause (1) and (2) contain any material misstatement.
  - v. The Bank and its subsidiary companies has paid dividend during the year which is in compliance with section 123 of the Act and the Banking Regulation Act, 1949.

h. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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, the remuneration paid by the subsidiary companies to its directors is within the limit laid down under Section 197 of the Act and the rules thereunder. 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.

**For MSKA & Associates**

Chartered Accountants

ICAI Firm Registration Number: 105047W

**Swapnil Kale**

Partner

Membership Number: 117812

UDIN: 22117812AHEKRY1875

Mumbai,  
April 16, 2022

**For M M Nissim & Co LLP**

Chartered Accountants

ICAI Firm Registration Number:  
107122W/W100672

**Sanjay Khemani**

Partner

Membership Number: 044577

UDIN: 22044577AHEOTN5398

Mumbai,  
April 16, 2022



## **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, 2022]

### **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, 2022, 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 with reference to financial statements 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, 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, 2022, 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: 22117812AHEKRY1875

Mumbai,  
April 16, 2022

### **For M M Nissim & Co LLP**

Chartered Accountants

ICAI Firm Registration Number:  
107122W/W100672

### **Sanjay Khemani**

Partner

Membership Number: 044577

UDIN: 22044577AHEOTN5398

Mumbai,  
April 16, 2022



# Consolidated Balance Sheet

As at March 31, 2022

	Schedule	As at March 31, 2022	As at March 31, 2021
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	554.55	551.28
Reserves and surplus	2	246,771.62	209,258.90
Minority interest	2A	720.41	632.76
Deposits	3	1,558,003.03	1,333,720.87
Borrowings	4	226,966.50	177,696.75
Other liabilities and provisions	5	89,918.19	77,646.07
<b>Total</b>		<b>2,122,934.30</b>	<b>1,799,506.63</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	130,030.71	97,370.35
Balances with banks and money at call and short notice	7	25,355.02	23,902.16
Investments	8	449,263.86	438,823.11
Advances	9	1,420,942.28	1,185,283.52
Fixed assets	10	6,283.28	5,099.56
Other assets	11	90,910.36	48,879.14
Goodwill on Consolidation		148.79	148.79
<b>Total</b>		<b>2,122,934.30</b>	<b>1,799,506.63</b>
Contingent liabilities	12	1,400,197.64	975,280.66
Bills for collection		56,968.05	44,748.14
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 and on behalf of the Board

**For MSKA & Associates**

Chartered Accountants  
ICAI Firm Registration Number:  
105047W

**For M M Nissim & Co LLP**

Chartered Accountants  
ICAI Firm Registration Number:  
107122W/W100672

**Atanu Chakraborty**

Part Time Chairman of the Board

**Umesh Chandra Sarangi**

Independent Director

**Malay Patel**

Independent Director

**Sashidhar Jagdishan**

Managing Director & CEO

**Srinivasan Vaidyanathan**

Chief Financial Officer

**Swapnil Kale**

Partner  
Membership Number: 117812

**Sanjay Khemani**

Partner  
Membership Number: 044577

**Lily Vadera**

Independent Director

**Kaizad Bharucha**

Executive Director

**Santosh Haldankar**

Company Secretary

Mumbai, April 16, 2022

# Consolidated Profit and Loss Account

For the year ended March 31, 2022

	Schedule	Year ended March 31, 2022	₹ in crore Year ended March 31, 2021
<b>I INCOME</b>			
Interest earned	13	135,936.41	128,552.40
Other income	14	31,758.99	27,332.88
<b>Total</b>		<b>167,695.40</b>	<b>155,885.28</b>
<b>II EXPENDITURE</b>			
Interest expended	15	58,584.33	59,247.59
Operating expenses	16	40,312.43	35,001.26
Provisions and contingencies [Refer Schedule 18 (12)]		30,647.74	29,779.66
<b>Total</b>		<b>129,544.50</b>	<b>124,028.51</b>
<b>III PROFIT</b>			
Consolidated Net Profit for the year before minorities' interest		38,150.90	31,856.77
Less : Minorities' Interest		98.15	23.56
Consolidated Net Profit for the year attributable to the group		38,052.75	31,833.21
Add: Brought forward consolidated profit attributable to the group		78,594.20	61,817.68
<b>Total</b>		<b>116,646.95</b>	<b>93,650.89</b>
<b>IV APPROPRIATIONS</b>			
Transfer to Statutory Reserve		9,444.38	7,879.70
Dividend pertaining to previous year paid during the year		3,592.40	-
Transfer to General Reserve		3,696.14	3,111.65
Transfer to Capital Reserve		666.47	2,291.68
Transfer to / (from) Investment Reserve Account		233.13	61.66
Transfer to / (from) Investment Fluctuation Reserve		-	1,712.00
Transfer to / (from) Minority Interest (opening adjustment)		(48.34)	-
Balance carried over to consolidated balance sheet		99,062.77	78,594.20
<b>Total</b>		<b>116,646.95</b>	<b>93,650.89</b>
<b>V EARNINGS PER EQUITY SHARE (FACE VALUE ₹ 1 PER SHARE)</b>		₹	₹
Basic		68.77	57.88
Diluted		68.31	57.61
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 and on behalf of the Board

**For MSKA & Associates**

Chartered Accountants  
ICAI Firm Registration Number:  
105047W

**For M M Nissim & Co LLP**

Chartered Accountants  
ICAI Firm Registration Number:  
107122W/W100672

**Atanu Chakraborty**

Part Time Chairman of the Board

**Umesh Chandra Sarangi**

Independent Director

**Malay Patel**

Independent Director

**Sashidhar Jagdishan**

Managing Director & CEO

**Srinivasan Vaidyanathan**

Chief Financial Officer

**Swapnil Kale**

Partner  
Membership Number: 117812

**Sanjay Khemani**

Partner  
Membership Number: 044577

**Lily Vadera**

Independent Director

**Kaizad Bharucha**

Executive Director

**Santosh Haldankar**

Company Secretary

Mumbai, April 16, 2022



# Consolidated Cash Flow Statement

For the year ended March 31, 2022

	₹ in crore	Year ended March 31, 2022	Year ended March 31, 2021
<b>Cash flows from operating activities:</b>			
Consolidated profit before income tax	50,775.24	42,772.58	
<b>Adjustments for:</b>			
Depreciation on fixed assets	1,680.73	1,385.01	
(Profit) / loss on revaluation of investments	(1,546.40)	1,485.32	
Amortisation of premium on held to maturity investments	821.32	765.47	
(Profit) / loss on sale of fixed assets	3.25	0.29	
Provision / charge for non performing assets	13,286.95	13,927.01	
Provision for standard assets and contingencies	5,418.21	5,283.07	
Employee Stock Options Expense	341.24	-	
	<b>70,780.55</b>	<b>65,618.75</b>	
<b>Adjustments for:</b>			
Increase in investments	(10,849.22)	(50,156.64)	
Increase in advances	(248,946.13)	(155,681.07)	
Increase in deposits	224,282.15	187,513.74	
(Increase) / decrease in other assets	(40,044.70)	8,307.68	
Increase / (decrease) in other liabilities and provisions	7,655.94	(104.56)	
	<b>2,878.59</b>	<b>55,497.90</b>	
Direct taxes paid (net of refunds)	(14,838.16)	(13,021.45)	
<b>Net cash flow (used in) / from operating activities</b>	<b>(11,959.57)</b>	<b>42,476.45</b>	
<b>Cash flows from investing activities:</b>			
Purchase of fixed assets	(2,236.24)	(1,696.15)	
Proceeds from sale of fixed assets	19.91	15.28	
<b>Net cash flow used in investing activities</b>	<b>(2,216.33)</b>	<b>(1,680.87)</b>	
<b>Cash flows from financing activities:</b>			
Increase in minority interest	135.83	56.12	
Proceeds from issue of share capital, net of issue expenses	2,609.76	1,760.10	
Proceeds from issue of Additional Tier I and Tier II capital bonds	8,312.75	356.50	
Redemption of Tier II capital bonds	(3,650.00)	(1,105.00)	
Net proceeds / (repayments) in other borrowings	44,308.08	(8,389.07)	
Dividend paid during the year	(3,592.40)	-	
<b>Net cash flow from / (used in) financing activities</b>	<b>48,124.02</b>	<b>(7,321.35)</b>	
<b>Effect of exchange fluctuation on translation reserve</b>	<b>165.10</b>	<b>(141.83)</b>	
<b>Net increase in cash and cash equivalents</b>	<b>34,113.22</b>	<b>33,332.40</b>	
<b>Cash and cash equivalents as at April 1<sup>st</sup></b>	<b>121,272.51</b>	<b>87,940.11</b>	
<b>Cash and cash equivalents as at March 31<sup>st</sup></b>	<b>155,385.73</b>	<b>121,272.51</b>	

As per our report of even date

For and on behalf of the Board

**For MSKA & Associates**

Chartered Accountants  
ICAI Firm Registration Number:  
105047W

**For M M Nissim & Co LLP**

Chartered Accountants  
ICAI Firm Registration Number:  
107122W/W100672

**Umesh Chandra Sarangi**

Independent Director

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Membership Number: 117812

**Sanjay Khemani**

Partner  
Membership Number: 044577

**Atanu Chakraborty**

Part Time Chairman of the Board

**M. D. Ranganath**

Independent Director

**Lily Vadera**

Independent Director

**Kaizad Bharucha**

Executive Director

**Santosh Haldankar**

Company Secretary

Mumbai, April 16, 2022

# Schedules to the Consolidated Financial Statements

As at March 31, 2022

## SCHEDULE 1 - CAPITAL

	₹ in crore	As at March 31, 2022	As at March 31, 2021
<b>Authorised capital</b>			
6,50,00,00,000 (31 March, 2021 : 6,50,00,00,000) Equity Shares of ₹ 1/- each		650.00	650.00
<b>Issued, subscribed and paid-up capital</b>			
5,54,55,40,976 (31 March, 2021 : 5,51,27,76,482) Equity Shares of ₹ 1/- each		554.55	551.28
<b>Total</b>		<b>554.55</b>	<b>551.28</b>

## SCHEDULE 2 - RESERVES AND SURPLUS

	₹ in crore	As at March 31, 2022	As at March 31, 2021
<b>I Statutory reserve</b>			
Opening balance		43,483.53	35,603.83
Additions during the year		9,444.38	7,879.70
<b>Total</b>		<b>52,927.91</b>	<b>43,483.53</b>
<b>II General reserve</b>			
Opening balance		16,785.79	13,674.14
Additions during the year		3,696.14	3,111.65
<b>Total</b>		<b>20,481.93</b>	<b>16,785.79</b>
<b>III Balance in profit and loss account</b>		<b>99,062.77</b>	<b>78,594.20</b>
<b>IV Share premium account</b>			
Opening balance		60,512.68	58,755.53
Additions during the year		2,606.48	1,757.15
<b>Total</b>		<b>63,119.16</b>	<b>60,512.68</b>
<b>V Amalgamation reserve</b>			
Opening balance		1,063.56	1,063.56
Additions during the year		-	-
<b>Total</b>		<b>1,063.56</b>	<b>1,063.56</b>
<b>VI Capital reserve</b>			
Opening balance		4,956.45	2,664.77
Additions during the year		666.47	2,291.68
<b>Total</b>		<b>5,622.92</b>	<b>4,956.45</b>
<b>VII Investment reserve</b>			
Opening balance		61.66	-
Additions during the year		239.87	61.66
Deductions during the year		(6.74)	-
<b>Total</b>		<b>294.79</b>	<b>61.66</b>
<b>VIII Investment fluctuation reserve</b>			
Opening balance		3,619.00	1,907.00
Additions during the year		-	1,712.00
<b>Total</b>		<b>3,619.00</b>	<b>3,619.00</b>
<b>IX Foreign currency translation account</b>			
Opening balance		182.03	323.86
Additions / (deductions) during the year		165.12	(141.83)
<b>Total</b>		<b>347.15</b>	<b>182.03</b>
<b>X Cash flow hedge reserve</b>			
Opening balance		-	-
Additions / (deductions) during the year		(108.09)	-
<b>Total</b>		<b>(108.09)</b>	<b>-</b>



# Schedules to the Consolidated Financial Statements

As at March 31, 2022

	₹ in crore	As at March 31, 2022	As at March 31, 2021
<b>XI Employees stock options reserve</b>			
Opening balance		-	-
Additions / (deductions) during the year		340.52	-
<b>Total</b>		<b>340.52</b>	-
<b>Total</b>		<b>246,771.62</b>	<b>209,258.90</b>

## SCHEDULE 2A - MINORITY INTEREST

	₹ in crore	As at March 31, 2022	As at March 31, 2021
Minority interest at the date on which parent subsidiary relationship came into existence		27.60	27.60
Subsequent increase		692.81	605.16
<b>Total</b>		<b>720.41</b>	<b>632.76</b>

*Includes reserves of Employee Welfare Trust of ₹ 158.86 crore (previous year : ₹ 150.12 crore)*

## SCHEDULE 3 - DEPOSITS

	₹ in crore	As at March 31, 2022	As at March 31, 2021
<b>A I Demand deposits</b>			
(i) From banks		5,550.83	3,870.19
(ii) From others		232,654.39	207,206.05
<b>Total</b>		<b>238,205.22</b>	<b>211,076.24</b>
<b>II Savings bank deposits</b>		<b>511,737.21</b>	<b>403,492.47</b>
<b>III Term deposits</b>			
(i) From banks		9,801.89	10,645.84
(ii) From others		798,258.71	708,506.32
<b>Total</b>		<b>808,060.60</b>	<b>719,152.16</b>
<b>Total</b>		<b>1,558,003.03</b>	<b>1,333,720.87</b>
<b>B I Deposits of branches in India</b>		<b>1,547,880.73</b>	<b>1,327,832.43</b>
<b>II Deposits of branches outside India</b>		<b>10,122.30</b>	<b>5,888.44</b>
<b>Total</b>		<b>1,558,003.03</b>	<b>1,333,720.87</b>

## SCHEDULE 4 - BORROWINGS

	₹ in crore	As at March 31, 2022	As at March 31, 2021
<b>I Borrowings in India</b>			
(i) Reserve Bank of India		9,020.00	9,020.00
(ii) Other banks		9,975.09	11,504.27
(iii) Other institutions and agencies		88,651.96	69,351.56
(iv) Upper and lower tier II capital and innovative perpetual debts		17,627.00	21,127.00
(v) Bonds and Debentures (excluding subordinated debt)		43,986.21	38,975.21
<b>Total</b>		<b>169,260.26</b>	<b>149,978.04</b>
<b>II Borrowings outside India</b>		<b>57,706.24</b>	<b>27,718.71</b>
<b>Total</b>		<b>226,966.50</b>	<b>177,696.75</b>

Secured borrowings included in I & II above: ₹ 32,519.01 crore (previous year : ₹ 35,132.83 crore) except borrowings of ₹ 24,204.49 crore (previous year: ₹ 44,625.92 crore) under repurchase transactions (including tri-party repo) and transactions under Liquidity Adjustment Facility.

## SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

	₹ in crore	As at March 31, 2022	As at March 31, 2021
I Bills payable		13,093.74	12,424.19
II Interest accrued		8,241.11	8,123.58
III Others (including provisions)		61,792.07	51,572.44
IV Contingent provisions against standard assets		6,791.27	5,525.86
<b>Total</b>		<b>89,918.19</b>	<b>77,646.07</b>

## SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

	₹ in crore	As at March 31, 2022	As at March 31, 2021
I Cash in hand ( <i>including foreign currency notes</i> )		11,239.51	10,722.18
II Balances with Reserve Bank of India:			
(a) In current accounts		81,777.20	59,442.17
(b) In other accounts		37,014.00	27,206.00
<b>Total</b>		<b>118,791.20</b>	<b>86,648.17</b>
<b>Total</b>		<b>130,030.71</b>	<b>97,370.35</b>



# Schedules to the Consolidated Financial Statements

As at March 31, 2022

## SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

₹ in crore

	As at March 31, 2022	As at March 31, 2021
<b>I In India</b>		
(i) Balances with banks:		
(a) In current accounts	627.61	989.78
(b) In other deposit accounts	2,730.83	1,617.09
<b>Total</b>	<b>3,358.44</b>	<b>2,606.87</b>
(ii) Money at call and short notice:		
(a) With banks	-	-
(b) With other institutions	491.33	-
<b>Total</b>	<b>491.33</b>	<b>-</b>
<b>Total</b>	<b>3,849.77</b>	<b>2,606.87</b>
<b>II Outside India</b>		
(i) In current accounts	7,362.22	11,034.48
(ii) In deposit accounts	2,020.43	390.96
(iii) Money at call and short notice	12,122.60	9,869.85
<b>Total</b>	<b>21,505.25</b>	<b>21,295.29</b>
<b>Total</b>	<b>25,355.02</b>	<b>23,902.16</b>

## SCHEDULE 8 - INVESTMENTS

₹ in crore

	As at March 31, 2022	As at March 31, 2021
<b>A Investments in India in</b>		
(i) Government securities	367,723.10	352,015.86
(ii) Other approved securities	-	-
(iii) Shares	513.89	449.44
(iv) Debentures and bonds	59,628.36	58,674.72
(v) Others (Units, CDs, CPs, PTCs and security receipts)	18,776.09	25,314.97
<b>Total</b>	<b>446,641.44</b>	<b>436,454.99</b>
<b>B Investments outside India in</b>		
(i) Government securities (including Local Authorities)	227.58	593.61
(ii) Other investments		
(a) Shares	2.64	3.50
(b) Debentures and bonds	2,392.20	1,771.01
<b>Total</b>	<b>2,622.42</b>	<b>2,368.12</b>
<b>Total</b>	<b>449,263.86</b>	<b>438,823.11</b>
<b>C Investments</b>		
<b>I Investments in India</b>		
(i) Gross value of investments	447,049.34	437,300.54
(ii) Aggregate of provisions for depreciation	(407.90)	(845.56)
(iii) Net investment	<b>446,641.44</b>	<b>436,454.98</b>
<b>II Investments outside India</b>		
(i) Gross value of investments	2,625.15	2,375.21
(ii) Aggregate of provisions for depreciation	(2.73)	(7.08)
(iii) Net investment	<b>2,622.42</b>	<b>2,368.13</b>
<b>Total</b>	<b>449,263.86</b>	<b>438,823.11</b>

## SCHEDULE 9 - ADVANCES

₹ in crore

	As at March 31, 2022	As at March 31, 2021
<b>A</b> (i) Bills purchased and discounted	29,052.42	34,542.78
(ii) Cash credits, overdrafts and loans repayable on demand	433,411.25	255,977.82
(iii) Term loans	958,478.61	894,762.92
<b>Total</b>	<b>1,420,942.28</b>	<b>1,185,283.52</b>
<b>B</b> (i) Secured by tangible assets*	940,971.29	800,068.60
(ii) Covered by bank / government guarantees	48,387.03	39,375.84
(iii) Unsecured	431,583.96	345,839.08
<b>Total</b>	<b>1,420,942.28</b>	<b>1,185,283.52</b>
* Includes advances against stock and book debts of ₹ 175,547.78 crore (previous year: ₹ 131,211.86 crore)		
<b>C I Advances in India</b>		
(i) Priority sector	390,181.51	258,611.15
(ii) Public sector	135,693.81	119,908.27
(iii) Banks	6,886.30	8,538.39
(iv) Others	845,365.56	766,615.86
<b>Total</b>	<b>1,378,127.18</b>	<b>1,153,673.67</b>
<b>C II Advances outside India</b>		
(i) Due from banks	4,909.88	5,527.65
(ii) Due from others		
(a) Bills purchased and discounted	254.83	6.35
(b) Syndicated loans	541.89	834.79
(c) Others	37,108.50	25,241.06
<b>Total</b>	<b>42,815.10</b>	<b>31,609.85</b>
<b>Total</b>	<b>1,420,942.28</b>	<b>1,185,283.52</b>

(Advances are net of provisions)



# Schedules to the Consolidated Financial Statements

As at March 31, 2022

## SCHEDULE 10 - FIXED ASSETS

₹ in crore

	As at March 31, 2022	As at March 31, 2021
<b>A Premises (including land)</b>		
<b>Gross block</b>		
At cost on 31 March of the preceding year	2,055.77	1,891.07
Additions during the year	166.72	174.52
Deductions during the year	(13.02)	(9.82)
<b>Total</b>	<b>2,209.47</b>	<b>2,055.77</b>
<b>Depreciation</b>		
As at 31 March of the preceding year	694.75	637.60
Charge for the year	72.07	66.48
On deductions during the year	(11.31)	(9.33)
<b>Total</b>	<b>755.51</b>	<b>694.75</b>
<b>Net block</b>	<b>1,453.96</b>	<b>1,361.02</b>
<b>B Other fixed assets (including furniture and fixtures)</b>		
<b>Gross block</b>		
At cost on 31 March of the preceding year	13,110.25	11,701.61
Additions during the year	2,721.22	1,698.51
Deductions during the year	(512.42)	(289.87)
<b>Total</b>	<b>15,319.05</b>	<b>13,110.25</b>
<b>Depreciation</b>		
As at 31 March of the preceding year	9,371.71	8,328.23
Charge for the year	1,609.02	1,318.27
On deductions during the year	(491.00)	(274.79)
<b>Total</b>	<b>10,489.73</b>	<b>9,371.71</b>
<b>Net block</b>	<b>4,829.32</b>	<b>3,738.54</b>
<b>C Assets on lease (plant and machinery)</b>		
<b>Gross block</b>		
At cost on 31 March of the preceding year	454.69	454.69
Additions during the year	-	-
<b>Total</b>	<b>454.69</b>	<b>454.69</b>
<b>Depreciation</b>		
As at 31 March of the preceding year	410.45	410.45
Charge for the year	-	-
<b>Total</b>	<b>410.45</b>	<b>410.45</b>
<b>Lease adjustment account</b>		
As at 31 March of the preceding year	44.24	44.24
Charge for the year	-	-
<b>Total</b>	<b>44.24</b>	<b>44.24</b>
<b>Unamortised cost of assets on lease</b>		
<b>Total</b>	<b>6,283.28</b>	<b>5,099.56</b>

## SCHEDULE 11 - OTHER ASSETS

	₹ in crore	As at March 31, 2022	As at March 31, 2021
I Interest accrued		13,470.33	11,892.89
II Advance tax / tax deducted at source (net of provisions)		4,289.17	3,526.95
III Stationery and stamps		42.08	43.49
IV Non banking assets acquired in satisfaction of claims		51.22	51.26
V Bond and share application money pending allotment		-	22.50
VI Security deposit for commercial and residential property		592.37	568.79
VII Deferred Tax Assets		7,143.82	5,541.64
VIII Others*		65,321.37	27,231.62
<b>Total</b>		<b>90,910.36</b>	<b>48,879.14</b>

\*Includes deposits placed with NABARD / SIDBI / NHB on account of shortfall in lending to priority sector of ₹ 44,738.08 crore (previous year: ₹ 9,320.37 crore)

## SCHEDULE 12 - CONTINGENT LIABILITIES

	₹ in crore	As at March 31, 2022	As at March 31, 2021
I Claims against the bank not acknowledged as debts - taxation		1,343.95	1,272.71
II Claims against the bank not acknowledged as debts - others		218.90	318.09
III Liability for partly paid investments		-	-
IV Liability on account of outstanding forward exchange contracts		655,187.18	496,472.67
V Liability on account of outstanding derivative contracts		593,778.58	361,579.46
VI Guarantees given on behalf of constituents - in India		83,391.03	75,119.53
- outside India		352.43	180.09
VII Acceptances, endorsements and other obligations		61,563.97	37,653.63
VIII Other items for which the bank is contingently liable		4,361.59	2,684.48
<b>Total</b>		<b>1,400,197.63</b>	<b>975,280.66</b>

## SCHEDULE 13 - INTEREST EARNED

	₹ in crore	Year ended March 31, 2022	Year ended March 31, 2021
I Interest / discount on advances / bills		106,295.34	102,299.13
II Income from investments		25,907.06	23,211.62
III Interest on balance with RBI and other inter-bank funds		2,630.78	2,414.30
IV Others		1,103.23	627.35
<b>Total</b>		<b>135,936.41</b>	<b>128,552.40</b>



# Schedules to the Consolidated Financial Statements

As at March 31, 2022

## SCHEDULE 14 - OTHER INCOME

	₹ in crore	Year ended March 31, 2022	Year ended March 31, 2021
I Commission, exchange and brokerage		21,875.50	18,024.59
II Profit / (loss) on sale of investments (net)		785.20	5,389.01
III Profit / (loss) on revaluation of investments (net)		1,546.40	(1,485.32)
IV Profit / (loss) on sale of building and other assets (net)		70.76	46.57
V Profit / (loss) on exchange / derivative transactions (net)		3,907.91	2,438.41
VI Miscellaneous income		3,573.22	2,919.62
<b>Total</b>		<b>31,758.99</b>	<b>27,332.88</b>

## SCHEDULE 15 - INTEREST EXPENDED

	₹ in crore	Year ended March 31, 2022	Year ended March 31, 2021
I Interest on deposits		48,901.00	50,126.03
II Interest on RBI / inter-bank borrowings		9,518.48	9,064.43
III Other interest		164.85	57.13
<b>Total</b>		<b>58,584.33</b>	<b>59,247.59</b>

## SCHEDULE 16 - OPERATING EXPENSES

	₹ crore	Year ended March 31, 2022	Year ended March 31, 2021
I Payments to and provisions for employees		15,897.03	13,676.67
II Rent, taxes and lighting		1,760.26	1,808.88
III Printing and stationery		548.06	444.83
IV Advertisement and publicity		262.54	102.25
V Depreciation on bank's property		1,680.73	1,385.01
VI Directors' fees / remuneration, allowances and expenses		7.78	5.68
VII Auditors' fees and expenses		6.26	4.63
VIII Law charges		282.35	154.80
IX Postage, telegram, telephone etc.		636.87	540.24
X Repairs and maintenance		1,772.27	1,649.11
XI Insurance		1,910.45	1,724.91
XII Other expenditure*		15,547.83	13,504.25
<b>Total</b>		<b>40,312.43</b>	<b>35,001.26</b>

\*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, 2022

### 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), GIFT City, India. 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 the Companies (Accounts) Rules, 2014 and the Companies

(Accounting Standards) Rules, 2021, 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 year. 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	95.96%
HDB Financial Services Limited	Subsidiary	India	94.96%
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 the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021.

\* 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, 2022 the Bank's shareholding in HDB Financial Services Limited decreased from 95.1% to 94.9% on account of the stock options exercised by minority stakeholders.

During the year ended March 31, 2022 the Bank's shareholding in HDFC Securities Limited decreased from 96.3% to 95.9% on account of the stock options exercised by minority stakeholders.



# Schedules to the Consolidated Financial Statements

As at March 31, 2022

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, 2022.

## D PRINCIPAL ACCOUNTING POLICIES

### 1 Investments

#### HDFC Bank Limited

##### *Classification:*

In accordance with the RBI guidelines, 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 accounted on settlement date except in the case of equity shares which are accounted on trade date.

##### *Basis of classification:*

Investments that are held 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 under HTM category. Investments in the equity of subsidiaries / joint ventures are categorised as HTM. 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".

##### *Short sale:*

The Bank undertakes short sale transactions in Central Government dated securities. The short position is

categorised under HFT category and netted off from investments. 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 short sale is recognised on settlement date.

