HDFC BANK

Integrated Annual Report
2020-21

Leading Responsibly

What's Inside

Integrated Report

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Our Performance

How We Create Value

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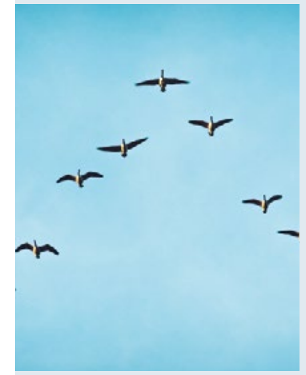
Responsible Business

Online version of the report can be accessed **here**

Financial Statements and Statutory Reports

HDFC Bank in 2020-21

Key developments

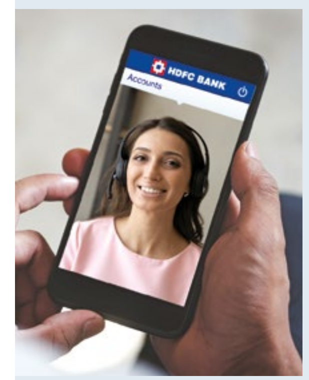


Leadership Transition

Successful leadership change with the appointment of Mr. Sashidhar Jagdishan as MD & CEO

Supporting Customers

Delivered continuous banking services and supported MSME sector through fund disbursements under ECLGS Scheme. Introduced video KYC to onboard customers



Technology/Digital

Embarked on a technology transformation journey. Building new competencies through Digital Factory, Enterprise Factory and Enterprise IT to both Run and Build the Bank

Semi-Urban and Rural (SURU)

Expanded semi-urban and rural presence further by increasing banking channel networks across India

Key highlights

Financial

Balance Sheet size**

₹17,46,871 Cr

▲ 14.1%

Total Deposits**

₹13,35,060 Cr

▲ 16.3%

Gross Non-Performing Assets (NPAs)**

1.32%

Non-financial

Total Banking Outlets**

21,360

CSR Expenditure*

₹634.91 Cr

Lives Impacted through CSR Initiatives**

8.5 Cr+

* During 2020-21 ** As on March 31, 2021

Leading Responsibly

At HDFC Bank, good corporate governance is at the heart of responsible leadership, enabling us to inspire trust among stakeholders while fulfilling aspirations of customers through good times and tough. Guided by our belief in shared prosperity, we leverage balance sheet strength with an unwavering focus on asset quality to deliver sustained growth while making a meaningful difference to the lives we touch.

In a year like no other, we mobilised our financial and operational resources to participate in the nation's fight against the pandemic. We facilitated Government welfare measures to reach the remotest beneficiary through our unparalleled reach while contributing to the economic rebound.

Our commitment to delivering large-scale positive impact prompted us to include sustainability as one of our core values. We remain focused on growing while reducing our carbon footprint through responsible actions and undertaking targeted interventions for sustainable development.

With a new leadership at the helm, we are building on our execution muscle by creating future growth engines focusing on business verticals and delivery channels, with digital technology being the driving force. We will 'Run' and 'Build the Bank' of the future while staying responsible at the forefront of transformation in India's banking landscape.

ESG

Continue to focus on ESG priorities and undertake initiatives that help meet long-term goals

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COVID-19

Ensuring business continuity and the safety of our customers and employees despite the pandemic

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Strategy

Continued progress on core strategies. Setting the agenda for a Future-Ready Bank

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Asset quality

Maintain balance sheet strength with stable margins, robust asset quality and capital adequacy

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Catalysing the next wave of transformation

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Relentless pursuit of sustainability

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About The Report

This Integrated Annual Report for 2020-21 endeavours to provide a holistic assessment of the Bank's financial and non-financial performance. It also outlines relevant information on the Bank's strategy, governance, risks and prospects to offer better insights into its activities and progress. The Bank has been voluntarily reporting its sustainability performance annually since FY14, as a separate report. From this year onwards, our sustainability performance is also included entirely in this report.

Reporting principles and framework

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

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

The report has been prepared in accordance with the framework prescribed by the International Integrated Reporting Council (IIRC) and also contains disclosures as per the Global Reporting Initiative (GRI) Standards: Comprehensive option and United Nations Sustainable Development Goals (UN SDGs).

Further, the report presents Environmental, Social and Governance (ESG) information in accordance with the ESG framework developed by the Bank's CSR and ESG Committee. There are no restatements of information provided in the integrated report during the reporting year.

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. The last materiality assessment exercise in line with GRI framework requirements, and in consultation with internal and external stakeholders was undertaken in FY19. For FY21, we have updated our materiality analysis to better take into account emerging ESG issues that shape our business operations as identified and prioritised by our internal stakeholders. The GRI Content Index, which specifies the GRI Standards and disclosures made under them in the Report, has been provided in this report. PG 118

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, 2020 to March 31, 2021. The last reports were published for the period April 1, 2019 - March 31, 2020. The Integrated Report for FY20 can be accessed here. The Sustainability Report may be viewed here.

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.

Forward looking statements

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

How to navigate this report

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

Our Capitals

Financial Capital

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

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Human Capital

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

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Intellectual Capital

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

PG 76

Social & Relationship Capital

The way we manage our stakeholder expectations constitutes our social and relationship capital. Be it with our customers, trade partners and merchants or communities, we take a holistic approach to sustainable value creation by nurturing our long-standing relationships and building new ones.

PG 88

Manufactured Capital

Facilitating our engagement with customers, people, the society and other stakeholders, manufactured capital comprises our pan-India distribution network of banking outlets, corporate offices, ATMs and other customer touch points. It also covers our IT infrastructure and security as well as infrastructure development through CSR projects.

PG 12

Natural Capital

The natural resources we consume to conduct our business and seamlessly deliver our products and services constitute our natural capital.

PG 60

Our strategic pillars

PG 40

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

Our stakeholders

- Customers
- Governments/ Regulatory Bodies
- Community
- Employees
- Investors
- Suppliers

Creating value for our stakeholders

At HDFC Bank, we work relentlessly towards creating long-term value for our shareholders and society at large. We provide holistic banking solutions that fulfill their needs and expectations. We offer our employees a fair and inclusive working environment, as well as contribute to the well-being of the local communities. Robust financial performance enables a platform for environmental and social responsibility.

Customers

We cater to a diverse customer base with evolving financial needs. Our customers are individuals, large and mid-corporates, financial institutions, Governments, PSUs, MSMEs, farmers, wholesalers and traders. We focus on increasing the depth of engagement, which leads to transformational customer journeys.

Growth in Total Advances**
14.0%

Domestic Retail Advances*
₹5,27,586 Crore

Merchant Acceptance Points*
21.34 Lakh

Governments/ Regulatory Bodies

As one of India's largest and systemically important banks, we collaborate with the Government in myriad ways to bring the vast unbanked and under-banked population into the economic mainstream. We are not just a responsible taxpayer complying with applicable regulations, but are also an enabler for delivering social schemes and benefits.

Contribution to Exchequer**
₹40,018.60 Crore

Total Number of BCs in partnership with CSCs*
15,556

Community

We are driving holistic, sustainable community development programmes for empowering the less-privileged sections of society in India.

CSR beneficiaries*
8.5 Crore+

Impact via Sustainable Livelihood Initiative (SLI)*
1.29 Crore
households

Cumulative renewable energy capacity financed
2,945 MW

Employees

We aspire to be the employer of choice and promote an inclusive and meritocratic culture that ensures engagement, progress and care. We have also been certified as a 'Great Place to Work' for 2020.

Employee strength*
1,20,093

Employee expenses**
₹10,364.79 Crore

Investors

We provide transparent, regular disclosures to the investor community to help them make informed decisions. We also regularly engage with research analysts, both on Buy-side and Sell-side, to provide detailed information on our performance.

Net Interest Margin**
4.1%

Return on Capital**
16.6%

Basic Earnings per Share**
₹56.58

Net Profit**
₹31,116.5 Crore

*As on March 31, 2021 ** For FY21

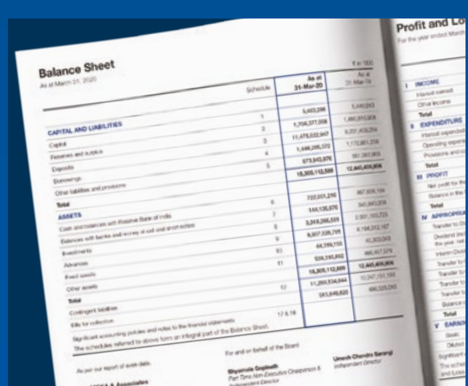
Demonstrating **responsible leadership**

Leadership comes with great responsibility. As a systemically important Bank, we are committed to contributing to the Indian growth story while exercising prudence to create sustained value for all our stakeholders. This commitment is reflected in our steadily expanding balance sheet, which is the second largest amongst banks in India, while maintaining strong asset quality.

Total Balance Sheet size*

₹17,46,871 Cr

▲ 14.1%



*As of March 31, 2021

Retail Deposits*

₹10,64,684 Cr

Gross Non-Performing Assets (NPAs)*

1.32%

Lives impacted through HDFC Bank Parivartan*

8.5 Cr+

Our robust fundamentals enabled us to deliver banking services to our customers during the pandemic while supporting individuals and small businesses to ride out the storm — extending moratorium on repayments, facilitating loan restructuring and lending support to the Government's ECLGS scheme.

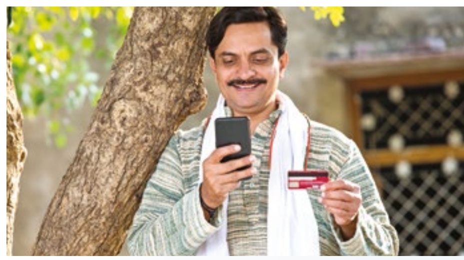
We are also actively participating in the nation's inclusive development agenda through focused interventions to improve life and livelihood opportunities. Joining in the fight against the pandemic, we are also helping build a healthcare ecosystem aimed at ensuring the health and wellbeing of our employees, customers and society at large. As we enhance our future-readiness and drive the next wave of growth, we remain anchored to our core values, good governance practices, and continue to make a difference to the lives of people through our social initiatives under HDFC Bank Parivartan. Towards our commitment to protect the environment, we pledge to become carbon neutral by FY32.

Introduction to HDFC Bank

Responsible banking in a changing world

HDFC Bank is the largest private sector bank (by Balance Sheet size) in India offering a comprehensive range of financial products and services to a diverse customer base. Our unparalleled reach, coupled with our digital capabilities, enables us to serve the evolving needs of our customers across the country, even in an extremely challenging environment.

Business verticals



Retail

The Retail Business operated under extremely challenging circumstances in the year under review. This business is directly linked to consumption which slowed down during the lockdown. As the 'unlocking phase' gathered momentum, the business recovered and posted a healthy growth on a sequential-quarter basis in Q4. Domestic retail advances grew by 6.7% (Y-o-Y) to over ₹5.27 Lakh Crore. This constituted about 47% of the Bank's domestic loans as per Basel II classification.

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Growth in Domestic Retail Advances in FY21

6.7%

Wholesale

Our Wholesale Banking business serves institutional customers such as Government, Large and Emerging Corporates, SMEs and was our key growth driver in FY21. Our strong offerings include Working Capital and Term Loans, Trade Credit, Cash Management, Supply Chain Financing, Foreign Exchange, and Investment Banking Services.

Domestic Wholesale Banking advances recorded a healthy 21.7% growth, ending FY21 with a loan book of over ₹5.83 Lakh Crore. This constituted about 53% of the Bank's domestic loans as per Basel II classification.

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Growth in Domestic Wholesale Banking advances in FY21

21.7%

Treasury

The Treasury is the custodian of the Bank's cash/liquid assets and handles our investments in securities, foreign exchange and cash instruments. It also manages liquidity and interest rate risks on the balance sheet and ensures the Bank meets its reserve requirements. The Treasury also caters to our customers' needs in managing foreign exchange rate and interest rate risks, generating fee income from the services rendered. The Treasury recorded revenue of ₹2,438.4 Crore from foreign exchange and derivative transactions during FY21.

PG 27

Treasury revenues from Forex and Derivative transactions in FY21

₹2,438.4 Crore

At HDFC Bank, responsibility is at the heart of everything we do — be it fulfilling aspirations of an emerging India, driving financial inclusion, participating in the nation's fight against a global pandemic, and making a meaningful difference to the lives we touch.

Environmental, Social and Governance (ESG) considerations are embedded in our growth strategy, which reflects our unwavering commitment towards a sustainable future.

Recognition

- WPP Plc-Kantar Millward Brown BrandZ Report – India's most valuable brand (for the seventh consecutive year in 2020)
- India's Best Bank – Euromoney Awards for Excellence 2020
- ICAI Awards for Excellence in Financial Reporting for 2019-20 – Won the Gold Shield in the Private Sector Banks (including Foreign Banks) category
- Our Water, Sanitation and Hygiene (WASH) programme was adjudged Best Corporate Initiative in Sanitation by ISC-FICCI Sanitation Awards

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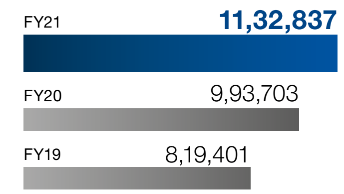
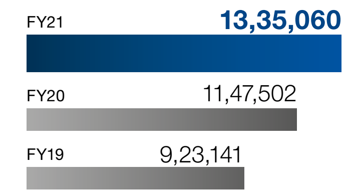
ADVANCES
(₹ Crore)



▲ 14.0%
Y-o-Y

DEPOSITS
(₹ Crore)

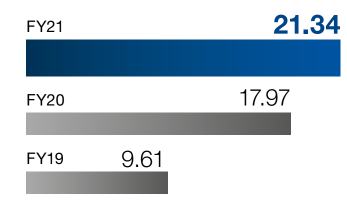


▲ 16.3%
Y-o-Y

DIGITAL TRANSACTIONS*
(% of the total retail transactions)

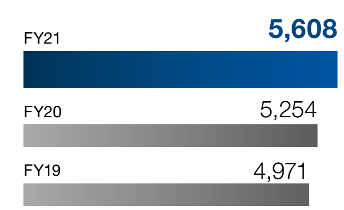
*Retail transactions

MERCHANT ACCEPTANCE POINTS (Lakh)



18.8%
Y-o-Y

BRANCHES
(Nos.)



Our Presence

Unparalleled reach

At HDFC Bank, we have built a robust delivery network comprising Banking Outlets, ATMs and Cash Deposit and Withdrawal Machines (CDMs) and merchants. Banking outlets comprise branches and fixed point Business Correspondents (BCs). Our presence across India not only enables us to serve customers better, but also facilitates active participation in the Nation's inclusive development agenda.

Total Banking Outlets*

21,360

Total Branches*

5,608^

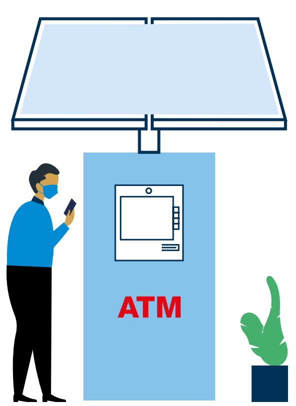
Total Business Correspondents (BCs)*

15,756

Total ATMs + cash deposit and withdrawal machines*

16,087

Manufactured Capital



* As on March 31, 2021

^ Including 4 overseas branches

The proliferation of digital technologies has transformed the financial services landscape, and HDFC Bank has been at the forefront of such transformation in the Indian Banking industry. By combining our expansive physical presence with digital capabilities, we are breaking down geographic barriers and deploying innovative ways to take formal banking channels to the last mile.

Our strong pan-India presence*

	Rural	Semi-urban	Urban	Metro
Banking Outlets	11,720	5,056	2,357	2,227
Branches	1053	1,741	1,158	1,652
CSC BCs	10,496	3,288	1,197	575
Other BCs	171	27	2	-
ATMs + cash deposit & withdrawal machines	1,202	3,870	4,198	6,817

Tapping the Indian diaspora in select international markets

We have set-up branches and Representative Offices to cater to Indian diaspora in Manama (Bahrain), Hong Kong, Dubai International Financial Center (DIFC), Abu Dhabi, Dubai, Nairobi (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 purpose.

Contribution of overseas branches to the Bank's total income in FY21

0.64%

Leveraging our reach to empower communities

The Bank is committed to empowering communities across the country through its CSR initiatives under HDFC Bank Parivartan. We are leveraging our reach and understanding of semi-urban and rural regions to drive sustainable development for the vulnerable and economically weaker sections of the society through focused interventions across identified areas.

Lives impacted*

8.5 Crore+

Farmers trained*

1 Lakh+

No. of households reached*

5.75 Lakh

Villages covered under our Holistic Rural Development Programme (HRDP)*

1,970

*As on March 31, 2021

Setting benchmarks, abiding by our core values

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
1st 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 over 100 cities

Touched 10 Lakh users

2006
Two new cards launched exclusively for women on International Women's Day

2008
Launched its 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 its 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 & Follow-on offering

₹9,723 Crore

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 Mobile Banking 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 Worlds 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

Marked the start of its 25th year

Opened 5,000th branch

2020
Ranked India's most valuable brand (for the seventh consecutive year) by BrandZ Report

Launch of HDFC Bank Millenia 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'

In the year of the pandemic, which put to test conventional notions of resilience and relevance, we not only delivered profitable growth, but also expanded our balance sheet without compromising on asset quality.

Cruising ahead despite headwinds

Net Profit**

₹31,116.5 Cr

**FY21

Capital Adequacy Ratio (CAR)*

18.8%

*As on March 31, 2021

Net Non-performing Assets (NPAs)*

0.40%

Our net interest income grew by 15.5% while net profit increased by 18.5%. Our gross NPAs stood at 1.32% compared with 1.26% a year earlier, while our balance sheet size increased by 14.1%. This healthy performance in an extremely challenging environment is a reflection of our strong foundation, on which we aspire to build a stronger future.

Despite significant restrictions on mobility and physical proximity, we not only delivered 'essential' banking services to our customers, but also grew our advances by 14%. We also continued to deliver on our sustainable development objectives backed by our employee volunteers and partners.

Our Performance

Farewell Note to Mr. Aditya Puri

Aditya Puri,

Ex-Managing Director
HDFC Bank Limited

Dear Mr. Puri,

Sometimes words are not enough to express the influence you have had in building HDFC Bank into an industry bellwether in 25 years. Yet, as you leave behind your indelible imprint on everything we do today, we extend the humble two words of 'thank you' to express our gratitude for making us an integral part of a transformative journey. The roadmap you have given us – we will tread on that.

The journey that began during the initial phase of India's liberalisation now connects the many Bharats that live within. As we take confident strides into a rapidly changing digital world with a customer first approach, knowledge, simplicity, empathy in our DNA, we remain true to your legacy – upholding the highest standards in corporate governance, inspiring actions for meaningful social impact, nurturing talent and continuing to be one of India's most trusted and valuable brands.

Thank you once again for giving us the confidence that "the best of the Bank is yet to come."

Our Focus Areas: Culture, Conscience and Customers

Sashidhar Jagdishan
Managing Director & Chief Executive Officer
HDFC Bank Limited

Dear Stakeholders,

Let me start by wishing all of you good health and happiness. The financial year gone by has taught all of us to value this more than anything else. Many of you may have lost your near and dear ones. My heartfelt condolences to all of you. We in the HDFC Bank family too have lost several colleagues. My head bows in grief and sorrow. We are supporting and will continue to support their families.

The year gone by saw people across the world being largely confined to their homes with several travel restrictions in place. They faced myriad personal and professional challenges perhaps never before encountered in our lifetime. This obviously had an effect on the economy with the world officially being plunged into recession.

Governments and Central Banks across the world reacted introducing a range of measures to revive the economy and help people move forward.

Challenging Environment

Our country was no exception. The Reserve Bank of India (RBI) and the Government introduced a slew of measures to revive the economy. These measures bore fruit with the economy growing by 1.6 per cent in the fourth quarter of the year while it had contracted by 24.4 per cent at the end of the first quarter. In the current financial year India is expected to be one of the fastest growing economies in the world. The second wave of the pandemic has dented the optimism a bit, but the peak of the pandemic clearly appears to be behind us. As the vaccine rollout gathers momentum, the economy is expected to be on a much stronger footing especially from the second quarter.

Our Performance

We posted a healthy growth in Net Profit, Net Interest Income and Balance Sheet size without compromising on asset quality. Net Profit increased by 18.5 per cent to ₹31,116.5 Crore in FY21 and balance sheet size by 14.1 per cent to ₹1,746,871 Crore. Gross NPAs increased to 1.32 per cent in FY21 from 1.26 per cent in the previous year. Net interest income, an indication of the difference between interest earned and interest paid grew by 15.5 per cent to ₹64,879.6 Crore. The details of our performance are elaborated in the report.

I am proud of my colleagues and thank all of them (and their families too) for this performance despite, the difficulties they had to face during the year. As an organisation we learnt and relearnt on the way, pivoted our way to a Work from Home culture and continued to serve our customers. I am delighted by the way our colleagues responded to the myriad challenges we all faced.

Strengths

At this point I would like to elaborate on some of our strengths and also talk about things that we could have done better.

One of our biggest strengths has been the legacy of over a quarter century. Our iconic ex-Managing Director, Mr Aditya Puri created an institution with strong foundation and fundamentals. It is a huge advantage as well as a privilege to inherit and build upon this. Thanks to his leadership, we today have a strong balance sheet with among the lowest NPAs in the banking industry and strong capitalisation. This has helped us to lend even during difficult times, build market leadership and deliver shareholder value without compromising on our commitment to society and the environment.

Areas for Improvement

Technology. Quite frankly, it continues to remain both a strength as well as an area for improvement. In the last couple of years our technological capability has been questioned. Justifiably. But at the same time, we cannot afford to miss the big picture. We would not have become a Bank of this scale, size, and grown market share consistently year after year, without having a strong technology backbone. We are one of the largest transaction processing Banks and have come up with cutting edge customer solutions like 10-second personal loans and digital loan against mutual funds. Not to forget the rollout of Video KYC during the pandemic which helped people to become a bank customer from the safety of their homes. Or the DigiDemat and Trading Account which we introduced in partnership with our subsidiary last year. In the last 28 months, we have, however, been in the spotlight for the wrong reasons when it comes to technology. Also, there have been deficiencies in compliance.

The technology problems as well as the compliance issues have led to regulatory actions. This brings me to my focus areas.

My Focus Areas

The last technology downtime led to the Reserve Bank of India banning us from issuing new credit cards as well as putting on hold new launches under Digital 2.0 initiative. Further, the regulator also appointed a third party audit of our IT systems. This audit is now over and the report has been submitted to the regulator. We now await the decision from RBI.

As a Bank we are certainly sorry for what has happened. And have taken this as an opportunity to improve and redouble our efforts to fix this problem for good. We have now embarked on a scale changing technology adoption and transformation agenda to help drive our ambitious future growth plans. Some of the specific initiatives that we have embarked on in our Technology Transformation Agenda are:

1 **Infrastructure Scalability:** We have invested heavily in the scale up of our infrastructure to handle any potential load for the next 3/5 years. We are also in the process of accelerating our cloud strategy to be on the cutting edge leveraging best-in-class cloud service providers.

2 **Disaster Recovery (DR) Resiliency:** We have strengthened our process of monitoring our Data Centre (DC) and have shifted key applications to a new DC. This includes key consumer facing ones. We have strengthened the Disaster Recovery trials and processes so as to bounce back to serve our customers faster and quicker.

3 **Security Enhancements:** We have strengthened our firewalls further. We have to be scanning the horizon for potential security issues and be ever prepared to face them. We haven't had any security issues in the past. But this is always an important area of focus and action plans are underway for further robustness.

4 **Monitoring Mechanisms:** An enhanced application monitoring mechanism has been put in place across the board to enable us to keep our IT systems Always On.

While we execute this Technology Transformation agenda, there will sometimes be pain and outages beyond our control. But this is the bitter pill we need to swallow. As mentioned earlier we are putting in place measures that will ensure that downtimes will not be prolonged. Yes, it will take some time but we will get around this. And live up to the standards that people have come to expect from us.

Compliance

There has also been some discussion around the deficiencies in compliance regarding the selling of GPS products. For many years we had been bundling the financing of GPS systems and cars. The teams believed this was a routine lending activity. Also, a particular vendor had entered into an arrangement with us directly. These products were never sold on a standalone basis but only bundled along with the purchase of cars. In November 2019, a whistle blower alleged that the vendor was incentivising some of the employees in the auto loan team to bundle these products with our car loans. We immediately conducted an enquiry and basis the findings have taken necessary actions against the involved employees including termination of their services and also terminated the arrangement with the vendor. RBI in the meanwhile also issued a show cause notice in connection with the Bank's arrangement with the vendor. They contended that such an arrangement was in violation of provisions of the Banking Regulation Act, 1949 and hence the Bank is liable for penal action. Subsequently we have been asked to pay a penalty of ₹10 Crore and have also been instructed to repay the commission that we earned from this process back to customers. We accept this verdict and will comply with the directives.

Importance of Culture

These incidents have made us realise that we need to reiterate what culture is. Business objectives should be driven keeping in mind the three Cs: Culture, Conscience and Customers. Customers are at the heart of everything we do. But every individual has to ask himself: 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. However, the unscrupulous practices of a few people has made all of us resolve for far greater process controls to address this. I am personally determined to fix this. At an organisational level there is a greater focus on the role of Credit, Risk, Compliance, Audit and other enabling functions so that our checks and balances get strengthened.

Customers are the reason we exist and our primary goal is to serve and delight them. We are proud of what we have achieved so far and still understand that we have a long way to go in improving our customer experience as consumer behaviours and expectations are changing every day. We realise that. As a Bank, we strongly believe we exist to enable our customers make better money choices, today and tomorrow. To pursue and realise this belief we are encouraging within the bank the principles of Simplicity, Knowledge and Empathy. **Simplicity** to make day-to-day transactions for our customers intuitive and rewarding, **Knowledge** to help customers realise their future dreams with the right choice of offerings from us and **Empathy** in the way we deal with our customers. We have put in place a systemic way of measuring our Customer Experience in the last year by adopting the Net Promoter System. We now have the ability to listen to our customers post transactions and journeys and we commit to use this feedback to solve their problems. We are committed to relook at the consumer journeys and redesign them to delight our customers including making investments in new-age omni-channel customer experience technology and training our people to enable and empower our front end colleagues to serve our customers better.

Reinforcing the three Cs: Culture, Conscience and Customers across the organisation is a clear focus area for both me and the Bank.

Strategy

Let me now come to our strategy. The hallmark of our strategy is that it has the ability to adapt, and evolve without losing the core. We are building upon our stated strategy of expanding our distribution footprint leveraging the Branch Channel and Virtual Relationship Channel with the addition of Digital Marketing as a key channel. This will enable us to capture the growth potential in both India and Bharat and different consumer segments like the tech-savvy and millennials going forward. While we continue to focus on the Corporate Cluster and Government Business to increase penetration, we have created a new business segment of Commercial (MSME) and Rural Banking to capture the next wave of growth. We will continue to strengthen our leadership position in the payments business and retail assets business and have added Wealth Management and Private Banking as a core focus area for us.

All these core business areas would be supported by further strengthening our foundational capability in Technology and Digital domains.

Our subsidiaries help us fulfil consumer needs for holistic financial solutions and we will continue to invest in them.

To realise this strategy we have unveiled Project Future Ready.

Project Future Ready

As a Bank we have grown for over a quarter of a century due to our ability to execute what we have laid out as per our plans. Project Future Ready aims to continue the same tradition by calling out clear areas of focus to further add strength to our strategic and execution muscle.

1 We have clearly identified our growth engines: Corporate Banking, Commercial Banking (MSME) and Rural, Government and Institutional Banking, Private Banking, Retail Assets and Payments to be driven by our delivery channels of Branch Banking, Tele-Sales/Service/Relationship and Digital Marketing. These growth engines would be powered by our robust technology and digital platforms. These growth engines will account for the bulk of our future investments and can be broadly classified as Business Verticals and Delivery Channels.

2 Our growth engines will be fully supported by our renewed focus and vigour on Technology/Digital investments that would act as the core backbone to both Run and Build the Bank. As mentioned earlier, while we strengthen our Enterprise Technology Factory to keep our systems always 'ON', available and secure, we are creating a new Digital Factory. The mandate of the new Digital Factory is to foster innovations in the Product and Consumer experience domain through own build / collaborate with new age fin-tech and big-tech companies. Hollowing the core, moving to the cloud, creation of micro-services / API based architecture, innovating through partnerships leveraging API interconnectivity all backed by a strong Data / AI strategy would form the core of what we intend to pursue going forward. We are working on many new exciting opportunities to improve our consumer experience and introduce new innovations like 'Banking on the Edge', which would be announced in due course of time.

3 We have also put in place the right talent to drive Project Future Ready. The underlying philosophy is to develop employees with diverse skills, multifunctional exposure with a One Bank collaborative mindset to deliver on Project Future Ready and enable more opportunities for career growth.

4 We will continue to strengthen our core enabling functions of Internal Audit, Credit and Underwriting, Risk Management and Compliance/ Governance to support the growth ambitions.

I firmly believe Project Future Ready will catalyse, create and capture the next wave of growth.

Environment, Social and Governance Strategy

The year gone by has brought home to all of us how interconnected our destinies are. Our ESG strategy is based on this interconnectedness, especially in the Environment and Social spheres. Climate change is possibly the biggest threat to humanity after the pandemic. Global warming has huge potential to disrupt both lives and livelihood. Over the years we have been taking small but sure steps to mitigate the impact of global warming.

Recently, we have committed ourselves to becoming carbon neutral by the FY32. As a part of this initiative, the Bank is looking at reducing its emissions, energy and water consumption. The Bank will continue to incorporate and scale up the use of renewable energy in its operations. As a part of the roadmap, we will focus on offering loans for green products like electric vehicles at lower interest rates and incorporate ESG scores while making credit decisions. The Bank is also working on a framework for issuing green bonds. All this while we continue to transform lives through our CSR initiatives under Parivartan through which we have already impacted over 8.5 Crore lives.

Compassion

I would like to end by once again thanking all my colleagues and their families for their tremendous efforts this year in spite of trying circumstances.

Finally, my heartfelt gratitude to our customers who continue to repose their faith in us and keep pushing us to strive for more. To all of them, I would like to say this: There might have been instances where we may not have kept our timelines in serving you, as we used to, due to the pandemic situation we have found ourselves in. Our sincere apologies and many thanks for your understanding and consideration. I want to reiterate that we are committed to delight you with renewed vigour as we move forward.

One last word. As we grapple with many pandemic induced uncertainties, it is important to not lose the human touch while dealing with people in our day to day lives. It is the true wealth that we can bequeath to the world. While business and professional goals have their place, nothing really comes before human life. Take care of your health and stay safe.

Sashidhar Jagdishan
Managing Director &
Chief Executive Officer
HDFC Bank Limited

All-round performance

The Bank has maintained its leadership position and delivered consistent growth across a majority of its key financial parameters. Despite being a pandemic-disrupted year, it has held its own with a strong customer base, robust risk management framework and best governance practices. All of this underlines its commitment to 'Responsible Business'.

The percentage increase in performance indicators was subdued as compared to a pre-COVID-19 year; even so, the year-on-year increase in key metrics shows a healthy and continued growth. The Bank's growth metrics like its Balance sheet size which crossed ₹17 Lakh Crore – a 14.1% increase, was driven by similar increase in Advances (14.0%) and Deposits (16.3%). Our efficiency in managing capital can be seen from a 27.0% increase in our low-cost CASA deposits – the highest in previous three years. Our profitability in disruptive times, is an outcome of the operational efficiencies built into our system. We continue to deliver a double-digit growth in earnings, with an increase of 18.5% in net profit, while keeping a check on our operational costs, resulting in a lower cost to income ratio of 36.3%. The Bank's business resilience is an important indicator of our credit risk evaluation and management. Our key strength continues to be maintaining one of the lowest levels of Gross Non-Performing Assets (NPAs) in the Banking industry with provision coverage ratio of 69.8%.

Total Balance Sheet Size*

₹17,46,871 Crore

▲ 14.1%

*As of March 31, 2021

Net Profit^

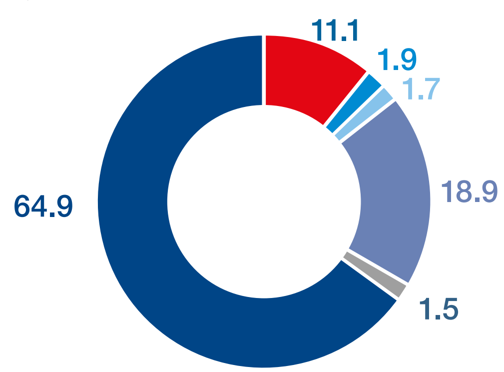
₹31,116.5 Crore

▲ 18.5%

^ FY21

RUPEE EARNED

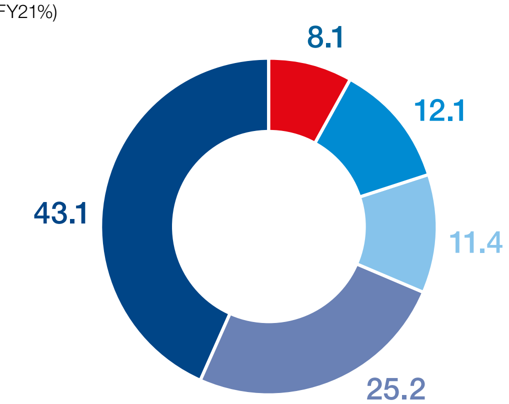
(FY21%)



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

RUPEE SPENT

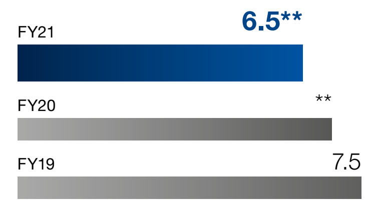
(FY21%)



- Tax
- Provisions
- Transfer to Reserve
- Operating Expense
- Interest Expense

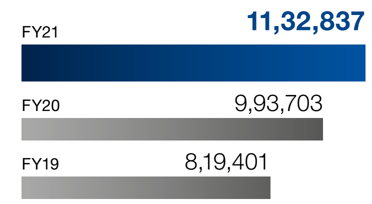
DIVIDEND PER SHARE

(₹)*



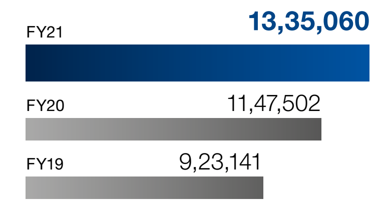
ADVANCES

(₹ Crore)



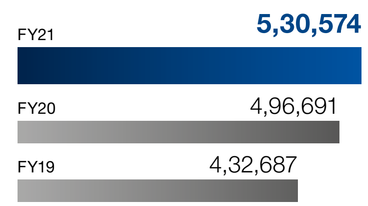
DEPOSITS

(₹ Crore)



RETAILS ASSETS

(₹ Crore)



NET INTEREST MARGIN

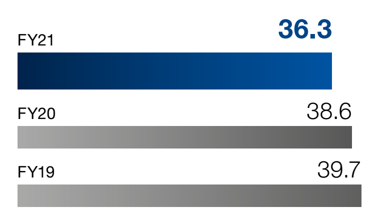
(%)

RETURN ON CAPITAL

(%)

COST TO INCOME RATIO

(%)



GROSS NPA RATIO

(%)

RETURN ON ASSETS

(average) (%)

* Figures for the years prior to FY20 have been adjusted to reflect the effect of split of equity shares from face value of ₹2/- each into two equity shares of face value of ₹1/- each.

** Refer note on Dividend given on page no.126 of Integrated Annual Report 2020-21.

Engines of growth

Wholesale banking

This business focuses on institutional customers such as:

- Large corporates including MNCs
- Public Sector Enterprises
- Emerging corporates
- Business banking/SMEs
- Infrastructure finance groups

Products and services

- Working capital facilities
- Term lending
- Project finance
- Debt capital markets
- Mergers and acquisitions
- Trade credit
- Supply chain financing
- Forex and derivatives
- Cash management services
- Wholesale deposits
- Letters of credit and guarantees
- Custodial services
- Correspondent banking

Domestic Wholesale Advances

₹5,83,925 Crore

▲ 21.7%#

Of the Bank's total Domestic Advances (as per Basel II classification)

53%

Our edge

- Full service 'One Stop Shop' for corporates
- Market leader in cash management services
- Prominent position in large corporate, emerging corporate and SME space

#Y-O-Y

Retail banking

This business caters to:

- Individual borrowers
- Salaried and professional borrowers
- Micro & small sized businesses
- Extremely small businesses like kirana stores
- Self-Help Groups (SHGs)
- Non-resident Indians (NRIs)

Products and services

- Auto loans
- Credit, Debit and Prepaid cards
- Personal loans
- Home loans
- Gold loans
- Mortgages
- Commercial vehicles finance
- Retail business banking
- Savings account
- Current account
- Fixed and recurring deposits
- Corporate salary accounts
- Agri and tractor loans
- SHG loans
- Kisan Gold Card
- Distribution of mutual funds, life, general and health insurance
- Healthcare finance
- Offshore loans to NRIs
- NRI deposits
- Small-ticket working capital loans
- Business loans
- Two-wheeler loans
- Loans against securities

Domestic Retail Advances

₹5,27,586 Crore

▲ 6.7%#

Of the Bank's total Domestic Advances (as per Basel II classification)

47%

Domestic Retail Deposits

₹10,64,684 Crore

▲ 21.1%#

Our edge

- Dominant presence in the payments business
- 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

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.

Products and services

- Foreign exchange and derivatives
- Solutions on hedging strategies
- Trade solutions – domestic and cross border
- Bullion
- Debt capital markets
- Equities
- Research Reports and commentary on markets and currencies
- Asset liability management
- Statutory reserve

Revenue from Forex and Derivative transactions

₹2,438.4 Crore

▲ 13.16%#

Our edge

- Solutions for non-residents, hedging needs in Indian markets
- Integrated trade and treasury solution for customers
- Primary Dealer for Government securities

#Y-O-Y

Driving aspirations of **inclusive growth**

Semi-urban and rural markets (SURU) have been a core element of our strategy since inception. This assumed special significance in FY21. With the relative insulation of the rural economy from the pandemic, sectors dependent on the hinterland have performed relatively better.

The trend of rising income levels in these markets continued even while the economy was affected by COVID-19. Today, we are well positioned to address the growing demand for better quality financial products and solutions.

Another key aspect of our strategy in these markets has been the near trebling of the Business Correspondent network to 15,756 from 5,541 in the previous year. We have adopted a segment-specific approach like funding to agribusiness, MSMEs and dairy farmers.

We are focusing on SURU markets not just to expand our loan book, but also to empower our customers. One such initiative has been the Kisan Dhan Vikas Kendras. At these centres, farmers access information on soil health, mandi prices, and various government initiatives and receive expert advice. During the pandemic period, we have piloted digital outreach programmes. These services are also available on the Bank's website in vernacular languages.

The focus on SURU validates our ability to identify opportunities early and address them by providing a wide range of products and solutions that are aligned with the customers' evolving needs.

Bapupura is a small village located in the Gandhinagar district of Gujarat. Out of the 2,500 odd people that call this village their home, many depend on dairy farming for their livelihood. India is the largest producer of milk in the world, yet, our farmers lack access to markets, finance and much needed know how to improve yields in the face of climate change.

HDFC Bank, has installed Milk-To-Money terminals in Bapupura, to help create a viable support ecosystem for small and marginal dairy farmers, automating the entire process of payments. The Milk-To-Money terminals act as multifunctional terminals that provide a transparent mechanism for the farmer to be paid exactly as per quality of milk delivered, thus eliminating any errors or discrepancies. The farmer accounts are electronically credited and they can withdraw the money from cash dispensers immediately, if needed. There are two objectives behind the initiative. One is promoting financial literacy and inclusion in deeper geographies where India resides. The other is promoting digital transactions for financial services in rural India. The project benefits the entire community in the locality irrespective of their demographic profile.

This initiative has helped the farmers inculcate the saving habit and ultimately helped enhance their status.

How We Create Value

Our Value Creation Model

Government and Regulatory Interventions

Social Distancing & Restrictions

Economic Environment

Our Resources

Financial capital
- Deposits
- Shareholders' funds
- External borrowings

Human capital
- Employee base
- Work-from-Home-facilitation
- Learning & Development
- Employee engagement initiatives
- Employee benefits

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

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

Intellectual capital
- Digital enterprise: Advanced AI and ML capabilities
- Credit policy and underwriting skills
- Technology Focus
- Risk Management framework
- Collaboration with fintechs and start-ups
- Capacity building on climate risk

Natural capital
- Natural resources consumed – electricity, fuel, water, paper among others
- Natural resource conservation initiatives
- ESG screening of portfolio

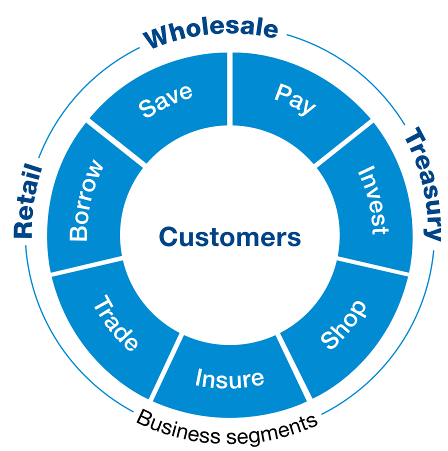
Stakeholder Value Creation

Our Purpose

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

Our Values

Customer Focus	Operational Excellence	Product Leadership	People	Sustainability



Key enablers
- Stringent/high compliance
- Effective risk management
- Technology robustness
- Customer service and experience
- Culture
- People-leadership and development

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

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

Outputs FY21

Products

▲ Retail Deposits
₹10,64,684 Cr

▲ Wholesale Deposits
₹2,67,198.88 Cr

▲ Total Advances
₹11,32,837 Cr

▲ Retail Advances
₹5,27,586 Cr

▲ Wholesale Advances
₹5,83,925 Cr

* During the year
**As on March 31, 2020
^Retail transactions
▲ Growth

Outcomes

Financial capital
- Net revenues: ₹90,084.46 Crore
- Net profit: ₹31,116.5 Crore
- Return on assets: 1.97%
- Return on capital: 16.6%
- Cost-to-income ratio: 36.3

Human capital
- Net Additions: 21,471
- Women in workforce: 18.1%***
- Employee engagement score: 75%
- No of certifications: 33 Lakh +

Social & relationship capital
- Net promoter score: 49
- Customer additions: 58 Lakh+
- Total Business Correspondents (BCs): 15,756**
- CSR spend: ₹634.91 Crore

Manufactured capital
- Total banking outlets: 21,360
- Cities and towns covered: 2,902
- ATM + cash withdrawal/deposit machine addition: 1,186

Intellectual capital
- Brand Valuation: $20.2 Billion^^
- Strengthening of core and creation of digital stack
- Attracted market-leading skills in areas such as data analytics, IT, equities and advisory solutions
- No of APIs active on bank's gateway: 178

Natural capital
- Scope 1 and 2 emission reduction: 23% over FY20
- 463 loan proposals screened and approved through the SEMS framework
- Trees planted in FY21: 6.2 Lakh
- Cumulative rooftop solar capacity in FY21: 198.3 KWp

UN SDGs#

Evolution of Technology in Trade and Commerce

Climate Change & ESG

Fintech Adoption

Customers | Governments/Regulatory Bodies | Community | Employees | Investors | Suppliers

*** This percentage includes frontline staff/ sales officers
\# For a complete list of SDGs impacted through our social & relationship capital, please refer Page 80
^^ As per BrandZ

An outside-in view

At HDFC Bank, we continuously engage with our stakeholders to understand their expectations and respond to their needs. It also enables us to identify their current and evolving interests, which are fed into our strategy planning process.

Customers

We serve over **6 Crore customers** through our **21,360 and growing banking outlets**. Our disability-friendly infrastructure and services reflect our commitment to empowering all our customers. **All our ATMs are enabled with a voice-guided system and braille keypad** for the visually challenged; the premises of 718 ATMs provide **complete accessibility for wheel-chair bound customers through ramps**.

Employees

Our family of **1.2 Lakh+ employees** with diverse socio-economic and educational backgrounds enable us to deliver hyper-personalised experiences to our customers. We remain **committed to fostering a culture of inclusion, diversity, growth and progression, and well-being** for our employees.

Suppliers

We work closely with our suppliers to encourage them to add value beyond the economic bottom-line for greater integration of environmental and social considerations. We give **preference to local suppliers** for procurement of products and services, while taking their relevant geography and footprint into consideration.

	Customers	Employees	Suppliers
Modes of engagement	• Online and postal communication • Customer satisfaction surveys • Feedback from customers • Regular interaction with customers	• Annual performance appraisal discussions • Employee engagement initiatives	• Regular meetings • Phone calls and surveys
Frequency	Continuous	Continuous/Annual performance review	Continuous/Annual performance review
Key concerns and expectations	• Ease of transacting across channels • Innovative technology applications • Data security • Advanced analytics	• Training and career progression • Wellness and safety • Employee benefits	• Partnership • Governance and ethical practices
Response and Mitigation	• New products enabled by the Bank's digitisation strategy • Making personalised recommendations with virtual Regional Manager (RM) • Awareness on data security and privacy	• Regular behavioural and technical training • Employee engagement, health and wellness programmes	• Ensure timely payment for services • Whistle Blower Policy to ensure good practices

Stakeholder engagement process

In order to capture stakeholder expectations, feedback and response transparently, we have adopted a five-step stakeholder engagement process.

Our stakeholder prioritisation exercise was conducted with the departments constituting the internal ESG Action Committee. First, all the relevant key stakeholders were identified based on their interest in the Bank. These identified stakeholder groups then were further prioritised based on their importance to our business.

1. Stakeholder Identification
2. Stakeholder Engagement
3. Communication of Responses
4. Materiality Assessment
5. Reporting

Governments/ Regulatory Bodies

We strive to maintain high compliance standards; actively participate and contribute to industry and regulatory working groups. We also have a **strong focus on DBT payments** to deliver seamlessly to the beneficiaries under various government schemes such as MGNREGA, PMAY, and PMKSY.

Investors / Shareholders

We continue to generate value for our **14 Lakh+ shareholders**. Our basic earnings per share **(EPS) stands at ₹56.58** for FY21, up from ₹48.01 in FY20.

Community

We continue to refine our strategy to respond to the most pressing challenge of our time – the COVID-19 pandemic. We have enhanced the total value of our CSR support and investments across programmes. Our CSR brand, **Parivartan has so far impacted 8.5 Crore+** lives across more than **1,970 villages** in India.

	Governments/ Regulatory Bodies	Investors / Shareholders	Community
Modes of engagement	• Regular meetings • Policy updates and ministry directives • Mandatory filings with key regulators	• Quarterly reports, integrated reports and press releases • Investor meets and Annual General Meetings (AGMs), including virtual investor meets and virtual AGMs in the era of COVID-19 pandemic	• Regular meetings • Focus group discussions • Project monitoring and reviews
Frequency	Continuous	Continuous	Continuous/Annual performance review
Key concerns and expectations	• Compliance • Social Security schemes • Relevant national mandates	• Compliance • Governance and ethical practices • Economic performance	• Training and inclusive growth • Financial literacy
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	• Policies and demonstration of responsible business conduct	• Holistic rural development programme • Sustainable livelihood initiative • Financial literacy camps

Identifying issues that impact value creation

We identify key topics that have a material impact on our ability to create value through a materiality assessment exercise, which is aligned with GRI requirements and is conducted in consultation with internal and external stakeholders. The topics identified as 'material' to us reflect the challenges, risks and opportunities we might face.

The last such exercise was undertaken in FY19, which enabled us to incorporate insights from relevant stakeholder groups into our decision-making process. In FY21, we updated our materiality analysis to better reflect emerging ESG issues such as climate change risks.

Materiality mapping process

- Identify Potential Topics
- Define Stakeholder Groups
- Stakeholder engagement and Prioritisation
- Revisit of material issues by the internal stakeholders in FY21
- Revised materiality map

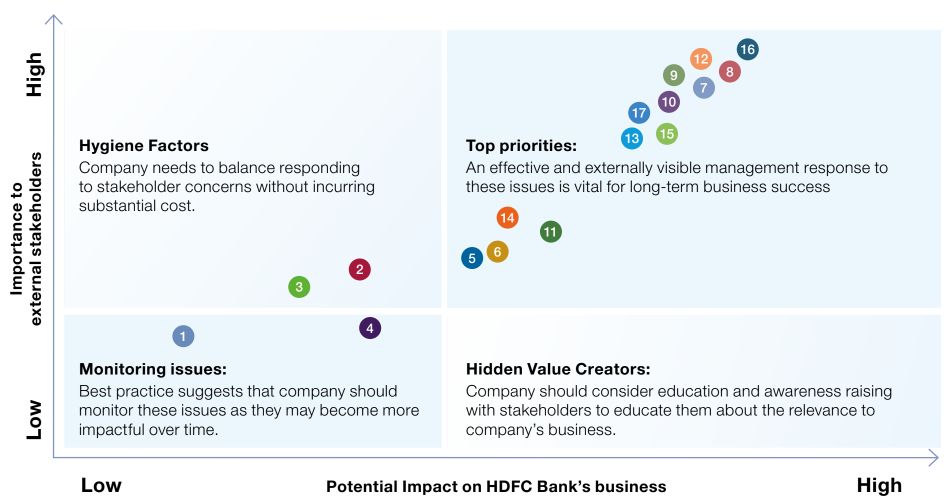
New topics included

- 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 added including climate change risks.

HDFC Bank's Materiality Map (Internal Stakeholders)



Top Priorities
- 16 Compliance
- 8 Data Security
- 12 Corporate Governance and Ethics
- 7 Customer Privacy
- 9 Customer Satisfaction
- 10 Selling Practices and Product Labeling
- 17 Transparency and Disclosure
- 15 Economic Performance
- 13 Systemic Risk Management
- 11 Financial Inclusion
- 14 Responisible Finance
- 6 Employee Welfare
- 5 Community Wellbeing

Hygiene Factors
- 2 Physical risk of Climate Change
- 3 Transition risk of Dimate Change

Monitoring Issues
- 4 Climate Change Impact on Company's Cost of Debt
- 1 Emissions and Climate Change

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.

Identified sustainability topics mapped with relevant GRI aspects and capitals

Priority Rank	S. No.	Sustainability topic	GRI aspects	Capitals impacted
1.	16.	Compliance	Environmental compliance; Socio-economic compliance	
			We operate in a highly regulated sector. For us, regulatory compliance is mandatory and non-negotiable. All our operations comply with legal, environmental and social requisites prescribed by regulatory bodies.	
2.	8.	Data Security	Customer privacy; Security practices	
			We operate in a highly automated environment and make use of the latest technologies to support various operations. We have in place a governance framework, information security practices and a business continuity plan to mitigate information technology-related risks. We are also guided by the Information Security Policy and Cyber Security Policy laid down by an independent assurance team within Internal Audit which provides assurance on the management of information technology-related risks.	
3.	12.	Corporate Governance & Ethics	Ethics and integrity; Governance	
			Our Corporate Governance philosophy, enunciated in our ESG framework, is guided by the cardinal principles of independence, accountability, transparency, fair disclosures, responsibility and credibility. Good governance practices are embedded in our culture, which reflects in the policies and guidelines adopted by us. The Anti-Bribery and Anti-Corruption Policy as well as the Code of Conduct enable us to conduct business in an ethical manner. We comply with the Indian Companies Act, 2013, Banking Regulation Act, 1949 and the applicable RBI and SEBI regulations, among others. Our equity shares are listed on the National Stock Exchange, the Bombay Stock Exchange and our American Depository Shares (ADS) are listed on the New York Stock Exchange.	
4.	7.	Customer Privacy	Customer privacy	
			Being in the services sector, Information Security and Data Protection are of paramount importance to us. Our IT Strategy Committee, a Board-level committee, is headed by an IT Director. Further, 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.	
5.	9.	Customer Satisfaction	Stakeholder engagement; Marketing and labelling	
			Our customer-centric approach provides intuitive, relevant, contextualised and hyper-personalised experiences to our customers and caters to their financial goals. We regularly conduct satisfaction surveys to obtain feedback on our products and services.	
6.	10.	Selling Practice and Product Labeling	Marketing and labelling	
			We conduct our business in an ethical and transparent manner. We strongly adhere to market conduct regulations to inform our customers and clients with transparent, accurate, and comprehensive marketing statements, advertising and product/service labelling. We have defined framework, strategy, policies, procedures and systems to ensure and maintain transparency in communications with our customers to help them make informed decisions.	

Financial Capital | Human Capital | Intellectual Capital | Social & Relationship Capital | Manufactured Capital | Natural Capital

Materiality Assessment

Priority Rank	S. No.	Sustainability topic	GRI aspects	Capitals impacted
7.	17.	**Transparency and Disclosure**	General disclosure - Reporting practice With the growing demand for ESG disclosures among the stakeholders, we ensure that such reporting is accurate and reliable. At HDFC Bank, we have put in place a sustainability reporting programme aimed at articulating our sustainability strategy, risks, and opportunities and performance on material ESG topics, aligned with internal and external stakeholder expectations. We also accord due importance to report assurance process. Our Integrated Report and our Green House Gas (GHG) emissions are externally verified by third-party auditors based on the International Standard on Assurance Engagements ISAE 3000 (Revised).	
8.	15.	**Economic Performance**	Economic performance We have delivered consistent performance, even under stressful economic situations, with an aim to create enhanced long-term value for our stakeholders. This is accomplished through discreet strategies and effective capital utilisation.	
9.	13.	**Systematic Risk Management**	General disclosure - Governance We have a multi-layered risk management process to identify, assess, monitor and manage risks through the effective use of processes, information and technology. As part of our overall risk management framework, we have a Board-approved Stress Testing Policy & Framework which forms an integral part of our ICAAP (Internal Capital Adequacy Assessment Process). Stress testing involves the use of various techniques to assess our vulnerability to extreme but plausible adverse business conditions. Further, we have a SEMS (Social & Environmental Management System) framework for assessing social and environmental credit risks in our portfolio. Risk exposures are actively captured and reported to the relevant levels of management, to initiate appropriate mitigation measures. The risk management function is independent from business, and reports directly to the Managing Director & CEO.	
10.	11.	**Financial Inclusion**	Economic performance; Local communities Financial inclusion is crucial for India's sustained economic growth. As the nation's largest private bank, we are cognisant of our responsibility to brining the under-banked population of the country to the economic mainstream. This in turn provides an opportunity to reach out to a wider customer base.	
11.	14.	**Responsible Finance**	Environmental compliance; Socioeconomic compliance We recognise the inherent social and environmental/climate change risks in our loan portfolio. Thus, as a part of our credit policy, we evaluate all loans, whether for greenfield projects or for regular capital expenditure, with a value of more than ₹10 Crore and a tenor of over 5 years, through our Social and Environmental Management System (SEMS) framework. We do not fund projects that have potential adverse impact on Environment, Health and Safety (EHS) levels. 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.	
12.	6.	**Employee Welfare**	Employment Employees are our most valued resource. We focus on creating a conducive work environment that promotes active development and participation of our employees. We engage with employees through several events and have put in place various codes and policies to facilitate a fair, diverse and inclusive workplace.	
13.	5.	**Community Wellbeing**	Local communities We strongly believe in giving back to the society. Through Parivartan, we have identified the most disadvantaged sections of the society around our area of operation and work towards empowering them. These efforts are governed by the Board-level CSR & ESG Committee. The Committee monitors the progress of the initiatives on a periodic basis. We have also aligned our activities with Government missions and initiatives.	
14.	2.	**Physical Risk for Climate Change**	General disclosure - Governance We have a diverse lending portfolio cutting across all sectors including power, heavy industries and real estate sector. The process of analysing our resilience to physical and transition risk of climate change has been initiated in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We also continue our endeavour to acquire granular data and test tools for climate risk assessment and conducting scenario analysis.	
15.	3.	**Transition Risk for Climate Change**		
16	4.	**Climate Change Impact on Company's Cost of Debt**	General disclosure - Governance At present, we view the climate change impact on our cost of debt to be relatively less significant. We will continue to monitor and review such impacts.	
17.	1.	**Emission and Climate Change**	Emissions To move towards a low-carbon economy, we aim to adopt cleaner sources of energy. We also invest in renewable energy, manage and report our carbon footprint, and engage with the community to adopt environment-friendly practices. We have also set targets to reduce our GHG emissions. Further, in line with the Paris Agreement on climate change, we are in the process of committing to science-based emissions targets.	

Financial Capital | Human Capital | Intellectual Capital | Social & Relationship Capital | Manufactured Capital | Natural Capital

Sustainability topics mapped to our value chain

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	✓	✓	✓

Catalysing the next wave of **transformation**

10 growth engines of under Project Future Ready

- Corporate Cluster
- MSME and Rural
- Government and Institutional
- Private Banking
- Retail Assets
- Payments
- Branch Banking
- Tele-Sales/Service/ Relationships
- Digital Marketing
- Robust Technology and Digital Platforms

Over a quarter of a century, we have built a formidable banking franchise by spotting opportunities early and then capitalising on them in relevant markets and through the right channels. Steered by a new leadership, we recently launched **Project Future Ready** to catalyse, create and capture the next wave of growth.

Broadly classified under Business Verticals, Delivery Channels and Technology/Digital, these engines will be driven by a workforce with diverse skills, and multifunctional exposure with a One Bank collaborative mindset. This will be backed by our traditional strengths in Internal Audit, Underwriting, Risk Management and Governance. Further, we have already outlined our technology transformation agenda to synergise and integrate our technology/digital functions and will invest aggressively to both Run and Build the Bank of the future.

Our Strategy

Our Future Ready Strategy

As a Bank, we assess disruptions and real-time challenges for insights to adapt our strategies and focus areas. We continue to keep our stakeholders at the centre of our strategy with ESG as an overarching principle. Our strategic priorities as envisaged in the previous years has held us in good stead through the pandemic. However, this was a year of improvising, finding solutions and being pragmatic, in an unpredictable domestic and global environment.

To improve focus on what the Bank perceives as growth engines, we have fine-tuned our strategic priorities by making them more granular. Our strategy can be visualised as ten pillars supported by certain enablers. These are foundational to the Bank and hence critical for achieving our strategic goals.

Our purpose

To help every Indian make better money choices, today and tomorrow

Strategic Pillars

- Re-Imagining the branch channel
- Virtual Relationship Management (VRM)
- Semi-Urban and Rural and Government and Institutional (G&I)
- Leadership in the Payments Business
- Technology and Digital
- Commercial and Rural
- Retail Assets
- Corporate Cluster
- Wealth
- Digital Marketing

Key enablers

- Customer Service and Experience
- Strengthening Compliance
- Effective Risk Management
- Zero Paper, Zero Touch Operations
- Culture
- People Learning and Development

Environmental, Social and Governance (ESG)

Focus on customer service is key to the HDFC Banking experience along with the wide range of products and customer-centric initiatives.

Enhance our compliance culture and exhibit highest standards in way we go about doing our business.

Our risk management and compliance framework is embedded in the systems and processes across operations and functions and complemented by a risk conscious culture led by the Board.

Aided with tools and technology, we would focus in ensuring a seamless process of onboarding customers, offering products and services, underwriting processes and customer engagements with minimum intervention, i.e., zero paper, zero touch!

The Bank encourages organisational culture of mentorship, transparency, communication, empowerment and supporting.

Our 'nurture and care' attitude towards our people is fundamental to the Bank's twin strategic objectives of leadership and development.

Strategic pillars

Re-Imagining the branch channel

Our branches represent the Bank to its customers, the society and other stakeholders and own retail and business customer relationships. Retail branch banking is the key driver for retail deposits franchise, retail trade and forex business, unsecured and secured asset business and third-party distribution business. At the same time it's also a congregation place for its sales force to get together, brainstorm and formulate its one bank approach for 'Go to market'.

Our strategy is to re-imagine this channel by bringing more science to the art of relationship management. The primary objective of this strategy is to acquire new customers, gather a larger share of the wallet of existing customers and deliver a best in class experience, thus building customer loyalty.

Branches – One-Stop shop
Branches are well equipped to service all needs of customers

Business Correspondent
Reaching the doorstep of citizens through the Bank's 15,756 Business Correspondents

Catchment Programme
Focus on acquiring HNW customers in the area as well as widening reach in every sphere of the catchment

How we are re-imagining branch channel

Access to high end AI
Adoption of 'Next Best Action' – an AI-powered analytical tool helping 'predict' customer requirements

Omnichannel Experience
All of the Bank's products available at every customer touch point

The Bank intends to transform its branches into 'phygital' financial marketplaces through - catchment scoping and mining with institutionalised consistency and customer need centric conversations enabled through artificial intelligence led predictive analytics. Retail Branch Banking has evolved in a significant manner over a period of time and while the transformation journey continues, the ethos remains the same – 'Focus on customer'. The key strategic drivers are:

1 **Holistic customer life cycle management:** Centred around holistic Customer Lifecycle Management and our ability to read customer insights/ needs and provide the right product proposition. It also, inter alia, entails the ability to map and source the right set of customers using a differentiated go to market approach.

2 **Analytics led customer conversation and distribution planning tool:** An approach which encapsulates the tenet of 'Need Based Selling'. Using cutting edge AI, conversations with the customer are more meaningful. The decision matrix with respect to distribution expansion has now been embedded with structured and unstructured sources of data to help the business team take data driven decisions on key issues like opening branches, or serving customers through a 'Smart Banking Lobby' or, Business correspondents

3 **Digitisation of Sales, Service and Branch Operations:** Significant headway in digital journeys in all customer touch points like sales, service and operations. Mobile-first approach leveraging Aadhar, and 'walk out working' straight through journeys are some of the concepts that are helping us achieve significant benefits in terms of improved customer experience and cost reduction

4 **Customer Experience Excellence:** The cornerstone of Customer Experience is to delight customers at every touch point. In this endeavour, key strategies include process simplification and digitisation thus reimagining the journeys and making them simple and user friendly. Also, enable self-service wherever possible so that there is complete empowerment of customers in completing paperless journeys on their own. Net Promoter Score as a metric of measuring customer satisfaction and loyalty has been introduced to build a 'Customer First' culture.

5 **People Capability:** Building a 'Future Fit' team that understands 'voice of customer' and has the ability to funnel that understanding to create newer propositions, simpler processes and engaging customer experiences. Empowering teams to digitally access interactive learning interventions that equip them to build customer delight.

Virtual Relationship Management

Digital is transforming the marketplace. The Bank believed early that traditional relationship management is making way for technology and virtual engagement with customers. Over the last few years, the Bank has invested in its virtual relationship management channel to further advance its customer engagement and enhance its service experience. In the last year, digital or contactless banking has become more of a necessity than a service enhancement. As digital literacy and exposure increases exponentially, VRM is gaining acceptance through wider engagement, deeper relationships and a complete suite of products to offer. A banking experience with digital ease and personalised conversations is the core of our VRM strategy.

The Virtual Relationship Management practice is an integrated customer centric approach covering three pillars.

- **Virtual Relationship**
- **Virtual Sales**
- **Virtual Care**

  a) Seamless 24/7 access to customers with global service standards

  b) Automated Interactive Voice Response solution in 12 languages with over 20 services

We as a Bank believe we are best placed and have a head start with our Virtual Relationship Management practice leveraging four key components:

a) Omni Channel Engagement framework
b) Seamless digital journeys
c) Data Science led customer interaction
d) Robust talent pool of well-trained Virtual Relationship Managers

The model is built on a foundation of Customer Obsession to Nurture, Care and Collaborate. The Virtual Relationship Managers offer world class service interaction with an analytics led need based product distribution approach aimed to make us the Primary banker of choice to the customer. The Virtual Relationship Managers serves the customer lifecycle under five pillars – a) Save b) Invest c) Borrow d) Transact e) Engage. This cohesive strategy allows to deepen the relationship and proactively offer the right product program to the customers.

The Bank is making 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 world class virtual engagement framework for its customers.

Semi-Urban & Rural (SURU) and Government & Institutional (GI)

The last few years have been a renaissance of sorts in the Rural Ecosystem with the advent, adaptability and usage of technology in the hinterlands. There has been a steady rise in mobile penetration in the Rural areas and the access of data has opened up the world of aspiration building, increasing demand and thereafter fulfilment. With more than half of our banking outlets and a third of our workforce (including Agri/ SLI and RIG) in this market, we are well poised to excavate and maximise this opportunity by creating phygital processes for business and market share increment as well our Bank's penetration. Our Bank's tie up with CSC – a special purpose vehicle (SPV) set up by Ministry of Electronics and Information Technology (MEITY) to offer Citizen Facilitation Services digitally has been a catalyst in increasing the distribution footprint in the semi-urban and rural geography without incurring cost on setting up a brick & mortar model. Till date we have on-boarded more than 1 Lakh VLE's as Business Facilitators and Business Correspondents to help source business for us. With the help of the VLEs, we intend to create a large distribution network to capture the opportunities in the semi-urban and rural areas as well as geographically increase our reach in deep geographies.

The lifting of the embargo on Government business for private sector banks, the Digital India Mission, and the recent circular on the Single Nodal Agency account by Government of India are strong tailwinds for this business. The growing emphasis at each level of Government to use technology to bring in transparency and efficiency offers significant promise. Given our large distribution network including in rural areas, technological prowess, partnerships with key digital platform and solution providers, competitive product offerings, and a focus on granular business we are well-poised to further our market share. On the institutional front, the opportunity is humongous in the following segments – education, healthcare, housing societies, NGOs, trusts given the multiple types of trusts, e.g. charitable, family, gratuity, etc. Each segment is a vertical in itself. We are adopting an ecosystem based approach to unlock the opportunity offered by each segment. This entails systematically targeting the constituents of each segment and putting in place the relevant products, partnerships, digital journeys, solutions, and offers for the constituents of each segment.

Leadership in Payments Business

We are the leading player in the payments ecosystem with dominant share in both card issuing and acquiring business

We have the most extensive suite of payment form factors to offer to our customers be it Cards, POS terminals, payment gateways, UPI, QR etc. With over 51 Million credit cards, debit cards and prepaid cards addressing every market segment, every third rupee spent on cards in India happens on HDFC Bank cards. We are a leading player in credit cards with a strong growth and market share on both booksize/ENR and spends. We have built several strong digital offerings like PayZapp and plan to fortify the product offering in the coming year to provide strong engagement platform for HDFC Bank customers. We will be providing strong unified experience across contactless payments, QR based payments, UPI payments, BNPL and digitalising all payment form factors with rich features in a unified platform. Smartbuy is growing as a strong offer platform which aggregates strong offers from merchants and partners, providing a one-view to the customer on all benefits which he/she can avail exclusively as a HDFC Bank customer. We have provided a strong loyalty framework and gained popularity among customers for getting accelerated reward points and rewards redemptions in 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, paper financing we are riding the wave of innovation and have become No.1 among all banks in BNPL. We plan to launch several new variants, customised solutions with large brands/partners in the coming year.

We have extremely strong plans to also grow two new segments apart from retail consumers. Commercial and SME payment solutions is a fast growing space and we have made strong carding and payment solution inroads into this segment. We have several curated solutions being rolled out for Corporate & SME segment and we will grow this segment by 2X in the coming 2 years.

Merchant Acquiring business provides the rail road for banking solutions and Payment offerings to the largest customer segment – MSMEs. As a Bank we have been leading this business for 15+ years and despite the disruptive competition in this space, we have continued to grow and currently have over 47% market share. Our focus is to grow our current 2 Million acceptance points network by 10X in 3-5 years.

Over the years our strategy has evolved in-line with the competitive landscape and market opportunities, From focusing only on large and key merchants in the top 30 cities to expanding the industry by investing in digitising institutional segments like education, government and societies and taking the product range to deeper geographies to now focusing also on the small merchants and neighbourhood kirana stores and building partnerships, our strategy has continued to evolve. In recent times with large fintechs and MNCs entering this space, our strategy has been further strengthened with two new pillars of 'Partnerships' and 'Service and Experience'. The success of this is reflected in our consistently growing market share and merchant engagement metrics.

To support this strategy we recently launched SmartHub 3.0 – a comprehensive banking and payment solution range for all merchants. This range of solutions allows merchants and self employed professionals to instantly open a mini savings account or current account and start accepting payments in-store, online and on-the-go. The solution range is tailor made for the size and segment of the merchant and consists of a vast range of offerings starting from rent free SmartHub merchant app and QR to personalised payment link option to a vast bouquet of POS devices. This platform is further being expanded into a super app ecosystem with integrated servicing, integrated cash-flow based lending, small ticket size flexible repayment loans, business cards and suite of value added services, offered in partnership with fintechs. While the platform and ecosystem will ensure engagement and scale, with reducing transaction margins and need for higher investments, the business focus to generate revenue will be through a 'sandwich strategy'. Under this strategy the payments layer in the middle will be ring-fenced with a layer of liability offerings on one side and asset offering on the other. These offerings will be for both the merchants and also the customers of the merchant, integrated seamlessly in the SmartHub platform. This will help merchants improve their cash-flow as Bank will enable funding & affordability at transaction level on all its acceptance points. This has multi-level benefits to both the bank and the merchants - Bank gets distribution point expansion and Merchants get cashflow benefit and also incentives from the Bank, thus creating a synergistic sustainable strategy for the Business.

Technology/Digital

Our vision is to build a technology led bank. We are doing this by leveraging our strengths and building for the future. Some key aspects are:

- Continue to focus on scale to manage one of the largest franchises in the world; creating infrastructure, partnerships and competencies for scale is a priority
- Fortifying our infrastructure and building for resiliency
- Focus of customer experience – make banking easy for young and old, urban and rural. Offering best-in-class experience for our existing and potential customers
- Bring in operational efficiencies – build a highly productive workforce
- Build a safe, transparent and a regulatorily compliant technology led bank that citizens can trust

Our approach is two pronged - 'Run the Bank' and 'Build the Bank of the future'. Making banking easy, contextual and safe for our customers is our priority. We have been digitising our customer journeys across the bank enabling easy onboarding, transactions and customer lifecycle management. In parallel we are also building new capabilities and competencies to build the bank of the future.

As we realise the above objectives through multiple initiatives, we are also building one of the finest digital and technology capabilities in the financial services industry. We are not only fortifying our enterprise IT but also building new muscle through our newly created Digital Factory and Enterprise Factory. The new factories are bringing in new skills, new technologies and new ways of working.

We have begun architecting our banking technology stack for the future:

1 Building a resilient core that is always 'ON' and performs at scale

2 Creating secure APIs and microservices for information interchange

3 Re-imagining intuitive and contextual customer journeys on engagement platforms

4 Leveraging data analytics.

We can already see some impact. Our transactions on mobile and net banking are increasing. As our onboarding journeys become simpler and intuitive through the use of new engagement platforms, we see a higher preference and adoption for digital. We are also leveraging data analytics, Artificial Intelligence (AI) and Machine Learning (ML) for powering personalisation, credit underwriting and risk control.

Our underlying core technology infrastructure is being further fortified to make it resilient and scalable to handle the ever increasing load of digital transactions. Our proactive monitoring of service paths and DevSecOps framework would ensure that we have a continuously integrated build and deployment pipeline to ensure agility, quality and security.

Commercial and Rural

One of the important pillars of the Bank's strategy is commercial and rural strategy which encompasses – micro, small and medium enterprises (MSME/SME), emerging corporates, the mid-market companies, commercial agriculture and commercial transport companies. This is the Bank's fastest growing market group that contributes significantly to India's manufacturing output, export, employment, supply chain network and infrastructure. Constraints faced by the group include lack of easy or timely access to credit, high cost of credit and collateral deficiency. These issues, viewed with the growth potential of the commercial and rural sector, is an opportunity like no other. The Bank aims to augment as well as facilitate the growth of individual ecosystems that exist within the group, (such as the rural ecosystem or the supply chain network), with products and services tailored to add-value and financial strength. Focusing on the commercial and rural group also supports the Bank's goal of deep geographical penetration and expansion. Using customised product offering, digital expertise and deeper geographical presence, the Bank is contributing to bridging the gap between India and Bharat.

Retail Assets

The Bank continues its leadership position in Consumer/Retail assets in various key and diversified product offerings like auto loans, personal loans and home loans among others. The strengths built in these products by serving the large metro and urban customer base can be adapted to serve the needs of the large population in the Indian hinterland where consumer aspirations are increasing. Their banking needs have to be assessed and addressed differently from the urban retail banking customers. We have carved Retail Assets as a separate strategic pillar to ensure higher focus on this segment especially in deeper geographies where the growth drivers come from using digital advancement and increased geographical presence. We will continue to focus on salaried segments within top rated corporates and government institutions across geographies and we believe that increasing aspirations will provide us a greater opportunity to cross sell our diversified retail products. The Indian market is likely to grow at a better rate in the coming five years vs the last five. This data is basis the emerging markets trends world over and with unorganised sector becoming more organised with bureau support the organised consumer financial sector will increase at a faster rate. HDFC Bank, with a strong distribution in both open market and internal customer franchise with digital strengths is in the right position to leverage and grow across touch points and pincodes.

Corporate Cluster

The Bank's corporate banking vertical offers comprehensive banking solutions to corporates across industries and sectors. This includes but is not limited to, large business houses, MNCs, companies in the manufacturing and service sectors, public sector enterprises, financial institutions, Global Capability Centres (GCC) etc. The focus of the corporate cluster is to deepen corporate relationships with more attention being paid to their requirements on the funding side, with regards to their collections and payments, their trade related requirements or even the financial well-being of their employees and key officials.

The strategy around our 'corporate cluster' has been focused on serving the entire ecosystem of large corporates. Using ground level intelligence about our customers' processes, distribution networks, geographies etc. the Bank provides value-adds and solutions for financial concerns that are unique to industries in this cluster. The Bank already has host to host connectivity with the large corporates using APIs and is working towards digitising end-to-end transaction processing within their ecosystems. The quality service offering that is provided to our corporate customers can be extended to customers and suppliers of the corporate using 'ecosystem banking' with a view to bring the client's entire financial world under one umbrella. The Bank's value proposition is two-fold; 1. To digitise the purchase and ownership journeys of the company's customers and 2. To enable all sourcing to be digitally tracked and to use trade finance products to enable a better relationship with its supplier. This initiative uses digital platforms, interfaces, data analytics, and our wealth of relationships to provide the corporate and its entire gamut of customers and trade partners, quick and easy access to financial solutions with an aim to increase product penetration at each corporate.

Diversification of the corporate portfolio is also a key driver of the growth of the corporate cluster.

Wealth

A large proportion of wealth in India lies distributed even beyond the top 20 cities of the country. The Bank's strategy is to cover a larger geographical spread, to provide differentiated wealth management solutions using digital tools. The Bank is creating new product offerings and improving its existing solutions to reach out to this population using technology. With focus on 'wealth' as a strategic priority, the Bank aims to increase its wealth management customer base significantly, in the next few years.

Digital Marketing

Our digital marketing strategy is to leverage it as an independent channel for end-to-end business generation. It rests on three key pillars.

1 Create Brand awareness and consideration: Leverage digital marketing to drive awareness about our financial solutions, create customer brand love, so they will consider us favorably while making their purchase decisions.

2 Deliver Portfolio Objectives: Use our Omni Channel forte consisting of website, net and mobile banking, notifications, SMS, Email, WhatsApp and social media to deliver the business portfolio objectives. Develop segmented and personalised communication based on highly advanced AI/ML models.

3 Contribute to direct business generation: Digital marketing relies on advanced analytics to identify and target the right customer with the right product, at the right time, in their most preferred channel of communication and with high levels of personalisation. Investments in advanced analytics tools on cloud have ensured we have a deep understanding of customer behaviour, and their preferences to curate personalised interventions, at scale and to create relevant customer engagement.

Investments in latest Martech solutions have been done to create frictionless digital journeys that allow customers to buy our financial products and services with zero or minimal physical interface.

We are closely linking customer understanding using technology to drive digitisation across the bank. We have honed the ability to execute digital marketing plans at scale and in tandem with the traditional marketing channels so as to provide our customers quick and easy access to all our financial solutions.

We have created frictionless digital journeys for loans, deposits and payment solutions which allow our customers experience making a purchase in a few clicks. This also helps us take our financial solutions to the under-penetrated semi-urban and rural segments.

Our Pay, Save, Borrow, Invest solutions will be part of these digital journeys, so that new and existing customers across segments can get instant approvals and purchase them without stepping out of their homes.

Subsidiaries

Through its subsidiaries HDFC Securities Limited (HSL) and HDB Financial Services Limited (HDB), the Bank offers a depth of customer relationship with the complete breadth of products. The subsidiaries are important pillars of the Bank's strategy to tap into opportunities beyond banking services

HDB FINANCIAL SERVICES

HDB is a non-deposit taking non-banking finance company (NBFC) that has positioned itself as a one-stop financial services provider, with a complete suite of customised loan and other service offerings through a network of over 1,319 branches across 959 cities/towns. It's range of services and products include loans-consumer and enterprise loans, asset finance, micro-loans, fee-based services and BPO services. HDB offers the Bank's customers end-to-end specialised services and currently has ₹61,560.7 Crore as Assets Under Management.

HDFC securities

HSL is amongst the leading retail broking firms in India, and offers exhaustive range of investment and protection products to its customer base of over 27 Lakh. The Bank's focus on digitisation extends to the digital investment in HSL. In fact, this year, 92% of HSL's over 1 Million active customers accessed its services digitally. HSL's distribution network extends across 216 branches in 159 cities, serving a diverse set of retail and institutional customers in India.

External Environment

Responding to market challenges

COVID-19 delivered a global economic shock, leading to a much wider macroeconomic impact than the global financial crisis of 2007-08.

The pandemic disrupted the real economy, and not just the financial system alone. After a contraction of 3.3% in 2020, the global economy is projected to grow at 6.0% in 2021, aided by monetary and fiscal support extended by Governments and Central Banks, and the vaccination rollout. However, the shape of the recovery is likely to vary across regions based on the path of the pandemic, the severity of restrictions imposed to contain the spread, and the magnitude of policy actions.

In the US, the fiscal package of $1.9 trillion is expected to bolster US economic growth and have a positive spill over effect on its trading partners. Among advanced economies, the US is expected to surpass its pre-COVID GDP level in 2021 and the UK's economy is expected to reach its pre-pandemic size in Q4 2021, while many others in the group are likely to return to pre-pandemic levels only in 2022. Similarly, among emerging economies, China has already returned to its pre-COVID GDP in 2020 and India is likely to return to its pre-pandemic level of output in FY22.

On the domestic front, the surge in daily COVID-19 cases is likely to impact a fragile recovery, with the relationship between lockdowns, reduced mobility and impact on growth being relatively strong. An increasing number of states were forced to go into a complete lockdown or strict localised containment for a longer period of time, resulting in high impact on economic activity.

Projected global economic growth in 2021

6%

Challenges posed by the operating environment

Product – Decline in credit demand; Lower deposits and investment growth

Sales and servicing (Branches | Other physical networks | Digital) – Decline in branch driven sales; Limited serviceability; Restricted Operations; Demand surge leading to challenges

Operations – Low productivity

Operating environment

Collections – Muted collections

Risk management and compliance – Inadequate risk model to include climate change impact; Cybersecurity concerns

Treasury and capital management – Liquidity management challenges

People – Low employee productivity and morale

Technology – Limited data access IT constraints

Increasing government and regulatory interventions

The Government and Regulators stepped in during the year to alleviate the socio-economic effects of the pandemic and to stimulate growth.

A

Two such measures were the moratorium and the loan restructuring packages introduced by the Reserve Bank of India. While the first allowed customers (from March to August 2020) to temporarily freeze loan repayments, the second eased the burden of monthly repayments.

Our response

Loan moratorium – The relief provided to our customers include

- A standstill on delinquency position as of February 2020
- Relief from making loan repayments during between March 2020 and May 2020 (Moratorium 1) and between June 2020 and August 2020 (Moratorium 2)

We operationalised the moratorium process through a robust multichannel customer outreach programme designed to guide customers in a frictionless manner. Customers seeking moratorium were directed to our website to process their applications.

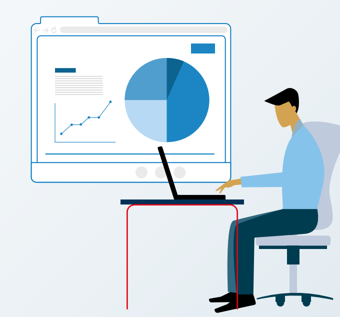
Loan restructuring – The loan restructuring programme was aimed at easing the burden of monthly repayments for eligible customers who were significantly affected by the pandemic. Customers seeking loan restructuring were allowed to reschedule their loan repayments and were offered lower payment structures, with extended tenors of up to 24 months.

We also conducted an outreach programme to help customers understand the modalities of restructuring and guide them through the process. Our approach through the period was based on empathy, understanding and transparent communication as was evidenced by the scale and scope of relief provided to customers.

B

The Union Cabinet unveiled a stimulus package of ₹3 Trillion in May 2020 known as the Emergency Credit Line Guarantee Scheme (ECLGS) in aid of Micro, Small and Medium Enterprises, (MSMEs). This was aimed at addressing their working capital needs, operational liabilities and aiding businesses to restart.

HDFC Bank disbursed ₹29,622 Crore to over 1.23 Lakh customers in FY21 under the ECLGS scheme. We have also emerged as a star performer under the ECLGS 1.0 and 2.0 schemes.



Disbursement under ECLGS

₹29,622 Crore

Banking industry environment

The stress on the banking sector was further accentuated by the pandemic. Estimates suggest that 19 sectors that were previously not under stress before the pandemic have been hit, accounting for almost ₹15.5 Lakh Crore of debt. Retail and wholesale trade being the worst hit with an estimated outstanding of ₹5.4 Lakh Crore. The pandemic also affected 11 sectors that were already under stress. These sectors have a cumulative debt of ₹22.2 Lakh Crore. Of these, non-banking financial companies (NBFCs) accounted for the bulk of the debt at ₹7.98 Lakh Crore.

The exponential spread of COVID-19 has led to the GDP growth contracting by 7.3% in FY21. The pandemic has a significant impact on economic activities and lending potential across sectors. Financial institutions using their strong liquidity position played a key role in reinvigorating the economy.

Social distancing and restrictions

The banking sector is facilitated by the network it has, whether with branches or physical availability of Bank employees especially in rural India. New norms, state-wise variations in restrictions due to lockdowns and fear of infection after easing of restrictions later in the year have affected all businesses including that of financial institutions.

Restriction on mobility has led to different ways of operating for employees and customers whether retail or wholesale. There is an increased preference for contactless banking and operating remotely.

Our response

We actively reached out to large corporates for their funding requirements, which we could do because of our strong balance sheet. Due to TLTRO scheme, we were able to raise funds at lower rates and further improve our liquidity position. We also actively participated in lending to the MSME sector. We continued our retail lending which capitalised on the revival in consumption in Q3 and Q4 to post a Y-o-Y growth of 6.7% in domestic retail loans.

Growth in total advances (FY21)

14%

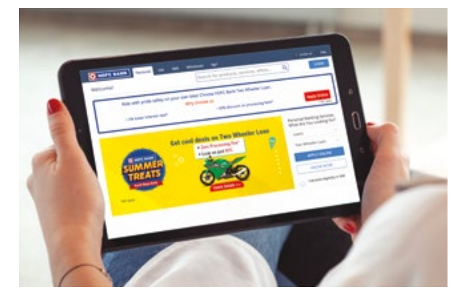
We started with initiatives to promote Secure Banking during COVID-19. We conducted workshops to increase awareness on the rising cases of cyber frauds while making financial transactions and prevent them. Our *Mooh Bandh Rakho* campaign was aimed to help prevent cyber frauds and the spread of COVID-19 by means of wearing a mask and keeping one's mouth shut (Mooh Bandh Rakho). In another initiative, we deployed 49 mobile Automated Teller Machines (ATMs) across 47 cities to assist customers during the lockdown. One can conduct over 15 types of transactions using the Mobile ATM, which are operational at each location for a specific period. We also launched video KYC to ensure full KYC savings account activation and onboard new customers. To ensure the safety and wellbeing of our employees, we undertook various measures such as providing sanitisers and masks, disinfecting and fumigating all offices. We also set up COVID-19 medical helpline and deployed a dedicated team for providing updates to the employees on time. For employees working from home, we provided the required IT support and put in place robust and secure systems and processes.