##### *Valuation:*

Investments classified under AFS and HFT categories are marked to market individually and depreciation / appreciation is aggregated for each group and net depreciation in each group is provided and net appreciation is ignored.

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. Investments denominated in foreign currencies are valued based on the prices provided by market information providers such as Bloomberg, Refinitiv, etc.

The market value of unquoted government of India securities, state government securities and special bonds such as oil bonds, fertilizer bonds etc. issued by the government of India, is computed as per the prices published by FBIL with FIMMDA as the calculating agent.

The valuation of other unquoted fixed income securities (viz. other approved securities and bonds and debentures), and preference shares, is done with appropriate mark-up, i.e. applicable FIMMDA published credit spread over the Yield to Maturity (YTM) rates for government of India securities as published by FBIL with 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 for each company.

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.

Investments in Security receipts (SR) and unquoted units of Infrastructure Investment Trust (InvIT) are valued as per the net asset value provided by the issuing Asset Reconstruction Company and InvIT trust respectively.

Investments in unquoted Venture Capital Fund (VCF) are categorised, at the discretion of the Bank, under HTM category for an initial period of three years and valued at cost during this period. Such investments are transferred to the AFS category after the said period of three years. Investments in AFS category are valued at NAV shown by

the VCF in its financial statements. Units are valued based on the latest audited financials of the VCF if available or at ₹ 1 per VCF as per the RBI guidelines.

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 of India securities published by FBIL with FIMMDA as the calculating agent.

Net depreciation, 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 provided earlier. The book value of individual securities is not changed on such revaluation 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 from investments. Any diminution, other than temporary, in the value of investments in HTM category is provided for.

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

#### ***Repurchase and reverse repurchase transactions:***

Repurchase (Repo) and reverse repurchase (Reverse Repo) transactions are reflected as borrowing and lending transactions respectively.

Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted 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 Credit Guarantors, provisions for funded interest term loan and provision for diminution in the fair value of restructured assets.

##### ***Provisioning:***

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

The specific provision 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 included under Provisions and Contingencies.

Non-performing advances are written-off in accordance with the Bank's policy. Recoveries from bad debts written-off are included under other income.

In relation to derivative contracts, with non-performing borrowers, 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 the case of overseas branches, general provision on standard assets 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.

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



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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.

Provisions made in addition to the Bank's policy for specific loan loss provisions for non-performing assets, possible slippage of specific exposures 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. Floating provisions are used only for contingencies under extraordinary circumstances and for making specific provisions for non-performing accounts. 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 accordance with the RBI guidelines on the prudential framework for resolution of stressed assets and the resolution frameworks for COVID-19 related stress and its Board approved policy, the Bank has implemented resolution plans for eligible borrowers. The asset classification and necessary provisions thereon are done in accordance with the said RBI guidelines.

## HDB Financial Services Limited

### *Classification:*

Receivables under financing activity are classified as standard, sub-standard and doubtful assets as per the Company policy approved by the Board and as per RBI guidelines. The rates applied for making provisions on non-performing assets (NPA) are higher than those required by the relevant RBI guidelines. Interest on non-performing assets is transferred to an interest suspense account and not recognised in the Profit and Loss Account until received. Receivables under financing activity 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 guidelines.

### *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**

Assets transferred through securitisation and direct assignment of cash flows are de-recognised in the Balance Sheet when they are sold (true sale criteria being fully met with) and consideration is received. Sales / transfers that do not meet true sale criteria are accounted for as borrowings. For a securitisation or direct assignment transaction, the Bank recognises profit upon receipt of the funds and loss is recognised at the time of sale.

On sale of stressed assets, if the sale is at a price below the net book value (i.e., funded outstanding less specific 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 when the sum of cash received by way of initial consideration and / or redemption or transfer of security receipts issued by SC / RC exceeds the net book value of the loan at the time of transfer.

In respect of stressed assets sold under an asset securitisation, where the investment by the bank in security receipts (SRs) backed by the assets sold by it is more than 10 percent of such SRs, provisions held are higher of the provisions required in terms of net asset value declared by the Securitisation Company ('SC') / Reconstruction Company ('RC') and provisions as per the extant norms applicable to the underlying loans, notionally treating the book value of these SRs as the corresponding stressed loans assuming the loans remained in the books of the Bank.

The Bank invests in Pass Through Certificates (PTCs) issued by other Special Purpose Vehicles (SPVs). These are accounted at acquisition cost and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised based on effective interest rate method.

The Bank transfers advances through inter-bank participation with and without risk. In the case of participation

with risk, the aggregate amount of the participation issued by the Bank is reduced from advances. In case where the Bank is assuming risk by participation, the aggregate amount of the participation is classified under advances. In the case of issue of participation certificate without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is acquiring participation certificate, the aggregate amount of participation acquired is shown as due from banks under advances.

#### **HDB Financial Services Limited**

- Prior to Issuance of RBI Circular dated August 21, 2012
  - a) On receivables being assigned / securitised, 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 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 amortised 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.
- 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 fixed 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



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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 or estimated life, whichever is shorter
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 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 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 revaluation 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 and the extant RBI guidelines.

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 recognised 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, both deliverable and non-deliverable, 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 exchange rate for valuation of contracts having longer maturities i.e. greater than one year, is derived using the USD-INR spot rate as well as relevant INR yield curve and USD yield curve. For other currency pairs, the forward points (for rates / tenors not published by FEDAI) are obtained from Refinitiv or Bloomberg for valuation of the



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forex deals. Valuation is considered on present value basis. 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 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 date. 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).

The Bank as part of its risk management strategy, makes use of financial derivative instruments, including foreign exchange forward contracts, for hedging the risk embedded in some of its financial assets or liabilities recognised on the balance sheet. 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 at the reporting date thereafter.

In case of a fair value hedge, the changes in the fair value of the hedging instruments and hedged items are recognised in the Profit and Loss Account and in case of cash flow hedges, the changes in fair value of effective portion are recognised in Reserves and Surplus under 'Cash flow hedge reserve' and ineffective portion of an effective hedging relationship, if any, is recognised in the Profit and Loss Account. The accumulated balance in the cash flow hedge reserve, in an effective hedging relationship, is recycled in the Profit and Loss Account at the same time that the impact from the hedged item is 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., Cash flow Hedge Reserve. Amounts recognised in equity are transferred to the Profit

and Loss Account in the same period as the cash flows of hedged items affect the Profit and Loss Account. 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 Profit and Loss Account. 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 Profit and Loss Account. Changes in the fair values of derivative instruments that do not qualify for hedge accounting are recognised immediately in the Profit and Loss Account.

## 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 and overdue interest on retail EMI based performing advances, which are recognised when realised. 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 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.
- Fees paid / received for priority sector lending certificates (PSLC) is recognised on straight-line basis over the period of the certificate.

### **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.

## **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 as per their vesting

schedule 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 in respect of options granted up to March 31, 2021. 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.

Effective April 01, 2021, the fair value of share-linked instruments on the date of grant for all instruments granted after March 31, 2021 is recognised as an expense in accordance with the RBI guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function staff. The fair value of the stock-based employee compensation is estimated using Black-Scholes model. The compensation cost is amortised on a straight-line basis over the vesting period of the option with a corresponding credit to Employee Stock Options Reserve. On exercise of the stock options, corresponding balance in Employee Stock Options Reserve is transferred to Share Premium. In respect of the options which expire unexercised, the balance standing to the credit of Employee Stock Options Reserve is transferred to General Reserve.

#### ***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 amount, without an upper limit, equivalent to 15 days' basic salary payable for each completed year of service to all eligible employees on resignation, retirement, death while in employment or on termination of employment. The Bank makes contributions to a recognised Gratuity Trust administered by trustees and whose funds are managed by 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.



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## ***Superannuation:***

The Bank has a Superannuation Plan under which employees of the Bank, above a prescribed grade, are entitled to receive retirement benefits either 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 a 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 contribution, and recognises such contribution 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. The Bank recognises such contributions as an expense in the year in which it is incurred. Interest payable to the members of the exempted 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.

## ***Pension:***

In respect of pension payable to certain eLKB employees under the Lord Krishna Bank (Employees) Pension Scheme, 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) based 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.

## ***National 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.

### ***Post-employment***

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 long term employee benefits***

Compensated absences which accrue to employees and which can be carried to future periods and are expected to be availed in more than 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***

- The cost of equity-settled instrument is determined by the fair value at the date when the grant is made using an appropriate valuation model.

- That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and / or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.
- When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counter-party, any remaining element of the fair value of the award is expensed immediately through the Profit and Loss Account.

#### **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. 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 recognised in the Profit and Loss Account.



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## **Employee Stock Option Plan**

The Company has adopted fair value method for options granted post March 31, 2021. All the options granted if any prior to March 31, 2021 are valued at intrinsic value method. Compensation cost is measured by the excess, if any, of the fair value of the underlying stock over the exercise price as determined under the option plan. The fair value of options have been estimated on the dates of each grant using the Black-Scholes model.

## **10 Debit and credit card 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 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 there under 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 entity has a legal right to off-set and when the entity 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 against 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.

## 18 Cash and cash equivalents

Cash and cash equivalents include cash including foreign currency notes 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, is recognised in the Profit and Loss Account.



# Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

## **SCHEDULE 18 - Notes forming part of the consolidated financial statements for the year ended March 31, 2022**

Amounts in notes forming part of the consolidated financial statements for the year ended March 31, 2022 are denominated in rupee crore to conform to extant RBI guidelines, except where stated otherwise.

### **1 Dividend**

The Reserve Bank of India (RBI), vide its notification dated April 22, 2021 mentioned that banks may pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty per cent of the amount determined as per the dividend payout ratio prescribed by RBI. Accordingly, the Bank has paid dividend of ₹ 6.50 per equity share of ₹ 1/- each aggregating to ₹ 3,592.40 crore, for the financial year ended March 31, 2021.

### **2 Proposed scheme of amalgamation**

The Board of Directors at its meeting held on April 04, 2022, approved a composite Scheme of amalgamation ("Scheme"), for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, into and with Housing Development Finance Corporation Limited ("HDFC Limited"); and thereafter (ii) HDFC Limited into HDFC Bank Limited, and their respective shareholders and creditors, under Sections 230 to 232 of the Companies Act, 2013 and other applicable laws including the rules and regulations. The share exchange ratio shall be 42 equity shares of face value of ₹ 1/- each of the Bank for every 25 equity shares of face value of ₹ 2/- each of HDFC Limited. The Scheme is subject to the receipt of requisite approvals from statutory and regulatory authorities, and the respective shareholders and creditors, under applicable law.

As per the scheme, the appointed date for the amalgamation of HDFC Limited with and into the Bank shall be the effective date of the scheme. Upon the scheme becoming effective, the Bank will issue equity shares to the shareholders of HDFC Limited as on the record date. The equity shares held by HDFC Limited in the Bank will be extinguished as per the scheme.

### **3 Change in accounting policy**

The RBI, vide its clarification dated August 30, 2021 on Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff, advised Banks that the fair value of share-linked instruments on the date of grant should be recognised as an expense for all instruments granted after the accounting period ending March 31, 2021. Accordingly, the Group has changed its accounting policy from the intrinsic value method to the fair value method for all employee stock options granted after March 31, 2021. The fair value is estimated on the date of grant using Black-Scholes model and is recognised as compensation expense over the vesting period. As a result, 'Employees cost' for the year ended March 31, 2022 is higher by ₹ 341.24 crore with a consequent reduction in profit after tax by the said amount.

### **4 Capital infusion**

During the year ended March 31, 2022, the Bank has allotted 3,27,64,494 equity shares (previous year: 2,94,90,022 equity shares) aggregating to face value of ₹ 3.27 crore (previous year: ₹ 2.95 crore) on exercise of stock options. Accordingly, the share capital increased by ₹ 3.27 crore (previous year: ₹ 2.95 crore) and the share premium increased by ₹ 2,606.48 crore (previous year: ₹ 1,757.15 crore).

The details of the movement in the paid-up equity share capital of the Bank are given below:

Particulars	March 31, 2022	March 31, 2021
Opening balance	551.28	548.33
Addition pursuant to stock options exercised	3.27	2.95
Closing balance	554.55	551.28

## 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 ₹ 38,052.75 crore (previous year: ₹ 31,833.21 crore) and the weighted average number of equity shares outstanding during the year of 5,53,32,03,566 (previous year: 5,49,96,68,151).

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

Particulars	For the years ended	
	March 31, 2022	March 31, 2021
Nominal value per share (₹)	1.00	1.00
Basic earnings per share (₹)	68.77	57.88
Effect of potential equity shares (per share) (₹)	(0.46)	(0.27)
Diluted earnings per share (₹)	68.31	57.61

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, 2022	March 31, 2021
Weighted average number of equity shares used in computing basic earnings per equity share	5,53,32,03,566	5,49,96,68,151
Effect of potential equity shares outstanding	3,77,30,419	2,57,50,092
Weighted average number of equity shares used in computing diluted earnings per equity share	5,57,09,33,985	5,52,54,18,243

## 6 Reserves and Surplus

### Statutory Reserve

The Bank and a subsidiary have made an appropriation of ₹ 9,444.38 crore (previous year: ₹ 7,879.70 crore) out of profits for the year ended March 31, 2022 to the Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

### General Reserve

The Bank has made an appropriation of ₹ 3,696.14 crore (previous year: ₹ 3,111.65 crore) out of profits for the year ended March 31, 2022 to the General Reserve.

### Capital Reserve

During the year ended March 31, 2022, the Bank has appropriated ₹ 666.47 crore (previous year: ₹ 2,291.68 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.

### Investment Reserve Account

During the year ended March 31, 2022, the Bank has appropriated ₹ 233.13 crore (net) (previous year: ₹ 61.66 crore (net)) from Profit and Loss Account to Investment Reserve Account as per the RBI guidelines.

### Investment Fluctuation Reserve

During the year ended March 31, 2022, the Bank made transfer of Nil (previous year: ₹ 1,712.00 crore) to Investment Fluctuation Reserve. As per RBI guidelines, banks were required to create an Investment Fluctuation Reserve (IFR) equivalent to 2.00% of



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For the year ended March 31, 2022

their HFT and AFS investment portfolios by March 31, 2021. The balance in the IFR as at March 31, 2022 is 2.28% (previous year: 2.00%) of the Bank's HFT and AFS investment portfolios.

## Cash Flow Hedge Reserve

During the year ended March 31, 2022, the Bank and a subsidiary has recognised ₹ (108.09) crore (previous year: Nil) as Cash Flow Hedge Reserve on derivative contracts designated as cash flow hedge.

## Employee Stock Option Reserve

During the year ended March 31, 2022, the Group has recognised ₹ 340.52 crore (previous year: Nil) as Employee Stock Option Reserve on account of fair valuation of share-linked instruments.

## Draw down from Reserves

The Bank has not undertaken any drawdown from reserves during the years ended March 31, 2022 and March 31, 2021.

## 7 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 Securities and Exchange Board of India (Share Based Employee Benefits and Sweaty Equity) Regulations, 2021 and RBI guidelines 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 financial year 2021-22, certain modifications were made in the subsisting ESOP Plans pursuant to the approval of the shareholders of the Bank as to allow any employee of the Bank moving / getting transferred to a subsidiary company, to be so entitled to the stock options already granted to such an employee as continuity of service for Long Term Incentives earned during the course of his / her service with the Bank.

### 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, 2022:

Particulars	Number of options	Weighted average exercise price (₹)
Options outstanding, beginning of year	16,81,68,760	1,063.79
Granted during the year	2,56,28,600	1,427.29
Exercised during the year	3,27,64,494	796.52
Forfeited / Lapsed during the year	29,26,850	1,196.30
Options outstanding, end of year	15,81,06,016	1,175.65
Options exercisable	6,53,21,116	1,036.49

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2021:

<b>Particulars</b>	<b>Number of options</b>	<b>Weighted average exercise price (₹)</b>
Options outstanding, beginning of year	14,28,65,602	899.03
Granted during the year	5,74,66,600	1,235.80
Exercised during the year	2,94,90,022	596.85
Forfeited / Lapsed during the year	26,73,420	1,107.22
Options outstanding, end of year	16,81,68,760	1,063.79
Options exercisable	6,44,53,260	834.48

- The following table summarises the information about stock options outstanding as at March 31, 2022:

<b>Plan</b>	<b>Range of exercise price (₹)</b>	<b>Number of shares arising out of options</b>	<b>Weighted average life of options (in years)</b>	<b>Weighted average exercise price (₹)</b>
Plan F	417.75 to 731.08	1,75,64,766	1.07	666.77
Plan G	882.85 to 1,516.95	14,05,41,250	2.70	1,239.25

- The following table summarises the information about stock options outstanding as at March 31, 2021:

<b>Plan</b>	<b>Range of exercise price (₹)</b>	<b>Number of shares arising out of options</b>	<b>Weighted average life of options (in years)</b>	<b>Weighted average exercise price (₹)</b>
Plan C	417.75	9,700	0.32	417.75
Plan F	417.75 to 731.08	3,49,74,270	1.48	610.67
Plan G	882.85 to 1,235.80	13,31,84,790	3.18	1,182.83

In accordance with the RBI clarification dated August 30, 2021, the Bank has estimated the fair value of the options granted after March 31, 2021 using Black-Scholes model. This is recognised as compensation expense over the vesting period of the options with effect from April 01, 2021.

The assumptions considered in the model for valuing the ESOPs granted during the year ended March 31, 2022 are given below:

<b>Particulars</b>	<b>March 31, 2022</b>
Dividend yield	0.21% to 0.52%
Expected volatility	23.86% to 38.70%
Risk - free interest rate	4.38% to 6.07%
Expected life of the options	1 to 6 Years

### 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") in February 2017 at a price of ₹ 1,136/- per share, in June 2019 at a price of ₹ 4,844/- per share, in December 2020 at a price of ₹ 5,458/- per share, in September 2021 at a price of ₹ 6,098/- per share and later in January 2022 at a price of ₹ 8,051/- 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 these 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.



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For the year ended March 31, 2022

## Method used for accounting for shared based payment plan

The company uses fair value 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, 2022:

Particulars	Company options	Weighted average exercise price (₹)
Options outstanding, beginning of the year	2,28,650	5,237
Granted during the year	1,10,500	6,858
Exercised during the year	62,400	5,017
Forfeited / Lapsed during the year	23,250	5,445
Options outstanding, end of the year	2,53,500	5,979
Options exercisable	3,500	5,344

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2021:

Particulars	Company options	Weighted average exercise price (₹)
Options outstanding, beginning of the year	1,10,000	4,254
Granted during the year	1,67,500	5,458
Exercised during the year	36,600	3,375
Forfeited / Lapsed during the year	12,250	4,994
Options outstanding, end of the year	2,28,650	5,237
Options exercisable	3,950	2,028

- The following table summarises the information about stock options outstanding as at March 31, 2022:

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 - 8,051	2,53,500	6.62	5,979

- The following table summarises the information about stock options outstanding as at March 31, 2021:

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 - 5,458	2,28,650	6.70	5,237

## 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-Scholes model. The shares of the Company are not listed on any stock exchange. Accordingly, the Company has considered the volatility of the Company's 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, 2022	March 31, 2021
Dividend yield	4.91%	2.28%
Expected volatility	45.00%	45.00%
Risk-free interest rate	5.22% to 6.24%	4.47% to 5.64%
Expected life of the options	3 to 6 years	3 to 6 years

## HDB Financial Services Limited

In accordance with resolution approved by the shareholders, the Company has reserved shares, for issue to employees through ESOP scheme. On the approval of Nomination and Remuneration Committee (NRC), each ESOP scheme is issued. The NRC has approved stock option schemes ESOP-10 on October 13, 2017, ESOP-11 on January 15, 2019, ESOP-12 on October 5, 2020, ESOP-13 on January 14, 2021, ESOP-13A on August 31, 2021 and ESOP-14 on October 27, 2021. 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 four years from the date of vesting.

#### **Method used for accounting for shared based payment plan**

The company uses fair value to account for the compensation cost of stock options to employees of the company.

#### **Activity in the options outstanding under the Employee Stock Option Plans**

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2022:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	31,76,650	313.22
Granted during the year	22,94,730	432.48
Exercised during the year	12,54,815	301.93
Forfeited / Lapsed during the year	1,47,250	317.09
Options outstanding, end of year	40,69,315	383.81
Options exercisable, end of year	4,13,245	300.52

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2021:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	21,51,580	237.62
Granted during the year	27,79,450	320.33
Exercised during the year	16,05,560	229.62
Forfeited / Lapsed during the year	1,48,820	255.07
Options outstanding, end of year	31,76,650	313.22
Options exercisable, end of year	1,19,430	249.41

- The following table summarises the information about stock options outstanding as at March 31, 2022:

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 (₹)
ESOP-10	213.00	42,000	2.53	213.00
ESOP-11	274.00	1,06,430	3.79	274.00
ESOP-12	300.00	7,02,910	4.52	300.00
ESOP-13	348.00	9,33,155	5.64	348.00
ESOP-13A	409.00	50,000	6.42	409.00
ESOP-14	433.00	22,34,820	6.58	433.00

- The following table summarises the information about stock options outstanding as at March 31, 2021:

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 (₹)
ESOP-10	213.00	48,150	3.59	213.00
ESOP-11	274.00	3,94,000	4.58	274.00
ESOP-12	300.00	15,58,900	5.07	300.00
ESOP-13	348.00	11,75,600	5.94	348.00

#### **Fair value methodology**

The fair value of options has 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 had considered the volatility of the Company's stock price



# Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Company are:

Particulars	ESOP-13A	ESOP-14
Dividend yield	0.00%	0.00%
Expected volatility	59.89%	56.24%
Risk-free interest rate	5.35%	5.41%
Expected life of the option	4.10 years	4.10 years

## 8 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, 2022 include unrealised loss on foreign exchange and derivative contracts of ₹ 7,464.74 crore (previous year: ₹ 8,127.65 crore).

## 9 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,	
		2022	2021
I.	Securities kept as margin with Clearing Corporation of India towards:		
a)	Collateral and funds management - Securities segment	5,300.00	2,120.00
b)	Collateral and funds management - Tri-party Repo	59,013.79	62,361.84
c)	Default fund - Forex Forward segment	235.10	150.00
d)	Default fund - Forex Settlement segment	51.05	51.05
e)	Default fund - Rupee Derivatives (Guaranteed Settlement) segment	65.65	48.00
f)	Default fund - Securities segment	65.00	65.00
g)	Default fund - Tri-party repo segment	55.00	50.00
II.	Securities kept as margin with the RBI towards:		
a)	Real Time Gross Settlement (RTGS)	50,539.64	51,725.77
b)	Repo transactions	49,971.80	49,959.91
III.	Securities kept as margin with National Securities Clearing Corporation of India (NSCCIL) towards NSE Currency Derivatives segment.	107.72	107.72
IV.	Securities kept as margin with Indian Clearing Corporation Limited towards BSE Currency Derivatives segment.	161.00	161.00
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	Face value as at March 31,	
		2022	2021
I.	Mutual funds marked as lien with stock exchange for margin requirement	200.00	200.00

### HDB Financial Services Limited

The Company has not placed any securities as margin during the year (previous year: Nil).

## 10 Other fixed assets

Other fixed assets include amount capitalised relating to software, Bombay Stock Exchange card and electronic trading platform. Details regarding the same are tabulated below:

	(₹ crore)	
Particulars	March 31, 2022	March 31, 2021
<b>Cost</b>		
As at March 31 of the previous year	3,673.81	3,329.61
Additions during the year	829.99	344.20
Deductions during the year	(0.01)	-
<b>Total (a)</b>	<b>4,503.79</b>	<b>3,673.81</b>
<b>Depreciation</b>		
As at March 31 of the previous year	2,905.62	2,542.30
Charge for the year	460.21	363.32
On deductions during the year	(0.01)	-
<b>Total (b)</b>	<b>3,365.83</b>	<b>2,905.62</b>
<b>Net value (a-b)</b>	<b>1,137.96</b>	<b>768.19</b>

## 11 Other assets

Other assets include deferred tax asset (net) of ₹ 7,143.82 crore (previous year: ₹ 5,541.64 crore). The break-up of the same is as follows:

	(₹ crore)	
Particulars	March 31, 2022	March 31, 2021
<b>Deferred tax asset arising out of:</b>		
Loan loss and contingencies	6,611.16	5,008.70
Employee benefits	74.34	79.15
Depreciation	87.73	72.96
Others	370.59	380.83
<b>Total (a)</b>	<b>7,143.82</b>	<b>5,541.64</b>
<b>Deferred tax liability (b)</b>		
<b>Deferred tax asset (net) (a-b)</b>	<b>7,143.82</b>	<b>5,541.64</b>

- 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, 2022 include unrealised gain on foreign exchange and derivative contracts of ₹ 7,923.90 crore (previous year: ₹ 8,472.31 crore).

## 12 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

Particulars	(₹ crore)	
Particulars	March 31, 2022	March 31, 2021
Opening provision for reward points	638.79	734.15
Provision for reward points made during the year	465.13	375.21
Utilisation / write-back of provision for reward points	(468.01)	(470.57)
Closing provision for reward points	635.91	638.79

### b) Provision for legal and other contingencies

Particulars	(₹ crore)	
Particulars	March 31, 2022	March 31, 2021
Opening provision	503.55	445.35
Movement during the year (net)	32.54	58.20
Closing provision	536.09	503.55



# Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

## c) Provision pertaining to fraud accounts reported during the year

Particulars	March 31, 2022	March 31, 2021
No. of frauds reported	6,543	5,232
Amount involved in fraud (₹ crore)	505.86	1,640.80
Amount involved in fraud net of recoveries / write-offs as at the end of the year (₹ crore)	231.74	1,321.08
Provisions held as at the end of the year (₹ crore)	231.74	1,321.08
Amount of unamortised provision debited from "other reserves" as at the end of the year (₹ crore)	-	-

Above table represents all frauds reported during the year.

The information on frauds for the financial year ended March 31, 2021 includes certain large value credits which were already reckoned as NPAs in the prior years and these were fully provided for.

## d) Description of contingent liabilities

Sr. Contingent liability* No.	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 Partly paid investments	This represents amount remaining unpaid towards liability for partly paid investments.
4 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.
5 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.
6 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

## 13 Disclosure of resolution plan implemented

### HDFC Bank Limited

Details of resolution plan implemented under the Resolution Framework for COVID-19-related stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) as at March 31, 2022 are given below:

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year i.e. September 30, 2021 (A)*	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2022	Of (A), amount written off during the half-year#	Of (A), amount paid by the borrowers during the half-year**	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year i.e. March 31, 2022^
Personal Loans	11,588.80	1,594.28	620.09	212.96	9,781.56
Corporate persons	1,834.34	128.64	1.61	193.29	1,512.41
Of which, MSMEs	159.92	5.71	0.58	0.03	154.18
Others	2,457.43	303.17	21.97	58.19	2,096.07
<b>Total</b>	<b>15,880.57</b>	<b>2,026.09</b>	<b>643.67</b>	<b>464.44</b>	<b>13,390.04</b>

\* Includes restructuring done in respect of requests received as of September 30, 2021 processed subsequently.

# Represents debt that slipped into NPA and was subsequently written-off during the half-year ended March 31, 2022.

\*\* Amount paid by the borrower during the half-year is net of additions in the borrower account including additions due to interest capitalisation.

^ Excludes other facilities to the borrowers aggregating to ₹ 2,307.65 crore which have not been restructured.