Evolution of technology in trade and commerce

Demonetisation led to the faster adoption of digital payments post 2016. Coupled with restrictions in logistics and physical movement induced by COVID-19, there has been a spectacular surge in digital transactions. Further, large companies with a turnover of more than ₹50 Crore are mandated to offer prescribed electronic payment options from January 1, 2020. In a recent notification, the Central Board of Indirect Taxes and Customs (CBIC) has made e-invoicing for GST, mandatory for taxpayers having turnover of over ₹50 Crore, from April 1, 2021.

Fintech adoption

We have witnessed a high adoption of fintech solutions in the banking, financial services and insurance (BFSI) sector, which is mainly due to Government initiatives like demonetisation, GST, Digital India initiatives and growth in e-commerce. The pandemic restricted people to their homes, prompting fintech players to innovate and make their solutions more mobile-friendly.



Climate change and ESG

As corporate governance issues surface with increasing frequency, banks and financial institutions, along with the regulators, are looking at risks through the ESG lens. Assessing the ESG health of the creditors is important to identify the inherent risks and take steps to mitigate them in order to preserve credit portfolio quality. Climate change is one of the key ESG risks, with a potential disruptive impact on the economy. It poses both physical and transition risks to our business, as the world transitions to a low-carbon economy. Thus, climate change is both a risk and a value creation opportunity.

Our response

We continued to invest in our intellectual capital, especially technology. We have planned for upgradations in the short-and-medium term. We have attracted talent in areas such as data anlaytics and IT. Also, 178 external APIs are currently active on our API gateway. All of this enabled us to increase our customer base to 6.18 Crore, acquire more merchants, and expand our market share.

We have increased our investments in technology and in designing solutions that are more user friendly and seamless. Further, we are partnering with various fintech companies, as part of our strategy, to provide a differentiated customer experience.

Our response to climate change and ESG issues is three-pronged. First, we manage and mitigate climate change and ESG risks through our internal initiatives. Second, we are developing a strategy to address climate change and ESG risks in our portfolio. Third, we support our communities in enhancing their resilience to climate change and environmental risks. We have set targets for tree plantation and to reduce our energy consumption and Green House Gas (GHG) emissions. We have initiated steps towards implementation of TCFD and SBTi recommendations and continue our endeavor to acquire granular data and test tools for developing climate risk assessment and scenario analysis. We also fund the development of renewable energy projects.

Future-proofing the business

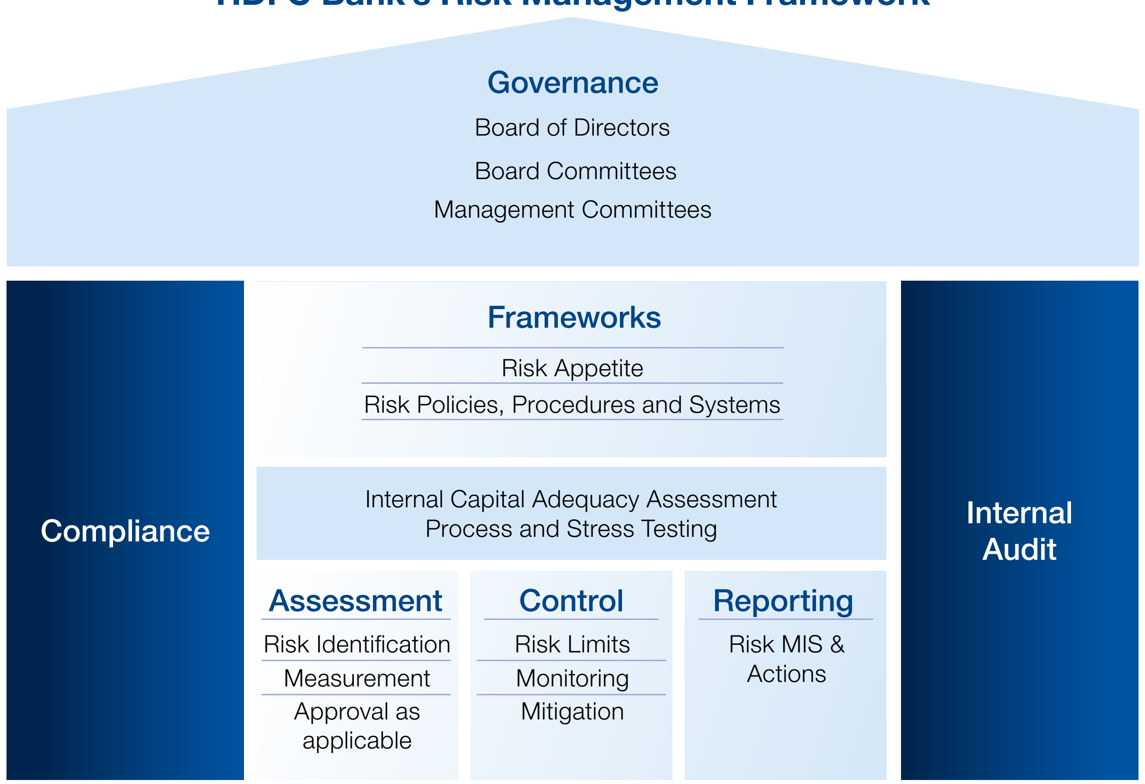
Our risk management process is flexible and allows us to adopt best industry practices and adapt them to our business needs. We have adopted a multi-layered risk management process to identify, assess, monitor and manage both traditional as well as emerging risks through the effective use of processes, information and technology.

Risk Governance

The Board of Directors of the Bank takes responsibility for managing the comprehensive risks faced by the Bank. The Risk Policy & Monitoring Committee (RPMC) is a Board level committee, which supports the Board by supervising the implementation of the risk strategy. It guides the development of policies, procedures and systems for managing risk. It ensures that these are adequate and appropriate to changing business conditions, the structure and needs of the Bank and the risk appetite of the Bank.

The Chief Risk Officer heads the independent Risk Management Group (RMG) which drives risk management centrally in the Bank. The RMG is primarily responsible for implementing the risk strategy approved by the Board, developing procedures & systems for identifying, measuring, monitoring, assessing and managing risk. The Chief Credit Officer heads the independent Credit Group overseeing the underwriting functions and approvals across retail and wholesale credit functions and ensuring that credit underwriting and portfolio management are aligned with the Board approved credit appetite.

HDFC Bank's Risk Management Framework



The broad categories of risk we face are credit risk, market risk, liquidity risk, interest rate risk in the banking book and operational risk. Further, our focus on digitisation leads to cyber security and data risk as well as reputation risk. We are also exposed to Environmental, Social & Governance risks arising out of the nature of business operations of our borrowers (particularly large, corporate borrowers), the industry segment in which they operate and the deficits in their compliance to statutory/ regulatory norms.

Risk exposures are actively captured and reported to the relevant levels of management for initiation of appropriate risk mitigation measures. The Bank has a structured management framework for the identification and measurement of the various material risks that the Bank faces. We are also continuously evaluating the efficacy of existing risk model assumptions and parameters and refining the models to reflect the new business normal.

The Bank has policies, processes and sound methodologies for the effective control and management of individual risks. The Bank has put in place an overall Risk Appetite statement. In addition, appetites for individual risk types are operationalised through risk specific policies and limit packages. Stress tests form an integral part of risk analysis and computation of capital adequacy under severe but plausible scenarios that may adversely affect the Bank. While each of these risks is assessed, monitored and managed under individual policies for day-to-day functioning, the stress testing framework endeavours to assist in identification of potential loss.

Managing key risks

Risk	Mitigation	Strategies	Capitals Impacted
Credit The risk which arises from default by borrowers in their terms of contract with the Bank especially failure to make payments or repayments	There are robust policies and processes for managing credit risk in both retail and wholesale businesses, mainly through our a) target defined market, b) credit approval process, c) post-disbursement monitoring and d) remedial management procedures	Maintaining healthy asset quality with optimal risk-reward considerations	
Market The risk of potential loss on account of adverse changes in market variables which affect the value of financial instruments that the Bank holds as a part of its statutory reserves or trading activity, such as market instruments, debt securities, equities, foreign exchange and derivative instruments	Our Board-approved Investment Policy, Market Risk Policy and Limit packages cap exposure in line with the Bank's risk appetite. We follow well-established procedures for portfolio risk evaluation, market risk factor assessment and risk controls	Optimising profitability of marked-to-market products within the constraints of liquidity and market risk appetite of the Bank	

Financial Capital | Human Capital | Intellectual Capital | Social & Relationship Capital | Manufactured Capital | Natural Capital

Risk Management

Risk	Mitigation	Strategies	Capitals Impacted
Compliance The risk of legal or regulatory sanctions, as a result of failure to comply with applicable laws, regulations and standards	Comprehensive Board-approved Compliance policy in place. Drill down of the compliance culture within the organisation through an intricate and comprehensive internal control framework	Ensuring businesses work within the contours of regulation	
Operational 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	A Board-approved governance structure is in place with detailed framework and processes, internal controls, information technology and fraud monitoring mechanisms	Minimising operational losses through risk mitigation	
Climate 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 attributed 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	An ESG policy framework has been formulated to address this risk. Further, we have a robust Social & Environmental Management System (SEMS) framework to address social and environmental/climate change risks in our loans. As a part of the ESG risk identification and mitigation process, we evaluate all our loans, irrespective of project type (greenfield projects or for regular capital expenditure), having a value of more than ₹10 Crore and a tenor of more than 5 years, for adherence to Environmental, Health, Social & Safety (EHSS) norms. We also track and externally verify our carbon emissions to effectively manage and reduce our footprint	Environmental, Social and Governance (ESG) We are exploring frameworks to model and assess climate risk. We also continue our endeavour to acquire granular data and test tools for climate risk assessment and conducting scenario analysis. On the Emissions front: we have taken targets to reduce our GHG emissions. Further, we are aligning with the Paris Agreement on climate change by initiating commitment towards Science-Based Targets	

Risk	Mitigation	Strategies	Capitals Impacted
Liquidity 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	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	• To maintain healthy liquidity in comparison to balance sheet size of the bank to tide over any unforeseen stress scenario • Maintaining competitive cost of funds	
Reputation 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	We communicate with our stakeholders regularly through appropriate engagement mechanisms to address stakeholder expectations and assuage their concerns, if any	• Delivering superior customer experience • Wide range of products and services	
Cyber and Data Risk of cyber-attacks on our Bank's systems through hacking, phishing, ransomware and other means, resulting in disruption of our services or theft or leak of sensitive internal data or customer information	Every specific cyber threat including data privacy is assessed basis the framework (Identify, Prevent/Protect, Detect, Respond and Recover) and controls such as firewalls, anti-malware, anti-advance persistent threats, data loss prevention, Red Teaming, Intrusion prevention/detection, digital rights management, 24*7 security operation centre, and forensics solutions have been put in place. The international 'general data protection regulation (GDPR)' has also been implemented across relevant operations. The Bank is compliant with ISO 27001:13, ISO22301:19 and PCI DSS standards	Facilitating growth via secure Digital initiatives. • Sustaining operational effectiveness and efficiency through secure Work-from-Home • Adapting and updating Cyber Defence framework to counter new-age threats • Continuous information security awareness for employees and customers	

Financial Capital · Human Capital · Intellectual Capital · Social & Relationship Capital · Manufactured Capital · Natural Capital

Ensuring uninterrupted operations amid rapid change

We live in an increasingly unpredictable world. This has been compounded further by the challenge posed by the pandemic as complex operations across multiple stakeholders have 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, ISO 22301 certified, and is subject to regular reviews. We have a Business Continuity Policy and Procedure with clearly defined roles and responsibility.

Disaster management, scope and governance framework of BCP

Broader areas of disaster management

Business continuity	Emergency response	IT Disaster recovery	Pandemic response	Crisis management
Resume critical business operations after a disaster	Deal with site-level emergency at an office or a branch involving life safety issues like fire, bomb threats, and so on	Recover critical business applications during hardware/ network/power failure	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	Tackle bank-wide disasters such as pandemic, terrorist attacks, ransomware attacks, fire, cyclone, earthquake, city-level floods, cyber-attacks, 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	Phone Banking	Payments Business & DBC-Risk Control	Retail Portfolio Management - Credit Cards	Wholesale Banking Operations	Retail Banking Operations	Treasury Operations

Business continuity in pandemic times

At HDFC Bank, we rose to the challenge of delivering uninterrupted banking services amid large-scale restrictions following the outbreak of the COVID-19 pandemic. We adopted a multipronged strategy to prioritise the safety of our employees while ensuring service delivery to our customers. Following the gradual easing of the nationwide lockdown, we moved from crisis mode to business mode but continued implementing various continuity strategies, keeping in mind the evolving pandemic scenarios.

Multi-pronged pandemic response

Technology Interventions

- The new strategy of Work-from-Home was incorporated
- InfoSec Awareness campaign series for all employees was rolled out
- Zero IT downtime and increase in hardware capacity, enabling secure access from home
- Round-the-clock high alert watch to ensure IT security
- External recertification audit by BSI for ISMS and BCMS (ISO27001 and ISO 22301)
- Cyber security threats were thwarted by implementing two-factor authentication, strengthening anti-virus feature in the devices at home and prohibiting any download on local storage drives
- Endpoint security posture during COVID-19 improved incrementally
  - Endpoint AV signatures updated over the cloud for all endpoints
  - Endpoint anti-APT (anti-advance persistent threat) agent pushes the indicators of compromise (IOC) over the cloud to all endpoints
  - A proxy agent is present on all endpoints which ensures that all machines are connected to the internet securely as per rules laid down by the Bank
  - Data Leakage Prevention (DLP) implemented; all endpoints hardened and access to USB blocked
  - Evaluating solutions to address cloud patching for endpoints

Employee safety and productivity

- Distribution of masks to security guards, pantry staff and other support staff and providing hand sanitisers across locations

- Introduction of APOLLO HEALTHYLIFE - for all employees, where along with anytime Apollo doctors on call at no cost, employees have preferential access to COVID-19 care packages
- Allow employees to claim medical expenses incurred for COVID-19 treatment (home quarantine/ quarantine centre/hotel isolation with hospital tie-up)
- Sponsor inoculation of over 1 Lakh employees and their immediate family members against coronavirus
- When the number of daily cases declined, a Back to Work Guidelines for Employee safety was published

Maintain operational stability

- Multiple shifts introduced to ensure adherence to government guidelines and social distancing norms
- Ensured efficient execution of extending moratorium to customers and best possible support to the business
- DR site at Kanjurmarg used as a contingency site to ensure the continuity of the critical Treasury Department
- Enhanced internal communication mechanism further; set up a crisis group on the mobile platform for faster communication, action and response
- BCP Strategy for Retail Branch Banking is further being enhanced with plans to include a comprehensive BCP Manual, Table Top on BCP, Periodic Preventive Checks, BCP during Branch downtime, E-Learning Module for Branch Banking
- Bank has procured sufficient additional licenses for VPN & has segregated those basis priorities
  - **Priority 1.** Branches facing frequent complaints/isolation
  - **Priority 2.** Single branch cities
  - **Priority 3.** Vulnerable geographies

The process is being defined with the help of IT. The pilot run has been completed.

Relentless pursuit of **sustainability**

At HDFC Bank, we have always believed that business growth is intricately linked with prosperity of the communities we serve. We are leveraging our scale and reach to empower those sections of the society that remain less-privileged through our five pillars of Rural Development, Promotion of Education, Skill Training and Livelihood Enhancement, Healthcare and Hygiene and Financial Literacy and Inclusion

Our Holistic Rural Development Programme (HRDP) was born out of the conviction that the nation progresses only when rural India grows. Our multi-pronged interventions range from farm and non farm-based livelihood, water conservation, on-ground training for farmers, creation of Farmer Producer Organisations, sanitation to Natural Resource Management. We facilitate livelihood enhancement opportunities, particularly for women and youth, primarily in agriculture and allied areas such as dairy and poultry. The objective is to help them find jobs locally, enhance their household income and discourage migration.

Creating sustainable livelihood opportunities

Unemployment is a significant issue faced by many in the district of Idukki. It's more prevalent, however, in the underdeveloped hamlet of Maniyarankudy - home to the socioeconomically marginal Mannan tribal community known for their unique customs and traditions.

To generate livelihood opportunities in the region, particularly among the women of the community, Parivartan established a tailoring unit and training centre after selecting and training a group of eight beneficiaries to run it. The first batch of 10 trainees are now involved in teaching stitching. Equipment provided to the centre by the Bank include furniture, tailoring machines, cutting machines, embroidery machines and other related accessories.
In addition to monitoring by field staff, the programme was also linked to the Start-up Village Entrepreneurship Program (SVEP) so that it may be replicated across the state.

Each beneficiary chosen to run the centre, earns around ₹2,200 per month. Upon completion of the 3-month training period, the trainees are expected to find sustainable employment - thus setting in motion the gradual improvement of living standards in the region.

Our Sustainable Livelihood Initiative (SLI), a unique programme with possibly no parallel globally, is targeted at empowering families by empowering women through occupational skills training, financial literacy, credit counselling, livelihood finance and market linkage.

We also provide infrastructure support, such as building toilets in schools and improving classrooms. At the community level, it also includes educating people on the importance of water, sanitation and hygiene (WaSH). Also, through the Zero Investment Innovations for Education Initiatives (ZIIEI), we are committed to enabling teachers to innovate which in turn benefit students. This programme is aimed at Government schools across India. Parivartan is thus not just about bringing a sustainable change in the society, but also about delivering long-term solutions for pressing social challenges.

Responsible Business

Embedding ESG parameters in business strategy

At HDFC Bank, we factor in environmental, social and governance (ESG) aspects while designing our products, processes and policies. Our ESG strategy focuses on climate change, community and society, along with practices related to people, customers, lending, procurement, and governance.

ESG governance

CSR & ESG Committee of the Board oversees the Bank's sustainability and climate change initiatives. A management level ESG committee, represented by senior management members across major functions, reports to the CSR & ESG Committee of the Board and provides updates on our Environmental Policy and ESG framework to the Board for review annually. Our Group Head for CSR reports to the Board every quarter, chairs the management-level ESG Committee which undertakes focuses discussions through three sub-committees.

Targets

Our Environment Sub-Committee, part of the ESG Committee sets targets and identifies opportunities for improvement in areas of emissions, energy, water and waste. This is driven jointly by the Sustainability team with the ESG committee which reviews plans of action, targets, progress against targets, initiatives undertaken by internal business units and employees towards mitigation.

We have recently set a target to become carbon neutral by FY32. We have achieved our earlier target to reduce energy consumption and overall emissions by FY22. We have now initiated the process to commit to the Science Based Targets Initiative (SBTi), which will enable us to set climate change targets in accordance with the latest climate science to meet the goals of the Paris Agreement. We have also taken up a target to plant 2.5 Million trees by FY25, of which 1.6 Million trees have already been planted.

10%
Reduction in combined Scope 1 and Scope 2 emission intensity*

3%
Reduction in energy consumption*

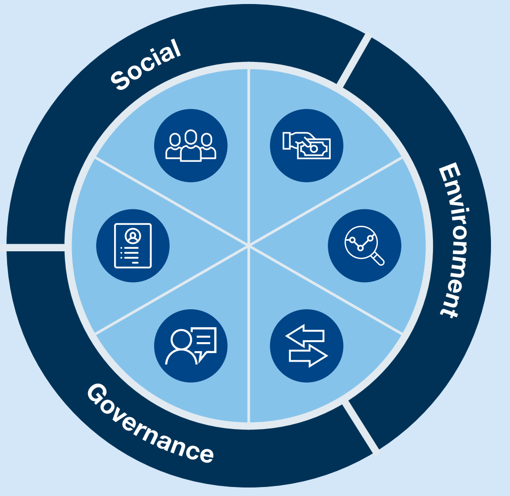
5%
Reduction in energy intensity*

For more details regarding our performance against targets please refer to the Environment section
PG 60

* The base year was FY19 and target year FY22

ESG approach

We have a Board-approved ESG policy framework and Environmental Policy in place to identify the Bank's environmental risks and impacts.



Our People and Our Communities

- We focus on employee diversity & inclusion, training & development, employment practices
- We invest in our communities through our Sustainable Livelihood Initiative, Holistic Rural Development Program, Teach the Teacher Initiative
- We provide access to financial services to communities

Conduct and Compliance

- Our corporate Governance Policy ensures highest levels of ethics, integrity, corporate governance and regulatory compliance
- Our Board of Directors sets course and evaluates our performance of compliance, risk management & internal control, information & cyber security, customer service, social & environmental responsibility

Transparency with Stakeholders

- Our Code of Conduct ensures transparent dealings with internal and external stakeholders

Responsible Financing and Product Responsibility

- We do not fund projects that have an adverse impact on environment, health, safety (EHS) levels
- New opportunities in the environmental and social space including those like Green Bonds

Tracking our GHG emissions

- We have been tracking our GHG emissions since FY11

Managing our Environmental Risks and Opportunities

- Our board-governed environmental policy serves as a framework to understand and manage our environmental risks, impacts and opportunities
- Sustainable procurement practices

Deploying resources responsibly

Focus on governance, strategy and risk management and metrics

Our Board sets the course and evaluates our performance on social and environmental responsibility, among others. The Board-governed environmental policy serves as a framework to understand and manage our environmental risks, impacts and opportunities. We continuously strive to incorporate environmentally responsible practices in our own operations, through our vendors, as well as through responsible financing. There were no cases of non-compliance with environmental laws and regulations during FY21. We have also put in place a Social & Environmental Management System (SEMS) framework to assess social and environmental risks for all loan applications with a ticket size above ₹10 Crore and a tenure of five years. We have also initiated steps towards the implementation of TCFD and SBTi recommendations. We track our GHG emissions and transparently report our environmental performance annually.

Performance indicators and targets

We monitor key performance indicators (KPIs) for all major environmental indicators and initiatives covering energy, GHG emissions, and waste for all our operations with the aim to minimise the environmental impact. We have surpassed our target to reduce energy consumption and overall emissions. In FY21, to further reinforce our corporate climate strategy, we have initiated the process to commit to the Science Based Targets Initiative (SBTi), which will enable us to set climate change targets in accordance with the latest climate science to meet the goals of the Paris Agreement. We have also set a target to become carbon neutral by FY31-32.

Initiatives to reduce environmental footprint

We are committed to conducting our business operations in a socially and environmentally responsible manner. We explore, develop and adopt business models to ensure low-carbon transformational growth across the entire value chain, thereby contributing to worldwide efforts to limit global warming to below 2°C, and move towards a sustainable future. We are incorporating both technological as well as process solutions in our day-to-day operations to make a positive impact on the environment.

Targets FY22

Reduction in total energy consumption

3%

Reduction in energy intensity

5%

Reduction in absolute Scope 1 and Scope 2 emissions

3%

Reduction in Scope 1 and Scope 2 emission intensity

10%

Plantation Target by FY25

25 Lakh trees

Notes:

Base year for targets: FY19.

Our Scope 1 emissions includes emissions from fuel consumption in own vehicles, and scope 2 emissions include emissions due to fuel use in DG sets and 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 and company vehicles.

Initiatives to reduce ESG risks

Our internal initiatives to reduce our climate change and ESG risks

- Digital banking initiatives
- Ambitious plantation target
- Green building
- Managing our GHG emissions
- Use of renewable energy
- Energy reduction initiatives

Digital banking initiatives

Reduction in paper usage and emissions footprint through:

- Implementation of Digital Banking Initiatives like Phone Banking. Mobile banking, Net banking, ATM banking, Mobile wallet.
- Introduction of several digital products and services even in the rural/semi-urban segment
- Investment in R&D in innovative digital product, automation of several internal as well as customer-linked processes and channels
- Saved about 1.5 Million square feet of paper through our "Green Event"Initiative

Ambitious plantation target

- 0.6 Million trees planted during FY21
- Target to plant 2.5 Million trees by FY25

Green building

- Two of our large buildings have been LEED certified and two more are in the pipeline.
- Our Bangalore Data center 'Netmagic-DC3B' is certified green data center under the IGBC Green Data Center Rating System
- Several changes within our infrastructure assets have been incorporated to improve energy efficiency

Managing our GHG emissions

- Transparent disclosure of GHG emissions (third-party assured)
- Over-achieved our target to reduce our Scope 1and Scope 2 GHG emissions
- Initiated commitment to the Science Based Targets Initiative {SBTi)

Use of renewable energy

- Installed solar panels at our large office locations in Bhubaneswar. Bhubaneswar, Chandigarh, Jaipur, Mumbai, Noida and Pune with a cumulative installed solar capacity to 198.3 KWp as on March 31, 2021
- Install solar panels in our upcoming office buildings wherever feasible

Energy reduction initiatives

- Implemented the Energy Management System (EnMS) across 600 branches
- Use of 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
- Installation of inverter ACs and use of LED lights
- Committed to having only LED lights in all our buildings, going forward

Emissions and climate change

Climate change is one of the most pressing global challenges of our time. At HDFC Bank, we have been recording our GHG emissions since 2010 and are continuously transforming our operations to achieve low-carbon growth.

Reduced paper emissions

Paper use accounted for about one-third of our Scope 3 emissions in FY21 and is thus one of our priority intervention areas. Our retail marketing team rolled out, Green Event Guidelines, through which we saved about 1.5 Million square feet of paper during the period under review. We are also switching to recycled paper, which accounted for nearly 13% of our total paper consumption in the reporting period. Our digital strategy has also enabled us to drastically reduce our paper consumption and helped avoid related emissions. Additionally, our digitised processes and products have helped customers reduce their frequency of visits to our branches, ATMs and Offices, thereby reducing associated emissions

Share of recycled paper used in our total paper consumption during FY21

13%

Reduction in diesel consumption in DG sets in FY21 over FY20

39%

Green Event Guidelines

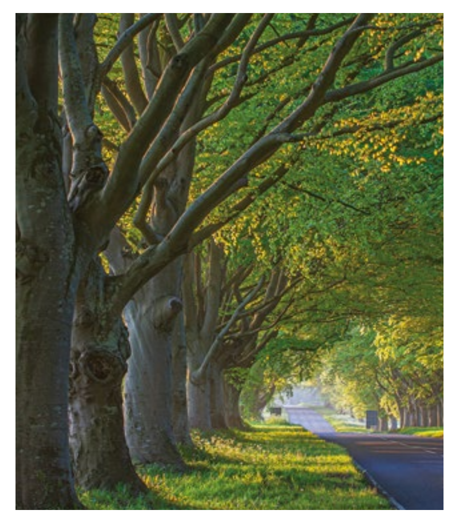
The Bank incorporated the 3Rs – Reduce, Replace and Recycle – in its retail marketing initiatives relating to on-ground activations, enhancing visibility of the brand and product promotion.

GHG Emissions avoided due to reduced paper consumption during FY21 over FY20

588.65 tCO_2e

GHG emissions avoided due to reduced diesel consumption in DG in FY21 over FY20

6313.90 tCO_2e



Tree plantation

We are implementing a very ambitious tree plantation programme. So far, we have planted 1.6 Million+ trees, which not only helps sequester some GHG emissions, but also provides an opportunity to further improve our connect with the communities.

Trees planted during FY21

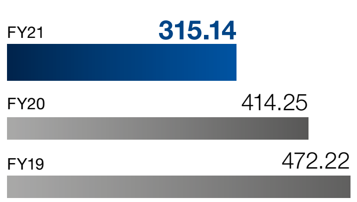
0.6 Million

CO_2 sequestration potential created through our plantation activities so far

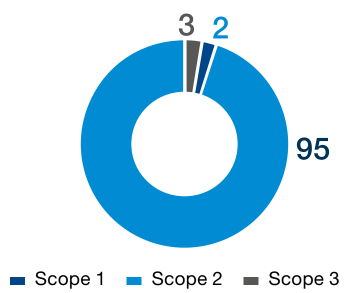
25,000 tCO_2e/per year

We have been able to achieve a consistent reduction in our absolute emissions, as well as in Scope 1 and Scope 2 emission intensity over the years. During FY21, not only our emission intensity (per ₹ Crore total income) decreased by over 27% Y-o-Y, but we also achieved a reduction of over 23% in absolute scope 1 and scope 2 emissions owing to our multi-pronged initiatives to reduce GHG emissions, as well as the pandemic-induced restrictions that resulted in some of our teams working from home, reducing the activity load at some of our operating locations.

GHG EMISSIONS FY21
('000 tonnes of CO_2e)

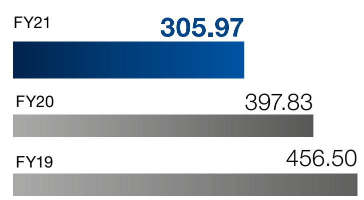


GHG EMISSIONS FY21 (%)



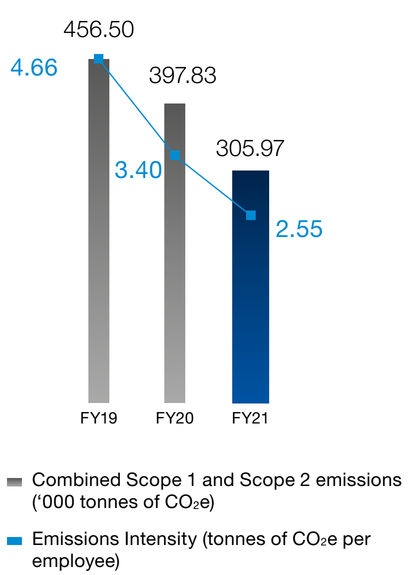
Notes: Scope 3 emissions include emissions from hired vehicles (6,020 tCO_2e), employee air travel (192.29 tCO_2e), rail travel (0.3 tCO_2e), paper (2960 tCO_2e) and e-waste (2.22 tCO_2e)

SCOPE1+SCOPE2 EMISSIONS ('000 tCO_2)

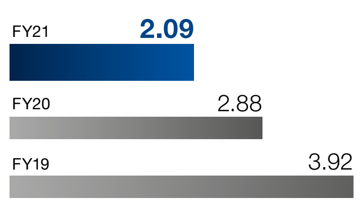


We have significantly surpassed our GHG reduction targets ahead of schedule, achieving a reduction of about 33% in absolute Scope 1 and Scope 2 emissions in FY21 from FY19 base year, with over 46% reduction in Scope 1 and Scope 2 emission intensity

FY21 GHG EMISSIONS AND EMISSIONS INTENSITY-SCOPE 1 + SCOPE 2



GHG EMISSIONS INTENSITY - SCOPE 1 + SCOPE 2
(tCO_2/ INR Crore income)



Reduction in absolute GHG emissions (Scope 1 + 2) in FY21 over FY20

23%

Reduction in Scope 1+ Scope 2 emissions per INR Crore total income in FY21 over FY20

0.79 tCO_2e

Energy efficiency and energy management

Over 95% of our GHG emissions are attributed to energy consumption – purchased electricity from the grid and diesel consumption in DG sets. We are aggressively working to reduce our energy consumption across operations to complement our initiatives to decarbonise our energy consumption. We have made significant progress in this regard, by regulating existing equipment, installing energy-efficient equipment, and implementing automated energy management solutions, among others.

Energy efficient lighting

We have replaced over 12,000 conventional/CFL/fluorescent fittings with LED lights at 248 of our locations across 22 states and UTs, resulting in potential energy savings of over 1 Million kWh of electricity per year. Henceforth, all building premises that we occupy will have only LED lights.

Energy efficient space cooling

In FY21, we installed EC Fan Motors in 55 Air Handling Units (AHUs) resulting in potential savings of 0.2 Million kWh of energy per year. We have also installed inverter ACs at our locations, which helped save over 1.75 Million kWh of electricity during FY21. We also saved 32,325 kWh of electricity by installing VRF HVAC units at our back offices.

Efficient data centres

Disposal of old assets at three of our data centres led to the avoidance of 1.4 Million kWh of electricity during FY21. Our Bangalore data centre 'Netmagic-DC3B' is a certified green data centre under the IGBC Green Data Centre Rating System. We have implemented several other energy-saving measures including upgradation to efficient cooling units, cold-aisle containment, replacement of old storages and servers and with new generation hardware, and implementation of Smart iPDUs. We have also adopted environment-friendly measures at our data centres such as switching to R-407c refrigerant for INROW cooling, adoption of new fire suppression system with NOVEC 1230 gas, and replacement of 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 LEED Gold certified offices in Mumbai and Bhubaneswar. In addition, new buildings in Mohali and Palava training centres are being constructed to meet the IGBC gold certification standards. We have also implemented elevator and equipment scheduling to reduce our energy consumption, and installed occupancy sensors, capacitor banks as well as Building Management Systems at several of our operating locations. The energy management module with auto controls deployed across select branches since FY19 resulted in potential energy savings of about 16%. We plan to extend this initiative to an additional 2,000 branches across the country.

Reduction in grid electricity consumption during FY21 over FY20

126 Million kWh

Branches with the energy management system implemented as of March 31, 2021

600

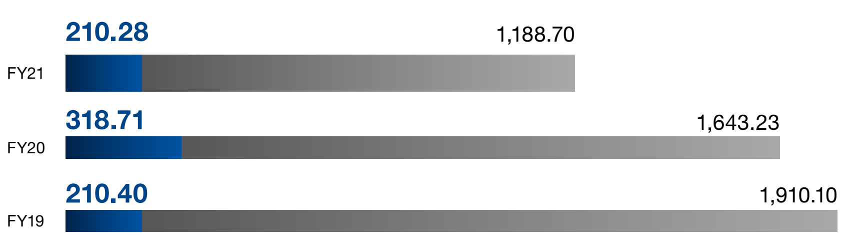
Energy saved during FY21 on account of auto controls in branches

4.4 Million kWh

During FY21, not only our energy intensity (GJ/employee) decreased by over 30% over FY20, but we also achieved a reduction of over 28% in absolute energy consumption. The reduction in energy consumption is attributed to the comprehensive set of energy reduction measures implemented at our operating locations, as well as the temporary reduction in activity/energy load at some of our operating locations as a result of COVID-19 induced lockdown and movement restrictions.

We also surpassed our energy targets. In FY21, we achieved a reduction of about 34% in absolute energy consumption, and 24% in energy intensity (GJ/per employee) from base year FY19.

ENERGY CONSUMPTION
('000 GJ)

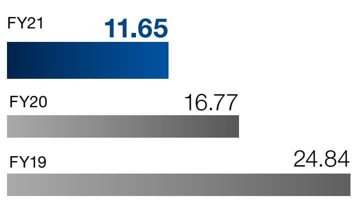


Fuel includes diesel consumed in DG sets (128.46 '000 GJ) and diesel (27.13 '000 GJ), and Petrol (54.65 '000 GJ) and CNG (0.04 '000 GJ) consumed in company vehicles

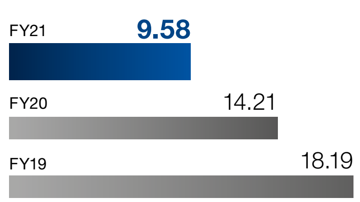
Reduction in absolute energy consumption in FY21 over FY20

28%

ENERGY INTENSITY
(GJ/employee)



ENERGY INTENSITY
(GJ/INR Crore income)



Renewable energy

We are continuously increasing the share of renewable energy in our total power consumption. We now have solar power plants at our operations across six cities – Jaipur, Pune, Noida, Bhubaneswar, Chandigarh and Mumbai.

During FY21, we commissioned a 52.8 KWp solar plant at our office in Mumbai, taking our cumulative installed solar capacity to 198.3 KWp, as on March 31, 2021.
To realise the potential of renewable energy, we endeavour to install solar panels in our upcoming office buildings wherever feasible. Further, in some rural areas where power fluctuation is high, we have installed solar-powered ATMs.

Cumulative solar power generation capacity commissioned as of 31 March 2021

198.3 KWp

Managing waste

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 of through authorised recyclers. Hazardous waste within the Bank's scope arising from diesel/fuel oil used in generator sets, is negligible. While we are progressively working to track paper waste from our operations, we have installed sewage treatment plants at some of our large office premises to treat wastewater before releasing it into municipal waste.

In FY21, we generated 167.88 tonnes of e-waste, as a result of asset refresh, damaged and non-functional assets. We are also aggressively working towards minimising the use of plastic bottles. We have already replaced all single use plastic water bottles at our hub offices across India with multiple-use plastic bottles and glass jars in all meeting and video conferencing rooms.

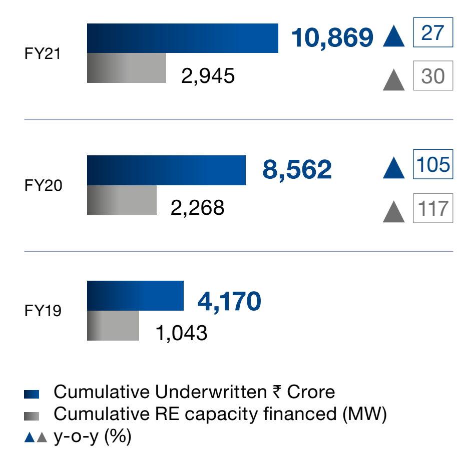
Responsible financing

We understand that our investment decisions may have an environmental impact. We are thus committed to exercising our position to enable a positive impact on environmental sustainability and equitable growth through our investments and lending practices. Environmental and social aspects are integrated into our overall risk assessment framework. We do not fund projects that have an adverse impact on environment, health, safety (EHS) levels. We do not lend to businesses that produce ozone-depleting substances (CFC-11, CFC-12, CFC-113, Carbon Tetrachloride, Methyl Chloroform, Halons-1211).

As a part of our credit policy, we evaluate all loan applications with a ticket size of more than ₹10 Crore and a tenure of more than 5 years, through our Social and Environmental Management System (SEMS) framework. In FY21, 463 loan proposals were screened and approved through the SEMS framework.

The Product Responsibility sub-committee of our ESG Action Committee focuses on identifying 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, and to date, have underwritten financing for a cumulative capacity of 2,945 MW amounting to ₹10,869 Crore. We have also financed city-gas distribution networks under the Minimum Work Programme, with a total underwritten amount of ₹5,308 Crore for 935 CNG stations and over 9.5 Million domestic connections.

RENEWABLE ENERGY FINANCING



Positive environmental impact through community initiatives

In addition to our ongoing ambitious plantation programme, we promote the use of renewable energy through our social initiatives. The Bank invests in providing solar home lights, streetlights and water pumps as part of its community development projects. The solar water pumps are used in agriculture and for accessing drinking water. As of March 31, 2021, more than 22,000 solar home lights have been deployed in rural areas, leading to potential avoidance of over 2,100 tCO_2e per year. We have also deployed over 9,700 solar streetlights across several villages, which would lead to additional avoidance of over 1,400 tCO_2e per year. We also help our communities by creating water conservation structures. So far, we have supported construction of over 8,800 water conservation structures to enhance water storage capacity. We also supported the construction of 23,500+ household toilets, which will reduce the negative impact on the environment due to open defecation.

TCFD disclosures

HDFC Bank acknowledges growing concerns of regulators, investors and clients arising from the climate risks facing companies, especially banks and financial institutions. The Task Force on Climate-related Financial Disclosures (TCFD) provides an important framework for identifying climate related risks and opportunities, evaluating appropriate responses and disclosing key information to stakeholders. This is our second year working on the recommendations of the TCFD.

The Bank is exploring techniques to assess physical and transition risk of climate change. We also continue our endeavour to acquire granular data and test tools for developing climate risk assessment and scenario analysis. Further, we have been reporting on our climate change strategy, risks, opportunities and emissions to the Carbon Disclosure Project (CDP).

Governance

Our ESG Action Committee, through its sub-committee on Product Responsibility will continue to focus on assessing Environmental & Social (E&S) risks, including climate risks in our operations while identifying new business opportunities in the E&S space.

We, at the Bank, have a robust Risk Management Group (RMG).headed by the Chief Risk Officer (CRO), which drives risk management centrally in the Bank. The RMG is primarily responsible for implementing the risk strategy approved by the Board, developing procedures & systems for identifying, measuring, monitoring, assessing and managing risk. The Chief Information Security officer reports on updates from Business Impact Analysis and Disaster Response as well as cyber-security concerns for the Bank.

Credit managers analyse the environmental risks translating into Credit Risk from large loans, some with the help of a Lending Independent Engineer

The Bank's Group Head for Corporate Social Responsibility (CSR) reports to the Board every quarter on updates from the Bank's sustainability (ESG) initiatives, chairs the management level ESG Action Committee that is functionally segregated into 3 sub-committees for focused discussions.

The Environment Sub-Committee sets targets and identifies opportunities for improvement in areas of emissions, energy, water and waste to combat climate change.

A dedicated CSR & ESG team, led by the Head, Corporate Social Responsibility ideates and implements several social and environmental programmes of the Bank that are aimed holistic development of our communities (Under the social umbrella of 'Parivartan') environmental and sustainability reporting initiatives at the Bank, focuses on managing and mitigating climate change impacts through internal projects at the Bank, in partnership with the ESG Action sub committees (Infrastructure, Administration, IT and Risk teams at the Bank). Besides, dedicated Administration and Infrastructure teams at the Bank effectively manage and procure Bank's infrastructure and oversee the Bank's energy efficiency and emission reduction initiatives.

Strategy

The Bank has implemented a Board approved Stress Testing Policy & Framework which forms an integral part of the Bank's ICAAP. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible stressed business conditions. Climate linked scenario analysis is being explored in respect of the tools and data specific to the country, to conduct climate specific scenario stress testing. 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.

The Bank has established Board approved credit policies and procedures. Accordingly, the credit exposures are managed through target market identification, appropriate credit approval processes, post-disbursement monitoring and remedial management procedures. We recognise the inherent social and environmental/climate change risks in our loans and hence in addition to financial and governance performance evaluation, we have an Social & Environmental Management System (SEMS) framework for the assessment of social and environmental risks for all loan applications that are above ₹10 Crore in size and 5 years in tenure.

Our robust business continuity plan incorporates insurance of our assets in case of disaster occurrences. We invest prudently in insurance and strong Business Continuity and Disaster Response systems. Affected assets serving as collateral in case of our loans, also increase our credit risks and this is factored in our credit appraisal process.

We realise that lending to certain sectors like the agricultural sector have inherent credit risks as a result of delayed monsoons/ droughts. We have taken steps to connect farmers to government initiatives and expert advice on weather, soil health and cropping patterns.

Risk Management

Risk types considered for climate-related risk assessments

Current regulation	Banks are a highly regulated entity in the country and mandates as part of current regulations are always integrated into the overall risk planning and assessment process. Current regulation is also factored in as part of the credit assessment process, especially through the SEMS (Social and Environment Management System) framework as part of which large loans are screened for environmental and social risks which also incorporates risk from violating environmental laws.
Emerging regulation	Transition risk can impact the Bank's credit portfolio resulting from changes in the climate policy, technology, consumer and market sentiment during the adjustment to a lower carbon economy. This is particularly relevant in the case of policy changes that can result in loan defaults from certain sectors like coal, thermal and infrastructure. The Bank is exploring techniques for developing climate risk assessment and scenario analysis to analyse our portfolio at risk due to transition risk of climate change.
Technology	While our digital environment and information security practices form the basis of our business today, being in the financial services sector, we do not anticipate technology as a risk type to cause considerable impact in climate risk. However, our digital banking products (low carbon) have leveraged technology as a driver to enable business.
Legal	In case of large loans, the Bank ensures that the project complies with all environmental laws of the land, failure of which could lead the loan converting into a non-performing asset in case the project enters into litigation for the same. This however does not pose a claim for the Bank. There are no other instances in which the Bank can be directly held responsible for climate related litigation claim.
Market	In the context of overall risk management, market 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. In the context of climate change, market could play an important role in shifting the demand and supply for certain products like green loans or bonds or in low carbon digital products.
Reputation	Reputation risk from community/ customer perception is a primary risk to our business and hence we invest in community and customer engagement through surveys to educate and inform them about the Bank's initiatives towards Environmental Sustainability. Further, the global investor community especially sovereign wealth funds and pension funds is increasingly factoring in ESG performance metrics to assess long-term profitable growth. We constantly endeavor to adopt environment friendly initiatives within our operations to demonstrate corporate responsibility. We also demonstrate our commitment to ESG, especially climate change by incorporating ESG aspects in its regulatory reporting like the Annual Report. Besides we also publish our GHG emissions and GHG footprint (third-party verified) in our sustainability reports and our Integrated annual report going forward. We also have a board governed ESG policy framework that integrates climate change strategy as part of our guidelines.
Acute physical	Acute physical risks can impact the Bank's credit portfolio through bad debts as a result of damage to property, infrastructure and land, increasing credit risks. This is relevant also in the case of asset (that serve as collateral) destruction in the case of climate disasters. The Bank is exploring techniques for developing climate risk assessment and scenario analysis to analyse portfolio at risk due to physical risk of climate change. Besides, the Disaster Response and Business Continuity teams of the Bank conduct Business impact studies and have quick response mechanisms in place in case of scenarios like floods.
Chronic physical	Chronic physical risks are far into the future. The Bank is exploring the availability of granular data and tools which can help model the long term outcomes of chronic physical risks.

Metrics and Targets

Apart from monitoring impacts from our own operations, we intend to enhance our commitment to finance climate change solutions like energy transition, renewables, energy efficiency, sustainable transport, green buildings, climate-smart agriculture etc. We are in the process of defining KPIs and setting targets to help us monitor, manage and track progress towards our climate change strategy. This also includes a comprehensive assessment of our scope 3 emissions. Details on our metrics and targets have already been covered in the Environment section of the report.

Delivering distinct experiences

Our unflinching commitment to keep customers at the centre of everything we do is reflected in the value and recall our brand enjoys.

As we cater to a diverse customer base – from individuals to government, MSMEs to large corporates, and farmers to start-ups – we undertake various initiatives focused on delivering a distinct and quality experience across their entire financial journey with us.

How the Bank serves its customers

Bank the way you live

Bank Anytime. Anywhere.

No matter where the account is located, a customer can access superior banking services from any of HDFC Bank's branches and ATMs. Access your bank account from the comfort of home or while on the move with our NetBanking and MobileBanking.

We have also improvised on the relationship-based banking programs. In addition to our branch-based relationship managers, our Virtual Relationship Management (VRM) program helps to expand the horizon of providing customised solutions for various financial needs.

Customer Services and Grievance Redressal

Ensuring product quality and service delivery

Ensuring product quality and service delivery becomes vital for business growth. We desire to achieve this by seeking customer feedback as well as benchmarking with the best-in-class business entities. We invite and review the performance on customer service as well as grievance redressal at different levels - Branch Level Customer Service Committees (BLCSCs), Standing Committee on Customer Service (SCCS), and Customer Service Committee of the Board (CSCB).

Service Monitoring and Measurement mechanism

Robust Processes to Monitor Measures

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 a specialised team called Quality Initiatives Group (QIG), which also works towards implementing strategic initiatives of the Bank through customer experience management. As part of its continuous efforts to enhance quality of service, the Service Quality team carries out regular reviews, including mystery shopping, across various products/processes/ channels by following a structured calendar. Service Quality reviews span across all customer touch points.

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. With this in view, we on-boarded one of the top management consulting firms to help us develop and implement a Customer Experience (CX) programme called 'Infinite Smiles'. This programme helps us establish employee behaviours and practices that leads to customer-centric actions and continuous improvements, in our offerings, processes, and policies.

A system for bottom-up measurement of customer loyalty is the cornerstone of this programme – which has been operationalised through our high velocity, closed-loop customer feedback system. The measurement encompasses **key channels** – Branch Banking, Virtual Channels and Contact Centres, **critical episodes** – In branch transactions, Service Interactions, Query/Request and Leads. We contacted around **43.5 Million** customers in FY21.

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

At HDFC Bank we believe that customer experience is the total journey of a customer's interactions with a brand and is integrated with the customer's entire lifecycle. Hence, we aim to improve customer's advocacy (emotional, psychological, and physical connection) with the brand. Our 'Infinite Smiles' programme 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 greatest service brands.

In order to institutionalise the system, a rigorous and well-defined process for addressing customer issues was established which transcends measurement:

Transforming Score to Systems

Listen	Learn	Act
Feedback of customers	Review and follow up to better understand	Resolve the issue in the near and long term
Feedback captured across key channels, critical episodes and key asset product journeys	Net Promoter Score (NPS)	Huddles until March 2021
2.4 Million	49	84,000

1 Beyond strategic review item for the management:
The aspiration to build a customer obsessed culture trickles down from the top management to our central and cross-functional teams. 'Listen', 'Learn' and 'Act' is now a mantra used by everyone, every day to prioritise opportunities for improvement

2 Beyond benchmarking:
We are diligently acting on practices to reinforce the employees' commitment towards creating promoters. To achieve this, we are pursuing a culture of employee engagement through cascade workshops, coaching, trainings, recognition, and celebrating individual successes.

3 Championing the change:
We are continuously working to inspire the front-line with adequate training and coaching. Our 'Smile Champions' persistently work as NPS ambassadors at the frontline and central teams to foster demand for NPS in other parts of the business.

4 Bias towards action:
We are committed to translating the feedback into to CX initiatives. We are developing holistic ecosystems complemented with the requisite tools and framework that empower our employees to deconstruct customer feedback and inform about systemic improvements and strategic customer initiatives. We have conducted over 84,000 huddles until March 2021 which has helped weave in a culture to review customer feedback, discuss actions and subsequently plan and execute improvements.

We embarked on our journey to build a customer obsessed culture. It has been our constant effort to include everyone in the organisation and work together to achieve our CX ambition.

Analytical marketing to drive customer centricity

Marketing initiatives backed by analytics and technology are important enablers to deliver a world class customer experience. We use advanced analytics to identify and target the right customer with the right product, at the right time, on their most preferred channel of communication with high levels of personalisation. Enabled through technology, AI led interventions and CRM systems, our physical channels and virtual contact centres are equipped for addressing all customer needs. To deliver highly personalised digital experiences, marketing has invested in the latest technologies to create frictionless digital journeys that allow customers to buy our financial products and services with zero or minimal physical interface.

Bank's customer service initiatives

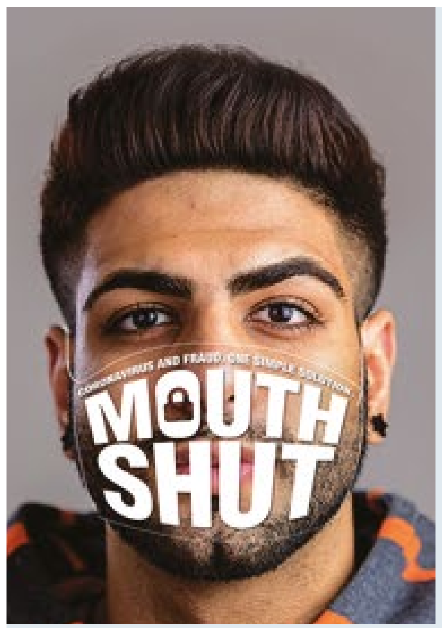
Mobile ATMs

49 Mobile Automated Teller Machines (ATMs) were deployed across 47 cities in India to assist customers during the lockdown. These ATMs eliminated the need to move out of localities to withdraw cash for exigencies. To ensure the safety and wellbeing of our customers and employees, we implemented several measures like frequent sanitisation and adherence to social distancing norms at the mobile ATMs.

Customers can conduct

15 types

of transactions using the mobile ATM



Mooh Bandh Rakho

Our Mooh Bandh Rakho campaign was aimed to help prevent cyber frauds and the spread of COVID-19 by means of wearing a mask and keeping one's mouth shut (Mooh Bandh Rakho). The campaign was launched when the use of online banking services gathered momentum, as a fallout of the COVID-19 pandemic. The Bank used artificial reality filters for the campaign which allowed customers to better absorb the message.

As a socially responsible corporate, we initiated Secure Banking workshops for customers and the general public across the country. In March 2021, we completed our 1000th workshop of educating people about Cyber Frauds and Secure Banking ways to counter online frauds.

Campaign widely endorsed by:
Police Officials, National Payment Corporation of India, ACI Worldwide

Audience:
Law Enforcement Agencies, Senior Citizens, Channel Partners, Housing Societies, Educational Institutes and Society at large

Shaurya KGC Card

The Shaurya KGC Card is a 1st-of-its-kind product for the Indian armed forces personnel. This product offers hassle-free farming loans under Kisan Gold Card, in line with Kisan Credit Card guidelines by the Govt. The Shaurya KGC Card will provide armed forces personnel with finance for agricultural requirements like production of crop, post-harvest maintenance and consumption needs. They can also avail of this funding to purchase farm machinery, irrigation equipment or construct storage structures etc.

'e-Kisaan Dhan' App for farmers

Our e-Kisaan Dhan App is for farmers to access a bouquet of agricultural and banking services on their mobile.

The app will provide value-added services like mandi prices, latest farming news, weather forecast, information on seed varieties, SMS advisory, e-pashuhaat, Kisan TV, and more. Users can also avail multiple banking services like procuring loans, the opening of Bank accounts, availing insurance facilities, calculate KCC loan eligibility online, and acquiring Government social security schemes at their fingertips. The app will also help with traditional banking services such as apply for loans, Fixed Deposits, Recurring Deposits, and Savings Accounts.

This activity is part of the Bank's 'Har Gaon Hamara' initiative to provide banking facilities to customers in the rural and under-served areas.

HealthFirst Initiative

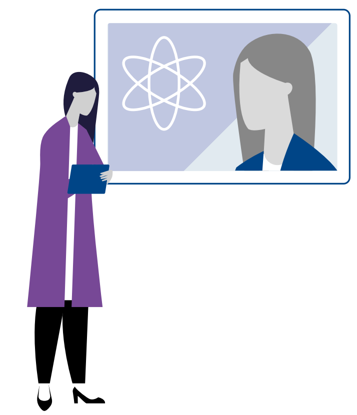
Inspired by the National Digital Health Mission, HDFC Bank under its HealthFirst initiative joined hands with Apollo Hospitals to provide Bank's customers exclusive access to quality healthcare through Apollo 24|7 HealthyLife program, along with easy financing option.

Our customers now enjoy benefits like 1st year free Apollo membership, round-the-clock access to Apollo doctor on-call service at zero cost, discounts on medicines and healthcare financial support.

This partnership will help serve our existing customers better, given that 85 percent of the districts in India are served by HDFC Bank and about 40% Indians are only 30 minutes away from an Apollo pharmacy.

Multiplying the power of knowledge – 'Business Banking Group (BBG) Workshops'

We believe in sharing knowledge with our customers. in FY21, we conducted workshops through which we reached out to Business Banking Group (BBG) clients.
In these workshops, customers were informed about the impact of COVID-19 on the Indian economy, business cycle, various sectors, forex and markets, and were provide guidance on navigating the same.



Banking beyond Business – 'Health Webinars'

At HDFC Bank, we have conducted several webinars and other initiatives for our customers in the area of preventive healthcare.

Two awareness webinars were conducted on World Senior Citizens Day and World Cancer Day. Health and wealth experts came together to guide the audience on combined physical and financial health.

Senior Citizens Day

Speakers
- **Dr Naresh Trehan**, Chairman and MD, Medanta - The Medicity
- **Mr. Rakesh K. Singh**, Group Head - HDFC Bank

Record 65,000+ attendance

World Cancer Day

Speakers
- **Dr. Ashok Vaid**, Chairman – Medical Oncology and Hematology, Medanta
- **Ms. Sonali Bendre**, actress and cancer survivor
- **Mr. Arvind Vohra**, Country Head, Retail Branch Banking, HDFC Bank

10,000+ attendance

SmartHub Merchant Solutions 3.0

SmartHub Merchant Solutions 3.0 is India's first comprehensive banking and payments solution for merchants and self-employed professionals.

It facilitates business transactions like opening current accounts or accepting payments, with ease, instantly, online, and on-the-go. It will enable us to reach out to more than 20 Million small and medium merchants and also other professionals in the next 3 years. Through SmartHub, the merchant network is empowered with the best range of solutions to deepen the penetration of digital forms of payment across India and further the Digital India mission.

20 Million
merchants and professionals will be reached in the next three years

HDFC Bank Festive Treats – an ode to the celebratory spirit of India

The festive season in India is that time of the year when Indian consumers tend to spend on themselves as well as their loved ones, without much inhibitions. They look for attractive deals and offers online and in stores. Keeping this in mind, we launched an industry-first property in 2019 – HDFC Bank Festive Treats – a one-stop destination for best offers and financial solutions. After the resounding success of the 1st edition, we returned with Festive Treats 2.0 in 2020.

Customers could avail of special deals on all banking products from loans to bank accounts, because of 'Now All is Possible' with over 5,000+ offers on cards, easy EMIs and loans. We provided national offers on major brands as well as hyper-local offers from tie-ups with local merchants across semi-urban and rural locations.

Video KYC through V-CIP

Our customers can now open an all-benefits, full-KYC Bank account in just a few minutes and avail our world-class products and services.

Instead of physically visiting a bank, they can complete their account opening digitally through Aadhaar OTP based E-KYC and then click and connect on a video call with bank official for an audio-video based verification.

Video KYC is a part of our One Bank vision, taking a step forward in our customer experience excellence journey. We adhere to all regulations related to video recording storage in a secure manner, along with other mandates to ensure smooth onboarding.

Beyond Business

Safety Grid for Social distancing

Using the outer grid of HDFC Bank logo that is synonymous with trust, the Bank created physical markers on the ground to help people maintain the World Health Organisation (WHO) prescribed social distance while waiting in queue at a shop or an establishment. When the nation was fighting the pandemic, we decided to put the bank logo, known to millions of Indians, on the ground, for their safety and protection.

It was rolled out in more than 10 cities – Mumbai, Pune, Chennai, Delhi, Kolkata, Chandigarh, Jaipur, Bangalore, Bhubaneshwar and Hyderabad across 5,000+ locations.

The Art Project

To channelise creative energy and keep people motivated during the lockdown, we launched The Art Project, an online contest on art, craft, photography for all age groups. We created a dedicated microsite – a space to upload your creative output such as drawings, photography and art.

People could also attend workshops and view DIY videos.

3 Lakh+
registrations

3.9 Crore
campaign reach

45 Lakh
votes

Our Neighbourhood Heroes

During these challenging times, we got to know our neighbourhood heroes who along with us were supporting the communities, in whatever way possible. To recognise, support and felicitate these real heroes and to inspire others, we created a dedicated microsite with videos of our Heroes, felicitating them with personalised e-Certificates for their service to society.

24000
nominations across 5000 branches

Staying ahead with smart banking

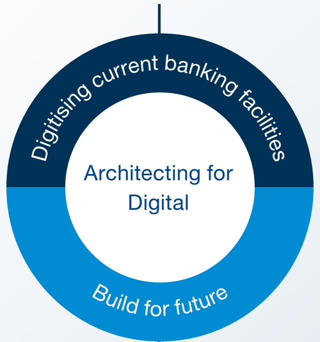
Digitisation is an important enabler for our vision to be recognised as a Bank which offers a distinctive customer experience. The Bank's digitisation philosophy is inspired by empathy – for our customers and our associates. Hence, we are continuously designing products that make digital banking simple, easy, contextual, and highly secure.

Our digitisation initiatives are founded on our mission to emerge as a preferred bank with a "neo" customer experience, while also driving operational efficiencies, process optimisation, and productivity enhancements.

Ensuring CORE systems are always 'ON' and built for scale

Extending core functionalities through API

Build intuitive journeys on our channel and partnership sites



Financial services stack on digital platform

Our technology transformation is aligned with our digital strategy to bring agility in processes and in delivering outcomes.

Our approach is two-pronged - to digitise the current banking products and services and build for the future. Among other things, this approach involves ensuring that the core technology is always 'ON' and built for scale. Our channels and partnership sites are intuitive using data analytics and a digital stack that is future-ready

Vision: To make HDFC Bank the most preferred 'Un-Bank' experience for new India

Build best-in-class experience: Intuitive, Zero Touch and Paperless	Create infrastructure, partnerships and competencies for scale: always 'ON' and Resilient	Drive Operational Efficiencies: End-to end process optimisation	Build engaged and productive workforce: Enagagment through Technology	Build the finest digital and technology capabilities with new skills, new technologies and new ways of working

Digitising Customer Journeys

We strive to transform the customer service paradigm by offering our potential and existing customers intuitive, zero-touch, paperless journeys.

Customer life-cyle management

- Seamless and agile onboarding journeys
- Interactive and 24x7 transaction and servicing capabilites
- Future-ready, multi-modal contact centers

Enhanced APIs for integrated end-to end solutions

- Connect with various ecosystems with a bouquet of financial services

Leverage our competency in Data and Analytics

- Personalisation
- Underwriting capabilities through AI and ML
- Risk control

Integration of new-age technology and analytics in our processes, applications and APIs, enables us to offer differentiated experiences to our customers. We are increasingly using microservices and cloud-native applications to offer a comprehensive set of platforms and services to customers, starting from the on-boarding stage and moving on to transactions and lifecycle management.

Reimagining customer journeys and experiences

We are also increasingly developing APIs to make our products and services available outside our platforms with the ability to cater to the entire spectrum of our customers' financial needs. Our aim is to extend end-to-end banking assistance throughout the transaction ecosystem for our customers. Our digital and technology systems are enabled to power customer interactions using analytics. We leverage data analytics, artificial intelligence, and machine learning to offer personalised services to our customers and enhance our underwriting capabilities.

Building new competencies

We believe that building new competencies is a key pillar of our digitisation strategy. The Bank has adopted a three-dimensional approach to building new competencies, encompassing targeted efforts to gain new skills, new technologies and new ways of working.

Digital Factory

- Reimagining 'Un-Bank' customer experience
- Build secure and scalable platforms
- Using new age cloud native open-source technologies, microservices enabled

Enterprise Factory

- Building enterprise tech capabilities to support digital factory
- Decoupling the core systems into microservices-based business logic
- Moving from Monolith to 'loosely coupled systems', microservices architecture

Enterprise IT

- Enhancing the core to sustain growth
- Ensuring that the core technologies are 'always 'ON', building resiliency in stack
- Upgrading legacy platforms

Our key digital initiatives

Rural Digital Initiatives

Our Rural Digital Initiatives align with GoI's Digital India Initiative and has helped us penetrate Semi Urban & Rural (SURU) markets. With this, we have been able to extended banking services at Gram-Panchayat level as well as retail assets via CSCs and VLEs.

Video KYC

Our Video KYC known as V-CIP service is designed for offering an enhanced on-boarding experience mostly for new to bank customers. This has helped us in reducing account opening TAT with higher conversions.

Customer Experience Hub

Customer Experience Hub (CXH) is a platform that would enable Omni-channel banking for customers by enabling banking transactions on 10+ self-assisted & agent-assisted channels. This platform would be powering transactions and information services that are consumed by channels in the front-end and, is intended to provide customers with personalised digital banking experiences, raise their engagement levels, and encourage them to adopt digital self-service workflows with conversational AI and ML.

Digital Journeys

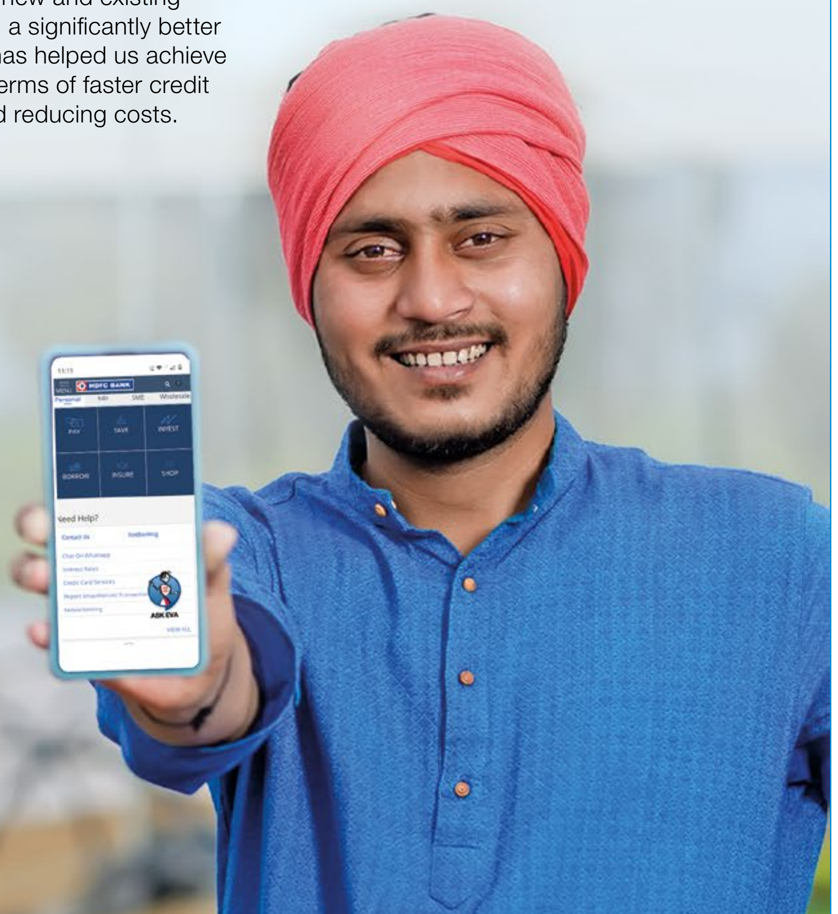
Intended to streamline all online forms, to provide consistency of customer experience through replication of an existing feature/ transaction/product/service currently available on other platforms, this initiative has helped us in offering a frictionless customer experience.

The end-to-end, straight through processing of Savings Account origination, has helped us offer digital and seamless customer onboarding to our new customers, reduce journey turn around time, ensure full KYC account activation, enhance user interface and experience, and offer a more robust journey within build validations.

The digital journey created for Personal Loans was aimed at digitising the lending process to easily onboard new and existing customers with a significantly better experience. It has helped us achieve efficiencies in terms of faster credit decisioning and reducing costs.

Extending APIs for partners

This initiative has helped us extend APIs to internal and external platforms and achieve a larger distribution network for banking products/ services. It allows us to be present on the platform of choice of the customer and hence, power ecosystems through consistent STP journeys across multiple platforms.



Providing smart solution

Problem Statement

Mrs Nalini Singh (name changed) from a small town in Madhya Pradesh wanted to urgently open a bank account to send across money to her parents. During the current pandemic with most of the offices closed and people becoming fearful of venturing out of their homes, it was difficult for Nalini to visit branch for In Person Verification to complete KYC for account opening.

Video KYC Solution

In line with RBI guidelines on Video-based Customer Identification process, Bank has built a robust Video KYC solution for consent-based method of establishing the customer's identity, for onboarding. The customers can now complete KYC process with convenience and safety from the comfort of their home, a video KYC call with Bank Official involves the process of verification of Customer's Geographic location coordinates, Liveliness, Face Match and Document Verification.

With new Amendment of KYC norms by RBI, the VCIP solutions will be further leveraged to include new categories of customers such as proprietorship firms, authorised signatories and beneficial owners of Legal Entities and for periodic updation of KYC

On-boarding with Video KYC

Post customer's consent and authentication, the customer receives a Video KYC link to complete the KYC process. Customer clicks on the link and is redirected to Video KYC page. The customer gets connected with the Video KYC Officer for customer identification and due diligence through Video Based verification process. The Video KYC Officer guides the customer step by step to capture KYC, Geo-coordinates (customer located within India), liveliness details and security checks. On successful verification of the customer, Video KYC Officer approves the application. The application is then sent to concurrent auditor for verification. The concurrent Auditor verifies compliance with KYC/AML policies & procedures and approves or rejects the application. Once approved, the customer is notified and account is regularised as Full KYC Account.

Key Benefits

- Reduction of account opening turnaround time
- Enhanced on boarding customer experience
- Ease of account opening from the comfort of your home or office

Accounts opened successfully via Video KYC process as on 31st March, 2021

2,36,861

I must congratulate you on the seamless and quick service that your bank is providing to all present and potential customers to help set up an account. Also, I find worthy of a mention for Debojit from your team, who guided me through my video KYC to successfully complete it and the professionalism in his dealing made me even more confident about the customer focussed people that make up your organisation.

The process is very easy for the educated people and wish HDFC Bank to come up with something innovative which will help un-educated customers also to get the bank accounts opened instantly without any hassle.

The way you helped for Video KYC it is applicable. Demonstration given by you (VKYC officer) was really excellent. During recording also I could not complete in one go and you permitted me to take my own time to bring paper and adjustment of camera till my satisfaction.

I appreciate HDFC Bank for taking video call initiative. I stay in rural place and faced difficulty to open a new account. Being a mother of a 10 months old, its hard to go out because of COVID crisis.

Great experience to complete KYC in a few steps. I am really Happy with service, and would like to Congratulate Mr. Suraj and video KYC Team for valuing us. Thanks for providing excellent Service such as Video KYC

Catalysing our culture of success

At HDFC Bank, we believe our people are the cornerstone of our success. Their engagement and commitment make us who we are. We aspire to be an employer of choice not just in the BFSI sector, but also across industries by creating great employee experiences.

Our employee focus areas

- Learning and development
- Diversity and Inclusion
- Employee Well-being
- Employee Engagement

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

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

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

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

Learning and development

We have put in place a Leadership Competency Framework, as well as a Functional Capability Framework to develop the competencies required to deliver on our strategic and operational objectives. Our training cycle begins with an onboarding programme. Our annual need assessment exercise forms the basis of our training modules with a view on regulatory compliance and governing laws. The Training Need Assessment support group facilitates training and measures the effectiveness of training initiatives. We adopt various modes for delivering trainings - classroom sessions, e-learning certifications, on-the-job training kits, guest lectures, exposure visits, among others. We have put in place well-structured training modules to foster professional growth and personal development. We have designed curated development programmes for our people from every level and function.

We continuously improve our training framework and delivery by collecting feedback from our employees for each of the concluded programmes. Our Talent Review Council meets twice a year to analyse employee feedback and address their concerns.

During the period under review, we navigated through the COVID-19-induced challenges by conducting 80% of our training hours in e-learning mode. We more than doubled up our training from previous year which included over 1.8 Lakh person-hours of training on Human Rights and over 6.7 Lakh person-hours on anti-corruption, KYC, AML-CFT, among others. A zero-day onboarding programme (induction) was conducted for all new joinees covering human rights specific topics like Code of Conduct and Prevention of Sexual harassment (POSH), among others. On average, our employees spent over 106 person-hours on training in FY21.

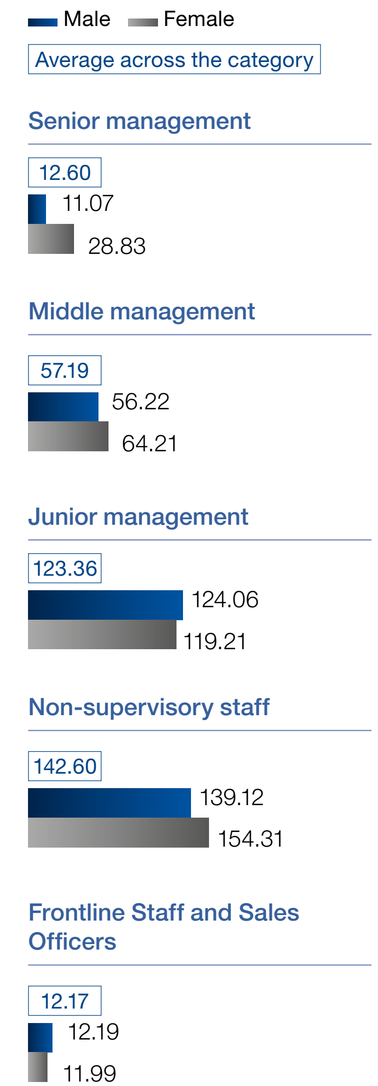
Employees received training
98.37%

Training hours in FY21 ▲ 126.8%
127+ Lakh person-hours

Training and Development Expenditure
₹3,943.5 Lakh+

The foundation of any sustainable business is built on a competent and motivated workforce.

AVERAGE HOURS OF TRAINING (hours/employee)



Total training hours by gender and category

Category	Male (hours)	Female (hours)	Total (hours)
Senior Management	1,174	288	1,462
Middle Management	1,87,157	29,473	2,16,630
Junior Management	17,66,063	2,84,799	20,50,862
Non-Supervisory staff	76,09,840	25,11,958	1,01,21,798
Frontline staff and sales officers	3,16,595	31,290	3,47,885
Total	**98,80,829**	**2,85,78,08**	**1,27,38,635**

We have a very comprehensive, multi-dimensional performance measurement system. Employees have joint performance discussions with their respective appraisers on a bi-annual basis covering aspects related to their performance, competencies, development needs and career aspirations. As a part of our Career Development Review process, we create opportunities for our employees to develop and grow by way of career progression, exposure training, development, and exposure and skill development.

Employee wellbeing

Employee wellness is an integral component of our employee value proposition, centring around the value of 'Care'. We constantly explore possibilities and opportunities to deliver the finest customer experience. In the process, we realised that an engaged workforce is not just a productive one, but also a key element for creating 'Happy Customers'. It begins with health. The key health issues at the workplace stem from sedentary lifestyle, coupled with improper posture and stress. We conduct regular medical check-ups and create awareness on best health practices. We also provide counselling to help our people deal with issues of mental health through a dedicated helpline. All our employees are provided medical cover. For our female employees on the path to embracing motherhood, we have a maternity care programme.

Female employees started receiving counselling under Healthy Motherhood Programme

855

In FY21, we aligned our on-going programmes to equip our people with the information and knowledge required to navigate through COVID-19. We rolled out 'HDFC Bank Employee Medical Support Services related to COVID-19' in September 2020, followed by 'COVID-19 pandemic Situation Employee Assistance Services for HDFC Bank Employees' in October 2020 to support our employees affected by the pandemic. We also organised 15 Health Talk webinars on COVID-19 related topics.

There is an employee association at the Bank. As of FY21, 0.16% of our permanent employees are a 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 Memorandum of Settlement is signed by Management to the extent of their benefits and service conditions – including any significant operational changes. We provide three months' notice typically to employees and their representatives prior to implementation of significant operational changes that could substantially affect them.

We strictly prohibit child labour, forced or compulsory labour in all forms at 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. Further, as a part of our credit policy, we evaluate all loans of more than ₹10 Crore and tenure of more than five years through our Social and Environmental Management System (SEMS) framework for adherence to Environmental, Health, Social & Safety (EHSS) norms – including those relating to child labour. In FY21, we received no complaints of 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 security, safety, etiquette and personal conduct/ behaviour.

Employees availing counselling services

826

Calls received for Doc on Call Services

23,067

Queries received on Medical Second Opinion

111

Calls on Nutrition Counselling Cell Service

628

Participants in health-talk webinars

2,500+

Newsletters/Health tips published

12

Parental leave entitlement	Female	Male
Employees entitled	21,746	98,347
Employees availed	1025	2023
Employees returned after parental leave availed	967 (94%)	1,941 (96%)
Employees who returned to work after leave ended and were still employed after 12 months	66 (6%)	75 (4%)

Note: Numbers in parenthesis reflect rate against the absolute numbers reported.

Diversity and Inclusion

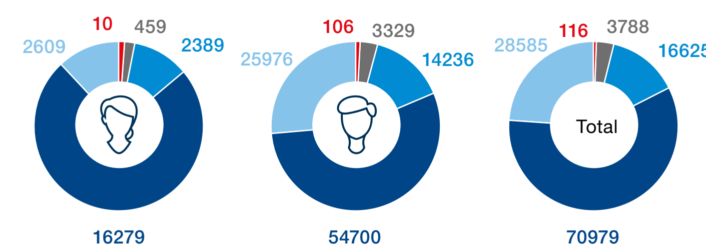
Our family of 1.2 Lakh+ employees with diverse socio-economic and educational backgrounds enable us deliver hyper-personalised experiences to our customers. We remain committed to fostering a culture of inclusion, diversity, growth and progression, and well-being. Our employee diversity assimilates cultures and ideas and helps us establish effective connects with our customers from across geographies. In FY21, no incidents of discrimination were reported.

Total full time-employees | Male employees | Female employees
1,20,093 | **98,347** | **21,746**

Additionally, we have 23 employees hired on contract for FY21

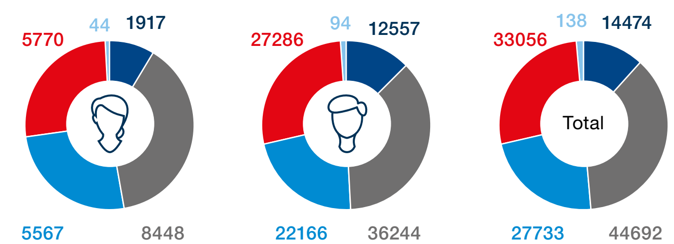
EMPLOYEES BY CATEGORY

Senior Management, Middle Management, Junior Management, Non Supervisory Staff, Frontline staff and sales officers



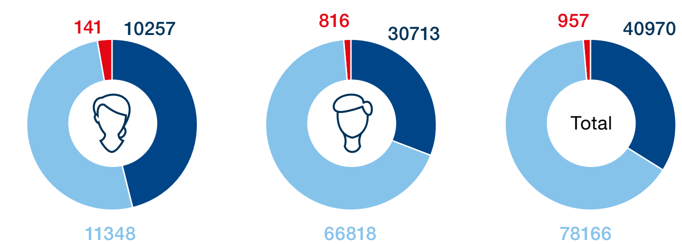
EMPLOYEES BY REGION

East, West, South, North, Abroad



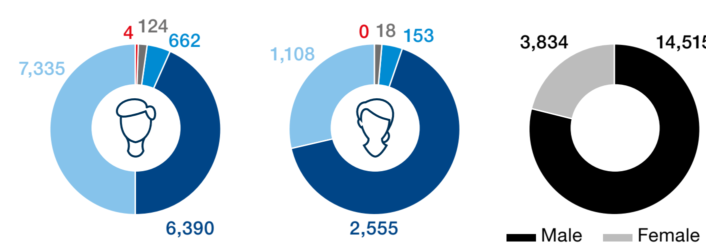
EMPLOYEES BY AGE

<30 years, 30-50 years, >50 years



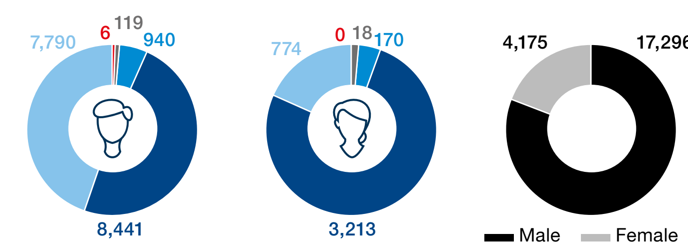
ATTRITION BY GENDER AND CATEGORY

Senior Management, Middle Management, Junior Management, Non Supervisory Staff, Frontline staff and sales officers



NEW HIRES BY GENDER AND CATEGORY

Senior Management, Middle Management, Junior Management, Non Supervisory Staff, Frontline staff and sales officers

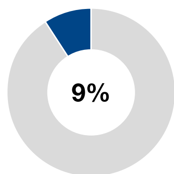


DIVERSITY INDICATOR

REPRESENTATION OF WOMEN

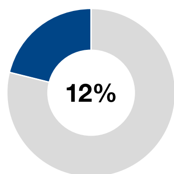
Senior Management

116^



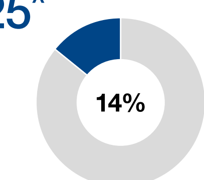
Middle Management

3,788^



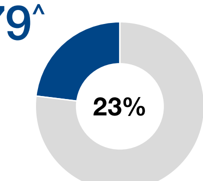
Junior Management

16,625^



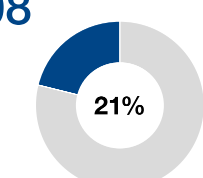
Non-Supervisory staff

70,979^



Women Employees as a % of total employees excluding frontline staff and sales officers#

91,508*^



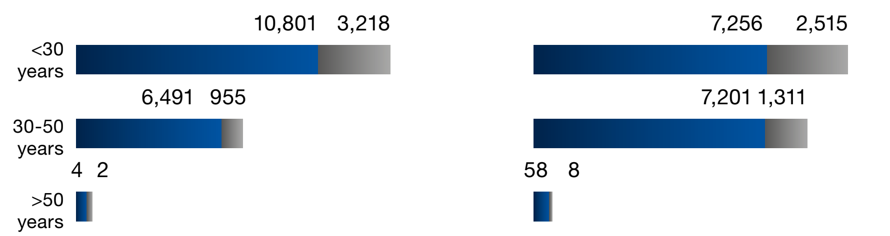
*Excludes 28,585 frontline staff and Sales Officers

#Percentage of women employees including frontline staff and sales officers is 18%

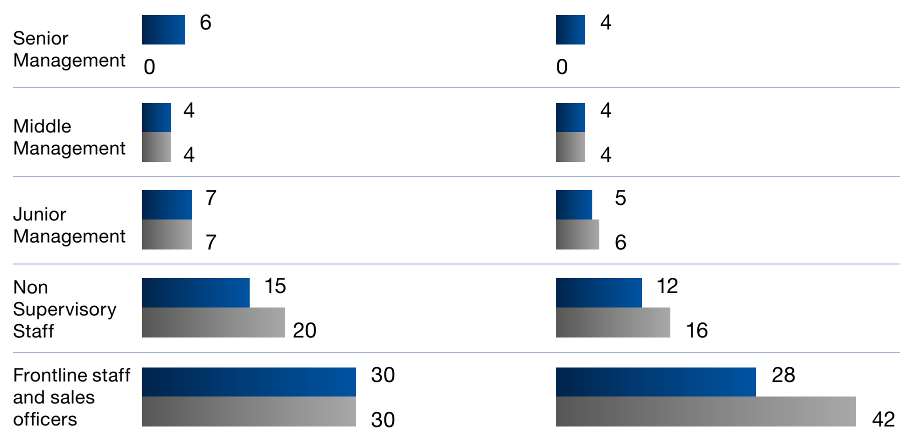
^Total number of employees in the category

New Hires | **Attrition**

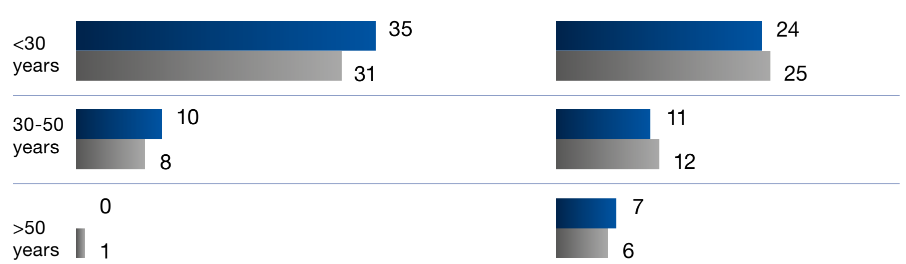
BY AGE

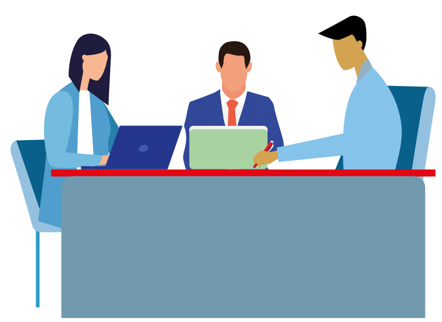


RATE BY CATEGORY (%)



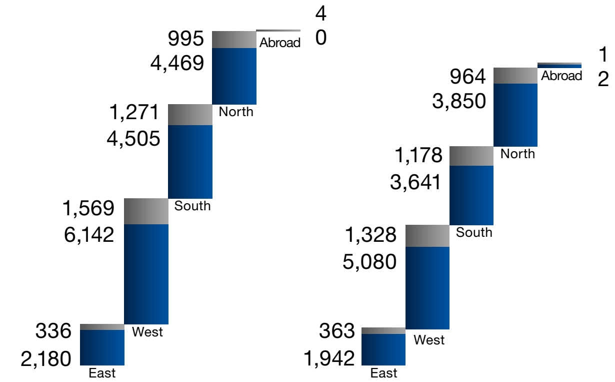
RATE BY AGE (%)





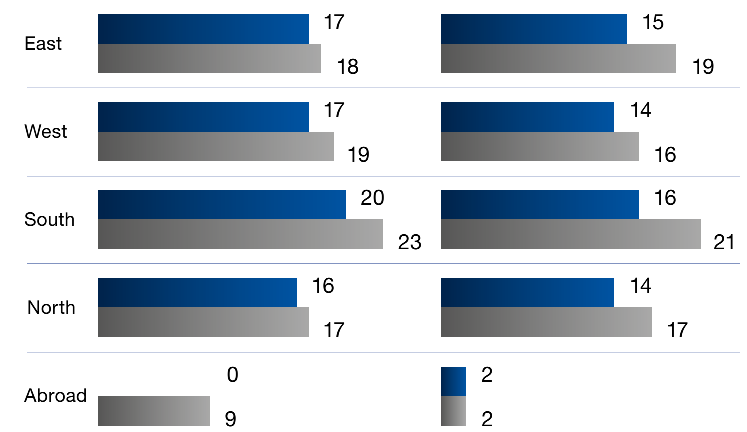
New Hires | **Attrition**

BY REGION



New Hires | **Attrition**

RATE BY REGION (%)



RATIO OF FEMALE-MALE AVERAGE SALARY

Diversity of the Board of Directors

	FY21			FY20			FY19		
	M	F	Total	M	F	Total	M	F	Total
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	2	0	**2**	2	0	**2**	2	0	**2**
>50	8	2	**10**	8	2	**10**	7	1	**8**
Total	10	2	**12**	10	2	**12**	9	1	**10**

M: Male F: Female

We strive to create and maintain an inclusive work environment for all our employees irrespective of gender, caste, creed, colour, sexual orientation, religion, among others. We provide equal and fair remuneration opportunities, irrespective of gender. We have adopted a gender diversity target to increase the representation of women in our workforce to 25% by FY25*. With this objective, we are working simultaneously on talent acquisition, as well as talent retention. We have launched a unique endeavour called Careers 2.0, which has provided a platform for transitioning back to work for skilled women professionals who had opted for a break due to family/ personal reasons. So far, we have onboarded 33 women through this initiative.