### Details of accounts restructured under Micro, Small and Medium Enterprises (MSME) sector under RBI guidelines issued in January 2019:

(₹ in crore except number of accounts)			
March 31, 2022		March 31, 2021	
No. of accounts restructured	Amount outstanding	No. of accounts restructured	Amount outstanding
2,87,562	6,874.39	2,82,589	3,391.35

### HDB Financial Services Limited

Disclosure pursuant to Reserve Bank of India Circular dated August 06, 2020 pertaining to Resolution Framework for COVID-19-related Stress read with RBI circular dated May 05, 2021 pursuant to Resolution Framework - 2.0: Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) and Disclosure pursuant to Reserve Bank of India Circular dated May 05, 2021 pertaining to Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses.

### Details of resolution plan implemented as at March 31, 2022 are given below:

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of September 30, 2021 (A)	Of (A), aggregate debt that slipped into NPA during six month period ended March 31, 2022	Of (A), amount written off during six month ended March 31, 2022	Of (A), amount paid by the borrowers during the six month ended March 31, 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of March 31, 2022
Personal Loans	327.79	49.19	-	21.58	257.02
Corporate persons*	53.38	-	-	7.57	45.81
Of which, MSMEs	53.38	-	-	7.57	45.81
Others	0.33	-	-	0.02	0.31
<b>Total</b>	<b>381.50</b>	<b>49.19</b>	<b>-</b>	<b>29.17</b>	<b>303.14</b>

\* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016.



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**Disclosure pursuant to Reserve Bank of India Circular Resolution Framework - 2.0: Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) - Revision in the threshold for aggregate exposure issued vide circular dated June 04, 2021 read with circular dated January 01, 2019.**

Type of borrower	Year	(A) Number of accounts where resolution plan has been implemented under this window	(₹ in crore except number of accounts)	
			(B) Exposure to accounts mentioned at (A) before implementation of the plan	
MSMEs	Current Year	49,823	3,711.08	
	Previous Year	56,950	3,619.06	

## 14 Disclosure on transfer of assets and securitisation transactions

### Transfer of Assets

#### HDFC Bank Limited

- Details of non-performing assets (NPAs) transferred during the financial year 2021-2022:

Particulars	(₹ in crore except number of accounts)		
	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Number of accounts	70,921	65,704	-
Aggregate principal outstanding of loans transferred	2,187.81	449.46	-
Weighted average residual tenor of the loans transferred (in years)	3.01	2.01	-
Net book value of loans transferred (at the time of transfer)	992.38	188.86	-
Aggregate consideration	1,093.10	35.94	-
Additional consideration realised in respect of accounts transferred in earlier years	2.67	-	-

No excess provisions were reversed to the Profit and Loss Account on account of sale of NPAs.

- Details of stressed loan (Non-performing asset and Special Mention Account) transferred during the financial year 2020-2021:

Particulars	(₹ in crore except number of accounts)		
	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Number of accounts	1,67,197	-	-
Aggregate principal outstanding of loans transferred	4,107.60	-	-
Weighted average residual tenor of the loans transferred (in years)	2.70	-	-
Net book value of loans transferred (at the time of transfer)*	3,164.66	-	-
Aggregate consideration	2,051.06	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-

\*If accounts had been classified as NPA during the period of operation of the Interim Order dated September 03, 2020, of the Hon'ble SC, specific provision would have been made for the accounts sold. Accordingly, the net book value would have been ₹ 2,419.41 crore.

No excess provisions were reversed to the Profit and Loss Account on account of sale of NPAs.

- Pursuant to RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, Banks are required to disclose transfer of "loans not in default and Special Mention Accounts" respectively. The Bank has not transferred any loans not in default / Special Mention Accounts during the period from September 24, 2021 to March 31, 2022.

## HDB Financial Services Limited

- Details of non-performing assets (NPAs) transferred during the financial year 2021-2022:

(₹ in crore except number of accounts)

Particulars	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Number of accounts	80	-	-
Aggregate principal outstanding of loans transferred	14.41	-	-
Weighted average residual tenor of the loans transferred (in years)	6.73	-	-
Net book value of loans transferred (at the time of transfer)	8.76	-	-
Aggregate consideration	7.50	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-

During the year excess provisions of ₹ 5.65 crore reversed to the Profit and Loss Account on account of sale of stressed loans.

- Details of stressed loans (Non-performing asset and Special Mention Account) transferred during the financial year 2020-2021:

(₹ in crore except number of accounts)

Particulars	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Number of accounts	28,959	-	-
Aggregate principal outstanding of loans transferred	644.23	-	-
Weighted average residual tenor of the loans transferred (in years)	2.23	-	-
Net book value of loans transferred (at the time of transfer)	97.20	-	-
Aggregate consideration	310.88	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-

During the year excess provisions of ₹ 113.47 crore reversed to the Profit and Loss Account on account of sale of stressed loans.

- The company has not transferred any special mention account and loans not in default during the period from September 24, 2021 to March 31, 2022.

## Security Receipts (SRs) Ratings

### HDFC Bank Limited

- Details of ratings of SRs outstanding as on March 31, 2022 are given below:

(₹ crore)

Rating	Rating Agency	Recovery rating	Outstanding as at March 31, 2022
R2	CRISIL	75% - 100%	182.87
NR2	India Ratings	100% - 150%	366.20
NR3	India Ratings	75% - 100%	614.34
NR4	India Ratings	50% - 75%	218.01
NA*			102.30
<b>Total</b>			<b>1,483.72</b>

\* Pursuant to regulatory norms, the ARC has time to obtain initial rating of SRs from an approved credit rating agency within a period of six months from the date of acquisition of assets by it.



# Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

- Details of ratings of SRs outstanding as on March 31, 2021 are given below:

(₹ crore)

Rating	Rating Agency	Recovery rating	Outstanding as at March 31, 2021
R2	CRISIL	75% - 100%	367.20
NR2	India Ratings	100% - 150%	1,243.49
NR3	India Ratings	75% - 100%	372.77
<b>Total</b>			<b>1,983.46</b>

## HDB Financial Services Limited

- Details of ratings of SRs are given below:

Particulars	March 31, 2022		March 31, 2021	
	Rating Agency	Rating*	Rating Agency	Rating
EARC TRUST SC - 411 Series I	Indian rating and research	NR3 - (75% - 100%)	NA	unrated

\* Rating Band awarded by SEBI approved Ratings agencies to Security Receipts issued by above mentioned trust(s) set up by Edelweiss Asset Reconstruction Company Ltd (EARC).

## Acquisition of Assets

### HDFC Bank Limited

- During the years ended March 31, 2022 and March 31, 2021, no non-performing financial assets were acquired by the Bank.
- Pursuant to the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, the details of loans acquired during the period from September 24, 2021 to March 31, 2022 are given below:
  - Details of loans not in default acquired through assignment are given below:

Particulars	Value
Aggregate amount of loans acquired (₹ in crore)	18,094.40
Weighted average residual maturity (in years)	14.99
Weighted average holding period by originator (in years)	1.57
Retention of beneficial economic interest by the originator	10%
Tangible security coverage	100%

The loans acquired are not rated as these are to non-corporate borrowers.

From the above, 58 loans aggregating to ₹ 11.45 crore was re-purchased by the transferor in compliance with paragraph 48 of Master Direction - RBI (Transfer of Loan Exposures) Directions, 2021.

- The Bank has not acquired any Special Mention Account.
- The RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 has mandated disclosure of transfer of loan assets. Considering the terms 'loans not in default' and 'special mention account' under this circular vis-a-vis loans termed as 'standard' as hitherto and the separate processes prescribed therein for transfer of such assets, the Bank believes that such disclosure would be more meaningful if disclosed prospectively and therefore transfer of loan exposures prior to September 24, 2021 including comparatives of previous year are not considered relevant for disclosure.

### HDB Financial Services Limited

The company has not acquired any stressed loan and loan not in default during the period from September 24, 2021 to March 31, 2022.

## Details of securitisation transactions

### HDFC Bank Limited

- During the years ended March 31, 2022 and March 31, 2021, there were no standard assets securitised-out 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, 2022 and as at March 31, 2021.

**HDB Financial Services Limited**

**The outstanding amount of securitised assets as per books of the Special Purpose Entities (SPEs) and total amount of exposures retained by the originator as on the date of balance sheet to comply with the Minimum Retention Requirement (MRR) are below:**

(₹ in crore except number of accounts)

Sr. No. Particulars	March 31, 2022	March 31, 2021
1. No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	5.00	8.00
2. Total amount of securitised assets as per books of the SPEs	1,223.15	2,078.13
3. Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
a) Off-balance sheet exposures		
First loss	62.64	98.71
Others	-	-
b) On-balance sheet exposures		
First loss	190.47	262.81
Others	-	-
4. Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations	NIL	NIL
First loss		
Others		
ii) Exposure to third party securitisations		
First loss		
Others		
b) On-balance sheet exposures		
i) Exposure to own securitisations	NIL	NIL
First loss		
Others		
ii) Exposure to third party securitisations		
First loss		
Others		
5. Sale consideration received for the securitised assets and gain / loss on sale on account of securitisation		
6. Form and quantum (outstanding value) of services provided by way of liquidity support, post-securitisation asset servicing, etc.		
7. Performance of facility provided - Credit enhancement, liquidity support, servicing agent, etc.		
Fixed Deposit		
a) Amount paid	17.12	62.85
b) Repayment received	17.12	62.85
c) Outstanding amount	172.96	221.09
Corporate Guarantee		
a) Amount paid	-	-
b) Repayment received	-	-
c) Outstanding amount	62.64	98.71
₹ 36.07 crore corporate guarantee is released due to closure of some securitization deals		
8. Average default rate of portfolios observed in the past	1.86%	1.42%
9. Amount and number of additional / top up loan given on same underlying asset	0.09	18.86
10. Investor complaints		
(a) Directly / Indirectly received and;	NIL	NIL
(b) Complaints outstanding	NIL	NIL



# Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

## 15 Commission, exchange and brokerage income

Commission, exchange and brokerage income is net of correspondent bank charges.

## 16 Provisions and contingencies

The break-up of 'Provisions and Contingencies' included in the Profit and Loss Account is given below:

Particulars	March 31, 2022	March 31, 2021
Provision for income tax - Current	14,324.66	12,336.79
- Deferred	(1,602.18)	(1,397.41)
Provision for NPAs <sup>1</sup>	12,500.86	13,574.54
Provision for diminution in value of non-performing investments	6.18	(17.32)
Provision for standard assets	1,264.03	875.22
Other provisions and contingencies <sup>2</sup>	4,154.19	4,407.85
<b>Total</b>	<b>30,647.74</b>	<b>29,779.67</b>

1. Includes loss on sale of NPAs / stressed assets.

2. Includes provisions for tax, legal and other contingencies ₹ 4,159.90 crore (previous year: ₹ 4,406.30 crore), provisions / (write back) for securitised-out assets ₹ 0.14 crore (previous year: ₹ (2.21) crore) and standard restructured assets ₹ (5.85) crore (previous year: ₹ 3.77 crore).

## 17 Employee benefits

### Gratuity

Particulars	March 31, 2022	March 31, 2021
<b>Reconciliation of opening and closing balance of the present value of the defined benefit obligation</b>		
<b>Present value of obligation as at April 1</b>	<b>1,017.22</b>	<b>851.66</b>
Interest cost	62.82	52.16
Current service cost	129.44	114.56
Benefits paid	(76.95)	(49.15)
Actuarial (gain) / loss on obligation:		
Experience adjustment	(49.72)	41.30
Assumption change	7.78	6.69
<b>Present value of obligation as at March 31</b>	<b>1,090.59</b>	<b>1,017.22</b>
<b>Reconciliation of opening and closing balance of the fair value of the plan assets</b>		
<b>Fair value of plan assets as at April 1</b>	<b>834.44</b>	<b>577.97</b>
Expected return on plan assets	57.01	44.05
Contributions	163.30	138.48
Benefits paid	(76.95)	(49.15)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	22.14	107.65
Assumption change	1.97	15.44
<b>Fair value of plan assets as at March 31</b>	<b>1,001.91</b>	<b>834.44</b>
<b>Amount recognised in Balance Sheet</b>		
Fair value of plan assets as at March 31	1,001.91	834.44
Present value of obligation as at March 31	(1,090.59)	(1,017.22)
<b>Asset / (liability) as at March 31</b>	<b>(88.68)</b>	<b>(182.78)</b>
<b>Expenses recognised in Profit and Loss Account</b>		
Interest cost	62.82	52.16
Current service cost	129.44	114.56
Expected return on plan assets	(57.01)	(44.05)
Net actuarial (gain) / loss recognised in the year	(66.05)	(75.10)

Particulars	March 31, 2022	March 31, 2021
<b>Net cost</b>	<b>69.20</b>	<b>47.57</b>
Actual return on plan assets	81.12	167.14
Estimated contribution for the next year	182.17	163.64
<b>Assumptions (HDFC Bank Limited)</b>		
Discount rate	6.80% per annum	6.50% per annum
Expected return on plan assets	6.50% per annum	6.50% per annum
Salary escalation rate	7.00% per annum	7.00% per annum
<b>Assumptions (HDFC Securities Limited)</b>		
Discount rate	6.05% per annum	6.20% per annum
Expected return on plan assets	6.05% per annum	6.20% per annum
Salary escalation rate	10.02% per annum	7.86% per annum
<b>Assumptions (HDB Financial Services Limited)</b>		
Discount rate	4.77% per annum	3.86% per annum
Expected return on plan assets	4.77% per annum	3.86% per annum
Salary escalation rate	6.00% - 11.00% per annum	5.00% - 9.00% 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, 2022	HDFC Bank Limited	HDFC Securities Limited	HDB Financial Services Limited
Government securities	28.80%	59.00%	51.71%
Debenture and bonds	24.52%	28.00%	34.77%
Equity shares	40.40%	9.00%	-
Others	6.28%	4.00%	13.52%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Category of plan assets as at March 31, 2021	HDFC Bank Limited	HDFC Securities Limited	HDB Financial Services Limited
Government securities	27.90%	57.00%	57.27%
Debenture and bonds	26.04%	30.00%	36.84%
Equity shares	41.23%	9.00%	-
Others	4.83%	4.00%	5.89%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

## Experience adjustment

(₹ crore)

Particulars	Years ended March 31,				
	2022	2021	2020	2019	2018
Plan assets	1,001.91	834.44	577.97	547.75	457.35
Defined benefit obligation	1,090.59	1,017.22	851.66	702.86	614.06
Surplus / (deficit)	(88.68)	(182.78)	(273.69)	(155.11)	(156.71)
Experience adjustment gain / (loss) on plan assets	22.14	107.65	(59.42)	12.04	(2.35)
Experience adjustment (gain) / loss on plan liabilities	(49.72)	41.30	16.69	10.46	13.69



# Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

## Pension (HDFC Bank Limited)

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
<b>Reconciliation of opening and closing balance of the present value of the defined benefit obligation</b>		
<b>Present value of obligation as at April 1</b>	<b>89.99</b>	<b>64.15</b>
Interest cost	5.19	3.79
Current service cost	1.40	1.37
Past service cost	7.69	-
Benefits paid	(20.43)	(11.63)
Actuarial (gain) / loss on obligation:		
Experience adjustment	6.44	31.41
Assumption change	(2.26)	0.90
<b>Present value of obligation as at March 31</b>	<b>88.02</b>	<b>89.99</b>
<b>Reconciliation of opening and closing balance of the fair value of the plan assets</b>		
<b>Fair value of plan assets as at April 1</b>	<b>0.33</b>	<b>9.51</b>
Expected return on plan assets	0.04	0.32
Contributions	20.70	2.30
Benefits paid	(20.43)	(11.63)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	0.39	(0.20)
Assumption change	(0.15)	0.03
<b>Fair value of plan assets as at March 31</b>	<b>0.88</b>	<b>0.33</b>
<b>Amount recognised in Balance Sheet</b>		
Fair value of plan assets as at March 31	0.88	0.33
Present value of obligation as at March 31	(88.02)	(89.99)
<b>Asset / (liability) as at March 31</b>	<b>(87.14)</b>	<b>(89.66)</b>
<b>Expenses recognised in Profit and Loss Account</b>		
Interest cost	5.19	3.79
Current service cost	1.40	1.37
Past service cost	7.69	-
Expected return on plan assets	(0.04)	(0.32)
Net actuarial (gain) / loss recognised in the year	3.95	32.48
<b>Net cost</b>	<b>18.19</b>	<b>37.32</b>
Actual return on plan assets	0.27	0.15
Estimated contribution for the next year	18.86	13.09
<b>Assumptions</b>		
Discount rate	6.80% per annum	6.50% per annum
Expected return on plan assets	6.50% per annum	6.50% per annum
Salary escalation rate	7.00% per annum	7.00% 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, 2022	% of fair value to total plan assets as at March 31, 2021
Government securities	34.17%	42.87%
Debenture and bonds	3.58%	35.11%
Others	62.25%	22.02%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Experience adjustment

(₹ crore)

Particulars	Years ended March 31,			
	2022	2021	2020	2019
Plan assets	0.88	0.33	9.51	21.95
Defined benefit obligation	88.02	89.99	64.15	69.54
Surplus / (deficit)	(87.14)	(89.66)	(54.64)	(47.59)
Experience adjustment gain / (loss) on plan assets	0.39	(0.20)	0.28	0.48
Experience adjustment (gain) / loss on plan liabilities	6.44	31.41	9.06	3.32

## Amortisation of expenditure on account of enhancement in family pension of employees of banks

The Reserve Bank of India, vide its notification dated October 04, 2021 granted Banks an option to amortise the expenditure on account of enhancement of family pension, over a period not exceeding five years beginning with the financial year ending March 31, 2022, subject to a minimum of one-fifth of the total amount involved being expensed every year. The Bank has not availed the said option and has recognised the entire expenditure on account of enhancement of family pension in financial year ended March 31, 2022.

## 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, 2022 (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, 2022	March 31, 2021
Discount rate (GOI security yield)	6.80% per annum	6.50% per annum
Expected guaranteed interest rate	8.10% per annum	8.50% per annum

The Group does not have any unfunded defined benefit plan. The Group contributed ₹ 630.61 crore (previous year: ₹ 542.78 crore) to the provident fund and ₹ 6.08 crore (previous year: ₹ 4.96 crore) to the National Pension Scheme (for employees who opted). The Bank contributed ₹ 76.37 crore (previous year: ₹ 75.64 crore) to the superannuation plan.

## Leave encashment

### HDFC Securities Limited

The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the entity is given below:

Particulars	March 31, 2022	March 31, 2021
Privileged leave	6.93	6.16
Sick leave	1.14	1.00
<b>Total actuarial liability</b>	<b>8.07</b>	<b>7.16</b>
<b>Assumptions</b>		
Discount rate	6.05% per annum	6.20% per annum
Salary escalation rate	10.02% per annum	7.86% per annum

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

# Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

## 18 Segment reporting

### Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by RBI. The Group operates in the following segments:

#### (a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending, gains or losses on investment operations and on account of trading in foreign exchange and derivative contracts.

#### (b) Retail banking

The retail banking segment 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. 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 1 or Tier 2 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, 2022 is given below:

### Business segments:

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	34,385.12	115,189.91	66,482.93	31,928.60	247,986.56
2	Unallocated revenue					(12.18)
3	Less: Inter-segment revenue					80,278.98
4	Income from operations (1) + (2) - (3)					167,695.40
5	Segment results	8,939.51	9,223.24	25,053.01	9,244.42	52,460.18
6	Unallocated expenses					1,586.79
7	Income tax expense (including deferred tax)					12,722.49
8	Net profit (5) - (6) - (7)					38,150.90
9	Segment assets	551,767.34	619,468.20	808,136.61	130,990.31	2,110,362.46
10	Unallocated assets					12,571.84
11	Total assets (9) + (10)					2,122,934.30
12	Segment liabilities	77,273.63	1,292,339.74	413,825.31	52,440.34	1,835,879.02
13	Unallocated liabilities					39,008.70
14	Total liabilities (12) + (13)					1,874,887.72
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	474,493.71	(672,871.54)	394,311.30	78,549.97	274,483.44
16	Unallocated (10) - (13)					(26,436.86)
17	Total (15) + (16)					248,046.58
18	Capital expenditure	24.69	2,393.82	229.00	240.43	2,887.94
19	Depreciation	40.48	1,295.47	149.27	195.51	1,680.73
20	Provisions for non - performing assets / others*	(14.52)	9,932.56	1,954.52	6,044.29	17,916.85
21	Unallocated other provisions*					8.40

\* Represents material non-cash charge other than depreciation and taxation.

### Geographic segments:

Particulars	Domestic	International
Revenue	166,835.31	860.09
Assets	2,064,899.77	58,034.53
Capital expenditure	2,887.52	0.42

Segment reporting for the year ended March 31, 2021 is given below:

### Business segments:

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	32,337.67	110,210.21	57,154.30	29,759.68	229,461.86
2	Unallocated revenue					30.82
3	Less: Inter-segment revenue					73,607.41
4	Income from operations (1) + (2) - (3)					155,885.27
5	Segment results	9,030.50	10,574.80	17,437.54	7,344.29	44,387.13
6	Unallocated expenses					1,590.99



# Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
7	Income tax expense (including deferred tax)					10,939.37
8	Net profit (5) - (6) - (7)					31,856.77
9	Segment assets	519,641.74	521,997.22	628,731.57	119,752.20	1,790,122.73
10	Unallocated assets					9,383.91
11	Total assets (9) + (10)					1,799,506.64
12	Segment liabilities	76,276.60	1,096,217.82	338,115.31	51,771.65	1,562,381.38
13	Unallocated liabilities					26,682.31
14	Total liabilities (12) + (13)					1,589,063.69
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	443,365.14	(574,220.60)	290,616.26	67,980.54	227,741.34
16	Unallocated (10) - (13)					(17,298.39)
17	Total (15) + (16)					210,442.95
18	Capital expenditure	24.93	1,527.55	139.94	180.60	1,873.02
19	Depreciation	36.74	1,047.40	118.18	182.69	1,385.01
20	Provisions for non - performing assets / others*	(16.82)	10,157.54	2,279.02	6,389.39	18,809.13
21	Unallocated other provisions*					31.16

\* Represents material non-cash charge other than depreciation and taxation.

## Geographic segments:

Particulars	Domestic	International	(₹ crore)
Revenue	154,953.30	931.97	
Assets	1,755,919.75	43,586.89	
Capital expenditure	1,872.61	0.41	

## 19 Related party disclosures

As per AS-18, Related Party Disclosures read with RBI Master Direction on Financial Statements – Presentation and Disclosures, the Group's related parties are disclosed below:

### Promoter

Housing Development Finance Corporation Limited

### Key management personnel

Sashidhar Jagdishan, Managing Director and Chief Executive Officer

Kaizad Bharucha, Executive Director

### Relatives of key management personnel and their interested entities

Nagsri Sashidhar, Jagdishan Chandrasekharan, Dhruv Sashidhar, Mythra Mahesh, Mahesh Babu Ramamurthy, Havovi Bharucha, Huzaan Bharucha, Danesh Bharucha, Daraius Bharucha, Dilnaaz D Bharucha, Nagsri - Creating Special Memories.

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, 2022 are summarised as follows:**

Items / Related party	Promoter	Key Management personnel (KMP)	Relatives of KMP & their interested entities	Total
Deposits taken	2,741.49	4.54	1.43	2,747.46
	(5,132.37)	(23.02)	(1.43)	(5,156.82)
Deposits placed	0.32	-	-	0.32
	(0.32)	-	-	(0.32)
Advances given	-	0.55	#	0.55
	-	(0.73)	(0.01)	(0.74)
Fixed assets purchased from	-	-	-	-
Fixed assets sold to	-	-	-	-
Interest paid to	20.43	0.98	0.04	21.45
Interest received from	-	0.02	-	0.02
Income from services rendered to	463.93	#	#	463.93
Expenses for receiving services from	720.16	-	-	720.16
Equity investments	-	-	-	-
	-	-	-	-
Other investments	-	-	-	-
	-	-	-	-
Dividend paid to	562.00	2.50	#	564.50
Dividend received from	-	-	-	-
Receivable from	65.33	-	-	65.33
	(135.56)	-	-	(135.56)
Payable to	64.14	-	-	64.14
	(64.14)	-	-	(64.14)
Guarantees given	0.39	-	-	0.39
	(0.40)	-	-	(0.40)
Remuneration paid	-	17.16	-	17.16
Loans purchased from	28,205.24	-	-	28,205.24

# 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, 2022, approved unpaid deferred bonus in respect of earlier years was ₹ 2.09 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, 2022 is ₹ 11,178.71 crore (previous year: ₹ 7,757.49 crore). The contingent credit exposure pertaining to these contracts computed in line with the extant RBI guidelines on exposure norms was ₹ 236.68 crore (previous year: ₹ 166.45 crore).



# Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

**The Group's related party balances and transactions for the year ended March 31, 2021 are summarised as follows:**

Items / Related party	Promoter	Key Management personnel (KMP)	Relatives of KMP & their interested entities	(₹ crore)
				Total
Deposits taken	3,560.67 (3,560.67)	60.07 (717.55 )	1.00 (18.84)	3,621.74 (4,297.06)
Deposits placed	0.32 (0.47 )	- (0.76)	- (3.50)	0.32 (4.73)
Advances given	- -	0.99 (2.32)	# (0.02)	0.99 (2.34)
Fixed assets purchased from	-	-	-	-
Fixed assets sold to	-	-	-	-
Interest paid to	10.80	8.22	0.59	19.61
Interest received from	-	0.05	-	0.05
Income from services rendered to	324.65	#	#	324.65
Expenses for receiving services from	589.87	0.14	0.38	590.39
Equity investments	- -	- -	- -	- -
Other investments	- -	- -	- -	- -
Dividend paid to	-	-	-	-
Dividend received from	-	-	-	-
Receivable from	138.77 (138.77)	-	-	138.77 (138.77)
Payable to	111.05 (199.27)	-	-	111.05 (199.27)
Guarantees given	0.40 (0.41)	-	(0.05)	0.40 (0.46)
Remuneration paid	-	22.48	-	22.48
Loans purchased from	18,979.78	-	-	18,979.78

# 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, 2021, approved unpaid deferred bonus in respect of earlier years was ₹ 2.90 crore.
- Related parties are in accordance with AS-18 Related Party Disclosures.

## 20 Additional information pursuant to Schedule III of the Companies Act, 2013

Additional information to consolidated accounts at March 31, 2022 (Pursuant to Schedule III of the Companies Act, 2013)

(₹ crore)

Name of entity	Net assets as of March 31, 2022		Profit or (loss) for the year ended March 31, 2022	
	As % of consolidated net assets**	Amount***	As % of consolidated profit or loss	Amount***
<b>Parent:</b>				
HDFC Bank Limited	97.08%	240,092.94	97.13%	36,961.33
<b>Subsidiaries*:</b>				
1. HDFC Securities Limited	0.66%	1,644.71	2.62%	995.94
2. HDB Financial Services Limited	3.97%	9,823.61	2.68%	1,020.19
Minority Interest in all subsidiaries	0.29%	720.42	0.26%	98.15

\* 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, 2021 (Pursuant to Schedule III of the Companies Act, 2013)

(₹ crore)

Name of entity	Net assets as of March 31, 2021		Profit or (loss) for the year ended March 31, 2021	
	As % of consolidated net assets**	Amount***	As % of consolidated profit or loss	Amount***
<b>Parent:</b>				
HDFC Bank Limited	97.10%	203,720.83	97.75%	31,116.53
<b>Subsidiaries*:</b>				
1. HDFC Securities Limited	0.70%	1,477.40	2.26%	720.52
2. HDB Financial Services Limited	4.16%	8,721.96	1.58%	502.83
Minority Interest in all subsidiaries	0.30%	632.76	0.07%	23.56

\* The subsidiaries are domestic entities.