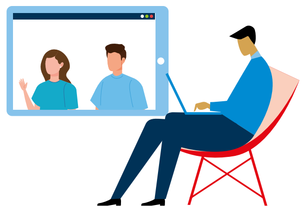
We are also making efforts to prioritise female hiring, e.g., by offering additional referral bonus for women candidates. We have introduced policies and processes to enable women employees to manage professional and personal commitments – such as offering flexi work time and part-time work arrangements with the objective of arresting attrition. To improve representation of women in leadership positions, we have designed a dedicated, multi-phased, three-year-long leadership programme in middle-management, called the Career Accelerator Programme. Our flagship programme on diversity, 'Shrishti' aims to create a level-playing field for women employees.

We understand the importance and potential of providing a supportive ecosystem for women to enable them to build successful careers. We work towards increasing sensitisation of managers and leaders across levels to enable them to develop a conscious and comprehensive understanding of the challenges women often face as a result of unconscious bias. As part of this initiative, we have launched an audio-visual campaign, 'Uncovering Unconscious Biases', which focuses on creating an inclusive work environment. We have also launched #IntentionalInclusion video series to create overall awareness around unconscious biases relating to gender, disability, age, marital status, sexual orientation, among others.

*Excludes frontline staff and sales officers

Employee Connect

We have created several events covering sports, arts, music, culture and nature, to enable employees to nurture themselves holistically. Apart from excelling in the professional space, employees get an opportunity to pursue and showcase their talent and interests. In FY21, keeping in mind the pandemic situation, our Employee Connect (EC) team converted all the existing initiatives in an online format and came up with new initiatives to engage with our employees virtually. A total of 16 initiatives were organised during the year engaging 44,130 unique employees.



Our initiatives

Online music classes

We collaborated with the Furtados School of Music and started online music classes for the employees with options to learn Indian classical and Western music.

Employees availed this facility

96

Morning fitness sessions

We started morning fitness sessions for our employees which included Zumba, Yoga, Meditation, Aerobics, Pilates and several other forms of physical fitness.

Employees benefitted

8,347

Art & Craft Sessions for kids

We started art and craft sessions for the children of our employees which included various hobby classes, DIY workshops and choreography sessions.

Employees who participated along with their children

11,745

Syahi

We launched a new initiative called – 'Syahi' which is a digital writing competition. The winning stories were curated in the form of an e-book which was hosted on OurWorld platform.

Employees participated

468

Fitness challenge

We organised a weekly fitness challenge for our employees and motivated them with a chance to win the exciting prizes.

Employees participated

745

Festive webinars

We arranged nine festive webinars during Diwali, Navratri and Christmas.

Employees participated

3,000

Million dollar challenge

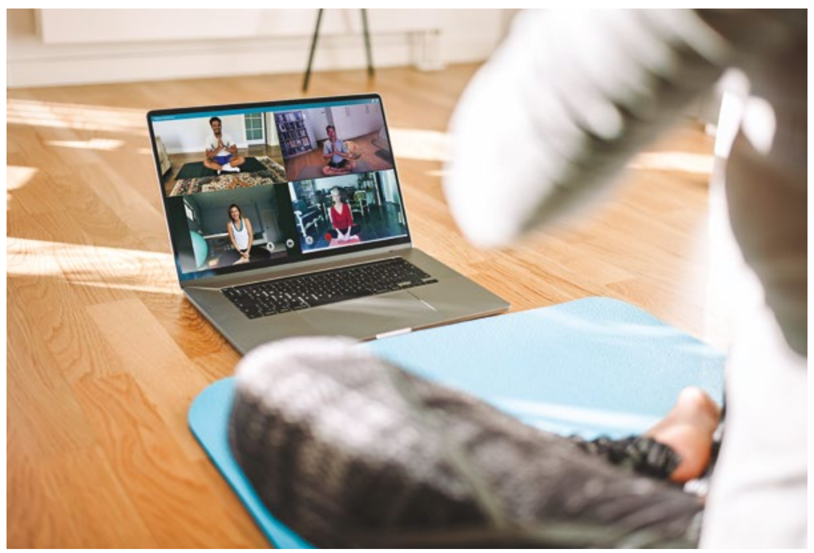
We started the million dollar challenge – which is a virtual team bonding activity to engage employees in a team initiative.

Sessions conducted

107

Employees participated

6,500



AnalytIQ

To challenge the employees with some brain teasers, we introduced AnalytIQ – an online brainteaser contest.

Employees participated

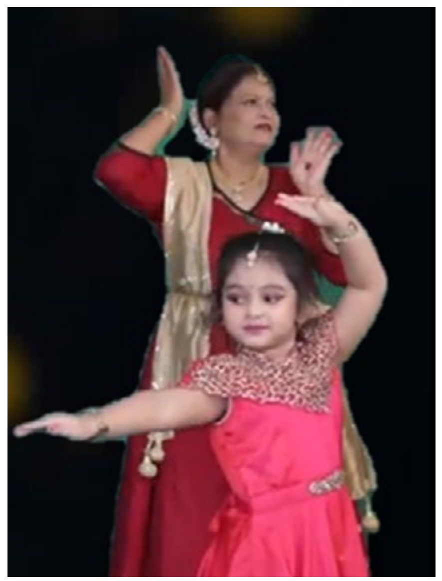
3,500

Breakfast cycle rides

After the lockdown was lifted, people were keen to go outdoors. Hence the EC team arranged Breakfast cycle rides in Mumbai, Bangalore and Chennai. It was an instant hit among the employees as these rides were organised during December which has a pleasant weather and employees wanted to meet their colleagues in an informal atmosphere. We conducted around 10-12 rides.

Employees participated

345



Corporate photography contest

This is an online initiative for our employees who have interest in photography. This year, HDFC Bank won three prizes – best photograph in wildlife category, highest number of votes in mobile photograph category and the third highest number of photographs received from any organisation.

Employees participated

1,321

Digital Voice Hunt

We collaborated with the Furtados School of Music to execute a music competition for our employees' children and spouse.

Employees participated

389

Xpressions

This year, we organised the 6th edition of Xpressions which is a drawing and painting contest for employees and their children on an online platform.

Employees and their children participated

1,352

HUNAR

Hunar is our in-house talent programme launched in 2015 through which we invite employees to showcase their talent in acting singing, and dancing. This year, due to the pandemic, the entire initiative was executed on an online platform. Further, Duet Singing was included in the existing bouquet of categories.

Unique employees participated

1,538

Performances in regional rounds

106

Viewers

11,200

Votes Polled

23,420

Stepathlon

In order to break the sedentary lifestyle and promote physical fitness among employees and their families, we collaborated with Stepathlon to organise a 45-day long customised step-based fitness contest.

Participants

909

Zaika

We organised Zaika – our culinary skill contest in an online format and executed this initiative in 10 cities. The winning recipes were compiled in an e-book which was launched on the Ourworld platform.

Employees participated

1,193

Women's Day celebration

We celebrated Women's Day on an online platform by conducting a week-long series of workshops on energy healing techniques, skin care, hair care, financial planning, through leisure games.

Female employees attended

2,200+

Building sustainable communities

Our commitment to society is embedded in our mission statement. We are running significant, sustainable CSR programmes under HDFC Bank Parivartan, which contribute to the development of the less-privileged sections of the society.

The pillars of HDFC Bank Parivartan

1. **Rural Development**
2. **Promotion of Education**
3. **Skill Training and Livelihood Enhancement**
4. **Healthcare and Hygiene**
5. **Financial Literacy and Inclusion**

We are committed to ensuring holistic and sustainable development of our communities. Our CSR initiatives, through direct and indirect interventions, are also aligned with global goals.

The past year was clearly an unprecedented one, especially for rural communities – not just in terms of the pandemic but also the economic challenges it brought with it.

With a total CSR expenditure of ₹634.91 Crore, we are one of the highest CSR spenders in India.

We continued to refine our strategy to respond to the pandemic-induced challenges and enhanced the total value of our CSR support delivered across our programmes. Responding to the need for a collective effort to contain the pandemic, we contributed to the PM CARES Fund and have been working with our communities at the grassroots level for multi-dimensional development of their health, livelihood and natural environment.

Under Parivartan, our umbrella brand for social initiatives, we design and shortlist our programmes with the stakeholders through a participative, bottom-up and consultative process with the stakeholders. The programmes are implemented with the support of various NGO partners. The CSR department has put in place several internal systems and processes to monitor and evaluate the programmes. The CSR Committee reviews the progress on a quarterly basis. During FY21, there were no fines or non-monetary sanctions due to non-compliance with laws and regulations in the social area. No financial assistance was received from the government during FY21 with reference to our Financial Statements.

HDFC BANK | PARIVARTAN A step towards progress

Parivartan – a step towards progress

Parivartan, which denotes change, seeks to bring about a meaningful difference to the lives of people, making them part of the national mainstream. We identify the most disadvantaged sections of society around our areas of operation and enable them – through direct or indirect interventions – to become self-reliant. Parivartan focuses on five distinct areas of socioeconomic empowerment: Rural Development, Education, Skill Training and Livelihood Enhancement Healthcare and Hygiene, and Financial Literacy and Inclusion. Parivartan is also at the forefront of responding to natural disaster response – restoring infrastructure and rehabilitating communities.

Households reached through Parivartan*
5.75 Lakh +

Lives impacted*#
8.5 Crore +

1 Rural Development

The Holistic Rural Development Programme (HRDP) was born out of the conviction that the progress of India is dependent on the growth of its rural economy. Over half the country's population lives in rural areas and primarily relies on agriculture for livelihood.
We undertake focused interventions in the areas of soil, farm-based livelihoods, water, conservation, on-ground training for farmers, creation of Farmer Producer Organisations, education, sanitation and Natural Resource Management.

Our Holistic Rural Development Programme

States*
21

Villages*
1970

Water conservation structures*
8,800

* Refers to achievement since inception till 31 March 2021
\# Inclusive of immediate & extended beneficiaries
all numbers mentioned are since inception till 31 March 2021

HDFC Bank Parivartan received CII National Award for Excellence in Water Management 2020 for its Holistic Rural Development Programme in 6 villages of East Khasi Hills, Meghalaya

During FY21, our focus was on facilitating employment opportunities for migrant labourers who returned to their native villages following job losses due to the pandemic. We also helped promote entrepreneurship such as poultry and goat rearing. The initiatives benefitted villagers across Uttarakhand, Uttar Pradesh, Bihar, Jharkhand, Odisha, Assam and Meghalaya.

Farmers trained*
1 Lakh+

Trees planted*
16.20+ Lakh

Solar lights deployed*
31,905+

Annual GHG sequestration potential created through plantation works
25,000 tCO_2e

Annual GHG reduction potential created through solar light deployment
3,500 tCO_2

A digital platform for CWMI with NITI Aayog

In order to get an annual snapshot of the water sector status and water management performance of India's different states and UTs, HDFC Bank Parivartan and NITI Aayog came together to create the Composite Water Management Index (CWMI). The digital initiative will make CWMI accessible to public while digitising the entire process of ranking states. Data for crucial indicators such as groundwater restoration, irrigation management, on-farm water use, rural/urban drinking water supply as well as water policy frameworks can be viewed in various formats for agencies to forecast, plan and manage water resources. The results of the entire exercise will be used to propel action in the states to improve respective outcomes, besides improving upon data collection and performance monitoring mechanisms.

* Refers to achievement since inception till March 31, 2021

\# Inclusive of immediate and extended beneficiaries

These are cumulative numbers since inception till March 31, 2021. Numbers are inclusive of immediate and extended beneficiaries

2 Promotion of Education

The programme is being executed in partnership with several leading non-governmental organisations. It encompasses teacher training, scholarships, career guidance as well as infrastructure support, such as building toilets in schools and improving classrooms.

The 'Teaching the Teacher' (3T) programme seeks to transform education in government schools across India by improving the skills of teachers. Our flagship Zero Investment Innovations for Education Initiatives (ZIIEI) was launched under the 3T programme to find and systematically scale up scattered, unrecognised but effective and zero-cost solutions created by teachers to improve existing systems and processes. Under 3T, teachers across 28 states/union territories have been trained, by inviting ideas from them and implementing the selected ideas in schools to improve the quality of education.

In addition, with the objective of making learning fun and engaging for the students, we integrated technology with education and have so far supported state-run schools in eight states by introducing digital classrooms.

Teachers trained *
19.67+ Lakh

Students benefitted#*
2.07 Crore+

Schools supported*
2.67 Lakh+

Ideas submitted through ZIIEI*
11.97 Lakh+

Digital classrooms created*
980+

Community libraries created*
590+

* Refers to achievement since inception till March 31, 2021

\# Inclusive of immediate & extended beneficiaries

These are cumulative numbers since inception till March 31, 2021. Numbers are inclusive of immediate and extended beneficiaries where applicable

3 Skill Training and Livelihood Enhancement

Under our Skill Training and Livelihood Enhancement programme, we target people in rural India and impart income generating skills, primarily in agriculture and allied areas such as dairy and poultry.

The objective is to empower the disadvantaged gain access to better opportunities, help them find jobs locally, enhance their household income and discourage migration. This programme alone has benefitted over 1.7 Lakh people since its inception. As part of this, thousands of youth have received placement-linked skill development training thus far. Under this programme, we also provide career counselling to school students. During FY21, we responded to the need to create a skilled workforce to support our healthcare system, which was under immense pandemic-induced stress. We trained Auxiliary Nurse Midwife (ANM) nurses in three 3 Nursing Kaushal Colleges in Jharkhand, and plan to replicate this model in other states to enhance India's ANM nursing throughput by 50%, with a goal of extending COVID-19 training to public healthcare workers.

ANM candidates enrolled*
952

ANM candidates enrolled during FY21
240

ANM candidates trained during FY21
232

ANM candidates placed during FY21
188

*Refers to achievement since inception till 31 March 2021

Stories of change

Zero Budget for a Sustainable Future

Bindki Block, Fatehpur District, Uttar Pradesh

Over 90% of Uttar Pradesh's land belongs to marginal farmers. Market demands have forced majority of these farmers to shift from local resource based and labour-intensive agriculture to monocropping using artificial fertilisers and machines, resulting in the widespread degradation of soil quality and increasing input costs.

We partnered with Shramik Bharti to introduce Zero Budget Natural Farming (ZBNF) in 5 villages.

Farmers were collectivised under a Farmers Producer Organisation (FPO), and capacitated to undertake natural farming through exposure visits.

Farmers were provided agri-tools such as potato weeders and seed drills. Krishi-Mitras were developed in each of the villages to create a local resource pool that would be accessible to farmers 24/7. Additionally, community seed banks were established to allow sustainable usage of seeds.

While slow in taking off the intervention has gradually resulted in the creation of a sustainable livelihood for the farmers. The development of their skills has not only allowed them to bargain for better market rates but has also made them confident enough to open an agri processing unit for flour, gram flour, rice, mustard oil and spices. Overall, farmers in the region now make profits that range between ₹8,000 to ₹10,000 per month, thus drastically improving their socio-economic situation.

More than 100 small beneficiaries impacted

Education for a healthy future

Dhanegao, Mujampeth, Hasapur and Nasratpur villages, Nanded District, Maharashtra

The lack of hygiene is a serious issue for women in rural India due to inadequate resources coupled with traditional societal customs. Many of Nanded's young women and girls are no different - and were ignorant of even basic hygienic measures.

We partnered with CARD organisation to conduct health camps in the selected four villages

These camps were used to raise awareness on hygiene issues specific to girls as well as to counter certain harmful, popular social trends with body positivity.

Haemoglobin levels of 127 girls were tested and were found to be below average.

The initiative impacted 151 beneficiaries. It is being overseen by Tuljai Pathology, set on a mission to spread female hygiene awareness in Nanded's rural communities.

Stories of change

Empowering youth to improve employability

Natun Salmora, Lakhimpur District, Assam

Manasjyoti Barik is a young college dropout and the only earning member in a family of five. He faced immense financial difficulties in making ends meet, tried hands at various professions without much success in absence of any vocational skill.

We partnered with IGSSS to provide training to Manasjyoti on Animal Husbandry at Lakhimpur College of Veterinary Science in 2018.

In line with his interest in poultry farming, he was provided with 200 chicks for the development of his farm in addition to a chicken cleaning machine to help with quick cutting and selling.

In 2020, Manasjyoti opened his meat cutting and selling shop. With aid of training and further support, he is earning ₹15,000 to ₹20,000 per month and has been able to purchase many batches of chicks. His income has increased to around ₹45,000 per month after he opened his shop.

Infrastructure Development for better irrigation

Pachdi village, Sohagpur, Madhya Pradesh

Agriculture is the main source of livelihood in the village but remains highly under developed with poor civic infrastructure. The area ranked low in all important human development indicators such as infant mortality rate, maternal mortality rate, literacy and sanitation.

We partnered with Action for Social Advancement (ASA) for the construction of 3 new stop dams and renovation of 13 existing structures.

The structures were constructed with the help of the community participation.

The structures have a collective water holding capacity of 6 Crore litres over 2 years; and a capacity to irrigate over 200 acres of land.

More than 400 farming households are getting better irrigation facilities in a 750-acre area while more than 1,500 farmers have benefited through the recharge of downstream structures.

Due to the stop dam construction, the cultivable area of the region has increased as well. As a result, farmers have started sowing Rabi crops, leading to an increase in income and food security along with a decrease in seasonal migration.

The Sustainable Livelihood Initiative (SLI) is our flagship programme under Skill Training and Livelihood Enhancement through which we aim to 'create sustainable communities' by empowering women and helping them break the vicious circle of poverty.

We support women by forming Self Help Groups (SHGs) or Joint Liability Groups (JLGs) by providing occupational skills training, financial literacy, credit livelihood finance, and market linkage. We have started SLI EMI collections through Common Service Centres (CSCs) Village Level Entrepreneurs (VLEs) providing customer convenience at the village level.

* As on March 31, 2021

Women in SHGs trained so far through SLI and HRDP programmes*

7.81 Lakh+

EMI collection through the initiative as on March 31, 2021

₹87 Lakh

Our unique SLI programme has, perhaps, no parallel globally

1. An all women's programme
2. Covers 28 states and 544 districts
3. Covered around 1.29 Crore households*
4. ~10% Banks workforce dedicated for running the programme

- We have exceeded our Board-mandated target of covering 1 Crore households and have already covered about 1.29 Crore households*
- Empowering women means empowering families

4 Healthcare and Hygiene

We have been actively championing the cause of Swachh Bharat through several sanitation projects with a focus on infrastructure creation, complemented by driving behavioural changes. At the heart of these programmes are community-led sanitation campaigns that promote hygienic conditions in rural areas through appropriate wastewater disposal. We also organise health camps, nutrition programmes and vaccination drives. Our health camps not only offer diagnostic services, but also assist the communities on other healthcare-related aspects. At the community level, we educate people about water, sanitation and hygiene (WaSH) and create awareness on road safety and healthy financial practices.

We also encourage dry waste management practices to improve and support resource utilisation, generate employment, and contribute to sustainable development goals. To mitigate environmental and health issues arising due to improper waste disposal, we have partnered with the United Nations Development Programme (UNDP), India for dry waste management. Through this initiative, we aim to create an ecosystem with 5Rs of waste management – Refuse, Reduce, Reuse, Repurpose and Recycle – and bring waste pickers into the mainstream through social and financial inclusion.

Household toilets constructed*
23,500+

Sanitation drives conducted*
1,800+

People benefitted through health camps*
1.18 Lakh+

Waste pickers empowered*
2500+

**ISC-FICCI Sanitation Awards
HDFC Bank's WASH programme adjudged Best Corporate Initiative in Sanitation**

* Refers to achievement since inception till 31 March 2021

Employee volunteering programme

We encourage our employees to contribute their time and effort to various social programmes under Parivartan.

'Making a Difference' initiative

We started a Virtual Volunteering Programme to reach out to students and youngsters in distress due to COVID-19 induced restrictions and economic slowdown. As part of this programme, we partnered with NGOs to create diverse and interactive virtual programmes, ranging from mentoring marginalised students to training staff of smaller NGOs with organisational skill sets.

Over 120 employees spent 86 hours cumulatively volunteering under this programme.

Plant on-the-go

To encourage our employees to do their bit for making their surroundings greener, we distributed over 500 'seedbombs' (mud balls consisting of seeds) among our staff in Mumbai. The 'seedbombs' were specially made by tribal women from Mumbai and villagers in Madhya Pradesh.

Go green at home

We adapted our plantation drive to the prevailing COVID-19 situation. We encouraged our employees, along with their family, to plant saplings in their homes or in the vicinity.

Combating COVID-19

Our COVID-19 response was guided by a spirit of developing closely-knit working relationships with Government and civil society to contain the spread of the virus and manage the crisis from a socio-economic and healthcare standpoint.

Extending support to the Government

In FY21, recognising our responsibility towards the frontline warriors in the nation's fight against the pandemic, we supported seven state/district/city level institutions by providing face masks, sanitisers, gloves, kits, thermometers, in addition to monetary support for procurement of medical equipment.

Supporting the underprivileged

We aligned our efforts towards supplying essentials to the migrant returnees and their families, as well as daily wage earners – most affected by the COVID-19-induced lockdown. In addition to providing financial support to several implementation organisations, we ensured supply of care-kits consisting of dry ration and other essentials to villagers across Bihar, Odisha, Maharashtra, Haryana and Rajasthan. We also provided cooked meals to those in need across cities including Mumbai, Bhatinda, Lucknow and Patna through our employee volunteers.

Mobilised community support and action

We undertook mass awareness campaigns through cycles and rickshaws to reach the most remote places. We also guided villagers to maintain social distancing in several states including Assam, Jharkhand, Odisha, Haryana and Rajasthan. To salute the indomitable spirit of our COVID-19 warriors, and to drive donations to the PM Cares Fund, we released an anthem of hope and positivity, #HumHaarNahiMaanenge (We will not give up) and pledged to contribute ₹500 to the PM Cares Fund every time the song was shared on social media. Collectively, we raised and donated ₹2 Crore as part of this initiative.

5 Financial Literacy and Inclusion

Financial literacy is the first step towards financial inclusion. We conduct financial literacy camps at our banking outlets as well as at financial literacy centres across the country through our NGO partners. The camps are aimed at empowering the communities with knowledge about fundamentals of savings, investment and organised finance, thereby enabling them to make smart financial decisions. Our flagship programme under this initiative, Digidhan criss-crosses the length and breadth of India's hinterlands on wheels, explaining the benefits of digital banking through audio-visual mode.

Financial literacy camps organised*

18.84 Lakh+

Beneficiaries reached*

1.42 Crore+

* Refers to achievement since inception till March 31, 2021

Nation Building

Contributing to India's growth

The rural sector emerged as a bright spot in the post-pandemic economic recovery, driven by a favourable harvesting season, aided by reverse migration and limited spread of COVID-19. Central Government's measures like Direct Benefit Transfer (DBT) provided a boost to rural incomes. At HDFC Bank, we enabled efficient and timely disbursement of funds to millions of beneficiaries under various schemes through Public Financial Management System in compliance to Government of India guidelines.

As part of our humanitarian efforts for COVID-19 relief, we extended support towards the fund raising efforts of the Central Government down to the district level. We opened hundreds of accounts for COVID–19 relief, and collected more than ₹1,500 Crore through our crowdsourcing efforts from our retail and corporate customers.

Supporting the nation's sustainable development

- Contributing to economic recovery led by rural India
- Facilitating ease of doing business
- Taking banking to the unbanked
- Developing an ecosystem for Healthcare Banking
- Promoting entrepreneurship through SmartUp programme
- Digital solutions
- Sustainable financing solutions

Fuelling economic recovery led by rural India

Ensuring seamless Direct Benefit Transfers

We focus on timely disbursement of Government funds, including DBT payments, through PFMS while ensuring maximum coverage for eligible beneficiaries of important government schemes such as MGNREGA, PMAY, PMKSY, among others. The Bank processed 9% of the total value of Direct Benefit Transfers in FY21 including disbursement of funds to 12,000+ beneficiaries under Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) for setting up micro-irrigation systems in their farms.

Digitising Gram Panchayats (GP)

We have received mandates from the Government to work with Gram Panchayats (GPs) in eight leading states to open accounts for various schemes including those recently introduced by the 15th Finance Commission to enable ease of access to funds through PFMS. During the pandemic, we conducted webinars across states to help train GP staff to work more efficiently by maximising the use of digital solutions provided by us.

Digitising agricultural procurements

HDFC Bank is among the six banks to integrate with National Agriculture Market (eNAM), a pan-India electronic trading portal managed by the Small Farmers Agribusiness Consortium (SFAC) under the Ministry of Agriculture and Farmers' Welfare. eNAM aims to integrate 2,000 Agricultural Produce Market Committees (APMCs) across the country through a common online platform, providing better price discovery through a transparent auction process. We support the platform by streamlining the payment flow from trader to farmer. It ensures faster and more transparent payments to farmers.

9%
Of total DBT value processed during FY21

10%
Market share of HDFC Bank across Gram Panchayats

Large share of agricultural procurement was processed as part of state level mandates in Uttar Pradesh, Punjab and Haryana by the Bank.

Facilitating ease of doing business

Partnering with the Ministry of Corporate Affairs (MCA)

As part of the Prime Minister's 'Ease of Doing Business in India' initiative, we are now integrated into the Government's MCA 21 platform. This enables us to issue a Current Account number on a real time basis to businesses during the registration process with the Ministry.

Increasing participation of MSMEs in government supply chain

We have also integrated with the Government's GeM Portal for accepting Caution Money Deposit for procurement through the portal. This improves transparency and enables ease of doing business for MSMEs when paying the deposit.

First Indian private bank to facilitate salary disbursements for our soldiers

We became the first private bank in India to be given the mandate to establish a Smart Banking lobby (fully digital branch) at the 13 Base Repair Depot of the Indian Air Force. Further, the Ordinance Factory Board under the Defence Ministry has empanelled the Bank to set up salary accounts for their employees across the country. We are also enabling the digitisation of fee collection for 134 Army Public Schools run by the Army Welfare Education Society.

Ensuring efficient Government fund allocation

Deploying the parent-child accounting structure, along with a fund management solution, we enabled several Government departments to better allocate funds to regions based on utilisation levels, and reduce leakages through efficient expense tracking mechanisms. Hundreds of crores of leakages have been arrested in departments where these solutions have been implemented.

State government owned assets e-auctioned through HDFC Bank facilitated platform

1 Lakh+

Taking banking to the unbanked

Common Service Centres (CSCs)
CSCs play a pivotal role in taking our cost-effective services to the under-banked in the hinterlands of India. Managed by Village Level Entrepreneurs (VLEs), CSCs serve as access points for delivering essential public utilities, healthcare, financial, education and agrarian services alongside social welfare schemes and diverse B2C services.

EMI collections including delinquent and overdue
The collection mechanism of delinquent and overdue amount has become easier since the inception of the BC EMI Collection Centres on 28 January 2021. Borrowing customers no longer need to visit the Bank to pay their EMIs, which can be carried out at one of 15,000 locations across India.

EMIs collected (Total Transactions) at the VLE BC Centers

6,700+

Kisan Gold Card disbursements
CSC VLEs can now source Kisan Gold Card (KGC) to help farmers finance their requirements. The farmer can use this towards his farm requirements like production of crop, post-harvest, repair and maintenance and consumption need of the farmer.

Sustainable Livelihood initiative (SLI)
Over 4,600 groups have been funded due to the nation-wide penetration of the CSC Village Level Entrepreneurs (VLEs). These groups were formed across India with the assistance of the CSC VLEs.

Women supported through SHG/JLG loans through our CSC Network (FY21)

4,414 Groups

29,663 members

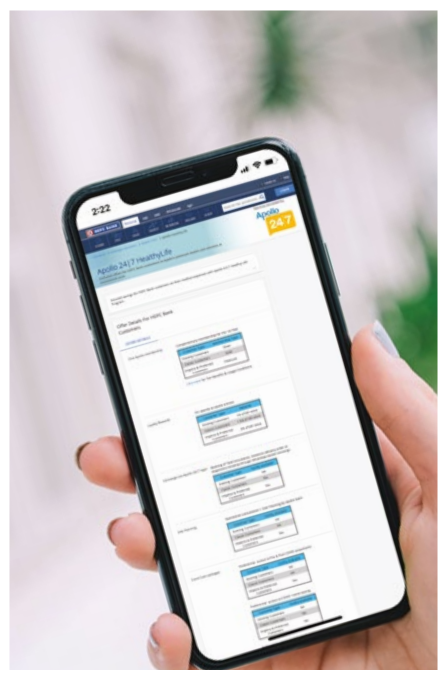
CSC Grameen eStores
The CSC Grameen eStore with more than 1.38 Lakh stores, establishes market linkages for local and small businesses. Since its inception in 2020, Grameen eStores have catered to more than 3.2 Lakh customers, recording a turnover of more than ₹100 Crore. We have onboarded more than 40,000 Current Accounts of VLEs registered as Grameen eStore.

Small savings through Fixed Deposits
Small ticket or big ticket, Fixed Deposits (FDs) have been one of the most trusted investment options to secure ones money. HDFC Bank has enabled the VLEs to open FDs for customers in deeper geographies across the country.

Developing an ecosystem for Healthcare Banking

The pandemic has brought to the fore the need for rapid digitisation in the healthcare space. At HDFC Bank, we are entering into alliances with digital healthcare providers to provide customised and cost-effective banking solutions to various user groups on their platforms. This ranges from ensuring faster access to funds and banking products to addressing the challenges of high-cost treatments, providing loans to doctors and hospitals. We have enabled partner hospitals to provide loans and EMI facility on Debit/Credit cards.

Attractive offers on Debit Card/Credit Card are being listed on HDFC Bank's SmartBuy platform for customers to save more on their wellness spends. As part of this initiative, Apollo Hospital Group has designed 'The HealthyLife Programme' exclusively for HDFC Bank customers and is providing 24/7 tele-consultancy, free delivery of medicines, COVID-19 care and One Apollo membership. HDFC Bank is providing payment options and ease of finance for treatments at Apollo Hospitals.



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 20+ incubators certified by the Department of Science and Technology.

We also organise networking and mentoring sessions for our start-up customers with HNIs and senior executives of the Bank. We have signed MoUs with five State Governments and the Ministry of Electronics and Information Technology (MEITY) to facilitate the execution of their start-up policies. During FY21, we provided financial and advisory support to 21 social impact start-ups in the Ed-tech and skill development sectors.

21

Social impact start-ups in the Ed-tech and skill development sectors, we provided financial & advisory support to

Digital solutions

Mid-day Meal
At HDFC Bank, we have enabled digitisation of the Mid-day Meal scheme by providing a digital solution, integrated with its disbursement channel. It enables centralised fund management for distributed financial operations at State, District, Block and School levels. Digitisation of entire Mid-day Meal data provides a centralised view to the state nodal agencies and helps monitor and analyse expenditure for efficient fund management. The solution has been rolled out in the state of Jharkhand.

Education
HDFC Bank has led the digitisation drive not only in Government schools and colleges but also at the State Education Department. This has been achieved through providing solutions enabling deserving students to access scholarships through digital evaluation and timely disbursement of scholarships.

Sustainable financing solutions

Green bond
We at HDFC Bank are proud to be associated with the issuance of the First Green Bond by Ghaziabad Municipal Corporation. This is the first Green Bond issue by any Municipal Corporation in the country. Earlier, we managed the Lucknow Municipal Bonds issue, the first ever municipal bond issue from North India and Uttar Pradesh. Our Bank acted as Merchant banker, Escrow banker and Bankers to the Issue for both the Bonds.

The issues received an overwhelming response from the market and were over-subscribed multiple times. The role of the Bank was highly praised by the Government of Uttar Pradesh and we received an award for both the Lucknow and Ghaziabad Bonds.

Governance

Raising the bar higher

Our approach to governance is based on the core principles of strong ethics, enhanced risk consciousness, Board expertise and competence, and unequivocal regulatory compliance. We have put in place well-defined decision-making and monitoring processes to uphold best-in-class governance standards, which ensure a proper balance of authority, accountability and independence. The Bank's corporate governance framework underlines all its activities and operations.

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Board of Directors and Board competence

Our Board reflects a balanced mix of experience and expertise across banking, financial markets, economy, public policy, risk management, finance, credit, information technology, human resource management, small-scale industries, agriculture, rural economy, and law. The Board also seeks opinions from external experts whenever required. We have also inducted information technology experts on the Board as non-executive/independent directors given our focus on digitisation, cybersecurity, data privacy, and related infrastructure.

Average experience of Board members*

30 years

Time spent by the Board cumulatively in several familiarisation programmes during FY21

32 hours

Independent Directors

7*

*as on the date of the Integrated Annual Report

Board involvement and initiative

The Board plays a vital role in shaping, maintaining, and improving the Bank's processes and practices. The onset of the pandemic required the Bank and its Board to rethink the way business is managed and ensure security, continuity and growth. Accordingly, one of the focus areas for the Board in FY21 was to deliberate on and explore new opportunities, leading to initiatives and actions around infrastructure scalability, resilient disaster recovery, security enhancements and enhanced monitoring mechanism. Employee safety and wellbeing remain a key priority area for the Bank, as the second wave of COVID-19 infections sweeps through the nation.

Culture of transparency and accountability

Transparency and accountability are among the key expectations of stakeholders. To this effect, the Board has always encouraged adoption of global best practices in governance, timely disclosures, and fair presentation of information. We have established practices 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 and uniform and universal dissemination of information. Further, the Board has approved the following policies which are available on our website for easy reference:

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

Policies and frameworks for ethical conduct

We drive ethical conduct in our day-to-day operations. 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 for corporate governance
- Policies to prevent insider trading, govern related-party transactions
- Policies around Prevention of Sexual Harassment (POSH)
- Environmental Social & Governance (ESG) Policy Framework

Code of Conduct and Whistle-blower Policy

We promote an open and transparent system of working and dealing with our stakeholders. While our Code of Conduct & Ethics Policy directs employees to uphold our values and conduct business worldwide with integrity and highest ethical standards, our Whistle-blower Policy provides a comprehensive framework for capturing and addressing stakeholder complaints/grievances. We did not make any political contributions during FY21.

Our publicly available Conduct Philosophy document defines mechanisms to deal with issues related to inhumane treatment including mental or physical coercion or verbal abuse, sexual harassment, sexual abuse, slavery, of employees. During FY21, there were no complaints of infringement of human rights.

We have a 'Zero Tolerance' policy on sexual harassment and an internal complaints committee in place to address complaints related to sexual harassment. Disclosures related to the sexual harassment cases are included in our Corporate Governance Report on

PG 332

Confirmed Incidents* wherein employees were dismissed or disciplined for corruption in FY21

10

Confirmed incident(s) wherein contracts with business partners were terminated or not renewed due to corruption in FY21

01

*Nature of confirmed incidents of corruption: Staff related Staff related Commission/gratification taken from/for (a) Allocation of cases to collection agency (b) Routing insurance policy (c) Cross sell of products from empanelled vendor (d) Lead sharing incentives earned (e) Empanelling vendor with Bank (f) For arranging documents (g) Issuing Solvency Certificate

Anti-Corruption, Anti-bribery, and Anti-Money Laundering (AML)

We have developed a training module for focused and effective training on anti-corruption, anti-bribery, and anti-money laundering (AML) for our employees. The programme comprises of four modules – Foreign Corrupt Practices Act and Bribery Act, Code of Ethics and Commitment, Trade-Based Money Laundering, and KYC and AML norms. All operations are assessed for corruption. Complaints associated with corruption are also raised through the whistle-blower mechanism by all stakeholders including suppliers and customers.

Person-hours spent on Anti-Corruption, AML and KYC trainings.

6.7 Lakh+

Customer satisfaction

The Customer Service Committee of the Board (CSCB) comprises a majority of non-executive directors and is tasked to bring about continuous improvements in the quality of services rendered to our customers. 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, the triennial audit of such services, among others.

We strictly adhere to market conduct regulations to inform our customers and clients with transparent, accurate, and comprehensive marketing statements, advertising, and product-/service-labelling. We have defined framework, strategy, policies, procedures and have put in place systems to ensure and maintain transparency in communication with our customers and clients to help them make informed decisions. During FY21, we didn't record any case of non-compliance concerning product and service information and labelling, or marketing communications.

Customer Privacy, Information Security, and Data Protection are of paramount importance to us. The IT Strategy Committee is headed by an Independent Director with experience in the IT sector and also comprises an information technology expert, as well as an external expert. 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. We have in place a governance framework, information security practices, and business continuity plan to mitigate information technology-related risks.

We are also guided by the Information Security Policy and Cyber Security Policy, followed by an independent assurance team within Internal Audit which provides assurance on the management of information technology-related risks.

The Bank conducts vulnerability assessment of its IT systems through an external entity, and the report thus provided to the Bank is incorporated by the IT team for remediation. During FY21, we received no complaints regarding identified leaks, thefts, or losses of customer data with respect to data security. During the same period, we received 36 complaints from customers concerning breaches of customer privacy, of which two were received from outside parties and two were from regulatory bodies.

The Bank has a well-defined Grievance Redressal Mechanism for recording the complaints received through various front-end channels such as Branch/Phone Banking /Email Management Support Unit. All customer complaints received across branches/front channels are logged in a state-of-the-art centralised complaints management system – CRMnext – for tracking and resolution. Credit Card-related complaints are logged in the CBCI and other bank ATM transaction-related complaints are logged into the DCD (Debit Card Dispute) system. An escalation matrix is built into this system to ensure customer complaints are closed adequately within stipulated timelines.

As a result of our continuous efforts, we have been consistently reducing our complaint resolution turnaround time – from 8 working days in FY18 to 5 in FY21.

ESG Governance

Governance in areas of ESG or sustainability is an essential element of the governance framework of the Bank. The Environmental Social & Governance (ESG) agenda is driven through a management-level ESG Action Committee which reports to the CSR & ESG Committee of the Board. The Committee oversees sustainability reporting initiatives, climate change disclosures, internal projects to ensure reduction in the Bank's overall emissions and tracks its progress on ESG to achieve industry leadership. The sustainability team works in tandem with different stakeholders within the Bank to achieve set targets in line with the ESG Policy and framework. For better focus and monitoring, we have set up various sub-committees of the ESG Action Committee – the Environment sub-Committee, the Social & Governance sub-Committee and the Product Responsibility sub-Committee.

ESG governance structure and key responsibilities

CSR & ESG Committee

ESG Action Committee

Product Responsibility Sub-Committee
Focusses on assessing environmental & Social (E&S risks), including climate risks in our existing portfolio and identify new business opportunities in the E&S space

Environment Sub-Committee
Sets targets and identifies opportunities for improvement areas of emissions, energy, water and waste

Social & Governance Sub-Committee
Focusses on workplace policies including Code of Conduct and Human Rights, diversity, stakeholder engagement and corporate governance policies.

For more information on the Bank's governance philosophy, please refer to our Corporate Governance Report on

PG 332

i. The major areas of customer complaints in FY21 were related to unauthorised usage through Credit Card; unauthorised usage through Debit Card online or at POS terminal, UPI transaction disputes; and Credit Card collection calls

ii. The turnaround time for customer complaints is defined depending on the nature of the complaint and is a part of the bank's Complaint Management system. It ranges between 1-15 days for most complaint categories, but may be longer for some cases for example in case of disputes / investigation / charge backs etc.