\*\* Consolidated net assets are total assets minus total liabilities including minority interest.

\*\*\*Amounts are before inter-company adjustments.

## 21 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, 2022	March 31, 2021
Not later than one year	1,331.50	1,229.52
Later than one year and not later than five years	4,573.70	4,145.21
Later than five years	5,480.08	5,279.17
<b>Total</b>	<b>11,385.28</b>	<b>10,653.90</b>
The total of minimum lease payments recognised in the Profit and Loss Account for the year	1,425.62	1,466.00
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	55.84	57.18
Sub-lease amounts recognised in the Profit and Loss Account for the year	10.92	10.04
Contingent (usage based) lease payments recognised in the Profit and Loss Account for the year	321.96	324.07



# Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

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.

## 22 Penalties levied by the RBI

During the year ended March 31, 2022, RBI by an order dated May 27, 2021, levied a penalty of ₹ 10 crore for marketing and sale of third-party non-financial products to the Bank's auto loan customers, arising from a whistle blower complaint, which revealed, inter alia, contravention of Section 6(2) and Section 8 of the Banking Regulation Act, 1949. The Bank has discontinued the sale of said third-party non-financial product since October 2019.

During the year ended March 31, 2021, RBI imposed a penalty of ₹ 0.10 crore for bouncing of Subsidiary General Ledger which led to shortage of balance in certain securities in the Bank's Constituent Subsidiary General Ledger account.

## 23 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, 2022 and March 31, 2021. 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, 2022 was ₹ 0.11 crore (previous year: ₹ 0.28 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, 2022 was Nil (previous year: ₹ 0.01 crore). The above is based on the information available with the Company which has been relied upon by the auditors.

## 24 Corporate social responsibility

### HDFC Bank Limited

The details of Corporate Social Responsibility (CSR) activities are given below:

(₹ crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1	Amount required to be spent by the Bank during the year	733.86	627.86
2	Amount of expenditure incurred	736.87	634.90
3	Shortfall at the end of the year	-	-
4	Details of unspent CSR amount for the preceding three financial years	-	-
5	Reason for shortfall	-	-
6	Nature of CSR activities	<ul style="list-style-type: none"> <li>- Rural Development</li> <li>- Promotion of Education</li> <li>- Skill Training &amp; Livelihood Enhancement</li> <li>- Financial Literacy &amp; Inclusion</li> <li>- Healthcare &amp; Hygiene</li> </ul>	<ul style="list-style-type: none"> <li>- Rural Development</li> <li>- Promotion of Education</li> <li>- Skill Training &amp; Livelihood Enhancement</li> <li>- Financial Literacy &amp; Inclusion</li> <li>- Healthcare &amp; Hygiene</li> </ul>
7	Details of related party transactions, e.g. contribution to a trust controlled by the Bank in relation to CSR expenditure as per relevant Accounting Standard	-	-

Sr. No.	Particulars	March 31, 2022	March 31, 2021
8	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision	-	-

### HDFC Securities Limited

The details of CSR activities are given below:

(₹ crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1	Amount required to be spent by the company during the year	13.00	10.20
2	Amount of expenditure incurred	13.00	10.85
3	Details of unspent CSR amount for the preceding three financial years	-	-
4	Total of previous years shortfall	-	-
5	Reason for shortfall	-	-
6	Nature of CSR activities	Healthcare, Education, Eradicating Hunger, Promotion of National Sports, Olympic Sports and Paralympic sports	
7	Details of related party transactions, e.g. contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard	-	-
8	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision	-	-

### HDB Financial Services Limited

The details of CSR activities are given below:

(₹ crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1	Amount required to be spent by the company during the year	24.70	30.83
2	Amount of expenditure incurred	25.83	23.52
3	Shortfall at the end of the year	-	7.31#
4	Details of unspent CSR amount for the preceding three financial years	2.28	-
5	Reason for shortfall	-	Series of lockdown owing to the pandemic caused delays in achieving project milestones for most CSR projects, thus disturbing the pay-out schedule planned for the year
6	Nature of CSR activities	Healthcare services, Basic education, Livelihoods enhancement and Natural resource management.	
7	Details of related party transactions, e.g. contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard	-	-
8	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision	-	-

# ₹ 7.31 crore reported as unspent in financial year 2020-21 was transferred to Unspent CSR Account, out of which ₹ 5.03 crore has been disbursed towards ongoing projects during the year.

# Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

## 25 COVID-19

### **HDFC Bank Limited**

The outbreak of the COVID-19 pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. Since then India experienced two waves of the COVID-19 pandemic following the discovery of mutant coronavirus variants, leading to the reimposition of regional lockdowns which were subsequently lifted.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The disruptions following the outbreak, impacted loan originations, the sale of third party products, the use of credit and debit cards by customers and the efficiency in collection efforts resulting in increase in customer defaults and consequent increase in provisions there against.

India is emerging from the COVID-19 pandemic. The extent to which any new wave of COVID-19 will impact the bank's results will depend on ongoing as well as future developments, 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 us.

### **HDFC Securities Limited**

The COVID-19 pandemic continues to have a considerable impact on economic activities across the various parts of the country and across the globe. The Government of India and various state governments have introduced a series of initiatives over the past year including lockdowns in order to contain the impact of the virus.

Stock broking and depository services have been declared as essential services all through the year and accordingly, the Company has faced no business stoppage / interruption on account of the lockdown. As of March 31, 2022, 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.

## 26 Refund / Adjustment of 'interest on interest'

In accordance with the instructions in the paragraph 5 of the RBI circular dated April 07, 2021, the Group refunded / adjusted 'interest on interest' of ₹ 302.45 crore to all eligible borrowers during the year ended March 31, 2022.

## 27 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.

## 28 Disclosure under Rule 11 (e) of the Companies (Audit and Auditors) Rules, 2014

The Bank, as part of its normal banking business, grants loans and advances to its constituents including foreign entities with permission to lend / invest / provide guarantee or security or the like in other entities identified by such constituents. Similarly, the Bank accepts deposits from its constituents, who may instruct the Bank to lend / invest / provide guarantee or security or the like against such deposit in other entities identified by such constituents. These transactions are part of Bank's normal banking business, which is conducted after exercising proper due diligence including adherence to "Know Your Customer" guidelines as applicable in respective jurisdiction.

Other than the nature of transactions described above, the Bank has not advanced / lent / invested / provided guarantee or security to or in any other person with an understanding to lend / invest / provide guarantee or security or the like to or in any other person. Similarly, other than the nature of transactions described above, the Bank has not received any funds from any other person with an understanding that the Bank shall lend or invest or provide guarantee or security or the like to or in any other person.

## 29 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 MSKA & Associates, Chartered Accountants.

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 16, 2022

**For M M Nissim & Co LLP**

Chartered Accountants  
ICAI Firm Registration Number:  
107122W/W100672

**Sanjay Khemani**

Partner  
Membership Number: 044577

For and on behalf of the Board

**Atanu Chakraborty**

Part Time Chairman of the Board

**M. D. Ranganath**

Independent Director

**Lily Vadera**

Independent Director

**Kaizad Bharucha**

Executive Director

**Santosh Haldankar**

Company Secretary

**Umesh Chandra Sarangi**

Independent Director

**Malay Patel**

Independent Director

**Sashidhar Jagdishan**

Managing Director & CEO

**Srinivasan Vaidyanathan**

Chief Financial Officer



# Basel III - Pillar 3 Disclosures

As at March 31, 2022

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'), as amended from time to time, 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', circular under reference DBR.BP.BC.No.106/21.04.098/2017-18 dated May 17, 2018 on 'Standards - Net Stable Funding Ratio (NSFR) - Final Guidelines' and subsequent amendments thereof, requires banks to make Pillar 3 disclosures including leverage ratio, liquidity coverage ratio and net stable funding 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/personal/resources/regulatory-disclosures>

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.
- Net stable funding ratio disclosure.

# 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

Statement containing salient features of the financial statements of subsidiaries, associate companies and joint ventures

### Part A: Subsidiaries

(₹ in 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, 2021 to March 31, 2022	Reporting period of the subsidiary is the same as that of the holding company i.e. April 1, 2021 to March 31, 2022
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	15.83	790.44
5.	Reserves & surplus	1,628.88	9,033.16
6.	Total assets	7,873.02	64,394.07
7.	Total liabilities	6,228.31	54,570.47
8.	Investments	216.35	2,299.38
9.	Turnover	1,974.34	11,491.43
10.	Profit before taxation	1,327.40	1,352.64
11.	Provision for taxation	331.46	332.46
12.	Profit after taxation	995.94	1,020.18
13.	Proposed dividend	Nil*	Nil
14.	Extent of shareholding (in percentage)	95.96%	94.96%

\* The Company paid interim dividend of ₹ 864.62 crore during the year.

Notes:

- There are no subsidiaries that are yet to commence operations.
- 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

#### Atanu Chakraborty

Part Time Chairman of the Board

#### Umesh Chandra Sarangi

Independent Director

#### M. D. Ranganath

Independent Director

#### Malay Patel

Independent Director

#### Lily Vadera

Independent Director

#### Sashidhar Jagdishan

Managing Director & CEO

#### Kaizad Bharucha

Executive Director

#### Srinivasan Vaidyanathan

Chief Financial Officer

#### Santosh Haldankar

Company Secretary

Mumbai, April 16, 2022



# Certificate on Corporate Governance

To

The Members of HDFC Bank Limited ("the Bank")

We have examined the compliance of conditions of corporate governance by the Bank for the year ended March 31, 2022, 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 ('SEBI Listing Regulations').

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 SEBI Listing Regulations.

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

For **BNP & Associates**

Company Secretaries

[Firm Regn. No. P2014MH037400]

**Avinash Bagul**

Partner

FCS No.: 5578

CP No.: 19862

UDIN: F005578D000459121

Place: Mumbai

Date: June 3, 2022

# Certificate under 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 ‘Bank’) having its Registered Office at HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013 and also the information provided by the Bank, 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](http://www.mca.gov.in)] as considered necessary and explanations furnished to us by the Bank and its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below for the Financial Year ended on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of the Bank by Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

S. No.	Name of the Director	DIN	Date of Appointment in the Bank*
1.	Mr. Atanu Chakraborty	01469375	May 5, 2021
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. Lily Vadera	09400410	November 26, 2021
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.	Dr. (Mrs.) Sunita Maheshwari	01641411	March 30, 2021
12	Mr. Sashidhar Jagdishan	08614396	October 27, 2020

\*Date of appointment is taken from MCA.

#Ceased to be the Director of the Bank with effect from February 18, 2022

 Certificate under SEBI Listing Regulations

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For **BNP & Associates**

Company Secretaries

[Firm Regn. No. P2014MH037400]

**Avinash Bagul**

Partner

FCS No.: 5578

CP No.: 19862

UDIN:F005578D000459218

Place: Mumbai

Date: June 3, 2022

# Report on 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]



- 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, regulatory authorities including Reserve Bank of India, Securities and Exchange Board of India, Ministry of Corporate Affairs, etc.
- The Bank has an engaged, experienced, diverse and a well-informed Board. Through the governance framework in the Bank, the Board along with its Committees, each with defined roles, undertakes its responsibilities towards all its stakeholders.
- The joint Statutory Auditors have a reporting responsibility to the Audit Committee.
- The Managing Director & Chief Executive Officer 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 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.



# Report on Corporate Governance

## 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, SEBI Listing Regulations and other applicable laws.

As on the date of this report, the Board consists of eleven (11) Directors as follows:

Sr. No.	Category	Name of Director
1	Executive Directors	i. Mr. Sashidhar Jagdishan (Managing Director & Chief Executive Officer) ii. Mr. Kaizad Bharucha
2	Non-Executive Directors	Mrs. Renu Karnad (Nominee of Housing Development Finance Corporation Limited, Promoter of the Bank)
3	Independent Directors	i. Mr. Atanu Chakraborty (Part-time Chairman & Independent Director) ii. Mr. Sanjiv Sachar iii. Mr. Umesh Chandra Sarangi iv. Mr. Sandeep Parekh v. Mr. Malay Patel vi. Mr. M. D. Ranganath vii. Dr. (Mrs.) Sunita Maheshwari viii. Mrs. Lily Vadera

Mr. Atanu Chakraborty, was appointed as the Part-time Chairman & Independent Director of the Bank with effect from May 5, 2021, pursuant to the approval granted by the Reserve Bank of India, and by the shareholders of the Bank at the 27<sup>th</sup> Annual General Meeting held on July 17, 2021.

Mrs. Lily Vadera was appointed as an Independent Director of the Bank for a period of five (5) years from November 26, 2021 to November 25, 2026 (both days inclusive), not liable to retire by rotation and the same was approved by the shareholders of the Bank through Postal Ballot on March 27, 2022.

Mr. Srikanth Nadhamuni tendered his resignation as Non-Executive (Non-Independent) Director of Bank with effect from February 18, 2022.

Further, at the meeting of the Board of Directors held on April 16, 2022, Mrs. Renu Karnad has been re-appointed as the Non-Executive Director (Nominee of Housing Development Finance Corporation Limited, Promoter of the Bank) on the Board of the Bank, for a period of five (5) years with effect from September 3, 2022, subject to the approval of the shareholders at the ensuing Annual General Meeting.

All the Directors have made necessary disclosures regarding their directorship and 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*
Mr. Atanu Chakraborty	2	-
Mr. Kaizad Bharucha	-	-
Mrs. Lily Vadera	-	-
Mr. Malay Patel	2	1
Mr. M. D. Ranganath	-	-
Mrs. Renu Karnad	11 (1)**	5 (3)
Mr. Sandeep Parekh	1	-
Mr. Sanjiv Sachar	1	-
Mr. Sashidhar Jagdishan	-	-
Dr. (Mrs.) Sunita Maheshwari	6	-
Mr. Umesh Chandra Sarangi	1	-

\* The figures in brackets indicate chairpersonships.

\*\*Mrs. Karnad tendered her resignation from Unitech Limited with effect from March 24, 2022, and completion of necessary formalities is awaited, including placing the same before the Hon'ble Supreme Court of India, for its kind consideration.

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:

### **Mr. Atanu Chakraborty (DIN 01469375) [Part-time Chairman and Independent Director]**

Mr. Atanu Chakraborty, aged sixty-two (62) years, served the Government of India, for a period of thirty-five (35) years, as a member of Indian Administrative Service (IAS) in Gujarat cadre. He has mainly worked in areas of Finance & Economic Policy, Infrastructure, Petroleum & Natural Gas. In the Union Government, he held various posts such as Secretary to Government of India in the Ministry of Finance- Department of Economic Affairs (DEA) during FY 2019-20. As Secretary (DEA), he co-ordinated economic policy making for all ministries/ departments and managed entire process of formulation of budget making for Union of India, including its passage in Parliament. He was responsible for fiscal management policies, policies for public debt management and development & management of financial markets.

Mr. Chakraborty also handled financial stability and currency, domestic & foreign related issues as well. He managed flow of funds with multilateral and bilateral financial institutions and had multiple interfaces with them. He also headed a multi-disciplinary

task force that produced the National Infrastructure Pipeline (NIP). He has also served as Secretary to the Union Government for Disinvestment (Department of Investment and Public Asset Management) wherein he was responsible for both policy as well as execution of the process of disinvestment of Government of India's stake in state owned enterprises.

During the period 2002-07, Mr. Chakraborty served as Director and subsequently as Joint Secretary, Ministry of Finance (Department of Expenditure). During this period, he appraised projects in the Infrastructure sector as well as looked after subsidies of Government of India. He had also updated and modernized the Government's Financial & Procurement rules. Mr. Chakraborty has also discharged varied roles in the Gujarat State Government including heading the Finance Department as its Secretary. He had been responsible for piloting the private sector investment legislation in the State. In the State Govt., he has worked on the ground in both public governance and development areas.

Mr. Chakraborty has also served on the Board of World Bank as alternate Governor as well as on the Central Board of Directors of the Reserve Bank of India. He was also the Chairman of National Infrastructure Investment Fund (NIIF) as also on the Board of many listed companies. Mr. Chakraborty was the CEO/MD of the Gujarat State Petroleum Corporation Limited group of companies as well as Gujarat State Fertilizers and Chemicals Limited. Mr. Chakraborty had published articles in reputed journals in the areas of public finance, risk sharing in Infrastructure projects and gas infrastructure. Mr. Chakraborty graduated as a Bachelor in Engineering (Electronics & Communication) from NIT Kurukshetra. He holds a Diploma in Business Finance (ICFAI, Hyderabad) and a Master's degree in Business Administration from the University of Hull, UK.

Mr. Chakraborty is an Independent Director in BAE Systems India (Services) Private Limited and Association of City Gas Distribution Entities.

Mr. Chakraborty does not hold any shares in the Bank as on March 31, 2022.

### **Mr. Sashidhar Jagdishan (DIN: 08614396) [Managing Director & CEO]**

Mr. Sashidhar Jagdishan, aged fifty-seven (57) years, has an overall experience of thirty (30) years. He has completed his graduation in Science with specialization in Physics, is a Chartered Accountant by profession and holds a Master's degree in Economics of Money, Banking & Finance from the University of Sheffield, United Kingdom.

Mr. Jagdishan joined the Bank in the year 1996 as a Manager in the Finance function. He became Business Head - Finance in 1999 and was appointed as Chief Financial Officer in the year

2008. He played a critical role in supporting the growth trajectory of the Bank, and led the finance function with a pivotal role in aligning the organization in achieving the strategic objectives over the years.

Prior to his appointment as Managing Director & Chief Executive Officer of the Bank, he was the Group Head of the Bank in addition to overseeing the functions of Finance, Human Resources, Legal & Secretarial, Administration, Infrastructure, Corporate Communications and Corporate Social Responsibility.

Mr. Jagdishan is not a director in any other company.

Mr. Jagdishan along with his relatives, holds 16,79,943 equity shares in the Bank as on March 31, 2022.

### **Mr. Kaizad Bharucha (DIN: 02490648) [Executive Director]**

Mr. Kaizad Bharucha, aged fifty-seven (57) years, holds a Bachelor of Commerce degree from University of Mumbai and is a career banker with over thirty five (35) years of experience. 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, PSUs, Capital & Commodities Markets, Financial Institutions, Custody, Mutual Funds, Global Capability Centre & Financial Sponsors coverage, and Banks coverage.

As Executive Director, in his earlier position, he was responsible for Corporate Banking, Emerging Corporate Group, Business Banking, Healthcare Finance, Agri Lending, Tractor Financing, Commercial Vehicle Finance, Commercial Equipment Finance, Infrastructure Finance, Department for Special operations and inclusive banking initiatives group.

In his previous position as Group Head - Credit & Market Risk, he was responsible for the Risk Management activities in the Bank viz., Credit Risk, Market Risk, Debt Management, Risk Intelligence and Control functions.

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 on banking related committees.

Mr. Bharucha is not a director in any other company.

Mr. Bharucha, along with his relatives, holds 26,02,695 equity shares in the Bank as on March 31, 2022.

### **Mr. Malay Patel (DIN: 06876386) [Independent Director]**

Mr. Malay Patel, aged forty-five (45) years, is a Major in Engineering (Mechanical) from Rutgers University, Livingston,



# Report on Corporate Governance

NJ, USA, and an A.A.B.A. in business from Bergen County College, Fairlawn, NJ, USA. He is a director on the Board of Eewa Engineering Company Private Limited, a company in the plastics / packaging industry with exports to more than 50 countries. He has been involved in varied roles such as export / import, procurement, sales and marketing, etc. in Eewa Engineering Company Private Limited.

Mr. Malay Patel has special knowledge and practical experience in matters relating to small scale industries in terms of Section 10-A (2 a) of the Banking Regulation Act, 1949.

Mr. Patel is also on the Board of the following public limited company(ies):

Listed Public Limited Companies	Other Public Limited Companies
-	HDFC Securities Limited (Independent Director)

Mr. Patel does not hold any shares in the Bank as on March 31, 2022.

## **Mr. Umesh Chandra Sarangi (DIN: 02040436) [Independent Director]**

Mr. Umesh Chandra Sarangi, aged seventy (70) years, holds a Master's degree in Science (Botany) from Utkal University (gold medalist).

Mr. Sarangi has over three decades of experience in Indian Administrative Service and brought in significant reforms in modernizing of agriculture, focus on agro processing and export. As the erstwhile Chairman of National Bank for Agricultural 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 specialized knowledge and experience in agriculture and rural economy pursuant to Section 10-A (2)(a) of the Banking Regulation Act, 1949.

Mr. Sarangi is not a director in any other listed or public limited company.

Mr. Sarangi does not hold any shares in the Bank as on March 31, 2022.

## **Mr. Sanjiv Sachar (DIN: 02013812) [Independent Director]**

Mr. Sanjiv Sachar, aged sixty-four (64) years, is a Fellow Associate of the Institute of Chartered Accountants of India and former 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 is also on the Board of the following public company(ies):

Listed Public Limited Companies	Other Public Limited Companies
KDDL Limited (Independent Director)	-

Mr. Sachar does not hold any shares in the Bank as on March 31, 2022.

## **Mr. Sandeep Parekh (DIN: 03268043) [Independent Director]**

Mr. Sandeep Parekh, aged fifty (50) 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. 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 a member of SEBI's Mutual Fund Advisory Committee.

Mr. Parekh is not a director in any other listed or public limited company.

Mr. Parekh does not hold any shares in the Bank as on March 31, 2022.

## **Mr. M. D. Ranganath (DIN: 07565125) [Independent Director]**

Mr. M.D. Ranganath, aged sixty (60) years, holds Master's degree in technology from IIT, Madras and a Bachelor's degree in Engineering from the University of Mysore. He is a PGDM from IIM, Ahmedabad and a member of CPA, Australia.

Mr. Ranganath has over twenty eight (28) years of experience in the Global IT services and financial services industry. He is currently President of Catamaran Ventures. 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. 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 is not a director in any other company.

Mr. Ranganath does not hold any shares in the Bank as on March 31, 2022.

### **Mrs. Renu Karnad (DIN: 00008064) [Non-Executive Non-Independent Director]**

Mrs. Renu Karnad, aged sixty-nine (69) years, is the Managing Director of Housing Development Finance Corporation Limited since 2010. She holds a Master's degree in Economics from the University of Delhi and a Bachelor's 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.

Mrs. Karnad is on the Board of the following public companies:

<b>Listed Public Limited Companies</b>	<b>Other Public Limited Companies</b>
Housing Development Finance Corporation Limited (Managing Director)	HDFC ERGO General Insurance Company Limited (Non-Executive Director)
HDFC Asset Management Company Limited (Non-Executive Director)	Bangalore International Airport Limited (Independent Director)
HDFC Life Insurance Company Limited (Non-Executive Director)	
GlaxoSmithKline Pharmaceuticals Limited (Non-Executive Director)	
Unitech Limited (Nominee of the Central Government)*	

\*(Mrs. Karnad tendered her resignation from Unitech Limited with effect from March 24, 2022 and completion of necessary formalities is awaited, including placing the same before the Hon'ble Supreme Court of India, for its kind consideration.)

Mrs. Karnad, along with her relatives, holds 5,95,320 equity shares in the Bank as on March 31, 2022.

### **Dr. (Mrs.) Sunita Maheshwari (DIN 01641411) [Independent Director]**

Dr. (Mrs.) Sunita Maheshwari aged fifty-six (56) years is a US Board certified Pediatric Cardiologist, and completed her MBBS at Osmania Medical College followed by post-graduation at AIIMS, Delhi and Yale University in the US. With over thirty (30) years of experience, she has lived and worked in the US and India. In addition to being a clinician, Dr. (Mrs.) Maheshwari is a medical entrepreneur and co-founder at:

- (a) Teleradiology Solutions (India's first and largest teleradiology company that has provided over 5 million diagnostic reports to patients and hospitals globally including for the Tripura state government),
- (b) Telrad Tech which builds AI enabled tele health software and
- (c) RXDX healthcare - a chain of multi-specialty neighbourhood clinics in Bangalore.

She has also incubated other start-up companies in the tele-health space such as Healtheminds - a tele-counselling platform. She is active in the social arena in India where she runs 2 trust funds. 'People4people' has put up over 450 playgrounds in government schools and Telrad Foundation provides teleradiology and telemedicine services to poor areas in Asia that do not have access to high quality medical care. Her other interests include teaching - she has been running India's e-teaching program for postgraduates in Pediatric Cardiology for over a decade. In 2019, she helped the Kerala National health mission Hridayam launch e-classes in pediatric cardiology for pediatricians in the state.

She has over 200 academic presentations and publications to her credit and is an inspirational speaker having given over 200 lectures, including several TEDx talks. Dr. (Mrs.) Maheshwari is the recipient of several prestigious awards and honours including: WOW (Woman of Worth) 2019 award, Outlook Business; 50 most powerful women of India, March 2016; Amazing Indian award- Times Now 2014; Top 20 women Health care achievers in India, Modern Medicare 2009; Yale University- Outstanding Fellow Teacher of the Year Award, 1995, amongst others.

Dr. (Mrs.) Maheshwari is on the Board of the following public company(ies):

<b>Listed Public Limited Companies</b>	<b>Other Public Limited Companies</b>
Glaxosmithkline Pharmaceuticals Limited (Independent Director)	-



# Report on Corporate Governance

Dr. (Mrs.) Maheshwari does not hold any shares in the Bank as on March 31, 2022.

## **Mrs. Lily Vadera (DIN: 09400410) [Independent Director]**

Mrs. Lily Vadera, aged sixty-one (61) years, is a M.A in International Relations. With over 33 years of experience in Central banking, she retired as Executive Director from the Reserve Bank of India (RBI) in October 2020. As the Executive Director of the RBI, she was in-charge of the Department of Regulation (DoR) where she dealt with the regulatory framework for various entities in financial sector, covering all categories of banks and non-banking finance companies.

She was instrumental in putting in place a framework for a regulatory sandbox to provide an enabling environment for fintech players to foster innovation in financial services and played a significant role in the amalgamation of banks in stress. She represented the Reserve Bank of India and played an important role as a member of the Insolvency Law Committee set up by the Ministry of Corporate Affairs (MCA).

Mrs. Lily Vadera is not a director in any other company.

Mrs. Lily Vadera does not hold any shares in the Bank as on March 31, 2022.

## **ATTENDANCE AT BOARD MEETINGS & LAST ANNUAL GENERAL MEETING (AGM)**

The Board / Committee Meetings are convened by giving appropriate notice well in advance of the meetings. The Directors / Committee 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. While the Companies Act, 2013 and other applicable laws do not prescribe a minimum number of meetings to be attended by directors, the Board/ Committee Members endeavor to attend and participate in all Board meetings, unless he/she is unable to attend the meeting on account of reasonable cause for which leave of absence is requested, which is considered by the Board / respective Committee for approval.

Video-conferencing facility is also provided at the Board / Committee meetings in case any director is unable to attend the meeting physically but wishes to participate through electronic mode 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, cyber security and information technology, COVID-19 - impact on the economy, India's growth

story post 2<sup>nd</sup> wave of COVID-19 pandemic and operational and business continuity measures of the Bank, customer grievances and customer services framework, credit portfolio quality, IT Strategic Initiatives, Board awareness session on cyber security, Sustainable Livelihood (SLI), Compliance and Risk Management strategy, rewards strategy, Enterprise-Wide Risk Management (ERM) Framework, Global Economic Crisis including Russia Ukraine conflict, etc.

Directors are also encouraged to attend relevant programs and seminars conducted by reputed external organizations. There have been no instances wherein the Board had not accepted the recommendations of any Committee.

During the financial year under review, fourteen (14) Board meetings were held. The meetings were held on April 17, 2021, April 29, 2021, May 20, 2021, May 22, 2021, June 18, 2021, July 17, 2021, August 14, 2021, September 17, 2021, October 16, 2021, November 26, 2021, January 15, 2022, February 18, 2022, March 16, 2022, and March 28, 2022.

Details of attendance at the Board meetings held during the financial year under review and attendance at the last virtual AGM are as follows:

Name of the Director	Board Meetings attended during the year	Attendance at last virtual AGM (July 17, 2021)
<b>Independent Directors</b>		
Mr. Atanu Chakraborty*	12	Present
Mr. Sanjiv Sachar	14	Present
Mr. Umesh Chandra Sarangi	14	Present
Mr. Sandeep Parekh	14	Present
Mr. Malay Patel	14	Present
Mr. M. D. Ranganath	14	Present
Dr. (Mrs.) Sunita Maheshwari	13	Present
Mrs. Lily Vadera*	4	NA
<b>Non-executive Directors</b>		
Mr. Srikanth Nadhamuni**	12	Present
Mrs. Renu Karnad	14	Present
<b>Executive Directors</b>		
Mr. Kaizad Bharucha	14	Present
Mr. Sashidhar Jagdishan	14	Present

\* Mr. Atanu Chakraborty was appointed as Part-time Non-Executive Chairman and Independent Director of the Bank with effect from May 5, 2021.

\* Mrs. Lily Vadera was appointed as an Independent Director of the Bank for a period of five (5) years from November 26, 2021 to November 25, 2026 (both days inclusive), not liable to retire by rotation.

\*\* Mr. Srikanth Nadhamuni tendered his resignation as Non-Executive (Non-Independent) Director of the Bank with effect from February 18, 2022.

## REMUNERATION OF DIRECTORS

### Managing Director and other Executive Directors

The details of the remuneration paid to Mr. Sashidhar Jagdishan, Managing Director & Chief Executive Officer and Mr. Kaizad Bharucha, Executive Director, during the financial year 2021-22 are as under:

Particulars	Mr. Sashidhar Jagdishan	Mr. Kaizad Bharucha
Basic	2,52,45,000	2,63,55,572
Allowances and Perquisites	3,31,20,966	2,83,16,961
Provident Fund	30,29,400	31,62,666
Superannuation	37,86,756	39,53,328
Performance Bonus	-	4,46,25,564
Number of stock options granted (Number of ESOPs)	-	-

#### Notes:

1. Mr. Aditya Puri retired as the Managing Director of the Bank at the end of business hours on October 26, 2020. Mr. Aditya Puri was paid cash variable pay of ₹ 7,11,00,000 for the performance period April 01, 2020 to October 26, 2020. The same was approved by Reserve Bank of India ("RBI") vide its letter dated March 23, 2022. Basis RBI approval, 40% of the above-mentioned cash variable pay was paid in the financial year 2021 – 2022 and the balance 60% of the cash variable pay will be deferred over a period of three years and will be paid in three equal instalments.

Also Mr. Aditya Puri, was paid cash variable pay of ₹ 4,33,69,066 for the performance period April 01, 2019 to March 31, 2020. The same was approved by RBI vide their letter dated April 29, 2021. Since the cash variable pay approved by RBI was less than 50% of his fixed pay the entire amount was credited to him in the financial year 2021 – 2022.

Accordingly, the total cash variable pay, paid to Mr. Aditya Puri in financial year 2021 - 2022 is as follows.

- 40% of the cash variable pay for the Performance Year 2020 - 2021 : ₹ 2,84,40,000
- 100% of the cash variable pay for the Performance Year 2019 - 2020 : ₹ 4,33,69,066
- Tranche 2 of the deferred cash variable pay for the Performance Year 2018-19: ₹ 68,83,979
- Tranche 3 of the deferred cash variable pay for the Performance Year 2017-18: ₹ 57,36,649

Total Payout in the financial year 2021 - 2022 (A+B+C+D): ₹ 8,44,29,694

2. The Annual remuneration paid to the Executive Director, Mr. Kaizad Bharucha includes the payment of arrears for

financial year 2020 - 2021 which was approved by the RBI vide their letter dated March 23, 2022.

3. Mr. Kaizad Bharucha was paid cash variable pay of ₹ 3,52,00,000 for the performance period April 01, 2020 to March 31, 2021. The same was approved by RBI vide its letter dated March 23, 2022. Basis RBI approval, 50% of the above mentioned cash variable pay was paid in the financial year 2021 - 2022 and the balance 50% of the cash variable pay will be deferred over a period of three years and will be paid in three equal instalments.

Also, Mr. Kaizad Bharucha was paid cash variable pay of ₹ 2,08,40,895 for the performance period April 01, 2019 to March 31, 2020. The same was approved by RBI vide their letter dated April 29, 2021. Since the cash variable pay approved by RBI was less than 50% of his fixed pay the entire amount was credited to him in the financial year 2021 - 2022.

Accordingly, the total cash variable payment made to Mr. Kaizad Bharucha in financial year 2021 - 2022 is as follows:

- 50% of the cash variable pay for the Performance Year 2020 – 2021 : ₹ 1,76,00,000
- 100% of the cash variable pay for the Performance Year 2019 - 2020 : ₹ 2,08,40,895
- Tranche 2 of the deferred cash variable pay for the Performance Year 2018-19 : ₹ 33,08,079
- Tranche 3 of the deferred cash variable pay for the Performance Year 2017-18: ₹ 28,76,590

Total Payout (A+B+C+D): ₹ 4,46,25,564

#### Employee Stock Options:

Mr. Kaizad Bharucha was granted a total quantum of 1,20,730 employee stock options for the performance year 2020-21 on April 12, 2022 basis approval received from the Reserve Bank of India vide its letter dated March 23, 2022.

The employee stock options 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 Limited. 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 options after expiry of forty-eight months from date of grant.



# Report on Corporate Governance

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 Business Performance, Stakeholder Relationship, Audit and Compliance, Digital Transformation and Organization Excellence.

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.

Service Contracts and the notice period are as per the terms of agreement entered into by the Bank with Chairman and Whole-Time Directors. No severance fee is payable by the Bank on termination of these contracts.

No sitting fees were paid to Mr. Jagdishan and Mr. Bharucha for attending meetings of the Board and / or its Committees.

## DETAILS OF REMUNERATION / SITTING FEES PAID TO NON-EXECUTIVE DIRECTORS

### Criteria for remuneration/sitting fees paid to Non-Executive Director

All the non-executive directors including the independent directors and the Chairman receive sitting fees and reimbursement of out of pocket expenses for attending each meeting of the Board and its various Committees. No stock options are granted to any of the non- executive directors.

Pursuant to the provisions of Companies Act, 2013, the Non-Executive Directors are paid sitting fees of ₹ 50,000 or ₹ 100,000

per meeting for attending Committee & Board meetings respectively. The Board of Directors increased the sitting fees of certain key Committee meetings to ₹ 100,000 per meeting with effect from April 1, 2021, namely, Audit Committee, Risk Policy & Monitoring Committee, Nomination & Remuneration Committee, Credit Approval Committee and IT Strategy Committee.

Subsequently, sitting fees payable for attending Independent Directors Meeting and Customer Service Committee meeting was increased to ₹ 1,00,000 with effect from August 14, 2021 and November 26, 2021 respectively.

The details of sitting fees and remuneration paid to Non-Executive Directors during the financial year 2021-22 are as under:

Director	Sitting Fees	Remuneration to NEDs	(Amount in ₹)
Mr. Atanu Chakraborty <sup>1</sup>	36,50,000	31,70,698.96	
Mr. Malay Patel	55,50,000	20,00,000	
Mr. Umesh Chandra Sarangi	51,00,000	20,00,000	
Mrs. Renu Karnad	56,50,000	20,00,000	
Mr. Sanjiv Sachar	58,00,000	20,00,000	
Mr. Sandeep Parekh	43,50,000	20,00,000	
Mr. M. D. Ranganath	64,50,000	20,00,000	
Dr. (Mrs.) Sunita Maheshwari	21,00,000	20,00,000	
Mrs. Lily Vadera <sup>2</sup>	6,00,000	6,90,217	
Mr. Srikanth Nadhamuni <sup>3</sup>	55,00,000	17,72,222	
<b>Total</b>	<b>4,47,50,000</b>	<b>1,96,33,137.96</b>	

1 During the year, Mr. Atanu Chakraborty was paid remuneration of ₹ 31,70,698.96, (i.e. ₹ 35,00,000 per annum) on proportionate basis for the period from May 5, 2021 to March 31, 2022 as he was appointed as the Part-time Chairman and Independent Director of the Bank with effect from May 5, 2021. The remuneration of the Chairman has been approved by the Reserve Bank of India.

2 Mrs. Lily Vadera was appointed as an Independent Director of the Bank with effect from November 26, 2021

3 Mr. Srikanth Nadhamuni tendered his resignation as Non-Executive (Non-Independent) Director of the Bank with effect from February 18, 2022

Note: Pursuant to the guidelines issued by RBI on Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board ("RBI Guidelines") dated April 26, 2021 and read with the relevant shareholders' resolution passed at the 27<sup>th</sup> Annual General Meeting of the Bank held on July 17, 2021, the Non-Executive Directors (NEDs) of the Bank, other than the Part-time Chairman, were paid compensation in the form of fixed remuneration of ₹ 20,00,000 (Rupees Twenty Lakhs Only) each for F.Y. 2021-22. This is in addition to the sitting fees and reimbursement of out of pocket expenses given to them for attending Committee & Board meetings.

There were no other pecuniary relationships or transactions of Non-Executive Directors vis-a-vis the Bank (except banking transactions in the ordinary course of business and on arm's length basis) during FY 2021-22.

## 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 Charter and terms of reference.

The Board's Committees are as follows as on the date of this Report:

	Non-Executive Directors							Executive Directors			
	Atanu Chakraborty	Sanjiv Sachar	Umesh Chandra Sarangi	Sandeep Parekh	Malay Patel	M. D. Ranganath	Sunita Maheshwari	Lily Vadera	Renu Karnad	Sashidhar Jagdishan	Kaizad Bharucha
Audit											
Nomination and Remuneration											
Stakeholders' Relationship											
Corporate Social Responsibility & ESG											
Risk Policy and Monitoring											
Fraud Monitoring											
Customer Service											
Credit Approval											
Digital Transactions Monitoring											
IT Strategy*											
Wilful Defaulters' Identification Review											
Non-Cooperative Borrowers Review											
Premises											

\* Includes external IT consultant in addition to the above members.

Chairperson of the Committee

Member of the Committee



# Report on Corporate Governance

## 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, including any amendments / re-enactments thereof from time to time.
The Charter of the Audit Committee has been formulated 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), Mr. Umesh Chandra Sarangi and Mr. Sanjiv Sachar, all of whom are independent directors. Mr. M. D. Ranganath and Mr. Sanjiv Sachar are the members of Audit Committee having financial expertise.
Meetings:	Mr. Santosh Haldankar, Company Secretary of the Bank, acts as the Secretary of the Committee. The Committee met sixteen (16) times during the year on:  April 6, 2021, April 16, 2021, May 19, 2021, June 1, 2021, June 17, 2021, June 18, 2021, July 16, 2021, August 12, 2021, September 16, 2021, October 16, 2021, November 25, 2021, December 7, 2021, January 14, 2022, February 17, 2022, March 15, 2022 and March 28, 2022.

## 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: <ul style="list-style-type: none"><li>• Academic qualifications,</li><li>• Previous experience,</li><li>• track record, and</li><li>• integrity of the candidates.</li></ul> 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), Mr. Sandeep Parekh, Mr. M.D. Ranganath, Mr. Umesh Chandra Sarangi and Mr. Atanu Chakraborty.  All the members of the Committee are independent directors.
<b>Details of re-constitution:</b>	
Meetings:	Mr. Atanu Chakraborty was inducted as member on the Committee with effect from June 9, 2021. The Committee met thirteen (13) times during the year on:  April 16, 2021, April 22, 2021, May 19, 2021, June 1, 2021, June 15, 2021, June 28, 2021, July 16, 2021, July 27, 2021, August 24, 2021, October 20, 2021, November 25, 2021, January 13, 2022 and February 15, 2022.

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

Brief Terms of Reference / Roles and Responsibilities:	<p>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.</p> <p>The Committee shall oversee the various aspects of interests of all stakeholders including shareholders and other security holders.</p> <p>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/transmission/deletion formalities.</p> <p>During the year ended March 31, 2022, the Bank received 82 complaints from the shareholders. The Bank had attended to all the complaints except 1 complaint which was pending as was received during the end of quarter. This complaint was responded and was closed subsequently, all other complaints were closed to the satisfaction of the shareholder as on March 31, 2022.</p> <p>Besides, 2,308 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), Issuance of Duplicate Share Certificate and claim of shares from Unclaimed Suspense account 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.</p>
Composition:	Mr. Malay Patel (Chairman), Mr. Umesh Chandra Sarangi, Mr. Sandeep Parekh, Mrs. Renu Karnad, Mr. Kaizad Bharucha and Mrs. Lily Vadera
<b>Details of re-constitution:</b>	<ul style="list-style-type: none"> <li>• Mr. Malay Patel was appointed as the Chairman and Mr. Kaizad Bharucha was inducted as a member of the Committee with effect from September 17, 2021.</li> <li>• Mrs. Lily Vadera was inducted as a member of the Committee with effect from June 10, 2022.</li> </ul>
Meetings:	<p>The Committee met four (4) times during the year on:</p> <p>April 9, 2021, July 13, 2021, October 18, 2021 and January 12, 2022.</p>

## RISK POLICY & MONITORING COMMITTEE

Brief Terms of Reference / Roles and Responsibilities:	<p>The Risk Policy &amp; Monitoring Committee (RPCM) has been formed as per the guidelines of Reserve Bank of India on Asset Liability Management / Risk Management Systems. The RPCM 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.</p> <p>The RPCM 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.</p> <p>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.</p> <p>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.</p>
Composition:	Mrs. Lily Vadera (Chairperson), Mr. Sandeep Parekh, Mr. M.D. Ranganath, Mrs. Renu Karnad, Mr. Sashidhar Jagdishan, Mr. Sanjiv Sachar and Mr. Atanu Chakraborty.
<b>Details of re-constitution:</b>	<ul style="list-style-type: none"> <li>• Mr. Atanu Chakraborty was inducted as member on the Committee with effect from June 9, 2021.</li> <li>• Mr. Srikanth Nadhamuni ceased to be a Chairman and member of the Committee with effect from September 17, 2021.</li> <li>• Mr. Sandeep Parekh was inducted as a member of the Committee with effect from September 17, 2021.</li> <li>• Mrs. Lily Vadera was inducted as Chairperson and member of the Committee with effect from January 15, 2022.</li> </ul>



# Report on Corporate Governance

Meetings:	The Committee met nine (9) times during the year on: April 15, 2021, May 18, 2021, June 17, 2021, July 15, 2021, September 15, 2021, October 18, 2021, January 13, 2022, February 16, 2022 and March 14, 2022.
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## CREDIT APPROVAL COMMITTEE

Brief Terms of Reference / Roles and Responsibilities:	The Committee considers credit appetite proposals on 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. Kaizad Bharucha, Mrs. Renu Karnad and Mr. Sandeep Parekh
<b>Details of re-constitution:</b>	<ul style="list-style-type: none"><li>• Mr. Srikanth Nadhamuni ceased to be a member of the Committee pursuant to his resignation as director of the Bank with effect from February 18, 2022.</li><li>• Mr. Sandeep Parekh was inducted as a member of the Committee with effect from June 10, 2022.</li></ul>

Meetings: The Committee met thirty (30) times during the year on:

April 26, 2021, April 28, 2021, May 18, 2021, June 7, 2021, June 16, 2021, June 23, 2021, July 6, 2021, July 15, 2021, August 11, 2021, August 12, 2021, August 31, 2021, September 16, 2021, September 22, 2021, September 27, 2021, October 19, 2021, November 24, 2021, November 27, 2021, December 8, 2021, December 11, 2021, December 20, 2021, December 28, 2021, January 13, 2022, January 24, 2022, February 16, 2022, February 19, 2022, February 28, 2022, March 19, 2022, March 23, 2022, March 24, 2022 and March 29, 2022.

## 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:	Mrs. Renu Karnad (Chairperson), Mr. Sandeep Parekh and Dr. (Mrs.) Sunita Maheshwari
<b>Details of re-constitution:</b>	Mrs. Renu Karnad was designated as the Chairperson, Mr. Malay Patel ceased to be the member and Dr. (Mrs.) Sunita Maheshwari was inducted as the member of the Committee with effect from September 17, 2021

Meetings: The Committee met four (4) times during the year on:

April 9, 2021, July 14, 2021, October 18, 2021, and January 12, 2022.

## 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:
	<ul style="list-style-type: none"><li>a) Identify the systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same;</li><li>b) Identify the reasons for delay in detection, if any and report to top management of the Bank and RBI;</li><li>c) Monitor progress of Central Bureau of Investigation / Police Investigation and recovery position;</li><li>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;</li><li>e) Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls; and</li><li>f) Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.</li></ul>

Composition:	Mr. Umesh Chandra Sarangi (Chairman), Mrs. Renu Karnad, Mr. Kaizad Bharucha, Mr. Sashidhar Jagdishan and Mr. Sanjiv Sachar
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**Details of re-constitution:**

Mr. Umesh Chandra Sarangi was designated as the Chairman, Mr. Malay Patel and Mr. Sandeep Parekh ceased to be the members, Mrs. Renu Karnad and Mr. Kaizad Bharucha were inducted as the members of the Committee with effect from September 17, 2021.

Meetings:	The Committee met four (4) times during the year on:
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April 9, 2021, July 13, 2021, October 19, 2021 and January 12, 2022

**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. The Committee is constituted to bring about continuous improvements in the quality of customer services provided by the Bank. The Committee would also oversee the functioning of the Standing Committee on Customer Service, and also bring out innovative measures for enhancing the customer experience and quality of customer service thereby enhancing the customer satisfaction level across all categories of clientele, at all times.
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Composition:	Mr Umesh Chandra Sarangi (Chairman), Mr. Sandeep Parekh, Mr. Sashidhar Jagdishan, Dr. (Mrs.) Sunita Maheshwari, Mr. Kaizad Bharucha and Mr. Atanu Chakraborty.
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**Details of re-constitution:**

- Mr. Srikanth Nadhamuni ceased to be a member of the Committee pursuant to his resignation as director of the Bank with effect from February 18, 2022.
- Mr. Malay Patel ceased to be the member of the Committee and Mr. Umesh Chandra Sarangi was designated as the Chairman, Dr. (Mrs.) Sunita Maheshwari, Mr. Kaizad Bharucha and Mr. Atanu Chakraborty were inducted as the members of the Committee with effect from September 17, 2021.

Meetings:	The Committee met five (5) times during the year on:
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April 9, 2021, June 17, 2021, July 14, 2021, October 19, 2021 and January 12, 2022

**CORPORATE SOCIAL RESPONSIBILITY & ESG (CSR & ESG) COMMITTEE**

Brief Terms of Reference / Roles and Responsibilities:	The CSR & ESG 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.
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The terms of reference of the Committee are:

- 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 the Bank's stakeholders on the Bank's CSR
- To monitor the Bank's ESG Framework, strategy, goals and disclosures

Composition:	Dr. (Mrs.) Sunita Maheshwari (Chairperson), Mr. Sanjiv Sachar, Mr. Malay Patel, Mrs. Renu Karnad and Mr. Kaizad Bharucha.
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**Details of re-constitution:**

- Dr. (Mrs.) Sunita Maheshwari was inducted as a member of the Committee with effect from June 9, 2021.
- Mr. Umesh Chandra Sarangi ceased to be the Chairman and member of the Committee and Dr. (Mrs.) Sunita Maheshwari was elected as the Chairperson of the Committee with effect from September 17, 2021.



# Report on Corporate Governance

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Meetings:	The Committee met five (5) times during the year on: April 15, 2021, July 15, 2021, October 19, 2021, January 13, 2022 and February 16, 2022
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## 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: <ul style="list-style-type: none"><li>• Approving IT strategy and related policy documents and reviewing the same from time to time.</li><li>• Ensuring that the management has put an effective strategic planning process in place.</li><li>• Approving the Bank's IT strategy and budget to ensure it aligns with the business needs.</li><li>• Approving re-allocation of resources within IT to facilitate meeting priorities and business needs.</li><li>• Reviewing and approving IT implementation plans.</li></ul>
Composition:	This Committee consists of an external IT consultant, Prof. H. Krishmurthy in addition to the Board members viz. Mr. M.D. Ranganath, Mr. Sashidhar Jagdishan, Mr. Atanu Chakraborty and Dr. (Mrs.) Sunita Maheshwari
Meetings:	<b>Details of re-constitution:</b> <ul style="list-style-type: none"><li>• Mr. Atanu Chakraborty and Mr. Sashidhar Jagdishan were inducted as members of the Committee with effect from June 9, 2021.</li><li>• Dr. (Mrs.) Sunita Maheshwari was inducted as member on the Committee with effect from September 17, 2021.</li><li>• Mr. Srikanth Nadhamuni ceased to be a member of the Committee pursuant to his resignation as director of the Bank with effect from February 18, 2022.</li></ul> The Committee met nine (9) times during the year on: April 8, 2021, May 7, 2021, May 18, 2021, July 14, 2021, August 11, 2021, October 20, 2021, November 24, 2021, January 14, 2022 and February 15, 2022.

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## 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: <ul style="list-style-type: none"><li>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.</li><li>b) Monitoring the progress of achievement in digital transactions in line with the Bank's strategy and action plans.</li><li>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.</li><li>d) Reviewing the Digital Banking strategy of the Bank as and when required thereby providing direction on focus areas.</li><li>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.</li><li>f) To review the customer services rendered on digital platform from time to time.</li><li>g) Any other terms of reference as may be specified by the Government, regulatory authorities, Indian Banks' Association, etc. from time to time.</li></ul>
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Composition: Mr. Malay Patel, Mr. Sandeep Parekh, Mr. M.D. Ranganath and Mrs. Lily Vadera.

**Details of re-constitution:**

- Mr. Srikanth Nadhamuni ceased to be a member of the Committee pursuant to his resignation as director of the Bank with effect from February 18, 2022.
- Mrs. Lily Vadera was inducted as member of the Committee with effect from June 10, 2022.

Meetings: The Committee met four (4) times during the year on:

April 15, 2021, July 14, 2021, October 18, 2021, and January 14, 2022.

#### **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: Mr. Sashidhar Jagdishan (Chairman), Mr Umesh Chandra Sarangi, Mr. M.D. Ranganath, Mr. Sandeep Parekh, Mr. Malay Patel and Mr. Kaizad Bharucha

**Details of re-constitution:**

Mr. Sanjiv Sachar ceased to be a member and Mr. Malay Patel, Mr. Kaizad Bharucha were inducted as the members of the Committee with effect from September 17, 2021.

Meetings: No meetings of the Committee were held during the year.

#### **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 related matters as may be decided by the Board from time to time.

Composition: Mr. Sashidhar Jagdishan (Chairman), Mr Umesh Chandra Sarangi, Mr. M.D. Ranganath, Mr. Sandeep Parekh, Mr. Malay Patel, Mr. Kaizad Bharucha

**Details of re-constitution:**

Mr. Sanjiv Sachar ceased to be a member and Mr. Malay Patel, Mr. Kaizad Bharucha were inducted as the members of the Committee with effect from September 17, 2021.

Meetings: No meetings of the Committee were held during the year.

#### **Meeting of the Independent Directors**

The Independent Directors of the Bank held two (2) meetings. All Independent Directors as on the date of the meeting were present at the meeting held on April 29, 2021. In the meeting held on September 9, 2021, leave of absence was granted to Dr. (Mrs.) Sunita Maheshwari and all other Independent Directors as on the date of the meeting were present.



# Report on Corporate Governance

## ATTENDANCE AT THE COMMITTEE MEETINGS HELD DURING FINANCIAL YEAR 2021-22

Audit Committee	
[Total Sixteen meetings held]	
Name	No. of meetings attended
Mr. M.D. Ranganath	16
Mr. Umesh Chandra Sarangi	16
Mr. Sanjiv Sachar	16

Nomination and Remuneration Committee	
[Total thirteen meetings held]	
Name	No. of meetings attended
Mr. Sanjiv Sachar	13
Mr. Sandeep Parekh	13
Mr. M.D. Ranganath	13
Mr. Umesh Chandra Sarangi	13
Mr. Atanu Chakraborty (from June 9, 2021)	9

Stakeholders' Relationship Committee	
[Total Four meetings held]	
Name	No. of meetings attended
Mr. Malay Patel	4
Mr. Umesh Chandra Sarangi	4
Mr. Sandeep Parekh	4
Mrs. Renu Karnad	4
Mr. Kaizad Bharucha (from September 17, 2021)	2

Corporate Social Responsibility and ESG Committee	
[Total five meetings held]	
Name	No. of meetings attended
Dr. (Mrs.) Sunita Maheshwari (from June 9, 2021)	4
Mr. Umesh Chandra Sarangi (upto September 17, 2021)	2
Mr. Sanjiv Sachar	5
Mr. Malay Patel	5
Mrs. Renu Karnad	5
Mr. Kaizad Bharucha	5

Risk Policy and Monitoring Committee	
[Total nine meetings held]	
Name	No. of meetings attended
Mr. Srikanth Nadhamuni (upto September 17, 2021)	5
Mr. M. D. Ranganath	9
Mrs. Renu Karnad	9
Mr. Sanjiv Sachar	9
Mr. Sashidhar Jagdishan	9
Mrs. Lily Vadera (from January 15, 2022)	2
Mr. Atanu Chakraborty (from June 9, 2021)	7
Mr. Sandeep Parekh (from September 17, 2021)	4

Fraud Monitoring Committee	
[Total four meetings held]	
Name	No. of meetings attended
Mr. Umesh Chandra Sarangi	4
Mrs. Renu Karnad (from September 17, 2021)	2
Mr. Malay Patel (upto September 17, 2021)	2
Mr. Sandeep Parekh (upto September 17, 2021)	2
Mr. Kaizad Bharucha (from September 17, 2021)	2
Mr. Sashidhar Jagdishan	4
Mr. Sanjiv Sachar	4

Customer Service Committee	
[Total five meetings held]	
Name	No. of meetings attended
Mr Umesh Chandra Sarangi (from September 17, 2021)	2
Mr. Sandeep Parekh	5
Mr. Sashidhar Jagdishan	5
Dr. (Mrs.) Sunita Maheshwari (from September 17, 2021)	2
Mr. Kaizad Bharucha (from September 17, 2021)	2
Mr. Atanu Chakraborty (from September 17, 2021)	2
Mr. Srikanth Nadhamuni (upto February 18, 2022)	5
Mr. Malay Patel (upto September 17, 2021)	3

Credit Approval Committee	
[Total Thirty meetings held]	
Name	No. of meetings attended
Mr. Malay Patel	30
Mrs. Renu Karnad	26
Mr. Kaizad Bharucha	27
Mr. Srikanth Nadhamuni (upto February 18, 2022)	24

Digital Transactions Monitoring Committee	
[Total four Meeting Held]	
Name	No. of meetings attended
Mr. Malay Patel	4
Mr. Sandeep Parekh	4
Mr. M.D. Ranganath	4
Mr. Srikanth Nadhamuni (upto February 18, 2022)	4

Premises Committee		IT Strategy Committee	
[Total Four meetings held]		[Total Nine meetings held]	
Name	No. of meetings attended	Name	No. of meetings attended
Mrs. Renu Karnad	4	Mr. M.D. Ranganath	9
Mr. Sandeep Parekh	4	Mr. Srikanth Nadhamuni (upto February 18, 2022)	9
Dr. (Mrs.) Sunita Maheshwari (from September 17, 2021)	2	Mr. Atanu Chakraborty (from June 9, 2021)	6
Mr. Malay Patel (upto September 17, 2021)	2	Mr. Sashidhar Jagdishan (from June 9, 2021)	6
		Dr. (Mrs.) Sunita Maheshwari (from September 17, 2021)	3

## GENERAL BODY MEETINGS

Following are the details of general body meetings for the previous three (3) financial years:

Sr. No.	Particulars of meeting	Venue	Day, Date & Time	Number of Special Resolutions passed, if any	Nature of Special Resolutions
1	25 <sup>th</sup> Annual General Meeting	Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai – 400020	Friday, July 12, 2019 at 2:30 p.m.	1 (One)	Issue of 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.*
2	26 <sup>th</sup> Annual General Meeting	Held through Video-Conferencing or Other Audio-Visual Means	Saturday, July 18, 2020 at 2:30 p.m.	2 (Two)	1. Re-appointment of Mr. Malay Patel (DIN 06876386) as an Independent Director. 2. 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.*
3	27 <sup>th</sup> Annual General Meeting	Held through Video-Conferencing or Other Audio-Visual Means	Saturday, July 17, 2021 at 2:30 p.m.	6 (six)	1. Re-appointment of Mr. Umesh Chandra Sarangi (DIN 02040436) as an independent Director. 2. 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* 3. Amendment to the ESOS-Plan D-2007 as approved by the Members 4. Amendment to the ESOS-Plan E-2010 as approved by the Members 5. Amendment to the ESOS-Plan F-2013 as approved by the Members 6. Amendment to the ESOS-Plan G-2016 as approved by the Members

\* The Registrar and Transfer Agent of the Bank, for all such issues, was Datamatics Business Solutions Limited.