Board of Directors

Visionary leadership

Atanu Chakraborty
Part Time Non-Executive Chairperson and Additional Independent Director

Renu Karnad
Non-Executive Director

Umesh Chandra Sarangi
Independent Director

Sashidhar Jagdishan
Managing Director and Chief Executive Officer

Kaizad Bharucha
Executive Director

Srikanth Nadhamuni
Non-Executive Director

MD Ranganath
Independent Director

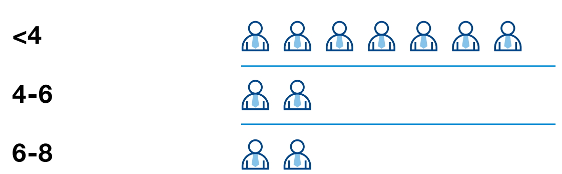
Malay Patel
Independent Director

Sandeep Parekh
Independent Director

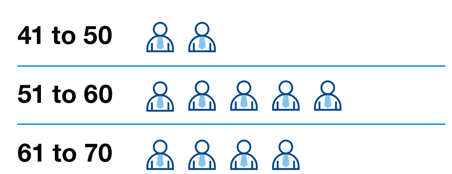
Sanjiv Sachar
Independent Director

Sunita Maheshwari
Additional Independent Director

Length of service of Directors (Years)



Age group of Directors (Years)



The average length of service of the Board of Directors is 3 years.

Leading the future-ready Bank

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

Arvind Kapil
Group Head - Retail Assets and SLI

Arvind Vohra
Group Head - Retail Branch Banking

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

Ashish Parthasarthy
Group Head - Treasury, GIB, NRI, Overseas and Tele-Service Channels

Benjamin Frank
Group Head - Wholesale Credit

Bhavesh Zaveri
Group Head - Operations, ATM and Cash Management Product

Chakrapani Venkatachari
Group Head - Internal Audit and Quality Initiatives Group

Jimmy Tata
Chief Credit Officer

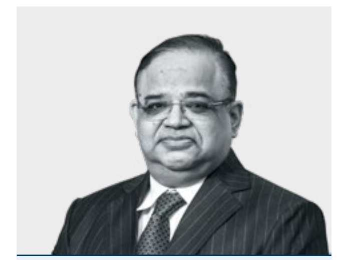
Nirav Shah
Group Head - Corporate Banking and PSUs

Parag Rao
Group Head - Payments Business, Digital & IT

Rahul Shukla
Group Head - Commercial Banking and Rural Business

Rakesh Singh
Group Head - Investment Banking, Private Banking, Marketing and Products

Ramesh Lakshminarayanan
Chief Information Officer



Raveesh Bhatia
Group Head - Emerging Corporates Group

S Sampathkumar
Group Head - NRI Domestic & Overseas Business, Third Party Products and Tele-Sales & Service Relationships

Smita Bhagat
Group Head - Government, Institutional Business, BC Partnerships, Inclusive Banking and Start-ups

Srinivasan Vaidyanathan
Chief Financial Officer

Vinay Razdan
Chief Human Resources Officer

10 Year Financial Highlights

₹ Crore

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-17	2017-18	2018-19	2019-20	2020-21
Interest income	27,874.19	35,064.87	41,135.53	48,469.91	60,221.45	69,305.96	80,241.35	98,972.05	1,14,812.65	1,20,858.23
Interest expense	14,989.58	19,253.75	22,652.90	26,074.23	32,629.93	36,166.74	40,146.49	50,728.83	58,626.40	55,978.66
Net interest income	**12,884.61**	**15,811.12**	**18,482.63**	**22,395.68**	**27,591.52**	**33,139.22**	**40,094.86**	**48,243.22**	**56,186.25**	**64,879.57**
Other income	5,783.62	6,852.62	7,919.64	8,996.34	10,751.72	12,296.49	15,220.31	17,625.87	23,260.82	25,204.89
Net revenues	**18,668.23**	**22,663.74**	**26,402.28**	**31,392.02**	**38,343.24**	**45,435.71**	**55,315.17**	**65,869.09**	**79,447.07**	**90,084.46**
Operating costs	9,277.64	11,236.11	12,042.20	13,987.55	16,979.69	19,703.32	22,690.36	26,119.37	30,697.53	32,722.63
Operating result	**9,390.59**	**11,427.63**	**14,360.08**	**17,404.47**	**21,363.55**	**25,732.39**	**32,624.81**	**39,749.72**	**48,749.54**	**57,361.83**
Provisions and contingencies	1,877.44	1,677.01	1,588.03	2,075.75	2,725.61	3,593.30	5,927.49	7,550.08	12,142.39	15,702.85
Loan loss provisions	1,091.77	1,234.21	1,632.58	1,723.58	2,133.63	3,145.30	4,910.43	6,394.11	9,083.32	11,450.19
Others	785.67	442.80	(44.56)	352.17	591.98	448.00	1,017.06	1,155.97	3,059.07	4,252.66
Profit before tax	**7,513.15**	**9,750.62**	**12,772.05**	**15,328.72**	**18,637.94**	**22,139.09**	**26,697.32**	**32,199.64**	**36,607.15**	**41,658.98**
Provision for taxation	2,346.08	3,024.34	4,293.67	5,112.80	6,341.71	7,589.43	9,210.57	11,121.50	10,349.84	10,542.46
Profit after tax	**5,167.07**	**6,726.28**	**8,478.38**	**10,215.92**	**12,296.23**	**14,549.66**	**17,486.75**	**21,078.14**	**26,257.31**	**31,116.52**
Funds :										
Deposits	2,46,706.45	2,96,246.98	3,67,337.48	4,50,795.65	5,46,424.19	6,43,639.66	7,88,770.64	9,23,140.93	11,47,502.29	13,35,060.22
Subordinated debt	11,105.65	16,586.75	16,643.05	16,254.90	15,090.45	13,182.00	21,107.00	18,232.00	18,232.00	17,127.00
Stockholders' equity	29,924.37	36,214.15	43,478.63	62,009.42	72,677.77	89,462.38	1,06,295.03	1,49,206.32	1,70,986.03	2,03,720.83
Working funds	3,45,248.26	4,21,327.31	4,91,599.50	5,95,695.13	7,40,796.07	8,63,840.19	10,63,934.32	12,44,540.69	15,30,511.26	17,46,870.52
Loans	1,95,420.03	2,39,720.64	3,03,000.27	3,65,495.04	4,64,593.96	5,54,568.20	6,58,333.09	8,19,401.22	9,93,702.88	11,32,836.63
Investments	89,967.10	1,11,303.21	1,00,111.88	1,56,833.82	1,95,836.29	2,14,463.34	2,42,200.24	2,93,116.07	3,91,826.66	4,43,728.29
Key Ratios :										
Earnings per share (₹) *	11.06	14.24	17.74	21.08	24.42	28.59	33.88	39.33	48.01	56.58
Return on average networth	18.37%	20.07%	20.88%	20.36%	17.97%	18.04%	18.22%	16.30%	16.76%	16.60%
Tier 1 capital ratio	11.60%	11.08%	11.77%	13.66%	13.22%	12.79%	13.25%	15.78%	17.23%	17.56%
Total capital ratio	16.52%	16.80%	16.07%	16.79%	15.53%	14.55%	14.82%	17.11%	18.52%	18.79%
Dividend per share (₹) *	2.15	2.75	3.43	4.00	4.75	5.50	6.50	7.50	***	6.50***
Dividend payout ratio	22.70%	22.77%	22.68%	23.62%	23.51%	23.32%	23.26%	23.36%	***	11.54%***
Book value per share as at March 31 (₹) *	63.76	76.10	90.62	123.70	143.74	174.56	204.80	273.94	311.83	369.54
Market price per share as at March 31 (₹) **	259.93	312.68	374.40	511.35	535.58	721.28	964.50	1,159.45	861.90	1,493.65
Price to earnings ratio	23.51	21.95	21.11	24.26	21.93	25.23	28.47	29.48	17.95	26.40

₹ 1 Crore = ₹ 10 Million

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

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

***Refer note on Dividend given on page no.126 of Integrated Annual Report 2020-21.

Acknowledged for excellence

Euromoney (Global) Awards For Excellence 2020

Lifetime Achievement Award - Aditya Puri

Euromoney Awards for Excellence 2020

India's Best Bank

FinanceAsia Country Awards 2020

Best Bank in India

Euromoney Private Banking and Wealth Management Survey 2021

HDFC Bank ranks No. 1 in Mass Affluent category

2020 BrandZ™ Top 75 Most Valuable Indian Brands

HDFC Bank ranked India's Most Valuable Brand for the 7th consecutive year

ET Innovation Awards 2020

Marketing and Brand Innovation of the Year Award

Business Today 19th Best Companies to work for in India Survey

HDFC Bank Among Top 10 Best Companies to work for in India

ICAI Award for Excellence in Financial Reporting

HDFC Bank wins Gold Shield Award for 2019-2020 in the Private Sector Banks (including Foreign Banks) category

Great Place To Work

HDFC Bank certified as a 'Great Place to Work' for 2020

CII-National Awards for Excellence in Water Management 2020

HDFC Bank Parivartan initiatives in East Khasi Hills district in Meghalaya

ISC-FICCI Sanitation Awards

HDFC Bank's WASH programme adjudged Best Corporate Initiative in Sanitation

Asiamoney Best Bank Awards 2021

India's Best Bank for SMEs 2021

25th Business Today – KPMG Best Bank Study

Best Large Bank

Finnoviti Awards 2021

Won the Finnoviti Award 2021 for Warehouse Commodity Finance on Mobile

Asiamoney Asia's Outstanding Companies Poll 2019

Most Outstanding Company - Financial Sector

Assurance Statement

KPMG

Independent Limited Assurance Statement to HDFC Bank Limited on its non-financial disclosures in the Integrated Annual Report for Financial Year 2020-21

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 2020-21. 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 the non-financial disclosures of HDFC Bank for the period 01 April 2020 to 31 March 2021.

The Disclosures[1] 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

Management Approach

- Explanation of the material topic and its Boundary: 103-1

[1] For details regarding the disclosures please refer the GRI Content Index in Integrated Annual Report on Page 120-125.

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

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), 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. 5,633 branches and 2,556 ATMs
2. 32 currency chests
3. 275 corporate and regional offices
4. 28 training centers and guest houses

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.

The assurance scope excludes following:

- Aspects of the Report other than those mentioned in the scope above
- Data and information outside the defined reporting period
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim, future intention 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.
- Assessment of data reliability and accuracy.
- Review of selected key performance data as defined in scope, boundary and limitations was carried out on a sample basis through screen sharing tool with corporate office

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 2020-21. 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.

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
Associate Partner
KPMG Assurance and Consulting Services LLP
21 June 2021

GRI Index

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	102-4	Location of operations	12-13, 358-359
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	102-6	Markets served	12-13
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	102-43	Approach to stakeholder engagement	32-37
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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	4
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GRI Standard	Disclosure	Description	Page Number(s) and/ or URL(s)
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Employment			
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	103-2	The management approach and its components	58-59, 107
	103-3	Evaluation of the management approach	80-87
	404-1	New employee hires and employee turnover	83-85
	404-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	82, 210-211
	404-3	Parental leave	82
Labour/Management Relations			
	103-1	Explanation of the material topic and its Boundary	82
	103-2	The management approach and its components	82
	103-3	Evaluation of the management approach	82
	402-1	Minimum notice periods regarding operational changes	82
Occupational Health and Safety			
	403-3	Occupational health services	82
	403-4	Worker participation, consultation, and communication on occupational health and safety	82
	403-6	Promotion of worker health	82
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	82
Training and Education			
	103-1	Explanation of the material topic and its Boundary	81
	103-2	The management approach and its components	81
	103-3	Evaluation of the management approach	81
	404-1	Average hours of training per year per employee	81
	404-2	Programs for upgrading employee skills and transition assistance programs	81
	404-3	Percentage of employees receiving regular performance and career development reviews	81
Diversity and Equal Opportunity			
	103-1	Explanation of the material topic and its Boundary	83-85
	103-2	The management approach and its components	83-85
	103-3	Evaluation of the management approach	83-85
	405-1	Diversity of governance bodies and employees	83-85
	405-2	Ratio of basic salary and remuneration of women to men	85
Non-discrimination			
	103-1	Explanation of the material topic and its Boundary	83,104-107
	103-2	The management approach and its components	83,104-107
	103-3	Evaluation of the management approach	83,104-107
	406-1	Incidents of discrimination and corrective actions taken	83
Freedom of Association and Collective Bargaining			
	103-1	Explanation of the material topic and its Boundary	82
	103-2	The management approach and its components	82
	103-3	Evaluation of the management approach	82
Child Labour			
	103-1	Explanation of the material topic and its Boundary	82
	103-2	The management approach and its components	82
	103-3	Evaluation of the management approach	82

GRI Standard	Disclosure	Description	Page Number(s) and/ or URL(s)
Forced or Compulsory Labour			
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	103-2	The management approach and its components	82
	103-3	Evaluation of the management approach	82
Security Practices			
	103-1	Explanation of the material topic and its Boundary	82
	103-2	The management approach and its components	82
	103-3	Evaluation of the management approach	82
	410-1	Security personnel trained in human rights policies or procedures	82
Human Rights Assessment			
	103-1	Explanation of the material topic and its Boundary	80-85, 105
	103-2	The management approach and its components	80-85, 105
	103-3	Evaluation of the management approach	80-85, 105
	412-1	Operations that have been subject to human rights reviews or impact assessments	80-85, 105
	412-2	Employee training on human rights policies or procedures	81
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	82, 104-107
Local Communities			
	103-1	Explanation of the material topic and its Boundary	88-99
	103-2	The management approach and its components	88-99
	103-3	Evaluation of the management approach	88-99
	413-1	Operations with local community engagement, impact assessments, and development programs	88-99
	413-2	Operations with significant actual and potential negative impacts on local communities	88-99
Supplier Social Assessment			
	103-1	Explanation of the material topic and its Boundary	82
	103-2	The management approach and its components	82
	103-3	Evaluation of the management approach	82
	414-1	New suppliers that were screened using social criteria	82
	414-2	Negative social impacts in the supply chain and actions taken	82
Public Policy			
	415-1	Political contributions	105
Customer Health and Safety			
	103-1	Explanation of the material topic and its Boundary	70-75
	103-2	The management approach and its components	70-75
	103-3	Evaluation of the management approach	70-75
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	70-75
Marketing and Labeling			
	103-1	Explanation of the material topic and its Boundary	106
	103-2	The management approach and its components	106
	103-3	Evaluation of the management approach	106
	417-1	Requirements for product and service information and labeling	106
	417-2	Incidents of non-compliance concerning product and service information and labeling	106
	417-3	Incidents of non-compliance concerning marketing communications	106

GRI Standard	Disclosure	Description	Page Number(s) and/ or URL(s)
Customer Privacy			
	103-1	Explanation of the material topic and its Boundary	106
	103-2	The management approach and its components	106
	103-3	Evaluation of the management approach	106
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	106
Socio-economic Compliance			
	103-1	Explanation of the material topic and its Boundary	88-99
	103-2	The management approach and its components	88-99
	103-3	Evaluation of the management approach	88-99
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SECTOR STANDARD			
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	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	82
Local Communities			
	FS13	Access points in low-populated or economically disadvantaged areas by type	12, 131-137
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Product Portfolio			
	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	131-137
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	131-137
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	67, 103

For any queries pertaining to the GRI disclosures in the above table contact Ms. Nusrat Pathan at Nusrat.Pathan@hdfcbank.com or write in to her at HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. Tel: 022 3976 0000

Dear Stakeholders,

Your Directors take great pleasure in presenting the 27th Annual Report on the business and operations of your Bank, together with the audited accounts for the year ended March 31, 2021.

First of all, wishing all of you health and happiness on behalf of the HDFC Bank family.

As the virus casts a shadow over the entire world, the first thing that all of us must do is take every possible step to ensure our safety and that of our loved ones. And say a prayer for our collective well-being. Especially for all the frontline COVID warriors who served the nation, often at great risk to their own lives. Our heads bow in respect for those who lost their lives in this fight. This includes some of our colleagues too.

Needless to say, the pandemic affected the economy. If FY 2019-20 was one of the most challenging years for the Indian economy, then the challenges only multiplied in FY 2020-21. And this was accentuated further by geo-political tensions.

The year started with one of the most severe lockdowns in the world. Although it was eased in stages, the economy was bound to take a hit. For the first time in many years, India's GDP contracted by 7.3 per cent in FY 2020-21. This was an improvement after the first quarter low of -24.4 per cent. As the lockdown eased, the economy contracted by 7.4 per cent in the second quarter and touched positive territory in the third quarter, posting a growth of +0.5 per cent and 1.6 per cent in the fourth quarter.

The Government of India and the Reserve Bank of India (RBI) announced a host of measures to cushion the direct impact of the lockdown on the economy. The Government announced a stimulus package of ₹ 20 trillion in five different tranches in FY 2020-21 to provide support to 1) the MSMEs and the Non Banking Financial Companies via a credit guarantee scheme and liquidity support 2) Migrant labourers via direct spending, and generating employment via enhanced allocation to MNREGA, 3) Small traders, vendors and farmers via loan facilities and 4) Announced structural reforms across sectors like coal, power, agriculture, etc.

On the monetary policy side, the RBI also took a number of steps to provide liquidity and enhance credit flow in the system. It delivered a total rate cut (repo) of 115 bps since February 2020, taking the repo rate down to 4.0 per cent. The central bank also took a slew of measures to address liquidity constraints such as the announcement of moratorium, liquidity infusion through TLTRO (Targeted Long Term Repo Operations) for NBFCs (₹ 500 billion), liquidity facility of ₹ 500 billion for mutual funds, liquidity support of ₹ 500 billion for all India financial institutions and a cut in the Cash Reserve Ratio (CRR) by 100 bps to 3 per cent. These measures helped anchor borrowing costs in the economy, support credit growth and cushioned the impact of the disruptions in the financial market **(Please refer to the Macroeconomic and Industry section on page 128 for more details)**.

The Budget announcements for FY 2021-22 too have given confidence to business with its focus on stimulating growth through expansionary fiscal policy at the centre and increasing capital expenditure at the central as well as state Government levels.

While all these have been clear positives, what has cast a shadow on the economy again has been the resurgence of the pandemic in many parts of the country, resulting in partial or complete lockdowns. The mitigating factor has been the arrival of the vaccine and the decision to step up the vaccination drive by making all those over 18 years eligible for taking the vaccine. The Government has invited more manufacturers from abroad to come to India to boost supply in the country.

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

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 also contributed to the Bank's performance. Net Profit at ₹ 31,116.5 crore went up by 18.5 per cent. Net Interest Income at ₹ 64,879.6 crore rose 15.5 per cent. Net Interest Margin remained stable at 4.1 per cent. Gross Non-Performing Assets (NPAs) at 1.32 per cent were among the lowest in the industry.

GNPA

1.32 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 8.5 crore people, predominantly in rural India. Driving this change is the Sustainable Livelihood Initiative (SLI) team, which employs about 10 per cent of the Bank's workforce and works exclusively on improving livelihood opportunities. The 'Teaching-The-Teacher' initiative has impacted over 2 crore students since inception. The Holistic Rural Development Programme has touched another 20 lakh people across more than 1,970 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 ₹ 634.91 crore. The Bank contributed ₹ 70 crore towards Prime Minister's CARES Fund to support the Government's fight against the COVID-19 pandemic.

CSR spend

₹ 634.91 crore

in FY 2020-21

For further details on Parivartan please refer to page 88.

Summary

In FY 2021-22, the pandemic and vaccination drive are critical factors for the pace of economic recovery. In the near-term, the resurgence of COVID-19 cases across the country does pose a risk to the pace of economic recovery but the absence of a national lockdown is a positive. This, of course, poses challenges for your Bank in the short run.

In the long run, the market in the post-pandemic recovery period presents tremendous opportunities, given the under-penetration of banking services in the country. Your Bank is well positioned to capitalise on these opportunities, given the strength of its major franchises. It is also poised to make a greater contribution to bridge the urban-rural divide - be it through its business or social initiatives. This, of course, will not be possible without the contribution of the ever-growing family of over two lakh employees (including those of the subsidiaries) across the country, who remain at the forefront of taking your Bank forward every day.

Your Directors would like to especially thank those who went well beyond their call of duty during the COVID-19 pandemic to keep your Bank functioning. Many of them soldiered on despite the loss of loved ones. During the year, we also lost a few of our colleagues. While we have structured a compensaton package for 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

(₹ crore)

Particulars	For the year ended / As on	
	March 31, 2021	March 31, 2020
Deposits and Other Borrowings	1,470,547.5	1,292,130.8
Advances	1,132,836.6	9,93,702.9
Total Income	146,063.1	1,38,073.5
Profit Before Depreciation and Tax	42,961.4	37,803.0
Profit After Tax	31,116.5	26,257.3
Profit Brought Forward	57,492.4	49,223.3
Total Profit Available for Appropriation	88,608.9	75,480.6
Appropriations		
Transfer to Statutory Reserve	7,779.1	6,564.3
Transfer to General Reserve	3,111.6	2,625.7
Transfer to Capital Reserve	2,291.7	1,123.8
Transfer to / (from) Investment Reserve	61.7	-
Transfer to / (from) Investment Fluctuation Reserve	1,712.0	1,134.0
Dividend (including tax / cess thereon) pertaining to previous year paid during the year, net of dividend tax credits	-	4,893.4
Special dividend (including tax/cess thereon)	-	1,646.9
Balance carried over to Balance Sheet	73,652.8	57,492.5

Dividend

The RBI, vide notification dated December 4, 2020, stated that in view of the ongoing stress and heightened uncertainty on account of COVID-19, banks should continue to conserve capital to support the economy and absorb losses. The notification also stated that in order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2020. Your Bank did not declare dividend for the financial year ended March 31, 2020.

Given that the current 'second wave' has significantly increased the number of COVID-19 cases in India and uncertainty remains, the Board of Directors of the Bank, at its meeting held on April 17, 2021, had considered it prudent to not propose dividend for the financial year ended March 31, 2021, and decided to re-assess the position based on any further guidelines from the RBI in this regard. Subsequently, RBI has, on April 22, 2021 vide its Circular 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 in paragraph 4 of the May 4, 2005 circular of RBI. In view of this RBI Circular, the Board of Directors of the Bank, at its meeting held on June 18, 2021, has recommended a dividend of ₹ 6.50 per equity share of ₹ 1/- each, for the financial year ended March 31, 2021. This translates to a Dividend Payout Ratio of 11.5% of the profits for the financial year ended March 31, 2021.

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.
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, 2021, the issued, subscribed and paid up capital of your Bank stood at ₹ 5,512,776,482/- comprising 5,512,776,482 equity shares of ₹ 1/- each. Further, 29,490,022 equity shares of face value of ₹ 1/- each were issued by your Bank pursuant to the exercise of Employee Stock Options (ESOPs). (For information pertaining to ESOPs, please refer **Annexure 1** to the Directors' Report).

Capital Adequacy Ratio (CAR)

As on March 31, 2021, your Bank's total CAR, calculated as per Basel III capital regulations, stood at 18.8 per cent, well above the regulatory minimum requirement of 11.075 per cent, including a Capital Conservation Buffer of 1.875 per cent and an additional requirement of 0.20 per cent on account of the Bank being identified as a Domestically Systemic Important Bank. Tier I Capital was at 17.6 per cent as of March 31, 2021.

Total CAR

18.8 per cent

well above regulatory minimum requirement of 11.075 per cent

Management Discussion and Analysis

Macroeconomic and Industry Developments

The Indian economy contracted sharply in FY 2020-21 in the wake of the global pandemic, with GDP contracting by 7.3 per cent in FY 2020-21 as compared to a 4.0 per cent growth in FY 2019-20. To recall, the World Health Organization declared on March 12, 2020 that the virus is a pandemic. On March 23, 2020, the Government of India ordered a nationwide lockdown for 21 days, which got further extended till May 31, 2020 with some relaxations. India enforced one of the strictest lockdowns at an early phase of rising cases to limit the spread of the virus. Daily COVID-19 cases peaked in September touching a high of ~98,000 and easing to ~8,600 in early February 2021, due to introduction of social distancing norms, localised lockdowns and containment measures.

The Government and the Reserve Bank of India (RBI) announced a host of measures to cushion the direct impact of the lockdown on the economy. This helped GDP growth come off its low of -24.4 per cent in Q1 and -7.4 per cent in Q2 to +0.5 per cent in Q3 and +1.6 per cent in Q4 2020-21. Looking at the internals, agriculture growth continued to remain positive (registering a growth of 3.6 per cent in 2020-21) due to the relative insulation of the rural sector from the virus. Manufacturing growth contracted by 7.2 per cent in 2020-21. However, the sector showed signs of recovery in H2 2020-21 - with a contraction of 18.7 per cent in H1 2020-21 but picked upto + 1.6 per cent in Q3 and + 6.9 per cent in Q4. Service sector remained a laggard with a contraction of 8.4 per cent in 2020-21. Domestic demand began to show green shoots in the second half of the year as activity resumed. Private consumption indicators such as production of consumer durables and non-durables gathered pace in Q3 along with passenger vehicle (PV) sales that turned green in H2 FY21. Encouragingly, GST collections rose to ₹ 1.23 trillion in March 2021, averaging ₹ 1.13 trillion in H2 FY21 as compared to an average collection of ₹ 0.76 trillion in H1 FY21.

The Government announced a stimulus package of ₹ 20 trillion in five different tranches in FY 2020-21 to provide support to 1) the MSMEs and the NBFCs via a credit guarantee scheme and liquidity support 2) migrant labourers via direct spending and generating employment via enhanced allocation to MNREGA 3) small traders, vendors and farmers via loan facilities and 4) announced structural reforms across sectors like coal, power, agriculture, etc.

On the monetary policy side, the RBI also took a number of steps to provide liquidity and enhance credit flow in the system. The RBI delivered a total rate cut (repo) of 115 basis points (bps) since February 2020, taking the repo rate down to 4.0 per cent. The central bank also took a slew of measures to address liquidity constraints such as the announcement of the moratorium, liquidity infusion through TLTRO (Targeted Long Term Repo Operations) for NBFCs (₹ 500 billion), liquidity facility of ₹ 500 billion for mutual funds, liquidity support of ₹ 500 billion for all India financial institutions and a cut in the CRR (Cash Reserve Ratio) by 100 bps to 3 per cent. These measures helped anchor borrowing costs in the economy, support credit growth and cushioned the impact of the disruptions in the financial market.

Looking at the inflation side, CPI inflation averaged 6.7 per cent in H1 FY21 mainly due to higher food prices on account of COVID-led supply disruptions. Inflation eased below RBI's upper band of 6.0 per cent from December 2020 to February 2021. In FY 2020-21, the headline inflation averaged 6.2 per cent, above the RBI's target range of 4 +/-2 per cent. In FY 2021-22, CPI inflation rose to 6.3 per cent in May-21 from 4.2 per cent in Apr-21, breaching the RBI's upper threshold of 6 per cent for the first time in six months. Apart from higher fuel and food inflation, a large part of this increase was driven by higher core inflation, possibly reflecting the impact of second wave related supply disruptions and a pass through of cost push pressures. Going forward, we expect inflation to remain above 6 per cent for the next 3 months. For FY 2021-22, we expect the headline inflation to average 6.1% led by higher commodity prices and sticky core inflation.

On the policy front, we expect the central bank to keep its rates unchanged in FY 2021-22 and maintain an accommodative stance. The RBI is likely to only gradually reduce the liquidity surplus in the system once it is confident about the prospects of growth recovery. The central bank is likely to continue managing the yield curve, especially the benchmark yield through open market operations (sterilised and unsterilsed) and the latest announced G-SAP bond buying programme in order to contain borrowing costs in the economy and improve transmission.

On the policy front, we expect the central bank to keep its rates unchanged in FY 2021-22 and maintain an accommodative stance.

In the financial sector, the onset of COVID-19 weighed down on credit growth while the deposit growth remained robust. In FY 2020-21, the credit growth averaged at 5.9 per cent as compared to 9.5 per cent y-o-y in FY 2019-20. A sharp slowdown in economic activity as reflected by a 7.3 per cent contraction in GDP weighed on credit demand. On the flip side, deposit growth improved to 10.9 per cent in FY 2020-21 from 9.9 per cent in FY 2019-20. The improvement in deposit growth could be reflecting pandemic related saving tendency among individuals. In Apr-21, while credit growth came in at 5.7 per cent, deposit growth tracked at 10.3 per cent.

Looking at the credit sectoral level, the weakness was recorded in the industry sector (large industries) while credit deployment to personal loans and to services sector rose albeit at a slower pace. As per the RBI's January 2021 Financial Stability Report, the GNPA ratio of scheduled commercial banks eased to 7.5 per cent in September 2020 from 9.3 per cent in September 2019. That said, the central bank estimates the ratio to increase to 13.5 per cent by September 2021. The GNPA could escalate to 14.8 per cent if the macroeconomic environment worsens into a severe stress scenario. Heading into FY 2021-22, credit growth outlook is expected to improve amid improvement in GDP growth and as liquidity remains comfortable.

For the financial sector, the Government announced the Partial Credit Guarantee Scheme (PCGS) 2.0 to provide liquidity support for NBFCs. Under this scheme, the Government provides a sovereign guarantee for the first 20 per cent loss to the public sector banks buying AAA and below rated paper issued by the NBFCs/MFIs/HFCs.

To recall, the stimulus package worth ₹ 20 trillion (10 per cent of GDP) announced by the Government had a clear focus on the MSME sector, a key provider of employment in both the organised and unorganised segments and a critical component of the domestic industrial supply chain. The MSME sector that encompasses a wide range of industries had been under considerable stress for a prolonged period before the incidence of COVID-19. This made them particularly vulnerable to the lockdown and its aftermath. The NBFC sector, a major provider of funding to the MSMEs had also been going through a period of stress, particularly in its access to finances both from banks and the market. Thus, the stimulus package focused on the survival of both MSMEs and NBFCs through the COVID-19 crisis and also their revival. The critical element of the stimulus was its attempt to facilitate the flow of credit to both MSMEs directly and to NBFCs. The Government aimed to do this by reducing the risk taken by banks and other institutions in lending to them by providing explicit guarantees either on the entire loan or a fraction. The guarantees delivered were through Special Purpose Vehicles (SPVs) in which the Government had initially taken an equity stake. Thus, for instance, the targeted credit flow of ₹ 300 billion in the form of collateral free loans to the smaller MSMEs was backed by a 100 per cent Government of India guarantee given through National Credit Guarantee Trustee Company (NCGTC). Other measures included creating a fund of funds for MSMEs, PCGS for NBFCs/MFIs and providing subordinate debt for stressed MSMEs through a Credit Guarantee Fund Trust.

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

The broad strategy of the Government's stimulus is to remove bottlenecks on the supply side for the smaller and labour-intensive firms to set off a 'virtuous cycle' of more viable operations, increased production and employment, and higher incomes that would translate into enhanced demand.

There are non-financial measures as well that aim to benefit MSMEs. The upward revision of turnover and investment limit (Micro: turnover increased to ₹ 5 crore, investment increased to ₹ 1 crore; Small: Turnover increased to ₹ 50 crore and investment increased to ₹ 10 crore; Medium: Turnover increased to ₹ 100 crore and investment increased to ₹ 20 crore) would help MSMEs expand operations considerably without fear of losing some of the fiscal and other benefits that the segment enjoys. In addition to the aforementioned measures, the Government of India announced measures to facilitate capex and help businesses. Measures announced included - guaranteed collateral free credit support for 26 stressed sectors, ₹ 1.46 lakh crore boost for Atmanirbhar manufacturing, Production Linked Incentive (PLI) scheme for sectors such as electronics, textile, telecom, etc. and additional outlay of ₹ 102 billion towards industrial expenditure, industrial incentives and development of defence equipment.

From the Government side, trend in capex has also been encouraging. In FY 2020-21, the Government has spent INR 4.3 trillion on capex, which is a 26.5 per cent y-o-y increase from FY 2019-20. For the ongoing fiscal year, the Government has budgeted capex at an 18 year high of 2.5 per cent of GDP. In INR terms, FY 2021-22 capex is budgeted at INR 5.3 trillion, which marks an increase of 30.5 per cent from the last year.

In fiscal 2020-21, while export demand dipped by 7.2 per cent, imports shrank 17.6 per cent, reflecting pandemic related disruptions. However, trend in services trade balance was encouraging. Services trade balance improved to USD 85.1 Billion from USD 80 Billion in FY 2019-20. Taking these factors into account, we expect current account to record a surplus of 1.0 per cent of GDP in FY 2020-21 vs a deficit of 0.9 per cent in FY 2019-20. However, on a quarterly basis, we expect current account to record a deficit of 0.7 per cent in Q4 FY20-21. Foreign flows remained strong in FY 2020-21 despite initial jitters in the market. While gross FDI flows improved to USD 81.7 Billion in FY 2020-21 as compared to 74.4 Billion in FY 2019-20, FII flows recorded a net inflow of USD 30.3 Billion vs. a net outflow of USD 5.1 Billion in the previous year. With robust capital flows and a surplus in the capital account, we expect BoP surplus to improve to a record high of USD 100 Billion in FY 2020-21. Going ahead, with improvement in domestic demand conditions and higher commodity prices, we expect current account to record a deficit of 1.8 per cent of GDP in FY 2021-22.

As India emerges from the impact of the pandemic in 2021, it is expected to be one of the fastest growing economies in the world in FY 2021-22 with GDP growth expected to rise by 9.1 per cent in real terms. We expect the economy to reach its pre-pandemic output level (2019) by the end of the current fiscal year. Growth is likely to be supported by higher capex spending by the Government, recovery in domestic demand and continued monetary policy support from the RBI. For the next fiscal year, the pandemic situation and vaccination drive are critical factors for the pace of economic recovery. In the near term, the second wave of COVID is likely to weigh on the pace of recovery in Q1 FY2021-22. However, as the economy begins to open up, we expect recovery to pick up pace in Q2 FY2021-22 with support from both fiscal spending and continued monetary accommodation.

We expect the economy to reach its pre-pandemic output level (2019) by the end of the current fiscal year. Growth is likely to be supported by higher capex spending by the Government

Financial Performance

The financial performance of your Bank during the year ended March 31, 2021, remained healthy with Total Net Revenue (Net Interest Income plus Other Income) rising 13.4 per cent to ₹ 90,084.5 crore from ₹ 79,447.1 crore in the previous year. Revenue growth was driven by an increase in both Net Interest Income and Other Income. Net Interest Income grew by 15.5 per cent to ₹ 64,879.6 crore due to acceleration in loan growth coupled with a Net Interest Margin (NIM) of 4.1 per cent.

Bank's Net Interest Income

15.5 per cent growth

Due to acceleration in loan growth in FY 2020-21

Other Income grew by 8.4 per cent to ₹ 25,204.9 crore. The largest component was Fees and Commissions at ₹ 16,169.3 crore. Gain on Revaluation and Sale of Investments was ₹ 3,867.0 crore. Foreign Exchange and Derivatives Revenue was ₹ 2,438.4 crore, and recoveries from written-off accounts were ₹ 2,148.4 crore. Consequent to the outbreak of the COVID-19 pandemic, the Indian Government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the Government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, have led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations, the sale of third party products, the use of credit and debit cards by customers and the efficiency in collection efforts. This may lead to a rise in the number of customer defaults and consequently, an increase in provisions there against. The extent to which the COVID-19 pandemic, including the current second wave that has significantly increased the number of cases in India, will continue to impact the Bank's results will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government-mandated or elected by us.

Operating (Non-Interest) Expenses rose to ₹ 32,722.6 crore from ₹ 30,697.5 crore. During the year, your Bank set up 354 new branches and 1,186 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 improved to 36.3 per cent from 38.6 per cent.

Cost to Income Ratio

improved to 36.3 per cent

in FY 2020-21

New ATMs/CDMs

1,186

in FY 2020-21

Total Provisions and Contingencies were ₹ 15,702.8 crore as compared to ₹ 12,142.4 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 relating to the coronavirus pandemic in the form of contingent provisions of approximately ₹ 1,300.0 crore.

The Coverage Ratio based on specific provisions alone excluding write-offs was 69.8 per cent and including General and Floating provisions it was 115 per cent. Your Bank made General Provisions of ₹ 867.0 crore during the year. Gross Non Performing Assets (GNPAs) were at 1.32 per cent of Gross Advances, as against 1.26 per cent in the previous year. Net NPA ratio stood at 0.40 per cent as against 0.36 per cent in the previous year.

In accordance with the COVID-19 regulatory packages announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020, your Bank, in accordance with its Board approved policy, offered a moratorium on the repayment of all instalments and / or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as standard, even if overdue, as on February 29, 2020. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period. Your Bank has made provisions above the RBI prescribed requirements against the potential impact of the coronavirus pandemic (based on the information available at this point in time).

Profit Before Tax grew by 13.8 per cent to ₹ 41,659.0 crore. After providing for Income Tax of ₹ 10,542.5 crore, Net Profit increased by 18.5 per cent to ₹ 31,116.5 crore from ₹ 26,257.3 crore. Return on Average Net Worth was 16.60 per cent while Basic Earnings Per Share was ₹ 56.58 up from ₹ 48.01.

As on March 31, 2021, your Bank's Total Balance Sheet stood at ₹ 1,746,871 crore, an increase of 14.1 per cent over ₹1,530,511 crore on March 31, 2020. Total Deposits rose by 16.3 per cent to ₹ 1,335,060 crore from ₹ 1,147,502 crore. Savings Account Deposits grew by 30.0 per cent to ₹ 403,500 crore while Current Account Deposits rose by 21.8 per cent to ₹ 212,182 crore. Time Deposits stood at ₹ 719,378 crore, representing an increase of 8.5 per cent. CASA Deposits accounted for 46.1 per cent of Total deposits. Advances stood at ₹ 1,132,837 crore an increase of 14.0 per cent. Domestic Loan Portfolio of ₹ 1,111,510 crore grew by 14.1 per cent over March 31, 2020.

Net Profit

18.5 per cent

Increase in FY 2020-21

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 extremely challenging circumstances in the year under review. This business is directly linked to consumption, which slowed down during the lockdown. As the unlock gathered momentum, the business recovered and with domestic advances rising 6.7 per cent.

Domestic Retail Deposits grew by 21.1 per cent to ₹ 1,064,684 crore from ₹ 879,145 crore in the preceding year, while Retail Advances rose 6.7 per cent to ₹ 527,586 crore from ₹ 494,401 crore.

Your Bank continues to be a leader in the auto loans segment with strong presence in passenger, commercial vehicle and two-wheeler financing. The first two quarters were impacted by the lockdown but growth revived in the third quarter and the momentum continued in the fourth. This enabled your Bank to close the year at pre-pandemic levels. While there was a marginal uptick in ticket size in the fourth quarter, growth came largely on the back of improved distribution.

The Personal Loan Business is also surging back to pre-COVID levels, and ended the year at ₹ 118,000 crore. About 80 per cent of the incremental loans were to employees of top rated corporates with reasonably high disposable income. In the year under review, the portfolio further improved qualitatively, which is indicated by an increase in credit scores across segments.

Your Bank also continues to drive value through its digital platforms, increasing penetration in its internal customer base. Digitalisation also plays a key role for your Bank in pioneering various digital loans - 10 second Personal Loan, Digital Loan Against Shares and Loan Against Mutual Funds. There is also increased focus in digitising processes and customer touchpoints to better your Bank's reach to customers across products.

The Payments Business, where your Bank has a dominant presence not only acts as a catalyst for cashless transactions but also spurs consumption. With 3.67 crore debit cards, 1.49 crore credit cards and about 21.34 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.

With 3.67 crore debit cards, 1.49 crore credit cards and about 21.34 lakh acceptance points, your Bank is among the largest facilitators of cashless payments in the country.

In the credit card business, the RBI, through its order dated December 2, 2020, advised your Bank against sourcing new credit card customers. Your Bank subsequently recalibrated its strategy and began selling more to existing customers of the Bank. Credit cards constitute about 6 per cent of the overall Bank book.

Credit cards in force

1.49 crore

The Virtual Relationship Management (VRM) programme gained traction during the year under review. Digital or conctacless banking has become a necessity in the pandemic. Under VRM, Relationship Managers reach out to customers through remote and digital platforms, leading to deeper engagement in a cost-effective manner. As digital literacy and exposure increases exponentially, VRM is gaining acceptance through wider engagement, deeper relationships and a complete suite of products to offer. A banking experience with digital ease and personalized conversations is at the core of our VRM strategy. The Virtual Relationship Management practice is an integrated customer centric approach covering three pillars –Virtual Relationships, Virtual Sales and Virtual Care.

Meanwhile, your Bank also added 354 branches during the year, taking the total to 5,608 across 2,902 cities / towns. The share of semi-urban and rural outlets in the network is 50 per cent, reflecting our continued focus on penetrating further into these markets. In addition, your Bank has 15,756 business correspondents primarily managed by the Common Service Centres. The number of ATMs / CDMs also increased to 16,087 from 14,901. The total number of customers your Bank catered to as on March 31, 2021 was over 6.18 crore, up from over 5.60 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. The year under review saw a 62 per cent rise over the previous year in home loans. The increase in demand coupled with the SOPs in Maharashtra aided the growth in Q4. Your Bank originated, on an average, ₹ 2,470 crore of home loans every month in the year under review and purchased ₹ 18,980 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 27 per cent to ₹ 3,573 crore from ₹ 2,817 crore and accounted for 22 per cent of Total Fee Income in the year ended March 31, 2021 compared with 17 per cent in the preceding year.

Insurance

The open architecture adopted by your Bank for insurance distribution with eight insurers was made more robust by leveraging more branches and expanding the product bouquet. Continuing with the digital focus, straight through process from prospecting to proposal stage was introduced with real time integration across all insurers. Premium mobilisation in life Insurance for the year ended March 31, 2021 was ₹ 5,888 crore.

In the Non-Life insurance space, your Bank, along with its Insurance partners, introduced new and innovative products and increased customer offerings. All the products offered are enabled through Netbanking and telesales platforms. Employees across channels have been trained on the new products and processes. Manpower has been strengthened across Non-Life insurers to increase our business in the non-motor insurance space. Premium mobilisation in General and Health Insurance grew by 13 per cent over the year earlier to ₹ 2,230 crore.

Retail Advances

6.7 per cent

Growth in FY 2020-21

Wholesale Banking

The Wholesale Banking business was a key growth engine for your Bank in the year under review. This business focuses on institutional customers such as the Government, large and emerging corporates, and SMEs. Your Bank's strong offerings include working capital and term loans, 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 2020-21 with a domestic loan book size of over ₹ 583,925 crore, recording a growth of 21.7 per cent over the year earlier. This constituted about 53 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.

Loan Book Wholesale Banking Business

21.7 per cent

Growth in FY 2020-21

Corporate Banking, which focuses on large, well-rated companies, continued to be the biggest contributor to Wholesale Banking in terms of asset size. This business ended FY 2020-21 with a domestic loan book size of ₹ 2.98 lakh crore, recording a rise of 23 per cent over the year earlier. This was thanks to your Bank's focused outreach to large corporates and well-rated/blue chip PSUs at the outset of the pandemic to offer them liquidity. It was able to do so as it was armed with sufficient cash due to its strong capital base and balance sheet. Also, post the TLTRO scheme under which banks could access long-term debt from the RBI at the repo rate, this only got reinforced. As per the guidelines of the TLTRO scheme, your Bank deployed this money in designated sectors like agriculture, agri-infrastructure, secured retail, MSMEs, and drugs, pharmaceuticals and healthcare.

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. 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.

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.

In the year under review, the Bank continued its focus on the MSME sector. There has already been increased formalisation 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 announce the Emergency Credit Line Guaratee Scheme (ECLGS), under which your Bank emerged as a star performer in disbursing credit.

The Investment Banking business cemented its prominent position in the Debt and Equity Capital Markets. Your Bank jumped one position to be ranked 2nd in the Bloomberg rankings of Rupee Bond Book Runners for FY 2020-21, improving its market share to 17.46 per cent from 13.72 per cent. Your Bank is actively assisting clients in equity fund raising and was ranked 6th amongst domestic banks in the PRIME Database League Tables for IPOs, Rights Issues and QIPs for FY 2020-21 for private sector issues against 7th for FY 2019-20.

In the Government business, your Bank sustained its focus on tax collections, collecting direct tax of ₹ 302,823.78 crore and indirect tax of over ₹ 1,65,741.27 crore during FY 2020-21. 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 adopter of digital technology through the Corporate Net Banking Platform, ENet.

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.

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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 ₹ 2,438.4 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 RBI liberalising 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 '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

To address the needs of NRI clients and Indian corporates, your Bank has opened branches and representative offices in Manama (Bahrain), Hong Kong, Dubai, DIFC, Abu Dhabi and Nairobi (Kenya). These offices increase awareness of your Bank's brand with existing and prospective clients. It also has a presence in International Financial Service Centre (IFSC) at GIFT City in Gandhinagar, Gujarat. This unit was opened four years ago. Your Bank offers products such as trade credits, foreign currency term loans including External Commercial Borrowings (ECBs) and derivatives to hedge loans. As on March 31, 2021, the Balance Sheet size of the international business was US$ 6 billion. Advances constituted 2.78 per cent of your Bank's Gross Advances. The Total Income of the overseas branches constituted 0.64 per cent of the Bank's Total Income for the year. The numbers may appear small, but what is significant here is your Bank's ability to cater to a large and growing Indian diaspora and maintain its leadership position among the peer group.

International Business

US$ 6 billion

Balance Sheet

C) Partnering with the Government

1) CSC Partnership

Your Bank has been closely working with the Government both at the central and state levels. It has an equity investment of over 6.5 per cent in CSC e-Governance Services India Ltd. CSCs, operated by Village Level Entrepreneurs (VLEs), are the access points for the delivery of essential public utility services, social welfare schemes, healthcare, financial, education and agriculture services, apart from a host of B2C services to citizens in rural and remote areas of the country. It is a pan-India network facilitating the Government's mandate of a socially, financially and digitally inclusive society. The Government of India envisages at least one VLE per 2.54 gram panchayat. Your bank will use this network to offer retail products and banking services and further contribute to the Government's 'Digital India' initiative.

During the year under review, your Bank considerably strengthened its relationship with CSCs by empanelling an additional 10,000 plus Business Correspondents taking the number of such correspondents to 15,756.

2) Start-Up Fund and SmartUp Banking

Under its SmartUp Banking Programme for Start-ups, your bank crossed the milestone of 16,000 such businesses. It is working with various state governments and incubators/accelerators to promote entrepreneurship. MoUs have already been signed with five state governments and Ministry of Electronics and Information Technology (MeitY) to enable execution of the varied aspects of their respective start-up policies. Your Bank also works with 20+ incubators certified by the Department of Science and Technology, including various Indian Institutes of Technology and Indian Institutes of Management. This year we extended financial and advisory support to 21 social impact start-ups in the Ed-tech and skill development sectors. We are also causing connects through initiatives like HNI meets along with our partners and mentoring sessions for our start-up customers with senior executives of your Bank.

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, 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

Yours Bank's advances to Agriculture & Allied activities rose by 10.92 per cent to ₹ 94,977.14 crore for the year ended March 31, 2021.

The importance of this segment can be understood from the fact that about 60 per cent of the population is dependent on agriculture for livelihood. In the year of the pandemic, the Bank disbursed about ₹ 2,000 crore in line with Government regulations which benefited over 1.42 lakh farmers.

1.42 lakh

Farmers benefited in the pandemic year

The rural economy which primarily depends on agriculture was largely insulated from the pandemic. Post July there was month on month growth in tractor sales thanks to a good monsoon and healthy cash flow. In FY 2020-21, the domestic tractor industry grew 25 per cent in terms of units sold on a YoY basis. HDFC Bank Tractor Loans registered a growth of 55% in FY 2020-21 in terms of no. of units financed. The size of the book has grown 30 per cent YoY crossing ₹ 5,000 crore.

In general the key to your Bank's success in this market has been its ability to tap the opportunities through:

- Wide product range
- Faster turnaround time
- Digital solutions

The Bank's product range includes pre-and post-harvest crop loans, two-wheeler loans, auto loans, 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 such as crop insurance, Government subsidy / crore guarantee schemes, interest subvention etc.

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

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 centers or Kisan Dhan Vikas Kendras have been rolled out in Punjab, Maharashtra, Uttar Pradesh and Madhya Pradesh. At these centers, farmers access information on soil health, mandi prices, and various Government initiatives and also receive expert advice. These services are also available on the Bank's website in vernacular languages. Kisan Dhan Vikas e-Kendra is one of its kind in the Banking Industry to reach out to the farmers as one stop solution for all their requirements viz. loan eligibility, online application facility, training though 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 97,000 downloads of the app.

Multiple needs of the farmers can be serviced such as shopping of seeds, 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, godown and livestock centre amongst others. Another important initiative this year has been the launch of the 'KGC-Shaurya for the Armed forces personnel/Ex-Servicemen engaged in farming.

This product program offers a hassle free transaction for the defence personnel, so that they can avail farming loans under Kisan Gold Card (based on the KCC guidelines of Government).

KGC Shaurya weaves a smooth process of addressing the farming requirements of defence personnel under various scenarios where loan processes are executed even if the concerned person is on deputation and is unable to be physically present for verification. The target customers are from the Army, Navy and Air Force, Personnel of Para Military Forces like BSF, ITBP, CRPF, Coastal Guards, CISF and Assam/J&K Rifles owning agricultural lands either in their own names or the names of their family members.

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 digitized payments at over 1,315 milk co-operatives across 21 states, benefiting more than 5.08 lakh dairy farmers.

The Dairy business as a whole witnessed a 46 per cent year on year growth in disbursements and 54 per cent in the book.

Substituting Moneylenders: Your Bank is slowly making inroads into a market traditionally dominated by the unorganized sector, moneylenders and pawn brokers. Loans against gold jewellery grew by over 33 per cent to about ₹ 8,300 crore in FY 2020-21 from over 6,200 crore in FY 2019-20. The entry of organized players has increased awareness and transparency. The availability of the asset and the ease of securing a loan have made this a convenient and viable credit option.

In FY 2020-21, your Bank added 225 more branches, taking the total number to 1,000 through which gold loans are distributed.

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

Micro, Small and Medium Enterprises (MSME)

The MSME sector serves as an important engine for economic growth and is one of the largest employers in the economy. Advances to the MSME and Trader and Wholesaler segment as on March 31, 2021 stood at ₹ 2,01,833 crore as against ₹ 1,59,107.93 crore a year ago. Your Bank's advances to the Micro Enterprises alone stood at ₹ 60,846.03 crore.

The MSME sector was one of the sectors identified for special support by the Government and the RBI during the pandemic through various schemes.

Your Bank has ensured support for its customers through these schemes. Be it helping them avail of the interest moratorium or the Funded Interest Term Loans. And above all, loans under ECLGS Scheme. On the interest and principal moratorium 1 and 2 schemes, your Bank ensured complete coverage of this scheme to its existing customers as per the terms and conditions announced by the Government. Digital applications were accepted through the Bank's website and straight through processing was done to smoothen the process and ensure faster delivery. Your Bank also emerged as a star performer under the ECLGS 1.0 and 2.0 schemes. It disbursed loans amounting to ₹ 29,622 crore to over 1.23 lakh customers. This swift support enabled existing customers to meet their operational liabilities and helped in the smooth functioning of their businesses.

ECLGS schemes - loan disbursements

₹ 29,622 crore

Over 1.23 lakh customers

The silver lining has been that the pace of digitisation 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 Government's digitisation push and the adoption of GST, which resulted in easy availability of data for banks regarding cash flows of these companies.

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 25.39 lakh accounts under the Pradhan Mantri Jan Dhan Yojana (PMJDY) and enrolled 35.67 lakh customers in social security schemes since inception. We now rank among the leading private sector banks in this regard. Under Pradhan Mantri Garib Kalyan Yojana package, an amount of ₹ 500 per month each for April 2020, May 2020 and June 2020 has been credited to 14.13 lakh women PMJDY account holders under direct benefit transfer during the COVID-19 pandemic. In the year under review, loans to the tune of ₹ 5,531.98 crore to 8.94 lakh beneficiaries were extended under the Pradhan Mantri Mudra Yojana (PMMY) and nearly ₹ 82.60 crore to 388 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, where your bank has disbursed ₹ 10,000 each to 3,157 street vendors to support them during the pandemic and have also educated the street vendors for using 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 95 for details)**

₹ 10,000 disbursed to each person under PMSVANIDHI scheme

3,157

Street vendors benefitted

E) Environmental Sustainability

Banking by the very nature of its business, is environment-friendly. During the year under review, your Bank has gone a little further. The Bank has undertaken several initiatives to reduce its Scope I and Scope II emissions and energy consumption in line with its set targets. To encapsulate your Bank's philosophy, maintaining a balance between natural capital and communities is now integral to our functioning.

To this end, our ATMs have gone paperless, contributing to a reduction of the carbon footprint. Your Bank has given this effort a further fillip by ensuring multi-channel delivery through NetBanking, Phone Banking, and Mobile Banking. This results in lower carbon emission not just from operations, but also from reduced customer travel. We have installed rooftop solar panels in some of our large offices to supplement grid power with renewable energy.

(Please refer to **Annexure 2** of this report for disclosures pertaining to CSR as required under the relevant Rules)

F) Business Enablers

1) People Transformation

In a year which has seen the worst humanitarian and health crisis of the century, your Bank has continued to show buoyant growth and resilience due to the commitment and tenacity of its people.

This year, your Bank, being in the essential services sector, had to strike a delicate balance between ensuring the health and safety of its employees while at the same time ensuring that banking operations continued unhindered. As an immediate response to the COVID-19 crisis, every effort was made to transition large sections of the employee base to 'Work from home'. However, there were also several employees who had to continue to attend office physically as branches and ATMs continued to be functional during the lockdown. Hence a two-pronged approach was taken viz. a) Measures to ensure health and safety of employees who were physically required to attend office and b) Transition support to new ways of working to those who were working from home. The focus of the actions has been along three dimensions: a) Physical well-being, b) Psychological well-being and c) Social well-being.

The entire employee awareness and support campaign under the aegis of #HumHaarNahinMaanenge' and 'HDFC Bank Cares'. which was initiated during the initial wave of the pandemic continues to run even now as we battle the second and more serious wave of the pandemic in India. The campaign also focused on building employee morale and resilience during this period of crisis. Your Bank's internal communication channel 'Our World', which is accessible to all employees, was leveraged to ensure all relevant communication reached employees through a single channel. This was in addition to regular communication over emails.

Strengthening our Communication Channels: We strengthened the 'structured' Employee Connect on the ground by our HR business partners to enable any urgent support to employees. A 'We Care' survey was rolled out during April 2020 to assess employee well-being at the start of the pandemic. This enabled employees who were operating in far-flung locations across the length and breadth of the country to reach out and seek help for themselves and their family members. Employees who needed medical help were connected with doctors and guided further on medical assistance. This was basis the Bank's tie ups for medical insurance.

24*7 access to Doc on Call facility and Counselling facility was provided to employees and their families to seek immediate medical guidance over a quick phone call during a crisis. Mental health issues due to stress have also increased globally during the pandemic. The counselling facility enabled employees to seek help while being assured of confidentiality.

Resource Support: Several wellness related online videos were made available to employees to support their physical and mental well-being. Yoga sessions and online fitness challenges like Stepathalon etc. were conducted. An awareness campaign around building immunity practices and talks by psychologists to manage anxiety were also made available in the e-mode. We recognise the critical role played by managers in ensuring high engagement levels amongst employees during this transition. Hence, resources to enable managers realign themselves to managing their teams in a remote working environment have also been a key focus area.

Your Bank has also put in place several measures to support employees who have been required to attend office in person in branches or at Central offices.

This includes temperature screening and providing an adequate stock of sanitisers for those coming to work. Rostering enables people to follow social distancing norms. Detailed guidelines and advisory on 'Do's and Don'ts' at the workplace - have been circulated. Timely sanitisation and fumigation measures and periodic deep cleaning are being ensured. Strict norms for quarantine procedures, in case self or family members are found positive, are being adhered to.

As the first wave receded and a larger set of employees started coming to office physically, a detailed 'Return to Work' handbook ensured ready availability of guidelines to employees.

Social Wellness: We recognise that all through the harsh period of lockdown and social distancing, a key human need to bond and socialise with fellow colleagues has been left unfulfilled. This can result in considerable psychological stress. So, several employee connect initiatives were recalibrated to a digital mode to bring in the much needed social bonding and recreational element at work. Your Bank's annual talent competition 'Hunar' was run digitally and several new initiatives like Festive Webinars, a Digital Voice Hunt, online photography contests etc. were introduced. Effort was also made to bring in family members of the employees within the umbrella of these initiatives. Unique participants to each programme aggregated to more than 44,000 employees.

Policy and processes to support remote working and impacted employees have been put in place. Employees affected by the coronavirus can take special leave until they recover over and above the regular leaves available to them. Detailed guidelines on availing staff medical insurance have been circulated. We have also extended the medical insurance benefit for expenses incurred during home quarantine. Your Bank is also reimbursing the cost of vaccination for employees and their dependents. With the rising number of cases in the second wave, we are putting in place tie-ups through which employees can have ready access to quarantine and medical care facilities for themselves and their families.

All of the above have been designed to support employees and their families navigate through the crisis. We have also continued to pay regular salaries to all employees and also ensured annual increments, bonus and promotions in line with the usual cycle followed in your Bank. There have been no lay-offs and the sense of security instilled amongst employees has gone a long way in ensuring a high level of employee engagement.

During the initial phase of the lockdown, your Bank focused on utilising the available productive time of employees in skill building and learning certifications. To enable this, the entire learning architecture was made available in a digital mode on a war footing. Innovative ways of imparting learning to a remote workforce were explored and appropriate certifications based on business need were made available in a digital mode. As many as 33 lakh+ learning certifications were completed with more than one lakh employees completing at least one certification.

We recognise that an essential quality which has helped your Bank and its large employee base spread across geographies respond so well to the crisis is a culture which is highly resilient and deeply rooted in what we know as the 'HDFC Bank way' of doing things.

We recognise that an essential quality which has helped your Bank and its large employee base spread across geographies respond so well to the crisis is a culture which is highly resilient and deeply rooted in what we know as the 'HDFC Bank way' of doing things. To this end, your Bank has embarked on a conscious journey of a Culture Transformation which is enshrined along with the critical leadership tenets of 'Nurture, Care and Collaborate'.

A large scale organisation transformation which is leader-led, with interventions designed to reach every supervisor in the Bank across every remote geographical location, is an ambitious goal which we have set for ourselves This is expected to result in an engaged workforce which in turn will be a source of competitive advantage. A blend of interventions based on the 70:20:10 principle ranging from fireside chats with leaders, video messages, on the job activities have been incorporated into this which will run well into the coming year as well. A culture based on the ethos of 'Nurture, Care, Collaborate' pre-supposes the existence of an inclusive culture. A video-based campaign under the aegis of 'Valuing Differences' was launched to create awareness on inclusion.

In addition, we have continued to focus on creating the building blocks of an institutionalised approach to talent management in the Bank. This year was witness to several initiatives aimed at strengthening the talent pipeline and putting in place clearly visible succession plans for 100+ senior leadership positions. Detailed talent review meetings in order to have a formal, unified, organisation-wide view of talent and chalking out focused development plans which started last year, have been now recalibrated to a virtual set-up. It is now being institutionalised. as a defined practice. Focus is now on creating technology enablers which will help deepen this process across your Bank. Likewise, the availability and identification of successors to senior leadership positions has been a key focus area. The emphasis will now be on ensuring required developmental inputs to ensure high level of readiness.

SPARK was a structured Leadership Development initiative for 100+ senior leaders which was delivered in conjunction with a globally acclaimed partner. It was developed basis detailed discovery workshops with the senior leadership and was delivered in a blended format, which included self-discovery through rigorous psychometrics and individualised coaching sessions, fireside chats and state-of-the-art courseware for self-paced learning. This is the first step towards building a structured approach to leadership development, catering to varying needs across different leadership levels.

The focus on building a talent pipeline at the entry level through the job-ready model termed 'Future Bankers Program', created in partnership with the Manipal Global Academy of BFSI, has done well. There have been 1500+ enrolments into the programme pan-India and candidates from the initial batches have been successfully absorbed into full time roles after an internship with your Bank.

Your Bank was at the seventh place in the Business Today list of India's Coolest Workplaces.

2) Information Technology

New Ways of Banking

In the last year, the global pandemic has changed the way India banks. Digital banking has become a way of life and your bank has been taking consistent steps to ensure a smooth and safe customer experience. In the new normal, your Bank has introduced new ways to bank, such as:

- **Insta Account Opening**: This allows instant account opening with just a mobile, Aadhaar and PAN numbers
- **Video KYC**: Automation of KYC process through video calling from the comfort and safety of a customer's home

Strengthening Technology Infrastructure

Digital Products are only as strong as the infrastructure supporting them. In the last 12 months, your Bank has taken multiple steps to ensure robust, scalable and secure technology.

Some key initiatives include:

- Capacity for UPI has been tripled: Your Bank has successfully managed over 23 lakh transactions in an hour. It is ranked among the top in the published NPCI dashboard of UPI Performance Metrics
- Technical declines are down with the average uptime for customers at 99.91 per cent in the year under review
- Net Banking and Mobile Banking capacity has been doubled to manage 90,000 users concurrently; a significant step as most of our customers now rely on our digital channels for banking needs
- Your bank has migrated core Data Centres in Bengaluru and Mumbai to state-of-the-art facilities
- Disaster Recovery drills have been completed for all critical payment systems. This has reinforced our capability to switchover in less than 45 minutes when needed

- Significant upgrades in Network and Security infrastructure to support our exponential growth in digital transactions

Transactions managed in an hour

23 lakh+

Technology Issues and Solutions

Your Bank faces technology challenges and humbly accepts It and is actively working towards resolving it.

Things however have to be seen in perspective. Your Bank could not have become a leading player in the space, grown its market share across business segments (y-o-y) and serviced millions of customers in real time without a strong technology backbone.

In the last 28 months, your Bank has experienced five instances of downtime. Every instance has hardened its resolve to do better. The country has embarked on a tremendous digitisation drive across all sectors of the economy. And your Bank is committed to rising to the occasion and delivering value for all stakeholders by implementing cutting-edge technology solutions. This transformation is an ongoing journey. Some of the technology transformation will be implemented with strategic long-term objectives such as adopting the latest best-in-class technology.

Your Bank also has ambitious growth plans. In this context, it has embarked on a scale changing technology adoption and transformation agenda. Our aim is to 'Keep Systems ALWAYS ON. ALWAYS SECURE. AND PERFORM at SCALE'. Some of the specific initiatives that we have embarked on in our Technology Transformation Agenda include: Infrastructure scalability, Disaster Recovery (DR) resiliency, Security Enhancements and Enhanced Monitoring Mechanisms.

Your Bank continues to invest in IT products, infrastructure, services and tools to ensure a seamless banking experience. Key initiatives like a streamlined Customer Experience Hub and a modernised and significantly strengthened customer experience, allowing access to content across channels and devices, are on the anvil. Your Bank will continue to innovate and provide an enhanced digital experience so that your banking needs can be fulfilled in a safe, secure and convenient manner.

3) 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 invites and reviews the performance on customer service as well as grievance redressal at different levels - Branch Level Customer Service Committees (BLCSCs), Standing Committee on Customer Service (SCCS) and Customer Service Committee of the Board (CSCB).

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 and phonebanking, and on the other side, it has state-of-the-art platforms like Net Banking, Mobile Banking, the chatbot Eva offering 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 now has a Virtual Relationship Manager (VRM) programme to cater to various financial needs in a personalised manner. 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 a specialised team called Quality Initiatives Group, which also works towards implementing strategic initiatives of your Bank through customer experience management.

As part of its continuous efforts to enhance quality of service, the Service Quality team carries out regular reviews, including mystery shopping across various products/processes/channels by following a structured calendar. Service Quality reviews span across all customer touch points like Retail Branches, ATM, PhoneBanking, NetBanking, MobileBanking, Email Services, Relationship based banking etc, and cover key service parameters like adherence of stipulated TAT, complaints reduction and transactions monitoring to ensure meeting the committed service levels along with process enhancements. The effectiveness of the quality of service is reviewed periodically at different levels, including the Customer Service Committee of the Board.

Your Bank has provided multiple channels to its customers to share feedback on its services as well as register their grievances. It has a Grievance Redressal Policy, duly approved by its Board, available in the public domain for ready reference of the customers. 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 Customer Protection Policy, which limits the liability of customers in case of unauthorised 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 empathise better with customers and improve turnaround times. Branded as 'Infinite Smiles', the programme would help establish behaviours and practices that result in customer-centric actions through continuous improvements in product, services, process and policies.

Thanks to these initiatives, your Bank's customer complaints for FY 21 decreased by 14.8 per cent to 3,25,786 from 3,82,235 in the previous year.

4) Risk Management and Portfolio Quality

Traditionally, the key risks that your Bank is exposed to in the course of its business have been the Pillar 1 risks - Credit Risk, Market Risk and Operational Risk. Given the evolving banking landscape, Liquidity Risk and Cyber Security Risk are also vital. These risks not only have a bearing on your Bank's financial strength and operations but also on its reputation. Keeping this in mind, the Bank has put in place Board-approved risk strategy and policies, whose implementation is supervised by the Risk Policy and Monitoring Committee (RPMC). The Committee 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 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. It guides the development of policies, procedures and systems for managing risks. It ensures that these are adequate and appropriate to changing business conditions, the structure and needs of your Bank and its risk appetite.

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

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

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

Credit Risk

Credit Risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. Losses stem from outright default or reduction in portfolio value. Your Bank has a distinct credit risk architecture, policies, procedures and systems for managing credit risk in both its retail and wholesale businesses. Wholesale lending is managed on an individual basis 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.

During the COVID-19 pandemic, your Bank followed RBI directions and granted moratorium, loans backed by Government guaranteed schemes and also carried out one-time restructuring of the accounts. Your Bank has been prudent and adaptive in ensuring higher risk standards and proactively reviewing risk thresholds keeping in mind the COVID-19 pandemic. Further, your Bank assessed the potential stress impact of the pandemic on the credit profile of the Bank basis the available information accompanied with assumptions and judgemental overlay. As on March 31, 2021, your Bank's ratio of Gross Non Performing Assets (GNPAs) to Gross Advances was 1.32 per cent. Net Non-performing Assets (Gross Non-Performing Assets Less Specific Loan Loss provisions) was 0.40 per cent of Net Advances.

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

Digital Lending and Credit Risk

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

Market Risk

Market Risk arises largely from your Bank's statutory reserve management and trading activity in interest rates, equity and currency market. These risks are managed through a well-defined Board approved Market Risk Policy, Investment Policy, Foreign Exchange Trading Policy and Derivatives Policy that caps risk in different trading desks or various securities through trading risk limits/triggers. The risk measures include position limits, 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.

Further, owing to the COVID-19 pandemic, your Bank evaluated the plausible Mark to Market (MTM) impact on the trading portfolio, assuming judgemental scenario shocks, and undertook frequent reviews of trading portfolio for optimised deployment of surplus liquidity within the Bank. It is observed that at the onset of the pandemic, most of the asset classes became extremely volatile and the market witnessed significant correction in equities, weakening of domestic currency, surge in corporate spreads, etc under extreme risk aversion. Subsequently, both the global and Indian markets showed a sharp recovery.

Liquidity Risk

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

Your Bank's framework for liquidity and interest rate risk management is spelt out in its Asset Liability Management Policy that is implemented, monitored and periodically reviewed by the Asset Liability Committee (ALCO). As part of this process, your Bank has established various Board-approved limits, both for liquidity and interest rate risks. While the maturity gap and stock ratio limits help manage liquidity risk, net interest income and market value impacts help mitigate interest rate risk. This is reinforced by a comprehensive Board-approved stress testing programme covering both liquidity and interest rate risk. Due to the moratorium on loans and advances announced by the RBI during the COVID-19 pandemic, your Bank has conducted liquidity stress under an additional stress scenario, assuming incremental moratorium availed by customers and the stress gaps were within the internal threshold defined.

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

The Liquidity Coverage Ratio (LCR), a global standard, is also used to measure your Bank's liquidity position. LCR seeks to ensure that the Bank has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. While the RBI had provided dispensation to maintain the LCR at 80 per cent until September 30, 2020 and at 90 per cent until March 31, 2021 owing to COVID 19 pandemic, your Bank has consistently maintained the LCR well above 100 per cent. Based on Basel III norms, your Bank's LCR stood at 137.95 per cent on a consolidated basis for FY 2020-21.

Liquidity Coverage Ratio
137.95 per cent
on a consolidated basis for FY 2020-21

The RBI has also proposed a minimum Net Stable Funding Ratio (NSFR) of 100 per cent, which shall be effective from October 1, 2021. 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. As a prudent risk management practice, your Bank has been monitoring this ratio, and is thus adequately prepared to meet the RBI mandated requirements.

The accommodative policy stance by the RBI during the pandemic has resulted in the system liquidity at elevated levels. Your Bank also had a comfortable liquidity surplus during the year.

Operational Risk

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

a. **Framework and Process**

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

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

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

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

c. **Information Technology and Security Practices**

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

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

d. **Fraud Monitoring and Control**

Your Bank has put in place a Whistle Blower 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 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.

Cyber Security and Data Risk
Your Bank has robust cyber security measures in place. **For details please refer page 53.**

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. Typically, these relate, inter alia, to the impact on your Bank's profitability and capital adequacy.

In the backdrop of the COVID-19 pandemic, your Bank developed a topical stress scenario to assess the impact of COVID-19 stress on Credit Risk, Market Risk and Liquidity Risk. The COVID-19 pandemic crisis has been unprecedented, uncertain and continuously evolving. Thus the underlying assumptions and building blocks of the stress methodology get modified depending upon how the pandemic evolves domestically and globally. The stress results from this framework are deployed to ascertain the capital consumption under Pillar II risks as well as the overall impact on the capital adequacy of your Bank.

The COVID-19 pandemic crisis has been unprecedented, uncertain and continuously evolving. Thus the underlying assumptions and building blocks of the stress methodology get modified depending upon how the pandemic evolves domestically and globally.

Group Risk
Your Bank has two subsidiaries, HDB Financial Services Limited and HDFC Securities Limited. The Board of each subsidiary is responsible for managing their respective material risks (Credit Risk, Market Risk, Operational Risk, Liquidity Risk, Technology Risk, Reputation Risk, Compliance 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 ISO 22301 certified Business Continuity Plan (BCP) in place to minimise service disruptions and potential impact on its business, employees and customers during any unforeseen adverse event or circumstances. The central Business Continuity Office works towards strengthening the continuity preparedness. The plan is designed in accordance with the regulatory guidelines and is reviewed regularly. The implementation is overseen by the Information Security Group and the Business Continuity Steering Committee which is chaired by the Chief Risk Officer (CRO). The Business Continuity Policy and Procedure defines roles for Crisis Management, Business Recovery, Emergency Response and IT Disaster Recovery Planning teams. **Please refer to page 54 for more details.**

Ensuring Business Continuity during COVID 19
Team HDFC Bank rose to the challenge of delivering banking services during the outbreak of the COVID-19 pandemic. Your Bank emerged successfully from the nationwide lockdown and adopted a hybrid approach of working from home, nearby location as well as base location in accordance with pandemic protocols that have been periodically released by the Government.

This has ensured that we continue to keep the safety of our employees as our first priority. It was realised that the pandemic situation was going to be a long haul. Therefore the teams adopted various continuity strategies like split operations, work transfer, people transfer and work from home to move from crisis mode to business mode and continue delivering services to customers.

5) Implementation of Indian Accounting Standards (IND-AS)

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

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

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

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

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

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

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

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

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

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

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

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

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

6) Internal Controls, Audit and Compliance

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

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

Your Bank has put in place various preventive controls:

(a) Limited and need-based access to systems by users

(b) Dual custody over cash and near-cash items

(c) Segregation of duty in processing of transactions vis-à-vis creation of user IDs

(d) Segregation of duty in processing of transactions vis-à-vis monitoring and review of transactions/reconciliation

(e) Four eye principle (maker-checker control) for processing of transactions

(f) Stringent password policy

(g) Booking of transactions in core banking system mandates the earmarking of line/limit (fund as well as non-fund based) assigned to the customer

(h) STP processes between core banking system and payment interface systems for transmission of messages

(i) Additional authorisation leg in payment interface systems in applicable cases

(j) Audit logs directly extracted from systems

(k) Empowerment grid

Your Bank also has detective controls in place:

(a) Periodic review of user IDs

(b) Post-transaction monitoring at the back-end by way of call back process (through daily log reports) by an independent person, i.e., to ascertain that entries in the core banking system/messages in payment interface systems are based on valid/authorised transactions and customer requests

(c) Daily tally of cash and near-cash items at end of day

(d) Reconciliation of Nostro accounts (by an independent team) to ascertain and match-off the Nostro credits and debits (External or Internal) regularly to avoid / identify any unreconciled/unmatched entries passing through the system

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

(f) Independent and surprise checks periodically by supervisors

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

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

The Internal Audit Department also independently reviews your Bank's implementation of Internal Rating Based (IRB)-approach for calculation of capital charge for Credit Risk, the appropriateness of 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.

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 Chairman of the Audit Committee of the Board and a dotted line reporting to the Managing Director.

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

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

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

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

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

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

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

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 largest retail broking firms. The financial results of the subsidiaries are prepared in accordance with notified Indian Accounting Standards ('Ind-AS') with effect from April 1, 2018 (April 1, 2017 being the transition date). Accordingly, the financial results for the comparative reporting period have also been prepared in accordance therewith.

The detailed financial performance of the companies is given below.

Transacting customers of HSL

10.10 lakh

HDFC Securities Limited (HSL)

HSL's Total Income under Indian Accounting Standards was ₹ 1,399.43 crore as against ₹ 862.26 crore in the previous year and Net Profit was ₹ 703.23 crore as against ₹ 384.15 crore in the previous year. The company has a customer base of 27.26 lakh to whom it offers an exhaustive range of investment and protection products. In the year under review, HSL had 10.10 lakh (a little over a million) transacting customers. The focus on digitisation continued. Notably, 92 per cent of its customers accessed its services digitally, against 79 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 159 cities/towns at the end of the year. It created Digital Boarding Journeys which led to more than 50% customers being onboarded digitally.

In the case of Margin Trade Funding (MTF), the average book size during the year was ₹ 932 crore, which is 71% higher than the average book size of ₹ 544 crore in the last financial year. The book size at the year end stands at ₹ 1,680 crore. The stock markets started FY 2020-21 with pessimism and ended with optimism. An important indicator of this has been the Nifty 50's sharp swing from 8,473 in March 2020 to 14,720 by the end of the year. This resulted in HSL's improved performance. The benchmark index Nifty rose 73% whereas the Sensex rose 68% over this year. Digitisation, along with the vaccination drive, the various stimulus packages and the FY 2021-22 Budget have added to investor confidence in the markets.

As on March 31, 2021, your Bank held 96.34% stake in HSL.

HDB's AUM

₹ 61,560.7 crore
as of March 31, 2021

HDB Financial Services Limited

Incorporated in 2007, HDB Financial Services Limited ('HDB') is a subsidiary company of HDFC Bank. It has a strong network of over 1,319 branches spread across 959 cities/towns. HDB's net interest income grew 6.8 per cent to ₹ 4,262.7 crore for the year ended March 31, 2021, from ₹ 3,991.0 crore in the year ended March 31, 2020. Profit for the year under review was ₹ 502.8 crore against ₹ 1,036.9 crore in the previous year. Its Assets Under Management for the year ended March 31, 2021 stood at ₹ 61,560.7 crore. HDB is a leading NBFC that caters to the evolving needs of its customers by re-imagining opportunities and fulfilling their aspirations. As a one-stop financial services provider, 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

HDB is engaged in the business of Loans, Fee based products and BPO services.

Loans: HDB offers a diversified 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 household goods, appliances and personal devices. HDB also provides loans to individuals for personal, family or household purposes to meet their short or medium term requirements.

Enterprise Loans
HDB offers secured and unsecured loans designed to meet the needs of Small and Micro Enterprises including working capital and term loans.

Asset Finance
HDB offers loans for the purchase of new and used vehicles and 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 recently started providing 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). It sells Life and General 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. Front office services such as contact centre management, outbound marketing and collection services are also undertaken by HDB.

The Enablers
HDB has a strong understanding of customer needs, providing them with customised products and has a robust risk management framework, which enabled the company to grow even in a pandemic year. 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 their loan account 24*7 through its Mobile Banking Application * 'HDB On The Go', Customer Service Portal, Missed Call Service, WhatsApp Account Management Service and the Chatbot #AskPriya.

As on March 31, 2021, your Bank held 95.1 per cent stake in HDB.

Other Statutory Disclosures

Number of Meetings of the Board, attendance, meetings and constitution of various Committees
Seventeen (17) 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 Auditor under Section 143(12) of the Companies Act, 2013 to the Audit Committee or the Board of Directors of the Bank.

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as on March 31, 2021 and of the profit of the Bank for the year ended on that date.
- We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- We have prepared the annual accounts on a going concern basis.
- We have laid down internal financial controls to be followed by the Bank and have ensured that such internal financial controls were adequate and operating effectively.
- We have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

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

Statutory Auditors
The Bank's current Statutory Auditors are MSKA & Associates, Chartered Accountants. MSKA & Associates were appointed as Statutory Auditor of the Bank, to hold office for a period of four consecutive years from the conclusion of the 25th AGM of the Bank held on July 12, 2019, till the conclusion of the 28th AGM to be held for the Financial Year 2022-23, subject to the approval of the Reserve Bank of India. Pursuant to the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 issued by the Reserve Bank of India ('RBI Guidelines'), banks may appoint the SCAs/SAs for a continuous period of three years. Since MSKA & Associates have already completed two years as Statutory Auditors of the Bank for FY 2019-20 and FY 2020-21, they may continue as Statutory Auditor for one more year, i.e. FY 2021-22, subject to the approval of the RBI. Accordingly, the Bank needs to revise the tenure of appointment of MSKA & Associates as Statutory Auditor of the Bank, to be read as a period of three years w.e.f FY 2019-20 till FY 2021-22, instead of the original tenure of four years w.e.f FY 2019-20 till FY 2022-23 as earlier approved by the shareholders.

Further, the RBI Guidelines mandate that for banks with asset size of ₹15,000 crore and above as at the end of previous year, the statutory audit should be conducted under joint audit of a minimum of two audit firms. Accordingly, the Bank needs to appoint minimum of two joint statutory auditors as per RBI guidelines. Accordingly, the Board of Directors, on the recommendation of the Audit Committee, has finalized and recommended to RBI for approval, the name of M. M. Nissim & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 107122W/W100672) as the first preferred firm to act as joint Statutory Auditors of the Bank for a period of three years from FY 2021-22 till FY 2023-24, subject to approval of the shareholders at the ensuing AGM and subject to RBI approval for each year of their tenure. This firm shall act as the joint Statutory Auditors of the Bank along with MSKA & Associates for FY 2021-22 and thereafter act as joint Statutory Auditors of the Bank with such other new joint Statutory Auditor(s) who will be appointed by the Bank subject to prior permission of RBI and approval of the Members of the Bank from FY 2022-23 onwards.

Appropriate resolutions in this regard are also being proposed at the ensuing AGM.

During the year ended March 31, 2021, fees paid to Statutory Auditors (MSKA & Associates) and its network firms are as follows:

(₹ in crores)

Fees (including taxes)	HDFC Bank to Statutory Auditors	HDFC Bank to network firms of Statutory Auditors	Subsidiaries of HDFC Bank to Statutory Auditors and its network firms
Statutory audit	3.20	-	-
Certification & assurance services	0.98	-	-
Non-audit services	-	-	-
Outlays and Taxes	0.45	-	-
Total	4.63	-	-

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, the Bank has obtained a certificate from its statutory auditors (MSKA & Associates) to this effect.

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 11 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 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' which encompasses a comprehensive framework of managing complaints of every stakeholder. It encourages its employees and various stakeholders to raise concerns about illegal / unethical behaviour observed in the Bank, compromise/ violation of Bank's Code of Conduct and Ethics Policy or legal or regulatory provisions, corruption, misuse of office, criminal offences, actual or suspected fraud and other malpractices detrimental to the interest of the Bank without any fear of reprisal, discrimination, harassment or victimization of any kind.

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

All such concerns/ complaints are received by the Chief of Internal Vigilance of the Bank and/or by the Whistle Blower Committee through a dedicated email ID mapped to the Whistle Blower Committee members or by way of letter addressed to the Chief of Internal Vigilance of the Bank. Such complaints can also be filed directly by the employee in the internal Information Portal of the Bank. In case the whistle blower wishes to raise a complaint directly to the members of the Audit Committee of the Board (ACB), and not through above mentioned normal channels, the complaint may be directly made to the Chairperson of the ACB.

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

Details of whistle blower complaints received and subsequent action taken and the functioning of the Whistle Blower mechanism are reviewed periodically by the ACB. No person has been denied access to the ACB. During the financial year 2020-21, a total of 86 such complaints were received and taken up for investigation of which 56 whistle blower complaints were resolved as of March 31, 2021. Further, 21 cases have resulted in certain staff actions post investigation. The broad categories of whistle blower complaints were in the areas of improper business practices, behavioural related issues and corruption related.

The Whistle Blower 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. The Bank believes that the asserted claims are baseless and without merit and intends to vigorously defend against the allegations.

Statement on Declaration by Independent Directors

Mr. Malay Patel, Mr. Umesh Chandra Sarangi, Mr. Sanjiv Sachar, Mr. M. D. Ranganath and Mr. Sandeep Parekh are the Independent Directors whereas Dr. (Ms). Sunita Maheshwari is the Additional Independent Director on the Board of the Bank as on March 31, 2021. Further, the Bank has appointed Mr. Atanu Chakraborty as the Part Time Non-Executive Chairman and Additional Independent Director of the Bank with effect from May 5, 2021.

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

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

Board Performance Evaluation

The Bank's Board of Directors, led by the Nomination and Remuneration Committee (NRC), invited an independent third-party global leadership advisory firm to conduct a Board effectiveness review to monitor and enhance its performance, and reinforce a culture of high performance in the boardroom.

The review focused on two sides of the 'governance' coin: processes and behaviors. In particular, the areas of review for the Board included Board structure and composition; relationships & dynamics on the Board; meetings, information flows and agenda; strategy and business performance; talent management and succession planning; risk management, regulatory compliance, governance practices and continuous development.

The Committees review focused on areas including overall effectiveness, Committee composition and succession planning, clarity of remit and delegated authority, balance of agenda items between the Committee and the Board and clarity and action items reported by the Committee to the Board.

At an individual Board member level, Independent and Non-Independent Board members were assessed in areas like overall engagement and alignment, quality of contribution, openness in listening and receiving feedback, ability to challenge and take tough decisions etc.

The review made use of both an online structured questionnaire and follow-up 1-1 individual director interviews. Key executives from the management team also lent their perspective on their interactions and experience with the Board through additional conversations. The findings on the Board's current practices were benchmarked with global best-in-class organizations.

The review findings recognized the functional expertise of the Board members, functioning of the key Committees, Board's detail-oriented approach and effectiveness of Board's oversight on critical matters. The culture of cohesiveness, integrity, trust and transparent decision-making at the Board was also noted. Some areas of focus for Board going forward included increasing time dedicated to strategic topics, bringing a holistic enterprise wide approach to risk management and succession planning.

The findings of the exercise were reviewed by the NRC, Independent Directors and the Board. The appropriate feedback was conveyed to the Board members and other concerned stakeholders, for suitable action.

Since Dr. (Ms.) Sunita Maheshwari was appointed on the Board with effect from March 30, 2021, she had not attended any Board meeting held in FY 2020-21 and thus did not participate in the Board performance evaluation for FY 2020-21. Similarly, Mr. Atanu Chakraborty was appointed as the Part Time Non-Executive Chairman and Additional Independent Director of the Bank with effect from May 5, 2021 and thus did not participate in the Board performance evaluation for FY 2020-21.

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/assets/pdf/Policy-for-appointment-and-fit-proper-criteria-for-directors.pdf

The remuneration of 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 link https://www.hdfcbank.com/assets/pdf/Compensation-Policy.pdf. The Compensation Policy of the Bank, duly reviewed and recommended by the NRC has been articulated in line with the relevant Reserve Bank of India guidelines.

Your Bank's Compensation Policy is aimed to attract, retain, reward and motivate talented individuals critical for achieving strategic goals and long term success. The Compensation

Policy is aligned to business strategy, market dynamics, internal characteristics and complexities within the Bank. The ultimate objective is to provide a fair and transparent structure that helps the Bank to retain and acquire the talent pool critical to building competitive advantage and brand equity.