## POSTAL BALLOT

Pursuant to the provisions of Section 110 and all other applicable provisions, if any, of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “SEBI Listing Regulations”), Secretarial Standard on General Meetings (“SS-2”) issued by the Institute of Company Secretaries of India, including any statutory modification(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force, guidelines prescribed by the Ministry of Corporate Affairs

(the “MCA”), Government of India, for holding general meetings / conducting postal ballot process through electronic voting (remote e-voting) vide General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021 and 20/2021 dated December 8, 2021 (the “MCA Circulars”) in view of COVID-19 pandemic and any other applicable laws and regulations, the approval of the Members of the Bank for below mentioned resolutions were obtained through Postal Ballot Notices dated February 18, 2022 and March 28, 2022 via remote e-voting.



# Report on Corporate Governance

Particulars	Postal Ballot Notice Dated February 18, 2022	Postal Ballot Notice Dated March 28, 2022
Resolution(s)	<p>1. Appointment of Mrs. Lily Vadera (DIN: 09400410) as an Independent Director of the Bank - Special Resolution</p> <p>2. Approval of Related Party Transactions with Housing Development Finance Corporation Limited- Ordinary Resolution</p> <p>3. Approval of Related Party Transactions with HDB Financial Services Limited - Ordinary Resolution</p> <p>4. Approval of Related Party Transactions with HDFC Securities Limited - Ordinary Resolution</p> <p>5. Approval of Related Party Transactions with HDFC Life Insurance Company Limited- Ordinary Resolution</p> <p>6. Approval of Related Party Transactions with HDFC ERGO General Insurance Company Limited - Ordinary Resolution</p>	<p>1. Approval and adoption of Employee Stock Incentive Plan 2022 - Special Resolution</p>
Remote e-voting	Central Depository Services (India) Limited	National Securities Depository Limited
Scrutinizer	The Board of Directors had appointed Mr. B. Narasimhan of M/s. B.N. & Associates, Practising Company Secretaries and in his absence, Mr. V. V. Chakradeo of M/s. V. V. Chakradeo & Co., Practicing Company Secretaries, as the Scrutinizer, for conducting the Postal Ballot process in a fair and transparent manner.	
Cut-off Date	Monday, February 21, 2022	Friday, April 08, 2022
Dispatch Date of Notice	Wednesday, February 23, 2022	Monday, April 11, 2022
Remote e-voting period	Commenced on Saturday, February 26, 2022 at 9:00 A.M. IST and ended on Sunday, March 27, 2022 at 5:00 P.M. IST.	Commenced on Friday, April 15, 2022 at 9:00 A.M. IST and ended on Saturday, May 14, 2022 at 5:00 P.M. IST.

Accordingly, the Postal Ballots were conducted by the scrutinizer and a report was submitted to the Authorized Officer, Mr. Santosh Haldankar, Sr. Vice President (Legal) & Company Secretary of the Bank. The results of the voting conducted through Postal Ballots are as under:

## For all resolutions as specified in the Postal Ballot Notice dated February 18, 2022:

There were a total of 20,49,142 shareholders of the Bank as on the record date i.e. February 21, 2022, out of which 78,888 Members comprising of 3,76,83,99,916 equity shares representing 67.98% of the share capital participated in the e-voting process. A snapshot of the voting results of the postal ballot is as follows:

Resolutions	% of votes polled on outstanding shares	% of votes in favour on votes polled	% of votes against on votes polled
Resolution No. 1	67.820	99.969	0.031
Resolution No. 2	46.504	99.999	0.001
Resolution No. 3	46.505	99.998	0.002
Resolution No. 4	46.503	99.998	0.002
Resolution No. 5	46.505	99.998	0.002
Resolution No. 6	46.505	99.998	0.002

Note: Invalid votes, inter alia, were caused by Members not voting on any resolution before submitting their votes, corporate voters not submitting requisite documents, etc.

Accordingly, the Resolutions as set out in the Postal Ballot Notice dated February 18, 2022 was passed with requisite majority on March 27, 2022.

## For resolution(s) as specified in the Postal Ballot Notice dated March 28, 2022:

There were total of 22,34,937 shareholders of the Bank as on the record date i.e. April 08, 2022, out of which 12,412 Members comprising of 3,74,20,95,251 equity shares representing 64.48% of the share capital participated in the e-voting process. A snapshot of the voting results of the postal ballot is as follows:

Resolutions	% of votes polled on outstanding shares	% of votes in favour on votes polled	% of votes against on votes polled
Resolution No. 1	67.248	88.838	11.162

Accordingly, the Resolution as set out in the Postal Ballot Notice dated March 28, 2022 was passed with requisite majority on May 14, 2022.

## 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://www.hdfcbank.com/personal/about-us/corporate-governance/codes-and-policies>.

## 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, 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 ordinary course of business, nor were there any material transactions, which were not at an arm's length basis.

The Shareholders of the Bank have approved the material related party transactions to be entered into by the Bank in the F.Y. 2022-23 through Postal Ballot on March 27, 2022 as per SEBI Listing Regulations.

Details of related party transactions entered into during the year ended March 31, 2022 are given in, Note No. 28 in Schedule 18, forming part of 'Notes to Accounts' in accordance with Accounting Standard (AS) – 18.

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/personal/about-us/corporate-governance/codes-and-policies>

## 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, it can be exposed to the commodity price risks in its capacity as lender / banker to its customers. 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/Silver 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 the applicable INR and

USD swap curves. For other pairs, where the rates / tenors are not published by FEDAI, the spot and forward points are obtained from Refinitiv or Bloomberg 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, 2022.

Total open exposure of the Bank to commodities i.e. Gold (in INR) as on March 31, 2022: Nil

Note: As part of trading position in Gold, the Treasury Gold Desk has open position in Gold of 219.74 ounce, which is equivalent to ₹ 32,112,061.92 as on March 31, 2022, 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 the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021, 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.

## Appointment / Resignation of Director

Dr. (Mrs.) Sunita Maheshwari was appointed as an Independent Director of the Bank for a period of five (5) consecutive years with effect from March 30, 2021 and Mr. Atanu Chakraborty was also appointed as the Part-time Chairman and Independent Director



# Report on Corporate Governance

of the Bank for a period of three (3) consecutive years with effect from May 5, 2021. The said appointments were approved by the shareholders of the Bank at the 27<sup>th</sup> Annual General Meeting held on July 17, 2021.

Subsequently, Mrs. Lily Vadera was appointed as an Independent Director of the Bank for a period of five (5) consecutive years with effect from November 26, 2021 and the said appointment was approved by the shareholders of the Bank through Postal Ballot on March 27, 2022.

Mr. Srikanth Nadhamuni tendered his resignation as Non-Executive (Non-Independent) Director of the Bank with effect from February 18, 2022.

Further, Mrs. Renu Karnad is proposed to be re-appointed as Non-Executive Director (Nominee of Housing Development Finance Corporation Limited, promoter of the Bank) on the Board of the Bank for a period of five (5) consecutive years with effect from September 3, 2022, subject to the approval of the 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/personal/about-us/corporate-governance/familiarization-of-independent-directors>

## Strictures and Penalties for last three financial years:

During the last three financial years, the Reserve Bank of India and other regulatory / statutory authorities have imposed the following penalties / strictures / prohibitions / restrictions on the Bank:

### FY 2021-22

Reserve Bank of India (RBI) by an order dated May 27, 2021, levied a penalty of ₹10 crores (Rupees ten crores only) for marketing and sale of third-party non-financial products to the Bank's auto loan customers, arising from a whistle blower complaint, which revealed, inter alia, contravention of Section 6(2) and Section 8 of the Banking Regulation Act, 1949. The Bank has discontinued the sale of said third-party non-financial product since October 2019. The penalty was paid by the Bank.

### FY 2020-21

#### A. Penalties:

- Reserve Bank of India (RBI) has vide its letter dated December 04, 2020 imposed a monetary penalty of ₹10 lacs on the Bank for bouncing of SGL, which lead to shortage of balance in certain securities in the Bank's CSGL account on November 19, 2020. The

Bank has since enhanced its review mechanism so as to ensure that such incidents do not recur.

- SEBI issued final order on January 21, 2021, levying a penalty of ₹1 crore on the Bank, in the matter of invocation of securities pledged by BMA Wealth Creators (BRH Wealth Kreators) for availing credit facilities. SEBI has also directed the Bank to transfer sale proceeds of ₹ 158.68 crores on invocation of securities, along with interest to escrow account with a nationalised bank by marking lien in favour of SEBI. The Bank had challenged SEBI's order before SAT and SAT, vide its interim order, have stayed operation of SEBI's order. SAT, vide its final order dated February 18, 2022, allowed the Bank's appeal and quashed SEBI's Order.

#### B. Restrictions imposed:

RBI has issued an Order dated December 02, 2020 ("Order") to HDFC Bank Limited (the "Bank") with regard to certain incidents of outages in the internet banking/mobile banking/ payment utilities of the Bank over the past 2 years, including the outages in the Bank's internet banking and payment system on November 21, 2020 due to a power failure in the primary data centre. RBI, vide above order, advised the Bank (a) to stop all digital business generating activities planned under its 'Digital 2.0' and proposed Business generating applications digital also imposed restrictions and (b) to stop sourcing of new credit card customers. The Bank has initiated remedial activities including fixing of staff accountability and the same were communicated to the RBI. Basis the Bank's submission, RBI vide its letter dated August 17, 2021, has relaxed the restriction placed on sourcing of new credit cards customers and further vide its letter dated March 11, 2022 has lifted the restrictions on the business generating activities planned under the Bank's Digital 2.0 program.

### FY 2019-20

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. 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 penalty was paid by the Bank. 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 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 penalty was paid by the Bank. The Bank has since strengthened its internal control mechanisms so as to ensure that such incidents do not recur.

### **A chart or a matrix setting out the skills /expertise / competence of the Board of Directors:**

The Board of Directors have identified the following core skills / expertise / competencies / special knowledge or practical experience, as required in the context of the Bank's business and sector(s) for it to function effectively. The same are in line with the relevant provisions of the Banking Regulation Act, 1949 and relevant circulars issued by the Reserve Bank of India from time to time:

- (i) Accountancy,
- (ii) Agriculture and Rural Economy,
- (iii) Banking,
- (iv) Co-operation,
- (v) Economics
- (vi) Finance,
- (vii) Law,
- (viii) Small-Scale Industry,
- (ix) Information Technology,
- (x) Payment & Settlement Systems,
- (xi) Human Resources,
- (xii) Risk Management,
- (xiii) Business Management,
- (xiv) Any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the Bank's business / sectors.

Sr. No.	Name	Designation	Expertise / Competence
5	Mr. M. D. Ranganath	Independent Director	Finance, Accountancy, Information Technology, Risk Management, Business Management
6	Mrs. Renu Karnad	Non-Executive Director	Risk Management, Housing & Real Estate, Financial, Accounting & Audit, Consumer Behaviour, Sales & Marketing, Legal and Strategy Management, Economics, Business Management
7	Mr. Sandeep Parekh	Independent Director	Law (with focus on securities market and financial regulations), Payment & Settlement system, Business Management
8	Mr. Sanjiv Sachar	Independent Director	Human Resource Management, Economics, Finance, Accountancy, Business Management
9	Mr. Sashidhar Jagdishan	Managing Director & Chief Executive Officer	Economics of Money, Banking and Finance, Accountancy, Business Management
10	Dr. (Mrs.) Sunita Maheshwari	Independent Director	Medicine, Healthcare, Entrepreneurship, General Administration, Small Scale Industries, Business Management
11	Mr. Umesh Chandra Sarangi	Independent Director	Agriculture and Rural Economy, Co-operation, Business 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 year 2021-22 pertaining to the Sexual Harassment of Women at Workplace are as under:

Number of complaints received during the year 2021-2022	<b>51</b>
Number of complaints disposed during the year 2021-2022	<b>48</b>
Number of cases pending as on March 31, 2022	<b>3*</b>

\*The three pending cases as on March 31, 2022 were reported to the Internal Committee in March 2022. Two of these cases have already been closed in Q1 of F.Y. 2022 – 2023. For the remaining one case, case inquiry has concluded and the final inquiry report is expected shortly.

Sr. No.	Name	Designation	Expertise / Competence
1	Mr. Atanu Chakraborty	Part-time Chairman and Independent Director	Finance, Economy, Public Policy, Administration and Infrastructure, Banking, Riskmanagement, Payment & Settlement system, Business Management
2	Mr. Kaizad Bharucha	Executive Director	Banking Business, Credit & Risk Management, Business Management
3	Mrs. Lily Vadera	Independent Director	Banking
4	Mr. Malay Patel	Independent Director	Small Scale Industries, Business Management



# Report on Corporate Governance

## 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

Reg. No.	Particulars	Status of compliance
17	Requirements pertaining to the Board of Directors	Compliant
17A	Maximum number of Directorships	Compliant
18	Requirements pertaining to the Audit Committee	Compliant
19	Requirements pertaining to Nomination and Remuneration Committee	Compliant
20	Requirements pertaining to Stakeholders Relationship Committee	Compliant
21	Requirements pertaining to Risk Management Committee	Compliant
22	Requirements pertaining to Vigil Mechanism	Compliant
23	Requirements pertaining to Related Party Transactions	Compliant
24	Corporate governance requirements with respect to subsidiary of listed entity	Compliant
24A	Requirements pertaining to Secretarial Audit and Secretarial Compliance Report	Compliant
25	Obligations with respect to independent Directors	Compliant
26	Obligations with respect to employees including senior management, key managerial persons, directors and promoters	Compliant
27	Other corporate governance requirements	Compliant
46	Requirements pertaining to the dissemination of certain information under a separate section on the website	Compliant

## 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 the Part-time Chairman and reimburses all the expenses incurred in performance of his duties.

### b) Shareholder's Rights

The Bank publishes its results on its website at [www.hdfcbank.com](http://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 shareholder. The Bank's results for each quarter are published in an English newspaper having a nationwide circulation and in a Marathi newspaper having a nationwide 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 unmodified audit opinion.

### d) Separate posts of Chairperson and Managing Director/ Chief Executive Officer

Mr. Atanu Chakraborty is the Part-time Chairman and Independent Director of the Bank and Mr. Sashidhar Jagdishan is the Managing Director & Chief Executive Officer of the Bank.

### e) Reporting of Internal Auditor

The Internal Auditor of the Bank reports to the Audit Committee of the Bank.

## OWNERSHIP RIGHTS

The Bank seeks to protect and facilitate the exercise of the rights of its shareholders including the following:

- 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 28<sup>th</sup> 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 28<sup>th</sup> 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 1/10<sup>th</sup> 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, minutes 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 SHAREHOLDER INFORMATION:**

The Bank's share capital consists of one class of equity shares having face value of ₹ 1 each and the Bank has not issued any other class of shares.

### **SHAREHOLDERS HOLDING MORE THAN 1% OF THE SHARE CAPITAL OF THE BANK AS AT MARCH 31, 2022**

Sr. No.	Name of the Shareholder	No. of Shares held	% to share capital
1	JP Morgan Chase Bank, NA*	1,02,81,15,525	18.54
2	Housing Development Finance Corporation Limited	86,46,15,834	15.59
3	HDFC Investments Limited	30,00,00,000	5.41
4	LICI ASM NON PAR	16,01,17,638	2.89
5	Europacific Growth Fund	9,68,86,630	1.75
6	ICICI Prudential Bluechip Fund	7,66,17,637	1.38
7	UTI-NIFTY Exchange Traded Fund	6,32,56,598	1.14
8	HDFC Trustee Company Ltd. A/c. HDFC Top 100 Fund	5,89,74,568	1.06

\* One (1) American Depository Share (ADS) represents three (3) underlying equity shares of the Bank.



# Report on Corporate Governance

## DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2022

Share Range From	Share Range To	No. of Shares	% To Capital	No. of Holders	% Tot No. of Holders
1	2,500	21,35,12,859	3.85	22,27,914	98.75
2,501	5,000	5,42,34,088	0.98	14,836	0.66
5,001	10,000	4,34,04,892	0.78	6,148	0.27
10,001	15,000	2,16,13,580	0.39	1,757	0.08
15,001	20,000	1,58,90,590	0.29	908	0.04
20,001	25,000	1,28,87,626	0.23	572	0.02
25,001	50,000	4,84,14,689	0.87	1,348	0.06
50,001	1,00,000	6,08,76,031	1.10	862	0.04
1,00,001	9,99,99,99,999	5,07,47,06,621	91.51	1,816	0.08
<b>TOTAL</b>		<b>5,54,55,40,976</b>	<b>100.00</b>	<b>22,56,161</b>	<b>100.00</b>

22,33,831 Folios comprising of 5,53,38,32,585 equity shares forming 99.79% of the share capital are in demat form.

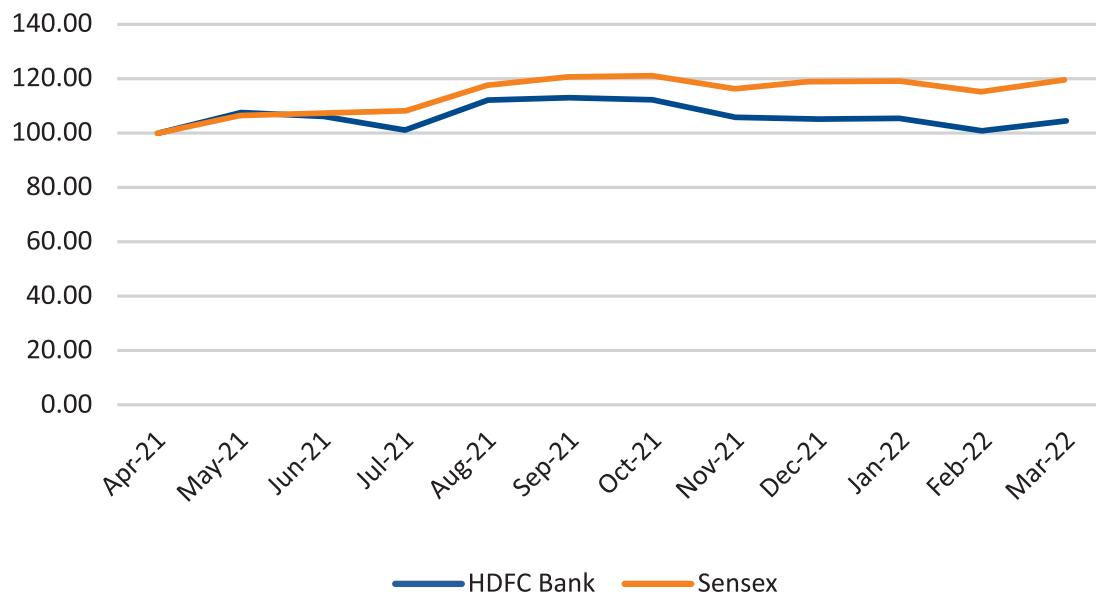
22,330 Folios comprising of 1,17,08,391 equity shares forming 0.21 % of the share capital are in physical form.

Note: Other than the stock options granted to the employees of the Bank which will result in an addition to the equity share 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, 2022 which could have an impact on the equity share capital of the Bank.

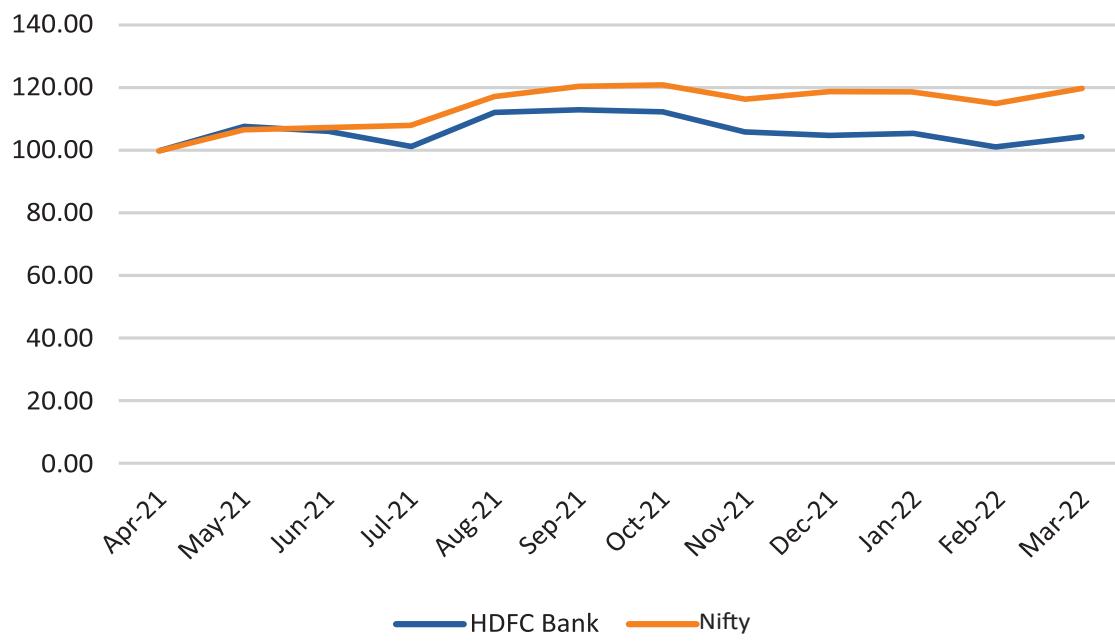
## SHARE PRICE / CHART

Month	BSE Limited			The National Stock Exchange of India Limited			New York Stock Exchange		
	High (₹)	Low (₹)	Monthly Volumes	High (₹)	Low (₹)	Monthly Volumes	HIGHEST (US\$)	LOWEST (US\$)	Monthly Volumes
April- 21	1,503.45	1,353.10	67,40,055	1,503.65	1,353.00	23,57,70,297	78.14	67.73	4,00,44,800
May- 21	1,520.65	1,377.55	66,08,154	1,520.45	1,377.30	15,84,12,762	77.17	68.36	2,72,91,100
June- 21	1,526.35	1,451.00	44,16,797	1,527.00	1,455.00	10,91,33,234	77.62	73.00	2,49,47,400
July- 21	1,545.10	1,404.15	47,97,455	1,545.35	1,404.00	15,03,89,347	75.24	68.50	2,68,43,000
August- 21	1,583.00	1,413.40	50,16,079	1,583.35	1,410.00	13,47,11,410	79.39	70.63	2,74,12,900
September- 21	1,635.60	1,528.70	65,05,770	1,635.50	1,528.95	12,86,05,303	79.17	71.80	3,82,19,600
October- 21	1,724.30	1,560.05	52,39,421	1,725.00	1,560.00	12,52,13,820	78.43	71.61	3,54,14,800
November- 21	1,622.20	1,461.50	60,97,597	1,622.00	1,462.00	12,99,24,758	73.98	65.34	3,25,98,925
December- 21	1,555.60	1,414.00	67,42,415	1,555.05	1,414.10	11,28,38,990	68.40	61.35	3,01,70,500
January - 22	1,576.00	1,435.25	51,72,458	1,576.65	1,435.00	15,64,01,807	72.20	64.00	3,37,59,500
February- 22	1,539.40	1,408.10	67,54,893	1,539.95	1,407.15	12,96,36,002	70.16	61.86	2,86,76,200
March- 22	1,517.80	1,292.00	78,83,941	1,518.80	1,292.00	21,45,62,417	63.56	54.25	5,52,01,000

### HDFC Bank Share price versus BSE- Sensex

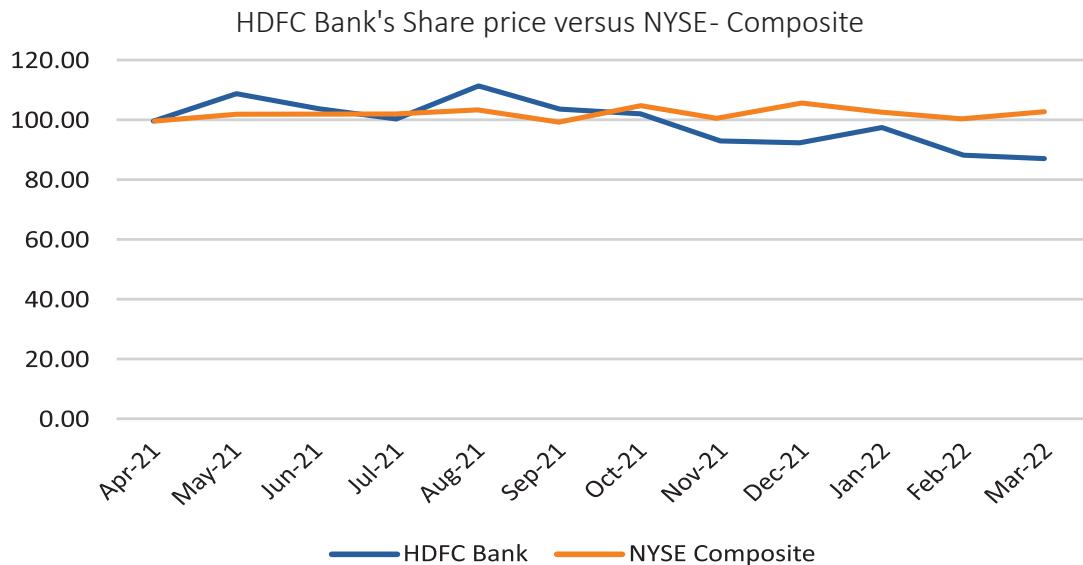


### HDFC Bank Share price versus NSE- Nifty



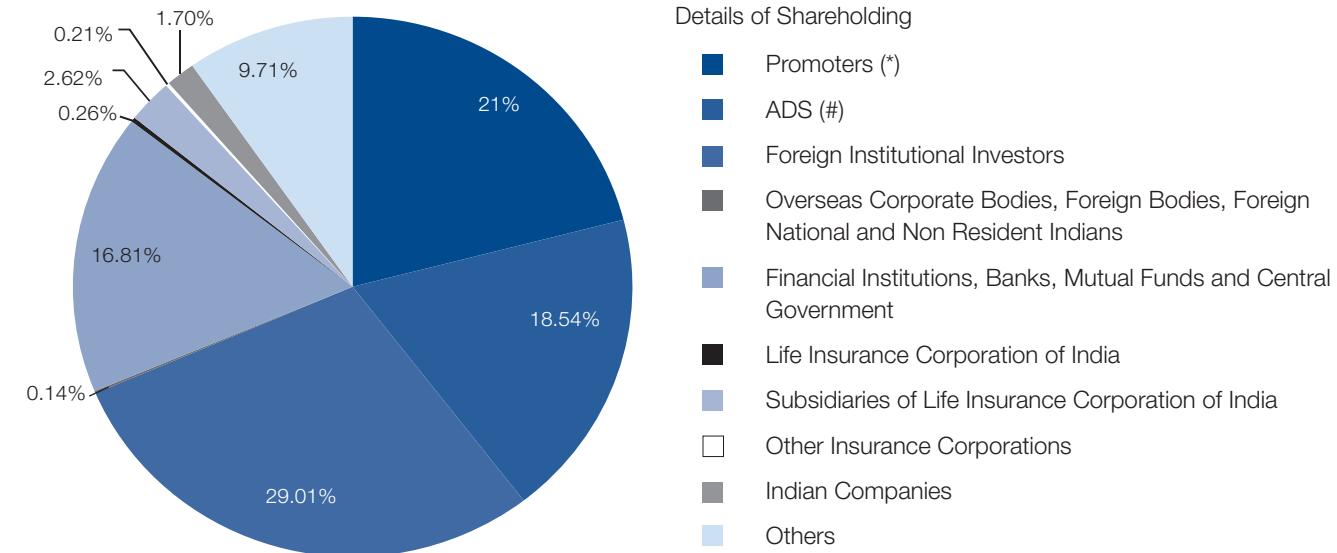


# Report on Corporate Governance



CATEGORIES OF SHAREHOLDERS AS AT MARCH 31, 2022		
	No of shares	% to Capital
Promoters (*)	1,16,46,25,834	21.00
ADS (#)	1,02,81,15,525	18.54
Foreign Institutional Investors	1,60,88,81,315	29.01
Overseas Corporate Bodies, Foreign Bodies, Foreign National and Non Resident Indians	74,60,686	0.14
Financial Institutions, Banks, Mutual Funds and Central Government	93,19,65,879	16.81
Life Insurance Corporation of India	1,46,19,904	0.26
Subsidiaries of Life Insurance Corporation of India	14,54,97,734	2.62
Other Insurance Corporations	1,18,57,498	0.21
Indian Companies	9,41,01,444	1.70
Others	53,84,15,157	9.71
<b>TOTAL</b>	<b>5,54,55,40,976</b>	<b>100.00</b>

## Categories of shareholders as at March 31, 2022



(\*) None of the equity shares held by the Promoters are under pledge.

(#) JP Morgan Chase Bank, NA is the Depository for the ADS (1,028,115,525 underlying equity shares)

## FINANCIAL CALENDAR

[April 1, 2022 to March 31, 2023]

Board Meeting for consideration of accounts	April 16, 2022
Dispatch of Annual Reports by electronic mode	around June 22, 2022
Date, Time and Venue of the 28 <sup>th</sup> AGM	AGM will be held on July 16, 2022 at 2:30 P.M. through video conferencing
Record date for purpose of determining eligibility of dividend	May 13, 2022
Dividend declaration date	July 16, 2022
Expected date of payment of dividend	July 18, 2022 onwards (both physical and electronic mode)
Board Meeting for considering unaudited results for first three quarters of FY 2022-23	Within 25 days from the end of each quarter

## LISTING

### Listing on Indian Stock Exchanges:

The equity shares of the Bank are listed at the following Stock Exchanges and the annual fees for 2021-22 have been paid:

Sr. No.	Name and Address of The Stock Exchange	Stock Code
1	BSE Limited, Pheroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 023	500180
2	The National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051	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 and address of the 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

The Depository for ADS is represented in India by: JP Morgan Chase Bank N.A., India Sub Custody, JP Morgan Chase Bank NA, 6<sup>th</sup> Floor, Paradigm "B" Wing, Behind Toyota Showroom, Mindspace, Malad (West), Mumbai - 400 064.

Note: Annual listing fees of the New York Stock Exchange has been duly paid.

## 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 at <https://www.hdfcbank.com/personal/about-us/corporate-governance/codes-and-policies>. All the Directors and senior management personnel have affirmed compliance with the Code of Conduct / Ethics as approved and adopted by the Board.

## 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.

## 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 Transfer Agent, Datamatics Business Solutions 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 joint Statutory Auditors and all entities in the network firm / network entity of which the joint Statutory Auditors is a part, kindly refer to the Directors' Report.



# Report on Corporate Governance

## 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](http://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](http://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.

## 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 Limited, Asian Building, 17 R Kamani Marg, Ballard Estate, Mumbai 400001. Tel: 022 4080 7000
2. Axis Trustee Services Limited, The Ruby, 2<sup>nd</sup> Floor, SW, 29, Senapati Bapat Marg, Dadar West, Mumbai- 400 028. Tel: 022 6230 0451
3. Vistra ITCL (India) Limited (Formerly known as IL&FS Trust Company Limited), The IL&FS Financial Centre, Plot C-22/G Block, 7<sup>th</sup> Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400051. Tel: 022 6930 0000

## SHAREHOLDERS' HELPDESK

Dividend payments and all other investor related activities are attended to and processed at the office of Registrar and Transfer Agent.

For any 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 Limited  
Plot No. B 5, Part B Crosslane, MIDC, Marol, Andheri (East), Mumbai 400 093

**Tel :** +91-022 - 66712213-14

**E-mail :** [hdfinvestors@datamaticsbpmp.com](mailto:hdfinvestors@datamaticsbpmp.com)

Timings : 10:00 a.m. to 4:30 p.m. (Monday to Friday except public holidays)

**Shareholders' Helpdesk Timings :** 10:30 a.m. to 3:30 p.m.

Between Monday to Friday (except on Bank holidays)

Telephone : +91-022-3976 0012

Email : [shareholder.grievances@hdfcbank.com](mailto:shareholder.grievances@hdfcbank.com)

**For IEPF Related matters :** Mr. Santosh Haldankar (Nodal Officer), Mr. Dhanjit Thaivalappil and Mr. Sushant Date (Deputy Nodal Officers):

**Tel :** +91-022-3976 0012

**E-mail :** [shareholder.grievances@hdfcbank.com](mailto:shareholder.grievances@hdfcbank.com)

Queries relating to the Bank's financial performance may be addressed to: [shareholder.grievances@hdfcbank.com](mailto: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 (PhoneBanking) numbers 18002026161 / 18602676161

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:

**Write to:**

**For Credit Cards:**

For Regular Post:

Manager, HDFC Bank Cards Division, PO BOX # 8654  
Thiruvanmiyur PO Chennai - 600 041

For Courier:

Manager, HDFC Bank Cards Division, # 8, Lattice Bridge Road,  
Thiruvanmiyur,  
Chennai - 600 041

For products (other than Credit Cards) :

HDFC Bank Limited  
Empire Plaza I, 1<sup>st</sup> Floor,  
LBS Marg, Chandan Nagar,  
Vikhroli West, Mumbai - 400 083,  
Email: [support@hdfcbank.com](mailto:support@hdfcbank.com)

**Contact us online:**

Fill up the “Complaint Form” available at the following website link: <https://www.hdfcbank.com/personal/about-us/corporate-governance/codes-and-policies>

For grievances other than shareholder grievances please send your communication to the following email addresses:

- 1) **Depository Services:** [dphelp@hdfcbank.com](mailto:dphelp@hdfcbank.com)
- 2) **Retail Banking / ATM / Debit Cards / Mutual Fund:** [support@hdfcbank.com](mailto:support@hdfcbank.com)
- 3) **Loans, Advances / Advance against shares:** [loansupport@hdfcbank.com](mailto:loansupport@hdfcbank.com)
- 4) **Credit Cards:** [customerservices.cards@hdfcbank.com](mailto:customerservices.cards@hdfcbank.com)

Visit us at <https://www.hdfcbank.com/personal/need-help/customer-care> for more information

**PLANT LOCATIONS**

Being in the banking business, the Bank does not have plants. However, the Bank has 6,342 branches in 3,188 cities / towns as on March 31, 2022. The locations of the branches are also displayed on the Bank’s website.

**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.

**Sashidhar Jagdishan**

**Managing Director and CEO**

**June 10, 2022**

**On behalf of the Board of Directors**

**Atanu Chakraborty**

**Part-time Chairman and Independent Director**

**June 10, 2022**

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

#### 1. Corporate Identity Number (CIN) of the Listed Entity

- L65920MH1994PLC080618

#### 2. Name of the Listed Entity

- HDFC Bank Limited

#### 3. Year of incorporation

- 1994

#### 4. Registered office address

- HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai – 400013

#### 5. Corporate address

- HDFC Bank House, Shiv Sagar Estate, Dr Annie Besant Road, Worli, Mumbai - 400018

#### 6. E-mail

- [investors.helpdesk@hdfcbank.com](mailto:investors.helpdesk@hdfcbank.com)

#### 7. Telephone

- 022 66521000

#### 8. Website

- [www.hdfcbank.com](http://www.hdfcbank.com)

#### 9. Financial year for which reporting is being done

- FY 2021-22

#### 10. Name of the Stock Exchange(s) where shares are listed

- BSE Limited; National Stock Exchange of India Limited, American Depository Shares (ADS) listed on The New York Stock Exchange (Depository for ADS is represented in India by J P Morgan Chase Bank N.A.).

#### 11. Paid-up Capital

- Please refer the Director's Report (Section: Issuance of Equity Shares and Employee Stock Option Scheme (ESOP)) appended to the Integrated Report for FY 22.

#### 12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BCSR report

- Name: Nusrat Pathan  
Telephone number: 022 39227260  
e-mail ID: [nusrat.pathan@hdfcbank.com](mailto:nusrat.pathan@hdfcbank.com)

#### 13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).

- Please refer 'About the Report' section of this report.

## II. Products/services

### 14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Financial and Insurance Service	Banking activities by Central, Commercial and Saving banks	100%

### 15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	HDFC Bank operates in three business verticals -Wholesale, Retail and Treasury. All the products and services are offered under these segments. For details, please refer to the 'Business Segments' section of the Integrated Report for FY 22.	64191	100

## III. Operations

### 16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	N.A.	6,342 branches and 18,130 ATMs / Cash Deposit & Withdrawal Machines (CDMs) across 3,188 cities / towns. In addition, we have 15,341 business correspondents, which are primarily manned by Common Service Centres (CSC).	-
International	N.A.	Branches and Representative Offices in Manama (Bahrain), Hong Kong, Dubai, DIFC, Abu Dhabi and Nairobi (Kenya).	-

### 17. Markets served by the entity:

#### a. Number of locations

Location	Number
National (No. of States)	All states and UTs in India
International (No. of Countries)	5

#### b. What is the contribution of exports as a percentage of the total turnover of the entity?

- N.A.

#### c. A brief on types of customers

- The Bank caters to a diverse customer base - including individuals, government, MSMEs, large corporates, farmers, start-ups etc.



# Business Responsibility & Sustainability Report

## IV. Employees

### 18. Details as at the end of Financial Year:

#### a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	Please refer Our Culture details on the 'Social-People' section of the Integrated Report for FY 22	Please refer Our Culture details on the 'Social-People' section of the Integrated Report for FY 22	81%	Please refer Our Culture details on the 'Social-People' section of the Integrated Report for FY 22	19%*
2.	Other than Permanent (E)	Please refer Our Culture details on the 'Social-People' section of the Integrated Report for FY 22	Please refer Our Culture details on the 'Social-People' section of the Integrated Report for FY 22	81%	Please refer Our Culture details on the 'Social-People' section of the Integrated Report for FY 22	19%
3.	Total employees (D + E)	Please refer Our Culture details on the 'Social-People' section of the Integrated Report for FY 22	Please refer Our Culture details on the 'Social-People' section of the Integrated Report for FY 22	81%	Please refer Our Culture details on the 'Social-People' section of the Integrated Report for FY 22	19%*
<b>WORKERS</b>						
4.	Permanent (F)	N.A.	N.A.	N.A.	N.A.	N.A.
5.	Other than Permanent (G)	N.A.	N.A.	N.A.	N.A.	N.A.
6.	<b>Total workers (F + G)</b>	N.A.	N.A.	N.A.	N.A.	N.A.

#### b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)			Not available		
2.	Other than Permanent (E)			Not available		
3.	Total differently abled employees (D + E)	Please refer Diversity and Inclusion details on the 'Social-People' section of the Integrated Report for FY 22 for a qualitative response			Not available	
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)	N.A.	N.A.	N.A.	N.A.	N.A.
5.	Other than Permanent (G)	N.A.	N.A.	N.A.	N.A.	N.A.
6.	<b>Total workers (F + G)</b>	N.A.	N.A.	N.A.	N.A.	N.A.

\*Includes sales officers and other non-supervisory staff

## 19. Participation / Inclusion / Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	11	3	27.27%
Key Management Personnel	4	0	0

## 20. Turnover rate for permanent employees and workers

	FY 2021-22 (Turnover rate in current FY)			FY 2020-21 (Turnover rate in previous FY)			FY 2019-20 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	Please refer "Our Culture" details in the 'Social-People' section of the Integrated Report for FY 22			Please refer Social - People section of Integrated Report for FY 21.			Please refer 'Our People' section of Sustainability Report for FY 20.		
Permanent Workers	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

### 21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	HDFC Securities Limited (HSL)	Subsidiary	As on March 31, 2022, the Bank held 95.96% stake in HSL.	No
2.	HDB Financial Services Limited (HDBFSL)	Subsidiary	As on March 31, 2022, the Bank held 94.96% stake in HDBFSL.	No

## VI. CSR Details

### 22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹) 1,57,26,301 Lakh (Turnover represents Total Income)

(iii) Net worth (in ₹): 2,33,61,381 Lakh



# Business Responsibility & Sustainability Report

## VII. Transparency and Disclosures Compliances

### 23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)  (If Yes, then provide web-link for grievance redress policy)	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, Our whistleblower policy: <a href="https://www.hdfcbank.com/content/bbp/repositories/723fb80a-2dde-42a3-9793-7ae1be57c87f/?path=/Footer/About%20Us/Corporate%20Governance/Codes%20and%20Policies/pdf/Whistleblower-Policy-2019.pdf">https://www.hdfcbank.com/content/bbp/repositories/723fb80a-2dde-42a3-9793-7ae1be57c87f/?path=/Footer/About%20Us/Corporate%20Governance/Codes%20and%20Policies/pdf/Whistleblower-Policy-2019.pdf</a>	0	0	-	0	0	-
Investors (other than shareholders)	Yes, Our whistleblower policy: <a href="https://www.hdfcbank.com/content/bbp/repositories/723fb80a-2dde-42a3-9793-7ae1be57c87f/?path=/Footer/About%20Us/Corporate%20Governance/Codes%20and%20Policies/pdf/Whistleblower-Policy-2019.pdf">https://www.hdfcbank.com/content/bbp/repositories/723fb80a-2dde-42a3-9793-7ae1be57c87f/?path=/Footer/About%20Us/Corporate%20Governance/Codes%20and%20Policies/pdf/Whistleblower-Policy-2019.pdf</a>	0	0	-	0	0	-
Shareholders	Whistleblower policy (same as above)	2		Fraudulent Loans, Improper business practices			
Employees and workers	Whistleblower policy (same as above)	101	28	Major categories of complaints include behavioural, corruption/ bribery, fraudulent loans, improper business practices, improper working conditions, misappropriation of customer funds and POSH related complaints	68	2	Major categories of complaints include behavioural issue, corruption, false claim, fraudulent loans,improper business practices, misappropriation of Bank's assets and funds, Posh Related and other unethical HR practices

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Customers	Whistleblower policy (Same as above)	15	5	Broad categories of complaints include behavioral issue, fraudulent loans, improper business practices and others	2		Account status related, Improper business practices
Value Chain Partners	Whistleblower policy (same as above)	5	1	Behavioural issue, Improper business practices	2		Improper business practices, Pending Bills Related
Other (Ex-Employee, Off Role Staff, Third Party, Ex-Employee of Customer)		24	6	Broadly comprised of behavioural issue, corruption/bribery, fraudulent loans, improper business practices and others	14	0	Broadly comprised of behavioural issue, corruption/bribery, improper business practices and others"
<b>Total</b>		147	40		86	2	

- 24. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format**

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
--------	---------------------------	--	--	--	--

Please refer section on 'Materiality Assessment', 'External Environment', 'Risk Management' and 'Business Continuity Plan' Section of the Integrated Report for FY 22.



# Business Responsibility & Sustainability Report

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	Note 5	Note 4	Note 4, 5	Note 4	Note 4, 5	Note 4	Note 1	Note 3	Note 2, 5
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.						Note 7	Note 6		
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.						Y	Y		
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Please refer #			Please refer **			Please refer @		

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Governance, leadership and oversight</b>									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)									Please refer to 'Message from the MD & CEO' section of the Integrated Report for FY 22.
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies)									Sashidhar Jagdishan, Managing Director and Chief Executive Officer, HDFC Bank
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details									Yes. Please refer 'Governance' section of this report
10. Details of Review of NGRBCs by the Company:									
Performance against above policies and follow up action									
Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee									Committees of the Board
Frequency (Annually / Half yearly / Quarterly / Any other - please specify)									Annually
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances									
Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee									Committee of the Board
Frequency (Annually / Half yearly / Quarterly / Any other - please specify)									Annually
11. Has the entity carried out independent assessment / evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.									Y***
12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:									
The entity does not consider the Principles material to its business (Yes/No)	N.A.								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	N.A.								
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	N.A.								
It is planned to be done in the next financial year (Yes/No)	N.A.								
Any other reason (please specify)	N.A.								

\*\* 'Environment' section of this report

# 'Social -People' and 'Governance' section of this report.

@ 'Communities' section of this report.

\*\*\* All policies of the Bank are evaluated internally

All policies have been developed as a result of detailed consultations and research on the best practices adopted by banks and organisations across the industry and as per the requirements of HDFC Bank



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## Web-link for the policy

- Note 1: These policies of the Bank are internal documents/guidelines and are not accessible to the public
- Note 2: <https://www.hdfcbank.com/personal/useful-links/our-corporate-commit> (Corporate Commitment)
- Note 3: [https://www.hdfcbank.com/csr/pdf/CSR\\_Policy.pdf](https://www.hdfcbank.com/csr/pdf/CSR_Policy.pdf)
- Note 4: <https://www.hdfcbank.com/content/api/contentstream-id/723fb80a-2dde-42a3-9793-7ae1be57c87f/1cb20550-41e0-4320-9a30-94e763d31392?> (Environment Policy)  
<https://www.hdfcbank.com/content/api/contentstream-id/723fb80a-2dde-42a3-9793-7ae1be57c87f/f0ac1d94-7b3f-4b7a-ad10-d84cd154eaed?> (ESG Policy Framework)
- Note 5: <https://www.hdfcbank.com/content/api/contentstream-id/723fb80a-2dde-42a3-9793-7ae1be57c87f/0ae5b219-aac3-4f26-976c-0a27797d548d?> (Conduct Philosophy- Code of Conduct)
- Note 6: Our information security system is based on ISO 27001: 13 and NIST 800-53, Information security risk management as per ISO 31000. ISO 22301: 2019 certified BCP
- Note 7: Some of our large office buildings and branches are IGBC certified

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

### PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

#### Essential Indicators

##### 1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of trainings and awareness programmes held	Topic/Principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	Not available	Please refer Culture of Transparency and Accountability details in the 'Governance' section of the Integrated Report for FY 22.	Not available
Key Managerial Personnel	5	Please refer Culture of Transparency and Accountability details in the 'Governance' section of the Integrated Report for FY 22	50%
Employees other than BoD and KMPs	4171	Please refer Culture of Transparency and Accountability details in the 'Governance' section of the Integrated Report for FY 22	90%
Workers	N.A.	N.A.	N.A.

##### 2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)		Brief of the Case	Has an appeal been preferred? (Yes/No)
<b>Monetary</b>					
Penalty/Fine	1	RBI	₹10 Crore	Please refer to the Strictures and Penalties section as part of the Corporate Governance section of the Integrated Annual Report for FY 22	No, the penalty was paid by the Bank
Settlement	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding fee	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Non-Monetary</b>					
Imprisonment	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.

**3. Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory / enforcement agencies/ judicial institutions
Not Applicable	

**4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

➤ Yes. Please refer 'Governance' section of the Integrated Report for FY 22.

**5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Directors		
KMPs		
Employees	None	
Workers		None

**6. Details of complaints with regard to conflict of interest:**

	FY 2021-22 (Current Financial Year)		FY 2020-21 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	N.A.	Nil	N.A.
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	N.A.	Nil	N.A.

**7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.** NA



# Business Responsibility & Sustainability Report

## Leadership Indicators

**1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

- None

Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
None	N.A.	N.A.

**2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No)  
If Yes, provide details of the same.**

- Yes. Please refer section on 'Corporate Governance' appended to this report (sub-section: Related Party Transactions).

## PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

### Essential Indicators

**1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	Not applicable given the sector	N.A.	N.A.
Capex	Not Applicable being a financial services sector	N.A.	N.A.

**1. a. Does the entity have procedures in place for sustainable sourcing?**

- No, Being in the Financial Services sector, material purchase for operations is not significant except for paper. For procurement of equipment, the Bank ensures that energy efficiency standards are considered during the purchase of electronic equipment such as computers, laptops, lighting devices, AC's etc.

**b. If yes, what percentage of inputs were sourced sustainably? N.A.**

**2. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

- Please refer 'Environment' section of the Integrated Report for FY 22.

**3. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

- Not applicable

### Leadership Indicators

**1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

- Not applicable

- 2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

➤ Not applicable

- 3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
N.A.	N.A.	N.A.

- 4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	N.A.			N.A.		
E-waste	Please refer 'Environment section' of the Integrated Report for FY 22			Please refer 'Environment section' of the Integrated Report for FY 21		
Hazardous waste	N.A.			N.A.		
Other waste	N.A.			N.A.		

- 5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

➤ Not applicable

### PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

#### Essential Indicators

- 1. a. Details of measures for the well-being of employees:**

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	114,582	114,582	100%	114,582	100%	Please refer to the note at the bottom of this table					
Female	26,997	26,997	100%	26,997	100%	Please refer to the note at the bottom of this table					
Other than Permanent employees											
Male	Please refer Our Culture details on the 'Social-People' section of the Integrated Report for FY 22					Nil					



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Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Female	Please refer Our Culture details on the 'Social-People' section of the Integrated Report for FY 22							Nil			
Total	Please refer Our Culture details on the 'Social-People' section of the Integrated Report for FY 22							Nil			

\*All employees are covered under Health and accident insurance (within India). Medical expenses and Insurance related to Maternity claims are covered under Health Insurance coverage

## b. Details of measures for the well-being of workers:

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Female	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Other than Permanent Workers											
Male	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Female	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

## 2. Details of retirement benefits, for Current FY and Previous Financial Year.

Details of retirement benefits, for Current FY and Previous Financial Year.						
Benefits	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	141,579	0	Y	120,093	0	Y
Gratuity	141,579	0	Y	120,093	0	Y

## 3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

- Please refer Diversity and Inclusion details on the 'Social-People' section of the Integrated Report for FY 22. We assess all our premises and install ramps wherever feasible.

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

No

**5. Return to work and Retention rates of permanent employees and workers that took parental leave:**

Please refer Diversity and Inclusion details on the 'Social-People' section of the Integrated Report for FY 22

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	Please refer Diversity and Inclusion details on the 'Social-People' section of the Integrated Report for FY 22	Please refer Diversity and Inclusion details on the 'Social-People' section of the Integrated Report for FY 22	N.A.	N.A.
Female			N.A.	N.A.
Total			N.A.	N.A.

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

- Please refer 'Governance' section of this report

Yes/No (If Yes, then give details of the mechanism in brief)	
Permanent Workers	Not applicable
Other than Permanent Workers	Not applicable
Permanent Employees	Yes. Details of the grievance mechanism can be found in the Governance section of the Integrated Report
Other than Permanent Employees	Yes, covered under whistleblower policy

**7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Category	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	1,41,576	252	0.18%	1,20,093	262	0.22%
Male	1,14,582	177	0.15%	98,347	187	0.19%
Female	26,997	75	0.28%	21,746	75	0.34%
Total Permanent Workers	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.



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Male	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Female	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

## 8. Details of training given to employees and workers:

Please refer Learning and development details in the 'Social-People' section of the Integrated Report FY 2022 for details on training given to our employees.

Category	FY 2021-22 Current Financial Year				FY 2020-21 Previous Financial Year					
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees:</b>										
Male	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
Female	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
Total	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
<b>Workers:</b>										
Male	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
Female	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
Total	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	

## Details of performance and career development reviews of employees and worker:

Please refer Learning and development details in the 'Social-People' section of the Integrated Report for FY22

Employees	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Male	Please refer Learning and development details in the 'Social-People' section of the Integrated Report for FY22	Please refer Learning and development details in the 'Social-People' section of the Integrated Report for FY22	100%	Please refer 'Social - People' section of Integrated Report for FY 21	Please refer 'Social - People' section of Integrated Report for FY 21.	100%
Female	Please refer Learning and development details in the 'Social-People' section of the Integrated Report for FY22	Please refer Learning and development details in the 'Social-People' section of the Integrated Report for FY22	100%	Please refer 'Social - People' section of Integrated Report for FY 21.	Please refer 'Social - People' section of Integrated Report for FY 21.	100%
<b>Workers</b>						
Male	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Female	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

## 9. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

➤ No

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**
- Not applicable
- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**
- Not applicable
- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**
- Yes

**10. Details of safety related incidents, in the following format:**

Safety Incident/Number	Category	FY 2021-22 Current Financial Year	FY 2021-20 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	N.A.	N.A.
	Workers	N.A.	N.A.
Total recordable work-related injuries	Employees	N.A.	N.A.
	Workers	N.A.	N.A.
No. of fatalities	Employees	N.A.	N.A.
	Workers	N.A.	N.A.
High consequence work-related injury or ill-health (excluding fatalities)	Employees	N.A.	N.A.
	Workers	N.A.	N.A.

**11. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

Please refer to Employee Well Being section on ‘Social-People’ in the Integrated Report for FY 22.

**12. Number of Complaints on the following made by employees and workers:**

	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Health & Safety	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

**13. Assessments for the year:**

% of your plants and offices that were assessed (by entity or statutory authorities or third parties)		
Health and safety practices	Not applicable	
Working Conditions	Not applicable	

**14. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.**

- Please refer to Employee Well Being section on ‘Social-People’ in the Integrated Report for FY 22.



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## Leadership Indicators

- 1. Does the entity extend any life insurance or any compensatory package in the event of death of**
  - Employees (Y/N) - Yes
  - Workers (Y/N) - Not applicable
- 2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**
  - The Bank works towards greater integration of environmental & social considerations in its procurement practices. The Bank also sets clear expectations with vendors and suppliers to abide by labour laws, human rights and regulations in their regions of business.
- 3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**
  - Not applicable
- 4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**
  - Yes. Please refer 'Social-People' section of the Integrated Report of FY 22.
- 5. Details on assessment of value chain partners:**

% of value chain partners (by value of business done with such partners) that were assessed	
Health and safety practices	Not applicable
Working Conditions	Not applicable

- 6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**
  - Not applicable

## PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

### Essential Indicators

- 1. Describe the processes for identifying key stakeholder groups of the entity.**
  - Please refer to our response in the next question.
- 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community, Meetings, Notice Board, Website), Other	Frequency of engagement of (Annually/ Half yearly/ Quarterly others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement

Communities	The Bank has identified women, people with disabilities, children, youth, farmer communities, as its disadvantaged, vulnerable and marginalized stakeholders.	Please refer Modes of Engagement details on 'Stakeholder Consultation' section in the Integrated Report for FY 22.
Investors (other than shareholders)	No	Please refer Modes of Engagement details on 'Stakeholder Consultation' section in the Integrated Report for FY 22.
Shareholders	No	Please refer Modes of Engagement details on 'Stakeholder Consultation' section in the Integrated Report for FY 22.
Employees and workers	No	Please refer Modes of Engagement details on 'Stakeholder Consultation' section in the Integrated Report for FY 22.
Customers	No	Please refer Modes of Engagement details on 'Stakeholder Consultation' section in the Integrated Report for FY 22.
Value Chain Partners	No	Please refer Modes of Engagement details on 'Stakeholder Consultation' section in the Integrated Report for FY 22.
Other (Ex-Employee, Off Role Staff, Third Party, Ex-Employee of Customer)	No	Please refer Modes of Engagement details on 'Stakeholder Consultation' section in the Integrated Report for FY 22.

## Leadership Indicators

- Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**
  - Please refer section on 'Stakeholder Consultation' in the Integrated Report for FY 22.
- Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**
  - Please refer section on 'Stakeholder Consultation' and 'Materiality' in the Integrated Report for FY 22.
- Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.**
  - Please refer section on 'Stakeholder Consultation' and 'Social – Communities' the Integrated Report for FY 22, and Director's Report (sub-section on Semi-Urban and Rural) appended to this report.

## PRINCIPLE 5 Businesses should respect and promote human rights

### Essential Indicators

- Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
<b>Employees</b>						



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Permanent	31,459	22%	Please refer to 'Social-People' Section of the Integrated Report for FY21.	N.A.	N.A.
Other permanent	Please refer Employee Count Information in 'Social-People' Section of the Integrated Report for FY22.	Not available	Please refer Employee Count Information in 'Social-People' Section of the Integrated Report for FY22.	Not available	Not available
<b>Total Employees</b>	31,459	22%	Please refer Employee Count Information in 'Social-People' Section of the Integrated Report for FY21.	Not available	Not available

## Workers

Permanent	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Other than permanent	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Total Workers</b>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

**2. Details of minimum wages paid to employees and workers, in the following format:**

- Not applicable

**3. Details of remuneration / salary / wages, in the following format:**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)				
Key Managerial Personnel	Please refer to Section 1 of Annexure 5 to the Director's Report		Please refer to Section 1 of Annexure 5 to the Director's Report	
Employees other than BoD and KMP				
Workers	N.A.	N.A.	N.A.	N.A.

**4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

- Yes, Please refer 'Governance' section of the Integrated Report for FY 22.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

- Please refer 'Governance' section of the Integrated Report for FY 22.

**6. Number of Complaints on the following made by employees and workers:**

	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Please refer Culture of Transparency and Accountability details in the 'Governance' section of the Integrated Report for FY 22	Please refer Culture of Transparency and Accountability details in the 'Governance' section of the Integrated Report for FY 22	-	Please refer 'Corporate Governance' section of Integrated Report for FY 21.	Please refer 'Corporate Governance' section of Integrated Report for FY 21.	-
Discrimination at workplace	Please refer Culture of Transparency and Accountability details in the 'Governance' section of the Integrated Report for FY 22	Please refer Culture of Transparency and Accountability details in the 'Governance' section of the Integrated Report for FY 22	-	Please refer 'Social-People' section of Integrated Report for FY 21.	Please refer 'Social-People' section of Integrated Report for FY 21.	-
Child Labour	Please refer Culture of Transparency and Accountability details in the 'Governance' section of the Integrated Report for FY 22	Please refer Culture of Transparency and Accountability details in the 'Governance' section of the Integrated Report for FY 22	-			-
Forced Labour/ Involuntary Labour	Please refer Culture of Transparency and Accountability details in the 'Governance' section of the Integrated Report for FY 22	Please refer Culture of Transparency and Accountability details in the 'Governance' section of the Integrated Report for FY 22	-	Please refer 'Social-People' section of Integrated Report for FY 21.	Please refer 'Social-People' section of Integrated Report for FY 21.	-
Wages			-	Not applicable	Not applicable	-
Other human rights related issues	Please refer Culture of Transparency and Accountability details in the 'Governance' section of the Integrated Report for FY 22	Please refer Culture of Transparency and Accountability details in the 'Governance' section of the Integrated Report for FY 22	-	Please refer 'Social-People' section of Integrated Report for FY 21.	Please refer 'Social-People' section of Integrated Report for FY 21.	-

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

- Please refer 'Governance' section of the Integrated Report for FY 22.

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

- Yes, some of our large projects incorporate human rights due diligence (including child, forced labour) as part of the SEMS (Social & Environmental Management System) annexure. Please refer to more details on this within the 'Responsible financing' section of the Environment section of the Integrated Report for FY 22.

**9. Assessments for the year:**

% of your plants and offices that were assessed (by entity or statutory authorities or third parties)	
Child labour	N.A.



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Forced/involuntary labour	N.A.
Sexual harassment	None
Discrimination at workplace	None
Wages	N.A.
Others - please specify	N.A.

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

- Not applicable

## Leadership Indicators

**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

- No human rights grievances/complaints received during FY22.

**2. Details of the scope and coverage of any Human rights due-diligence conducted.**

- Please refer our ESG policy framework and SEMS Section at <https://www.hdfcbank.com/content/api/contentstream-id/723fb80a-2dde-42a3-9793-7ae1be57c87f/f0ac1d94-7b3f-4b7a-ad10-d84cd154eaed?>

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Please refer the section on 'Stakeholder Consultation' in the Integrated Report for FY 22.

**4. Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	Assessment has not yet been conducted
Wages	
Others - please specify	

**5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

- Not applicable.

## PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

### Essential Indicators

**1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Total electricity consumption (A)	Please refer GHG Emissions and Climate Change details in the Environment section of the Integrated Report for FY22	Please refer GHG Emissions and Climate Change details in the Environment section of the Integrated Report for FY22
Total fuel consumption (B)	NA	NA
Energy consumption through other sources (C)		
Total energy consumption (A+B+C)	Please refer GHG Emissions and Climate Change details in the Environment section of the Integrated Report for FY22	Please refer GHG Emissions and Climate Change details in the Environment section of the Integrated Report for FY22
Energy intensity per rupee of turnover (Total energy consumption / turnover in INR)	1,015.17 Joules/INR income	957.80 Joules/INR income
Energy intensity (optional) - the relevant metric may be selected by the entity	Please refer GHG Emissions and Climate Change details in the Environment section of the Integrated Report for FY22 for energy consumed per Full Time Employee.	Please refer GHG Emissions and Climate Change details in the Environment section of the Integrated Report for FY22 for energy consumed per Full Time Employee.

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

- Yes. Please refer 'About the Report' section of the Integrated Report for FY 22.

**2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

- No.

**3. Provide details of the following disclosures related to water, in the following format:**

While we have not measured our water consumption so far, we have initiated discussions internally on tracking water consumption at some of our large offices.

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

- No.

**4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

- Not applicable.

**5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

- We report on GHG emissions; given our sector, details of air emissions other than GHG is not material to us

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

- Not applicable.

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**



# Business Responsibility & Sustainability Report

Parameter	Unit	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
		CO2 Emissions (Tonnes)	CH4 Emissions (Tonnes)	N2O Emissions (Tonnes)	CO2 Emissions (Tonnes)	CH4 Emissions (Tonnes)	N2O Emissions (Tonnes)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	20,771.60	46.46	58.92	5796.92	0.15	0.08
		Total 20,876.97 tCO2e			Total 5825.68 tCO2e		
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent		287,667			300,141	
Total Scope 1 and Scope 2 emissions per rupee of turnover	Gram of CO2 equivalent per unit income in rupee		0.20			0.20	
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity	tCO2e per Full Time Employee	Please refer GHG Emissions and Climate Change details in the Environment section of the Integrated Report for FY 22 for emissions per FTE.					

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

Yes. Please refer the 'About the Report' section of the Integrated Report for FY 22.

## 7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes. Please refer to details of our initiatives in the Environment section of the Integrated Report for FY 22.

## 8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
	Total Waste generated (in metric tonnes)	
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	N.A.	N.A.
E-waste (B)	Please refer Waste Management details in the Environment section of the Integrated Report for FY 22.	Please refer the Environment section FY 2020-21 IR.
Bio-medical waste (C)	N.A.	N.A.
Construction and demolition waste (D)	N.A.	N.A.
Battery waste (E)	N.A.	N.A.
Radioactive waste (F)	N.A.	N.A.
Other Hazardous waste. Please specify, if any. (G)	N.A.	N.A.
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	N.A.	N.A.
Total (A+B + C + D + E + F + G + H)	Please refer Waste Management details in the Environment section of the Integrated Report for FY 22.	Please refer the Environment section of the Integrated Report for FY 21 for e-waste recycled.

**For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)**

Parameter	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
<b>Category of waste</b>		
(i) Recycled	Please refer Waste Management details in the Environment section of the Integrated Report for FY 22.	Please refer the Environment section of the Integrated Report for FY 21 for e-waste recycled.
(ii) Re-used	Not available	Not available
(iii) Other recovery operations	Not available	Not available
<b>Total</b>		
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	Not available	Not available
(ii) Landfilling	Not available	Not available
(iii) Other disposal operations	Please refer the Environment section of the Integrated Report for FY 22 for e-waste recycled	Please refer the Environment section of the Integrated Report for FY 21 for e-waste recycled
<b>Total</b>	Not available	Not available

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

- Yes. Please refer the 'About the Report' section of the Integrated Report for FY 22.

**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

- Please refer to the Waste Management section as part of the Environment section of the Integrated Report for FY 22.

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

- Not applicable.

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

- Not applicable.

**12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

- Not applicable.



# Business Responsibility & Sustainability Report

## Leadership Indicators

- 1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
<b>From renewable sources</b>		
Total electricity consumption (A)	N.A.	N.A.
Total fuel consumption (B)	N.A.	N.A.
Energy consumption through other sources (C)	N.A.	N.A.
Total energy consumed from renewable sources (A+B+C)	N.A.	N.A.
<b>From non-renewable sources</b>		
Total electricity consumption (D)	Please refer GHG Emissions and Climate Change details in the Environment section of the Integrated Report for FY22	Please refer GHG Emissions and Climate Change details in the Environment section of the Integrated Report for FY22
Total fuel consumption (E)	Please refer GHG Emissions and Climate Change details in the Environment section of the Integrated Report for FY22	Please refer GHG Emissions and Climate Change details in the Environment section of the Integrated Report for FY22
Energy consumption through other sources (F)	N.A.	N.A.
Total energy consumed from non-renewable sources (D+E+F)	Please refer GHG Emissions and Climate Change details in the Environment section of the Integrated Report for FY22	Please refer GHG Emissions and Climate Change details in the Environment section of the Integrated Report for FY22

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

- Please refer 'About the Report' section of the Integrated Report for FY 22.

- 2. Provide the following details related to water discharged:**

- Not applicable.

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

- Not applicable

- 3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

- Not applicable

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

- Not applicable

**4. Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	42,697	9,174.35
<b>Total Scope 3 emissions per rupee of turnover</b>	Gram per CO2 per rupee income	0.03	0.01
<b>Total Scope 3 emission intensity</b> (optional) - the relevant metric may be selected by the entity	tCO2/FTE	0.3	0.08

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

- Please refer 'About the Report' section of the Integrated Report for FY 22.

**5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

- Given the nature of our business, we do not have significant direct impacts on biodiversity. However we do ensure that the large industrial, infrastructure projects we lend to, are compliant to all environmental regulations, including those linked to biodiversity. Please refer to 'Responsible Lending in the section on 'Environment' in the Integrated Report for FY 22.

**6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
	Please refer Managing waste details in the 'Environment' section in the Integrated Report for FY22.		

**7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

- Yes, please refer to the 'Business Continuity Plan' section of the Integrated Report for FY 22.

**8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

- Please refer to the Responsible lending details of the 'Environment' section of the Integrated Report for FY 22.

**9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

- Please refer to the Responsible lending details of the 'Environment' section of the Integrated Report for FY 22.

**PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

### Essential Indicators

**1. a. Number of affiliations with trade and industry chambers/ associations: 1**



# Business Responsibility & Sustainability Report

- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of / affiliated to:

Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
Indian Banks' Association	National

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities

- Not applicable

Name of authority	Brief of the case	Corrective action taken
N.A.	N.A.	

## Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually / Half yearly / Quarterly / Others - please specify)	Web Link, if available
Not applicable. The Bank does not engage in policy advocacy.					

## PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

### Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Holistic Rural Development Program (HRDP) in district Samastipur, Bihar implemented by Integrated Development Foundation			Yes (Basic Paradigm)	No	
Holistic Rural Development Program (HRDP) in district Pune, Maharashtra implemented by Krushi Vikas Va Gramin Prashikshan Sanstha			Yes (Basic Paradigm)	No	
Holistic Rural Development Program (HRDP) in district Jirang, Meghalaya implemented by Society for Action in Community Health (SACH)			Yes (N R Management Consultants India Ltd.)	No	
Holistic Rural Development Program (HRDP) in districts Ludhiana and Moga, Punjab implemented by Society for Action in Community Health (SACH)			Yes (N R Management Consultants India Ltd.)	No	
Focused Development Program (FDP) in districts Angul and Dhenkanal, Odisha implemented by Access Development Services			Yes (N R Management Consultants India Ltd.)	No	
Holistic Rural Development Program (HRDP) in district Katni, Madhya Pradesh implemented by Haritika			Yes (TRIOs Development Services (P) Ltd.)	No	

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Sustainable Livelihood Initiative (SLI) program implemented by HDFC Bank			Yes (Centre for Digital Finance and Inclusion, IFMR)	No	

**2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

- Not applicable

**3. Describe the mechanisms to receive and redress grievances of the community.**

- Please refer to our initiatives in the 'Social - Communities' section of the Integrated Report for FY 22.

**4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	The only material input for our sector is paper. Hence this question is not applicable/ material to us	N.A.
Sourced directly from within the district and neighbouring districts	N.A.	N.A.

### Leadership Indicators

**1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
N.A.	N.A.

**2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

S. No.	State	Aspirational District	Amount spent (In INR)
1	Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Maharashtra, Meghalaya, Madhya Pradesh, Odisha, Punjab, Rajasthan, Uttar Pradesh, Uttarakhand, Tamil Nadu		N.A.

**3.**

- (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No) No.
- (b) From which marginalized /vulnerable groups do you procure? N.A.
- (c) What percentage of total procurement (by value) does it constitute? N.A.

**4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

- Not applicable

**5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

- Not applicable



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## 6. Details of beneficiaries of CSR Projects:

S. CSR Project No.	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
Please refer 'Social- Communities' section of the Integrated Report.	Please refer 'Social- Communities 'section of the Integrated Report.	N.A.

## PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

### Essential Indicators

#### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

- Please refer Customer Satisfaction details in 'Governance' section of the Integrated Report for FY 22.

#### 2. Turnover of products and services as a percentage of turnover from all products/services that carry information about:

As a percentage to total turnover	
Environmental and social parameters relevant to the product	N.A.
Safe and responsible usage	N.A.
Recycling and/or safe disposal	N.A.

#### 3. Number of consumer complaints in respect of the following:

	FY 2021-22 Current Financial Year		Remarks	FY 2020-21 Previous Financial Year		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	46	0				
Cyber-security	0	0				

#### 4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	N.A.	N.A.
Forced recalls	N.A.	N.A.

#### 5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

- Yes. Please refer to the 'Cybersecurity' section of the Integrated Report for FY 22.

#### 6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

There continues to be one IPR-related civil suit filed by an actress / model i.e. Surbhi Puranik Vs. MASH Audio Visuals Pvt. Ltd., Delhi High Court CS(COMM) 205/2017, for using her images, without her consent, to promote the Bank's gold loan product in FY 2017-18. This case is still ongoing and is now listed on September 15, 2022.

## Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

Please refer to the Corporate Commitment and Citizens Charter in the webpage [https://v1.hdfcbank.com/assets/pdf/citizens\\_charter/English.pdf](https://v1.hdfcbank.com/assets/pdf/citizens_charter/English.pdf) for steps taken on informing and educating our customers.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

➤ Please refer to the Business Continuity Plan in our website: [https://v1.hdfcbank.com/assets/pdf/Business\\_Continuity\\_Plan.pdf](https://v1.hdfcbank.com/assets/pdf/Business_Continuity_Plan.pdf)

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable)**

➤ No

**If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

➤ Yes. Please refer to Customer centricity section of the Integrated Report for FY 22.

5. **Provide the following information relating to data breaches:**

- a. **Number of instances of data breaches along-with impact**

➤ None

- b. **Percentage of data breaches involving personally identifiable information of customers**

➤ None



# 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., National Automated Clearing House (NACH), Direct Credit, Real Time Gross Settlement (RTGS), National Electronic Fund Transfer (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 also enable sending communication relating to credit of dividend, uncashed 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 Registrars & Transfer Agents (R&T agent) viz., Datamatics Business Solutions 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 along with 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. Real Time Gross Settlement (RTGS)
3. National Electronic Fund Transfer (NEFT)
4. Direct credit in case the shareholders have an active Bank account with HDFC Bank Limited (Direct Credit).

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 R&T agent at the registered address of the shareholder.

### Transfer of Equity Shares to Investor Education and Protection Fund (IEPF) Authority

Pursuant to the applicable provisions of Section 124(6) of the Companies Act, 2013, all equity shares in respect of which dividend has / have remained unpaid or unclaimed for consecutive seven (7) years, the corresponding equity shares have been transferred in the name of IEPF Authority as notified by the Ministry of Corporate Affairs (MCA), Government of India. 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, as amended from time to time (collectively the "IEPF Rules"). As per said IEPF Rules, companies are required to transfer the equity shares to IEPF Authority where seven (7) years as provided under Section 124(5) of the Companies Act, 2013 have been completed and upon completion of three (3) months from the date of the notification of the IEPF Rules, as stated hereinabove.

In compliance with the aforesaid provision on November 30, 2017, your Bank has transferred 5,524,448 equity shares to the IEPF Authority, MCA account (IEPF) bearing demat account no 12047200 13676780 which is opened with SBI CAP Securities Ltd as Depository Participant under the Central Depository Services (India) 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 IEPF Authority. Your Bank has further transferred 828,846 equity shares, 710,122 equity shares and 144,206 equity shares to the IEPF account on April 12, 2019, August 30, 2019 and August 25, 2020, respectively. During the year ended March 31, 2022, your Bank has further transferred 348,171 equity shares to the IEPF account on September 15, 2021. The IEPF Authority, till March 31, 2022, transferred 687,330 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 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 <https://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 are mentioned by the claimant at the time of uploading the web-based form), and other documents as mentioned in Form IEPF-5 to the 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:
  - Corporate Identification Number (CIN) of the Bank: L65920MH1994PLC080618
  - Name of the Bank: HDFC Bank Limited
  - Address of registered office of the Bank: HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai 400013
  - Email ID of the Bank: [shareholder.grievances@hdfcbank.com](mailto: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 and 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, 2014 have already been transferred to the IEPF and the dividend for the financial year ended March 31, 2015 will be transferred to the IEPF around August 31, 2022. The details of unclaimed dividends for the financial year ended 2015 onwards and the last date for claiming such dividends are given hereinafter:

Dividend for the year ended	Date of Declaration of dividend	Last date for claiming dividend
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
March 31, 2021	July 17, 2021	July 16, 2028

## 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, 2021	4,009	1,669,878
Less: Claims received and shares transferred *	143	81320
Less: Shares transferred to IEPF account	663	211760
Closing Balance as on March 31, 2022 **	3203	1,376,798

\* 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.

## Deduction of tax at source on dividend

In terms of the provisions of the Income-tax Act, 1961, ("the Act"), dividend paid or distributed by a company on or after April 1, 2020 is taxable in the hands of the shareholders. The company shall therefore be required to deduct tax at source at the time of payment of dividend. The deduction of tax at source will be based on the category of shareholders and subject to fulfilment of conditions as provided herein below:

### • For Resident shareholders

Tax will be deducted at source ("TDS") under Section 194 of the Act @ 10% on the amount of dividend payable unless exempt under any of the provisions of the Act. However, in case of resident shareholders, TDS would not apply if the aggregate of total dividend distributed/paid to them by the company during a financial year does not exceed ₹ 5,000.

Tax will not be deducted at source in cases where a shareholder provides Form 15G (applicable to all individuals) / Form 15H (applicable to an individual above the age of 60 years), provided



## Shareholder Information

that the eligibility conditions are satisfied. **Please note that all fields mentioned in the aforesaid forms are mandatory and the Bank may reject the forms submitted, if they do not fulfil the requirement of the law.**

Needless to mention, valid Permanent Account Number ("PAN") will be mandatorily required. Shareholders who are required to link Aadhaar number with PAN as required under Section 139AA(2) read with Rule 114AAA, should compulsorily link the same. If, as required under the law, any PAN is found to have not been linked with Aadhaar, then such PAN will be inoperative and tax would be deducted at a higher rate under Section 206AA of the Act. The Bank reserves its right to recover any demand raised subsequently on the Bank for not informing the Bank or providing wrong information about applicability of Section 206AA in your case.

Nil / lower tax shall be deducted on the dividend payable to following resident shareholders on submission of self-declaration as listed below:

- i. **Insurance companies:** Declaration that the provisions of Section 194 of the Act are not applicable to them along with self-attested copy of registration certificate and PAN card.
- ii. **Mutual Funds:** Declaration by Mutual Fund shareholder eligible for exemption under section 10(23D) of the Act along with self-attested copy of registration documents and PAN card.
- iii. **Alternative Investment Fund (AIF) established in India:** Declaration that the shareholder is eligible for exemption under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the applicable SEBI regulations, along with copy of self-attested registration documents and PAN card.
- iv. **New Pension System Trust:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.
- v. **Other shareholders:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.
- vi. Shareholders who have provided a valid certificate issued under section 197 of the Act for lower / nil rate of deduction or an exemption certificate issued by the Income Tax authorities along with declaration.

- **For non-resident shareholders (including Foreign Portfolio Investors)**

Tax is required to be withheld in accordance with the provisions of Sections 195 and 196D of the Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the Act, a non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the DTAA benefits, the non-resident shareholder will have to provide the following:

- i. Self-attested copy of PAN card, if any, allotted by the Indian Income Tax Authorities
- ii. Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident
- iii. Self-declaration in Form 10F
- iv. Self-declaration by the non-resident shareholder of meeting DTAA eligibility requirement and satisfying beneficial ownership requirement (Non-resident having PE in India would need to comply with provisions of section 206AB of the IT Act)
- v. In case of Foreign Portfolio Investors, self-attested copy of SEBI registration certificate.
- vi. In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidences demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA)

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Bank, of the documents submitted by non-resident shareholders and meeting requirements of the Act read with applicable DTAA. It must be ensured that self-declaration should be addressed to HDFC Bank and should be in the prescribed format. In absence of the same, the Bank will not be obligated to apply the beneficial DTAA rate at the time of tax deduction on dividend.

## • Section 206AB of the Act

Rate of TDS @10% under Section 194 of the Act is subject to provisions of Section 206AB of the Act which provides for TDS in respect of non-filers of income-tax return. As provided in Section 206AB, tax is required to be deducted at the highest of following rates in case of payments to specified persons:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

As per Central Board of Direct Taxes vide Circular No. 11 of 2021 dated June 21, 2021, for determining TDS rate on dividend, the Bank will be using functionality of the Income-tax department to determine the applicability of Section 206AB of the Act.

**To summarise**, dividend will be paid after deducting the tax at source as under:

- i. Nil for resident shareholders receiving dividend upto ₹ 5,000/- or in case Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN card is submitted.
- ii. 10% for other resident shareholders in case copy of PAN card is provided / available.
- iii. 20% for resident shareholders if copy of PAN card is not provided / not available / not linked with Aadhaar Number.
- iv. Tax will be assessed on the basis of documents submitted by the non-resident shareholders.
- v. 20% plus applicable surcharge and cess for non-resident shareholders in case the relevant documents are not submitted.
- vi. Lower / Nil TDS on submission of self-attested copy of the valid certificate issued under Section 197 of the Act.

Aforesaid rates will be subject to applicability of section 206AB of the Act.

In terms of Rule 37BA of the Income Tax Rules, 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then such deductee should file declaration with the Bank in the manner prescribed by the said rules.

In case tax on dividend is deducted at a higher rate in the absence of receipt or defect in any of the aforementioned details / documents, you will be able to claim refund of the excess tax deducted by filing your income tax return. No claim shall lie against the Bank for such taxes deducted.

## Updation of Bank account details

While on the subject, we request you to submit / update your bank account details with your Depository Participant, in case you are holding shares in the electronic form. In case your shareholding is in the physical form, you will have to submit a scanned copy of a covering letter mentioning the folio number, duly signed by you, along with a cancelled cheque leaf with your name and bank account details and a self-attested copy of your PAN. This will facilitate receipt of dividend directly into your bank account. In case the cancelled cheque leaf does not bear your name, please attach a copy of the bank pass-book statement, duly self-attested.

**Disclaimer:** The information set out herein above is included for general information purposes only and does not constitute legal or tax advice. Since the tax consequences are dependent on facts and circumstances of each case, the investors are advised to consult their own tax consultant with respect to specific tax implications arising out of receipt of dividend.

**Registered Office**

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Lower Parel (W), Mumbai – 400 013

Tel: + 91 22 6652 1000

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**Corporate Identification Number**

L65920MH1994PLC080618

**Joint Statutory Auditors (FY22)**

MSKA & Associates, Chartered Accountants

M.M. Nissim & Co. LLP, Chartered Accountants

**Registrars & Transfer Agents**

Datamatics Business Solutions Limited

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