Your Bank's approach is to have a "pay for performance" culture based on the belief that the Performance Management System provides a sound basis for assessing performance holistically. The compensation system should also take into account factors such as roles, skills / competencies, experience and grade / seniority to differentiate pay appropriately on the basis of contribution, skill and availability of talent on account of competitive market forces. The details of the Compensation Policy are also included in Note No. 26 of Schedule 18 forming part of the Financial Statements.

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 Chairman, are paid profit-related commission of ₹ 1,000,000 (Rupees Ten Lakh Only) per annum for each Non-Executive Director.

However, under RBI circular on Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board dated April 26, 2021, starting from FY 2021-22, the Bank may provide for payment of compensation to Non-Executive Directors in the form of a fixed remuneration. However, such fixed remuneration for a Non-Executive Director, other than the Chair of the Board, shall not exceed ₹ 2,000,000 per annum as per the said RBI circular. A resolution in this regard is also being proposed for approval of the shareholders at the ensuing Annual General Meeting.

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 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, 2021.

Succession Planning

The Bank's Nomination and Remuneration Committee (NRC) oversees matters of succession planning of its Directors, Senior Management and Key Managerial Personnel of the Bank.

Considering the cessation of tenure of Mr. Aditya Puri as the Managing Director of the Bank in October 2020, the Board of Directors had constituted a Search Committee comprising of certain Board members with the mandate to identify potential candidates, both internal and external, to be the next Managing Director & CEO of the Bank. The Search Committee, as authorized by the Board, and with the assistance of a reputed international executive search firm, undertook an extensive global search process and looked at both internal and external candidates and Mr. Sashidhar Jagdishan was identified as the successor to the erstwhile Managing Director. The appointment of Mr. Sashidhar Jagdishan has been approved by the Reserve Bank of India on August 3, 2020, and he took charge as the Managing Director & CEO of the Bank with effect from October 27, 2020. Mr. Sashidhar Jagdishan's appointment was also approved by the shareholders by way of postal ballot on December 1, 2020.

Further, the Bank has also appointed Mr. Atanu Chakraborty as Part Time Non-Executive Chairman and Additional Independent Director of the Bank with effect from May 5, 2021, pursuant to the cessation of tenure of the erstwhile Chairperson and Independent Director, Mrs. Shyamala Gopinath, with effect from close of business hours on January 1, 2021.

Significant and Material Orders Passed by Regulators

During the FY 2020-21, Reserve Bank of India and other regulatory / statutory authorities have imposed penalties / issued strictures / prohibitions / restrictions on the Bank:

A. Penalties

1. Reserve Bank of India (RBI) has vide its letter dated December 4, 2020 imposed a monetary penalty of ₹10 lacs on the Bank for bouncing of SGL, which led 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.

2. Securities Exchange Board of India ("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 a corporate entity 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 has challenged SEBI's order before SAT and the hearing in the matter is in progress.

B. Restrictions imposed

Reserve Bank of India (RBI) has issued an Order dated December 02, 2020 ("Order") to HDFC Bank Limited 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.

Further, the below penalty does not pertain to FY 2020-21, however is being disclosed:
The 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.

Directors and Key Managerial Personnel

In compliance with Section 152 of the Companies Act, 2013, Mr. Srikanth Nadhamuni will retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

A resolution seeking shareholders' approval for his re-appointment forms a part of the Notice of this AGM. A brief resume is furnished in the report on Corporate Governance for the information of shareholders.

During the year, Mr. Aditya Puri has retired as the Managing Director of the Bank at the end of business hours on October 26, 2020, upon reaching 70 years of age, in accordance with the tenure approved by the Reserve Bank of India. As the Managing Director of the Bank since its inception in the year 1994, Mr. Puri has provided outstanding leadership and has contributed significantly to enable the Bank scale phenomenal heights. Mr. Puri's strategic vision was the driving force behind the Bank's foray into the world of "digital banking". In his path-breaking journey of 26 years with the Bank, he has been conferred with numerous awards and accolades, including the recent Lifetime Achievement Award by Euromoney (Global) Awards for Excellence 2020. Mr. Puri leaves behind a legacy of strong cultural values, prudent risk management, sustainable growth and contribution to nation building through 'Parivartan', the Bank's social initiatives brand which has contributed to improving the lives and livelihood of millions of Indians. The Board places on record its deep and sincere appreciation for the exceptional contribution made by Mr. Puri, and wishes him the very best for his future endeavours.

Further, during the year, Mrs. Shyamala Gopinath has ceased to be the Part-Time Non- Executive Chairperson and Independent Director of the Bank with effect from the close of business hours on January 1, 2021, in accordance with the tenure approved by the Reserve Bank of India. Your Directors place on record their sincere appreciation for the contribution made by Mrs. Shyamala Gopinath during her tenure with the Bank and wishes her well in future endeavours.

Further, your Bank has appointed Mr. Sashidhar Jagdishan as the Managing Director & CEO of the Bank with effect from October 27, 2020, which has been approved by shareholders by means of postal ballot on December 1, 2020.

Dr. (Ms). Sunita Maheshwari has been appointed as an Additional Independent Director subject to the approval of the shareholders with effect from March 30, 2021 on the Board of the Bank. Further, the Bank has appointed Mr. Atanu Chakraborty as the Part Time Non-Executive Chairman and Additional Independent Director of the Bank with effect from May 5, 2021, to hold office till the conclusion of the AGM.

During the Financial Year 2020-21, there have been no changes in the Directors and Key Managerial Personnel of the Bank other than the above.

Particulars of Employees

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

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

(A) Conservation of Energy

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

- Installation of green locks and AC controllers in 7500 air conditioning machines in order to save energy and support go-green initiative
- Installation of energy capacitors at 74 high consumption offices to control the power factor and to reduce energy consumption
- All main signboards in branches switched off post 10 p. m. In 500 locations we already manage through Sensors with the help of Eco Energy System.
- Put controls on usage of lifts, ACs, common passage lights and other electrical equipment
- Provided LED lamps at branches and offices
- Provided solar panels for captive power generation at our offices in Pune and Bhubaneswar, Noida

It has also:

- Reduced contract demand at Kanjurmarg Hub in Mumbai, Hinjewadi, Palm Spring, and Bandra (East), Kalanagar in Maharashtra. This is reflected in the monthly billing.
- Replaced CFL lamps with LED fixtures at Kanjurmarg Hub/ WBO/Fort in Mumbai/Bank House Mumbai

(B) Technology Absorption

Your Bank has upgraded the Banking Platform (Weblogic & Kubernetes) and completed containerization of an additional 300+ services. This ensures scalability as successful migration of core banking accounting API for transactions originating from UPI has been completed and system is ready for increased load from NetBanking. The

Bank's IT infrastructure capacity for UPI transactions has been tripled. Your Bank has successfully managed over 23 Lakh transactions in an hour, and is ranked among the top, in the published NPCI dashboard of UPI Performance Metrics. Technical declines are down with the average uptime for customers at 99.91 per cent in the year under review.

(C) Foreign Exchange Earnings and Outgo

During the year, the total foreign exchange earned by the Bank was ₹ 2,438.4 crore (on account of net gains arising on all exchange / derivative transactions) and the total foreign exchange outgo was ₹ 1,660.52 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 2020-21. The report of the Secretarial Auditors is enclosed as **Annexure 7** to this Report.

Corporate Governance

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

Business Responsibility Report

The Bank's Business Responsibility Report containing a report on its Corporate Social Responsibility Activities and Initiatives in the format adopted by companies in India as per the guidelines of the Securities and Exchange Board of India in this regard is available on its web site https://www.hdfcbank.com/personal/about-us/investor-relations/annual-reports

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

It has clearly been the year of the pandemic. While the country had barely come out of the first wave, the more dangerous second wave struck posing fresh challenges for the global and the Indian economy. The presence of the vaccine is a clear source of comfort but there are challenges around its supply. The proactive measures taken by the Union Government like allowing imports is expected to ease the situation. As is the decision to go in for a centralised vaccination procurement and free distribution of vaccines to everyone above the age of 18.

Notwithstanding these challenges the Indian economy is expected to be among the fastest growing ones in the world. Perhaps not as fast as projected earlier. The Union Government's decision to put growth ahead of fiscal consolidation is another positive.

Your Bank of course cannot remain entirely unaffected by these developments. It has certain factors in its favour : A strong balance sheet with among the lowest NPA levels in the industry, a franchise that inspires trust and capitalisation levels that exceed regulatory norms. This means it can continue lending as well as innovate. While there have challenges when it comes to technology, your Bank has initiated both short term as well as long term measures to overcome these.

The biggest opportunity is of course the under penetration of banking services in the country. Changing global dynamics means that countries are increasingly trying to diversify and do not want want to put all their eggs in the China basket. India is well positioned to capitalise on this opportunity. Your Bank is also expected to benefit from these developments.

It will however not abandon the core principles of its journey of over a quarter century. As always it will blend its quest for growth with caution so that there is no undue stress on the balance sheet. The five core values : Customer Focus, Operational Excellence, Product Leadership, People and Sustainability will continue to guide us in this story. As we continue to 'Lead Responsibly'.

On behalf of the Board of Directors

Sashidhar Jagdishan
Managing Director & CEO

Umesh Chandra Sarangi
Independent Director

June 18, 2021

Annexure 1 to the Directors' Report

The ESOP Schemes of the Bank are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 ("the Regulations") and the details as per the Regulations are as under:

Employees' stock options as on March 31, 2021

Schemes	Date of Share-holders Approval	Total No of Options Approved FV of ₹ 1/- each	Exer-cise Price FV of ₹ 1/- each	Options Opening balance FV ₹ 1/- each	Options Granted / Options Re-instated FV ₹ 1/- each	Options Vested FV ₹ 1/- each	Options Exercised & Shares Allotted of FV ₹ 1/- each	Options Forfeited	Options Lapsed	Total Options in Force as on March 31, 2021
Plan E-ESOS XIX	June 30 , 2010	20,00,00,000	340.00	17,05,500			17,05,500			0
Plan D-ESOS XX	June 16, 2007	15,00,00,000	340.00	3,45,900			3,45,900			0
Plan C-ESOS XXI	June 17, 2005	10,00,00,000	340.00	4,59,800			4,59,800			0
Plan C-ESOS XXIII	June 17, 2005	10,00,00,000	417.75	25,300			15,600			9,700
Plan F-ESOS XXIV	June 27, 2013	20,00,00,000	417.75	89,29,000			53,56,100		14,300	35,58,600
Plan F-ESOS XXV	June 27, 2013	20,00,00,000	546.33	2,88,83,600			1,33,10,900		56,500	1,55,16,200
Plan F-ESOS XXVII	June 27, 2013	20,00,00,000	716.60	2,07,25,292		76,94,600	46,69,162	57,310	1,30,280	1,58,68,540
Plan F-ESOS XXVIII	June 27, 2013	20,00,00,000	731.08	30,930		9,600	0	0	0	30,930
Plan G-ESOS XXIX	July 21, 2016	20,00,00,000	1030.60	3,31,21,820		1,02,28,900	26,56,010	5,34,000	3,78,530	2,95,53,280
Plan G-ESOS XXX	July 21, 2016	20,00,00,000	1003.03	8,22,660		2,53,800	75,350	0	0	7,47,310
Plan G-ESOS XXXI	July 21, 2016	20,00,00,000	1045.23	6,02,000		1,80,600	1,21,600	0	0	4,80,400
Plan G -ESOS XXXII	July 21, 2016	20,00,00,000	1107.18	5,78,000		2,03,400	51,200	0	0	5,26,800
Plan G -ESOS XXXIII	July 21, 2016	20,00,00,000	1229.00	4,56,15,400		1,12,86,300	7,22,900	11,89,900	51,600	4,36,51,000
Plan G -ESOS XXIV	July 21, 2016	20,00,00,000	882.85	10,20,400		2,55,400	0	0	0	10,20,400
Plan G -ESOS XXV	July 21, 2016	20,00,00,000	1235.80	0	5,74,66,600	0	0	2,61,000	0	5,72,05,600
Total :-				**14,28,65,602**	**5,74,66,600**	**3,01,12,600**	**2,94,90,022**	**20,42,210**	**6,31,210**	**16,81,68,760**

Options Exercised during FY 2020-21	29,490,022
Share Capital Money received during FY 2020-21 (₹)	29,490,022.00
Share Premium Money received during FY 2020-21 (₹)	17,571,505,039.70
Perquisite Tax Amount collected during FY 2020-21 (₹)	7,057,730,379.00
Total Amount collected during FY 2020-21 (₹)	**24,658,725,440.70**

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

Vesting Requirements	Except for the death/ permanent disablement or retirement of the employee, the options will vest only if the employee is in the continuous and uninterrupted employment of the Bank as on the date of vesting.
Maximum Term of Options	Provided the employee is in the continuous and uninterrupted employment of the Bank, the options vested under the ESOP Scheme XIX to ESOP Scheme XXVIII will lapse in case the same are not exercised by the employee within 4 years from the respective dates of vesting. However, for the grant of options under the ESOP Scheme XXIX to ESOP Scheme XXXV, 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, provided that the options have completed the one year period from the date of grant. However, in case the event occurs before the 1st vesting date, then in such case, all such options which are granted shall vest in the employee within one year from the occurrence of the event or on the 1st vesting date whichever is earlier. All such options are required to be exercised within one year from the date of vesting.
Source of shares	Primary
Variation in terms of ESOS	Nil

i. Details of stock options granted to directors, senior management and key managerial personnel

Sr. No.	Name	Grade	Final Grant
1	Aditya Puri #	Former Managing Director	-*
2	Kaizad Bharucha	Executive Director	-*
3	Sashidhar Jagdishan	Managing Director and CEO	2,60,000*
4	Anjani Rathor	Group Head	2,60,000
5	Arup Rakshit	Group Head	2,16,000
6	Arvind Kapil	Group Head	2,60,000
7	Arvind Vohra	Group Head	2,60,000
8	Ashima Bhat	Group Head	2,60,000
9	Ashish Parthasarthy	Group Head	2,60,000
10	Benjamin Frank	Group Head	2,16,000
11	Bhavesh Zaveri	Group Head	2,60,000
12	Chakrapani Venkatachari	Group Head	2,60,000
13	Dhiraj Relli (on deputation to HDFC Securities Ltd, the Bank's subsidiary)	Group Head	2,60,000
14	Jimmy Tata	Group Head	2,60,000
15	Nirav Shah	Group Head	2,60,000
16	Parag Rao	Group Head	2,60,000
17	Rahul Shukla	Group Head	2,60,000
18	Rakesh Singh	Group Head	2,60,000
19	Ramesh Lakshminarayanan	Group Head	2,60,000
20	Raveesh Bhatia	Group Head	2,16,000
21	S Sampath Kumar	Group Head	2,60,000
22	Smita Bhagat	Group Head	2,60,000
23	Srinivasan Vaidyanathan	Chief Financial Officer	2,60,000
24	Vinay Razdan	Group Head	2,60,000
25	Santosh Haldankar	Senior Vice President (Legal) & Company Secretary	37,600

Mr. Aditya Puri ceased to be the Managing Director of the Bank with effect from the close of business hours on October 26, 2020, upon reaching 70 years of age, in accordance with the tenure approved by the Reserve Bank of India.

* Mr. Aditya Puri was granted a total quantum of 4,06,140 employee stock options for the performance year 2019-20 basis approval from the Reserve Bank of India dated April 29, 2021. Mr. Kaizad Bharucha was granted a total quantum of 1,53,300 employee stock options for the performance year 2019-20 basis approval from the Reserve Bank of India dated April 29, 2021. Mr. Sashidhar Jagdishan took over as Managing Director and Chief Executive Officer from October 27, 2020. The quantum of grant reported for him pertains to the grant received in his erstwhile role of Group Head of the Bank during the financial year 2020-21 prior to his appointment as Managing Director and Chief Executive Officer.

ii.	Other employees who received a grant in any one year of options amounting to 5 percent 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 ₹ 56.3

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	Had the Bank followed fair value method for accounting, the stock option compensation expense would have been higher by ₹ 1,117.0 crore. Consequently profit after tax would have been lower by ₹ 1,117.0 crore and the basic EPS of the Bank would have been ₹ 54.6 per share (lower by ₹ 2.0 per share) and the diluted EPS would have been ₹ 54.3 per share (lower by ₹ 2.0 per share)
vi.	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock options	The weighted average price of the stock options exercised is ₹ 596.8 and the weighted average fair value is ₹ 189.9
vii	A description of the method and significant assumptions used during the year to estimate the fair value of options, at the time of grant including the following weighted average information:	The Securities and Exchange Board of India (SEBI) has prescribed two methods to account for stock grants; (i) the intrinsic value method; (ii) the fair value method. The Bank adopts the intrinsic value method to account for the stock options it grants to the employees. The Bank also calculates the fair value of options at the time of grant, using binomial option-pricing model with the following assumptions
	I. Risk-free interest rate	4.63 % to 5.75 %
	II. Expected life	1 to 6 years
	III. Expected volatility	20.13 % to 28.93 %
	IV. Expected dividends	0.61 %
	V. The price of the underlying share in the market at the time of option grant	The market price per share was ₹ 1,235.8 at the time of grant of options under ESOS XXXV.
	VI. The weighted average market price of Bank's shares on NSE at the time of option grant	₹ 1238.33 at the time of grant of options under ESOS XXXV
	VII. Method used and assumptions made to incorporate effects of expected early exercise	The exercise multiple, which is based on historical data of early option exercise decisions of the employees, incorporates early exercise price effect in the valuation of ESOPs. The exercise multiple indicates that option holders tend to exercise their options when the share price reaches a particular multiple of the exercise price.
	VIII. How expected volatility was determined, including explanation of the extent to which expected volatility was based on historical volatility	Stock expected volatility is completely based on GARCH volatility forecasting model using historical stock prices from the market.
	IX. Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	Stock price and risk free interest rate are variables based on actual market data at the time of ESOP valuation.

Annexure 2 to the Directors' Report

HDFC Bank Annual CSR Report 2020-21

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, 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 Committee as on March 31, 2021:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Umesh Chandra Sarangi	Independent Director & Chairperson	3	3
2	Mr. Sanjiv Sachar	Independent Director	3	3
3	Mr. Malay Patel	Independent Director	3	3
4	Mrs. Renu Karnad*	Non- Executive Director	3	3
5	Mr. Aditya Puri*	Former Managing Director	3	2
6	Mr. Kaizad Bharucha*	Executive Director	3	1

* During the year, Mr. Aditya Puri ceased to be a member of the Committee pursuant to the cessation of his tenure as Managing director of the Bank while Mrs. Karnad and Mr. Bharucha were inducted as members on the Committee with effect from June 3, 2020 and November 25, 2020, respectively

3. Provide the web-link where Composition of CSR 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):

An impact assessment of the Bank's Holistic Rural Development Program in 15 districts of Uttar Pradesh was carried out voluntarily in the reporting year. The detailed report is available on the link below
https://v1.hdfcbank.com/csr/pdf/RTI-HRDP-Impact-Assessment-Report-Final.pdf

The Bank shall carry out impact assessment as required by the provisions contained in sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 introduced with effect from January 22, 2021.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2020-21	NA	NA
	Total		

6. Average net profit of the company as per section 135(5): ₹ 31,393 crore

7.

(a) **Two percent of average net profit of the company as per section 135(5):** ₹ 627.86 crore

(b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** ₹ 0 crore

(c) **Amount required to be set off for the financial year, if any:** NA

(d) **Total CSR obligation for the financial year (7a+7b-7c):** ₹ 627.86 crore

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ crore)	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
634.91	NA	NA	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Project duration	Amount Allocated for the Project (₹ crore)	Amount spent in the current financial Year (₹ crore)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ crore)	Mode of Implementation -Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1	Zero Investment Innovations for Education Initiatives (ZIIEI)	Promoting Education (ii)	Yes	PAN India	Multiple Districts	1 year	19.37	19.37	NA	No	Sri Aurobindo Society	CSR00000200
2	Utkarsh	Promoting Education (ii)	Yes	Rajasthan	Jaipur	2 years	0.15	0.15	NA	No	Moinee Foundation	CSR00000043
3	Digital Equalizer	Promoting Education (ii)	Yes	Maharashtra	Mumbai	1 year	0.78	0.78	NA	No	The America India Foundation	CSR00001977
4	Patang Learning Centers	Promoting Education (ii)	Yes	Maharashtra	Mumbai & Thane	2 years	0.38	0.38	NA	No	Save the Children India	CSR00000158
5	Smart Classroom	Promoting Education (ii)	Yes	Bihar	Arariya, Jamui, Patna, Kaimur, Madhubani	1 year	1.32	1.32	NA	Yes	Direct	NA
6	Digitization of schools	Promoting Education (ii)	Yes	Madhya Pradesh, Maharashtra Rajasthan, Uttar Pradesh, Himachal Pradesh	Bhopal, Indore, Raigad, Pune, Barmer, Jodhpur, Banaras, Amethi, Gorakhpur, Baraich, Balrampur, Hamirpur, Bilaspur, Una	1 year	4.34	4.34	NA	Yes	Yuva Unstoppable	CSR00000473
7	Digital Education	Promoting Education (ii)	Yes	Haryana	Panchkula	3 years	0.59	0.59	NA	Yes	Direct	NA
8	Schools Rehabilitation Program- East	Promoting Education (ii)	Yes	Bihar	Sitamarhi Madhubani	2 years	1.09	1.09	NA	No	Oxfam India	CSR00000839
9	Schools Rehabilitation Program- NE	Promoting Education (ii)	Yes	Assam	Kamrup Barpeta	2 years	0.50	0.50	NA	No	Citizens Foundation	CSR00000589
10	School Rehabilitation – NE	Promoting Education (ii)	Yes	Assam	Nalbari Baksa	2 years	0.08	0.08	NA	No	Gramya Vikash Manch	CSR00000407
11	Shikshan Mitra	Promoting Education (ii)	Yes	Maharashtra	Palgarh	1 year	0.56	0.56	NA	No	All India Institute of Local Self Government	CSR00000373
12	Anando	Promoting Education (ii)	Yes	Maharashtra	Yavatmal	1 year	0.05	0.05	NA	No	Light of life Trust	NA

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Project duration	Amount Allocated for the Project (₹ crore)	Amount spent in the current financial Year (₹ crore)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ crore)	Mode of Implementation -Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
13	Skill Training Program for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	New Delhi	New Delhi	1 year	0.13	0.13	NA	No	Udayan Care	CSR00000619
14	Skill Training Program for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Chandigarh Maharashtra	Chandigarh Pune	1 year	2.58	2.58	NA	No	Friends Union for Energizing Lives	CSR00000051
15	Skill Training Program for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Uttar Pradesh	Lucknow	1 year	0.80	0.80	NA	No	Ambuja Cement Foundation	NA
16	Skill Training Program for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Karnataka	Hubli and Dharwad	1 year	2.83	2.83	NA	No	Deshpande Foundation	CSR00001646
17	Skill Training for women	Vocational Training and Livelihood Enhancement (ii)	Yes	PAN India	Multiple Districts	1 year	1.00	1.00	NA	No	CSC Academy	NA
18	Nursing training Program	Vocational Training and Livelihood Enhancement (ii)	Yes	Jharkhand	Ranchi, Chaibasa, Gumla	2 years	3.60	3.60	NA	No	PAN IIT Alumni Reach for India Foundation	CSR00000005
19	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Chhattisgarh	Bastar & Kanker	1 year	0.63	0.63	NA	No	Professional Assistance for Development Action (PRADAN)	CSR00000973
20	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Punjab	Bathinda	1 year	1.20	1.20	NA	No	Care India Solution for Sustainable Development	CSR00000786
21	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Gujarat	Chhota Udaipur	1 year	1.00	1.00	NA	No	Care India Solution for Sustainable Development	CSR00000786
22	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Madhya Pradesh	Damoh	1 year	1.51	1.51	NA	No	Care India Solution for Sustainable Development	CSR00000786
23	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Jharkhand	Dumka & Godda	1 year	0.52	0.52	NA	No	Professional Assistance for Development Action (PRADAN)	CSR00000973
24	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra	Ratnagiri	1 year	0.26	0.26	NA	No	The Pride India	CSR00001069
25	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Rajasthan	Dholpur	1 year	0.81	0.81	NA	No	Manjari Foundation	CSR00000074
26	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra Uttarakhand, Gujarat, Odisha, Rajasthan, Jharkhand	Amravati, Yavatmal, Nainital, Pithoragarh, Dahod, Mayurbhanj, Kalahandi, Sirohi, Dumka	1 year	8.14	8.14	NA	No	Tata Education and Development Trust	CSR00003775
27	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Rajasthan	Sawai Madhopur	1 year	1.20	1.20	NA	No	Udyogini	CSR00001487
28	Livelihood Promotion for Farmers	Vocational Training and Livelihood Enhancement (ii)	Yes	Tamil Nadu	Ramnad, Sivaganga Pudukkottai	1 year	0.36	0.36	NA	No	Dhan Foundation	CSR00000273
29	Green-preneurship promotion	Vocational Training and Livelihood Enhancement (ii)	Yes	Jharkhand	Ranchi	1 year	0.59	0.59	NA	No	KGVK	CSR00000159
30	Livelihood Promotion	Vocational Training and Livelihood Enhancement (ii)	Yes	Rajasthan	Bhilwara, Chittaurgarh & Pratapgarh	1 year	1.91	1.91	NA	No	Foundation for Ecological Support (FES)	CSR00000637
31	Integrated Watershed Management and Enterprise Development Program	Vocational Training and Livelihood Enhancement (ii)	Yes	Meghalaya	West Jantia Hills	1 year	1.15	1.15	NA	No	Aroh Foundation	CSR00000044
32	Livelihood development through Organic Agriculture	Vocational Training and Livelihood Enhancement (ii)	Yes	Assam, Meghalaya, Odisha, Bihar	Golaghat, Ri-Bhoi, Khordha, Darbhanga	1 year	0.49	0.49	NA	No	Society for the Upliftment of Villagers & Development of Himalayan Areas (SUVIDHA)	CSR00000399
33	Integrated Livestock Development	Vocational Training and Livelihood Enhancement (ii)	Yes	Maharashtra	Osmanabad	1 year	0.43	0.43	NA	No	BAIF Institute for Sustainable Livelihoods and Development (BISLD)	CSR00000259
34	Entre-preneurship Training Program	Vocational Training and Livelihood Enhancement (ii)	Yes	Kerala & Tamil Nadu	Thiruvan-thapuram, Kollam, Alappuzha, Kottayam, Idukki, Ernakulam, Thrissur, Virudhunagar, Vellore, Chennai, Thiruvallur, Kanchipurram, Madurai, Tiruppur, Coimbatore, Karur, Namakkal, Salem, Dindugul, Sivagangai, Erode, Tirunelveli, Pondicherry Cuddalore	1 year	0.27	0.27	NA	No	ICT Academy for Tamil Nadu	NA
35	Livelihood Training Program	Vocational Training and Livelihood Enhancement (ii)	Yes	Rajasthan	Jaipur	1 year	0.25	0.25	NA	No	Orion Education Society	CSR00000597
36	Solid Waste Management	Sanitation (i)	Yes	Goa and Uttarakhand	Panjim, Rishikesh, Haldwani, Dehradun, Uttar Kashi	2 years	2.91	2.91	NA	No	Charities Aid Foundation	NA

(1) Sl. No.	(2) Name of the Project.	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/ No)	(5) Location of the project: State	(5) Location of the project: District	(6) Project duration	(7) Amount Allocated for the Project (₹ crore)	(8) Amount spent in the current financial Year (₹ crore)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ crore)	(10) Mode of Implementation -Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency: Name	(11) Mode of Implementation - Through Implementing Agency: CSR Registration number
37	Holistic Rural Development Program (HRDP)	Rural Development Projects (x)	Yes	Rajasthan	Jaisalmer	2 years	1.76	1.76	NA	No	URMUL Rural Health Research and Development Trust (URMUL)	CSR00000546
38	HRDP	Rural Development Projects (x)	Yes	Rajasthan	Dhaulpur	2 years	1.39	1.39	NA	No	Manjari Foundation	CSR00000074
39	HRDP	Rural Development Projects (x)	Yes	Rajasthan	Karauli	2 years	1.58	1.58	NA	No	Udyogini	CSR00001487
40	HRDP	Rural Development Projects (x)	Yes	Rajasthan	Dausa	1 year	2.35	2.35	NA	No	BAIF Development Research Foundation	CSR00000308
41	HRDP	Rural Development Projects (x)	Yes	Rajasthan	Pali	1 year	0.86	0.86	NA	No	Self Reliant Initiatives Through Joint Action (SRIJAN)	CSR00001911
42	HRDP	Rural Development Projects (x)		Rajasthan	Rajasmand	1 year	1.24	1.24	NA	No	Seva Mandir	CSR00000288
43	HRDP	Rural Development Projects (x)		Chhattisgarh	Surguja	3 years	1.36	1.36	NA	No	Ambuja Cement Foundation	NA
44	HRDP	Rural Development Projects (x)		Chhattisgarh	Bilaspur	3 years	1.12	1.12	NA	No	National Institute of Women Child and Youth Development	CSR00000206
45	HRDP	Rural Development Projects (x)		Chhattisgarh	Korea (Koriya)	2 years	0.93	0.93	NA	No	Watershed Organisation Trust	CSR00000518
46	HRDP	Rural Development Projects (x)	Yes	Chhattisgarh	Janjgir-Champa	1 year	1.24	1.24	NA	No	The Indo Global Social Service Society (IGSSS)	CSR00001677
47	HRDP	Rural Development Projects (x)	Yes	Chhattisgarh	Jashpur	1 year	1.30	1.30	NA	No	Self Reliant Initiatives Through Joint Action (SRIJAN)	CSR00001911
48	HRDP	Rural Development Projects (x)	Yes	Uttarakhand	Haridwar	1 year	2.49	2.49	NA	No	Ambuja Cement Foundation	NA
49	HRDP	Rural Development Projects (x)	Yes	Uttar Pradesh	Barabanki	3 years	1.49	1.49	NA	No	Aga Khan Foundation	NA
50	HRDP	Rural Development Projects (x)	Yes	Uttar Pradesh	Prayagraj (Allahabad)	2 years	2.14	2.14	NA	No	Peoples Action For National Integration	CSR00000125
51	HRDP	Rural Development Projects (x)	Yes	Gujarat	Gir Somnath	1 year	0.80	0.80	NA	No	TNS India Foundation (TNSIF)	CSR00001337
52	HRDP	Rural Development Projects (x)	Yes	Madhya Pradesh	Sagar	2 years	1.46	1.46	NA	No	Abhyuday Sansthan	CSR00000495
53	HRDP	Rural Development Projects (x)		Madhya Pradesh	Shahdol	1 year	2.55	2.55	NA	No	Action For Social Advancement (ASA)	CSR00001213
54	HRDP	Rural Development Projects (x)	Yes	Madhya Pradesh	Vidisha	1 year	0.98	0.98	NA	No	Arpan Seva Sansthan	CSR00000826
55	HRDP	Rural Development Projects (x)	Yes	Assam	Dhemaji Lakhimpur	3 years	1.27	1.27	NA	No	World Vision India	CSR00004211
56	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Satara	2 years	1.31	1.31	NA	No	Action For Agricultural Renewal In Maharashtra (AFARM)	CSR00000092
57	HRDP	Rural Development Projects (x)	Yes	Madhya Pradesh	Chindwada	1 year	0.49	0.49	NA	No	Watershed Organisation Trust	CSR00000518
58	HRDP	Rural Development Projects (x)	Yes	Madhya Pradesh	Ratlam, Dhar	1 year	0.34	0.34	NA	No	Baif Development Research Foundation	CSR00000308
59	HRDP	Rural Development Projects (x)	Yes	Madhya Pradesh	Barwani	2 years	1.62	1.62	NA	No	Aga Khan Rural Support Programme India	CSR00004229
60	HRDP	Rural Development Projects (x)	Yes	Chhattisgarh	Kabeerdham	1 year	1.26	1.26	NA	No	Aroh Foundation	CSR00000044
61	HRDP	Rural Development Projects (x)	Yes	Chhattisgarh	Durg	1 year	2.43	2.43	NA	No	Care India Solutions For Sustainable Development	CSR00000786
62	HRDP	Rural Development Projects (x)	Yes	Chhattisgarh	Dhamtari	2 years	0.50	0.50	NA	No	Gramin Vikas Trust	CSR00000633
63	HRDP	Rural Development Projects (x)	Yes	Chhattisgarh	Kanker	2 years	0.80	0.80	NA	No	Udyogini	CSR00001487
64	HRDP	Rural Development Projects (x)	Yes	Chhattisgarh	Balod	2 years	1.10	1.10	NA	No	Vrutti	CSR00000538
65	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Washim	1 year	1.77	1.77	NA	No	Ugam Gramin Vikas Sanstha UMRA	CSR00004874
66	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Nanded	1 year	0.83	0.83	NA	No	Centre For Advance Research And Development	CSR00000339
67	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Yawatmal	2 years	1.38	1.38	NA	No	Sanjeevani Inst. For Empowerment & Development	CSR00000270
68	HRDP	Rural Development Projects (x)	Yes	Gujarat	Sabarkantha	2 years	1.54	1.54	NA	No	Collectives for Integrated Livelihood Initiatives	CSR00000508
69	HRDP	Rural Development Projects (x)	Yes	Gujarat	Narmada	2 years	0.95	0.95	NA	No	Aga Khan Rural Support Programme India	CSR00004229
70	HRDP	Rural Development Projects (x)	Yes	Gujarat	Kheda	3 years	1.33	1.33	NA	No	Foundation for Ecological Security	CSR00000637
71	HRDP	Rural Development Projects (x)	Yes	Bihar	Vaishali	3 years	1.58	1.58	NA	No	Aga Khan Rural Support Programme India	CSR00004229

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Project duration	Amount Allocated for the Project (₹ crore)	Amount spent in the current financial Year (₹ crore)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ crore)	Mode of Implementation -Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
72	HRDP	Rural Development Projects (x)	Yes	Karnataka	Gulbarga, Raichur, Bidar	2 years	2.63	2.63	NA	No	Myrada	CSR00001099
73	HRDP	Rural Development Projects (x)	Yes	Himachal Pradesh	Kangra	1 year	2.27	2.27	NA	No	Peoples Action For National Integration	CSR00000125
74	HRDP	Rural Development Projects (x)	Yes	Odisha	Nayagarh	1 year	1.64	1.64	NA	No	Gram Vikas	CSR00000596
75	HRDP	Rural Development Projects (x)	Yes	Odisha	Rayagada	1 year	2.76	2.76	NA	No	Prayatn Sanstha	CSR00000483
76	HRDP	Rural Development Projects (x)	Yes	Jharkhand	Khunti	3 years	1.95	1.95	NA	No	Network For Enterprise Enhancement And Development Support (NEEDS)	CSR00002858
77	HRDP	Rural Development Projects (x)	Yes	Jharkhand	Ramgarh	3 years	2.37	2.37	NA	No	KGVK	CSR00000159
78	HRDP	Rural Development Projects (x)	Yes	Jharkhand	Dumka	2 years	2.42	2.42	NA	No	Professional Assistance for Development Action (PRADAN)	CSR00000973
79	HRDP	Rural Development Projects (x)	Yes	Assam	Kamrup	1 year	0.66	0.66	NA	No	FXB India Suraksha	CSR00000076
80	HRDP	Rural Development Projects (x)	Yes	Assam	Nalbari	1 year	1.16	1.16	NA	No	Gramya Vikash Mancha	CSR00000407
81	HRDP	Rural Development Projects (x)	Yes	Meghalaya	Ri-Bhoi	1 year	0.71	0.71	NA	No	FXB India Suraksha	CSR00000076
82	HRDP	Rural Development Projects (x)	Yes	Assam	Kamrup	1 year	2.21	2.21	NA	No	Citizens Foundation	CSR00000589
83	HRDP	Rural Development Projects (x)	Yes	Meghalaya	East Khasi	1 year	1.71	1.71	NA	No	Aroh Foundation	CSR00000044
84	HRDP	Rural Development Projects (x)	Yes	Assam	Vishwanath Chirali	1 year	2.08	2.08	NA	No	Society for the Upliftment of Villagers & Development of Himalayan Areas (SUVIDHA)	CSR00000399
85	HRDP	Rural Development Projects (x)	Yes	Haryana	Mahendragarh	3 years	1.51	1.51	NA	No	S.M. Sehgal Foundation	CSR00000262
86	HRDP	Rural Development Projects (x)	Yes	Haryana	Yamuna Nagar	2 years	1.65	1.65	NA	No	Centre for Advance Research and Development	CSR00000339
87	HRDP	Rural Development Projects (x)	Yes	Madhya Pradesh	Khandwa	1 year	0.97	0.97	NA	No	Indo Global Social Service Society	CSR00001677
88	HRDP	Rural Development Projects (x)	Yes	Jharkhand	Hazaribagh	1 year	2.03	2.03	NA	No	KGVK	CSR00000159
89	HRDP	Rural Development Projects (x)	Yes	Sikkim	East Sikkim	1 year	2.12	2.12	NA	No	Citizens Foundation	CSR00000589
90	HRDP	Rural Development Projects (x)	Yes	Bihar	Nalanda	1 year	1.11	1.11	NA	No	Oxfam India	CSR00000839
91	HRDP	Rural Development Projects (x)	Yes	Madhya Pradesh	Khargone	1 year	1.23	1.23	NA	No	Society for the Upliftment of Villagers & Development of Himalayan Areas (SUVIDHA)	CSR00000399
92	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Osmanabad	1 year	1.49	1.49	NA	No	Cohesion Foundation Trust	CSR00000148
93	HRDP	Rural Development Projects (x)	Yes	Odisha	Koraput	1 year	1.29	1.29	NA	No	Foundation for Ecological Security	CSR00000637
94	HRDP	Rural Development Projects (x)	Yes	Kerala	Alappuzha, Vaikkom, Ernakulam, Idukki, Wayanad	3 years	2.31	2.31	NA	No	M.S. Swaminathan Research Foundation	CSR00000470
95	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Jalna	3 years	2.65	2.65	NA	No	Watershed Organisation Trust	CSR00000518
96	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Dhule	3 years	1.35	1.35	NA	No	Vikas Sahyog Pratishthan	CSR00001779
97	HRDP	Rural Development Projects (x)	Yes	Assam	Darang	1 year	0.38	0.38	NA	No	FXB India Suraksha	CSR00000076
98	HRDP	Rural Development Projects (x)	Yes	Madhya Pradesh	Ujjain	1 year	1.00	1.00	NA	No	Action for Social Advancement (ASA)	CSR00001213
99	HRDP	Rural Development Projects (x)	Yes	Chhattisgarh	Balrampur	1 year	0.84	0.84	NA	No	Udyogini	CSR00001487
100	HRDP	Rural Development Projects (x)	Yes	Chhattisgarh	Surajpur	1 year	0.55	0.55	NA	No	Indo Global Social Service Society	CSR00001677
101	HRDP	Rural Development Projects (x)	Yes	Chhattisgarh	Sarguja	1 year	1.18	1.18	NA	No	Ambuja Cement Foundation	NA
102	HRDP	Rural Development Projects (x)	Yes	Punjab	Patiala	1 year	0.29	0.29	NA	No	Ambuja Cement Foundation	NA
103	HRDP	Rural Development Projects (x)	Yes	Assam	Lakhimpur	1 year	0.73	0.73	NA	No	Indo Global Social Service Society	CSR00001677
104	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Nandurbar	1 year	2.09	2.09	NA	No	Collectives for Integrated Livelihood Initiatives	CSR00000508
105	HRDP	Rural Development Projects (x)	Yes	Uttar Pradesh	Gorakhpur	1 year	1.16	1.16	NA	No	Peoples Action For National Integration	CSR00000125
106	HRDP	Rural Development Projects (x)	Yes	Uttar Pradesh	Varanasi	1 year	1.26	1.26	NA	No	Aroh Foundation	CSR00000044

(1) Sl. No.	(2) Name of the Project.	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No)	(5) Location of the project: State	(5) Location of the project: District	(6) Project duration	(7) Amount Allocated for the Project (₹ crore)	(8) Amount spent in the current financial Year (₹ crore)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ crore)	(10) Mode of Implementation -Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency: Name	(11) Mode of Implementation - Through Implementing Agency: CSR Registration number
107	HRDP	Rural Development Projects (x)	Yes	Chhattisgarh	Gariaband	1 year	0.77	0.77	NA	No	National Institute of Women Child and Youth Development	CSR00000206
108	HRDP	Rural Development Projects (x)	Yes	Madhya Pradesh	Burhanpur	1 year	0.62	0.62	NA	No	Aga Khan Rural Support Programme India	CSR00004229
109	HRDP	Rural Development Projects (x)	Yes	Jharkhand	Ranchi	1 year	1.04	1.04	NA	No	Nav Bharat Jagriti Kendra	CSR00001693
110	HRDP	Rural Development Projects (x)	Yes	Haryana	Nuh	1 year	0.68	0.68	NA	No	S.M.Sehgal Foundation	CSR00000262
111	HRDP	Rural Development Projects (x)	Yes	Uttar Pradesh	Bahraich	1 year	0.84	0.84	NA	No	Aga Khan Foundation	NA
112	HRDP	Rural Development Projects (x)	Yes	Rajasthan	Alwar	1 year	0.19	0.19	NA	No	IBTADA	CSR00002333
113	HRDP	Rural Development Projects (x)	Yes	Meghalaya	Ri-Bhoi	1 year	0.50	0.50	NA	No	Society For Action In Community Health	CSR00000283
114	HRDP	Rural Development Projects (x)	Yes	Uttarakhand	Almora	1 year	0.24	0.24	NA	No	Himmotthan Society	CSR00000081
115	HRDP	Rural Development Projects (x)	Yes	Madhya Pradesh	Jhabua	1 year	0.79	0.79	NA	No	BAIF Institute for Sustainable Livelihoods and Development	CSR00000259
116	HRDP	Rural Development Projects (x)	Yes	Madhya Pradesh	Guna	1 year	0.87	0.87	NA	No	End Poverty	CSR00000314
117	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Chandrapur	1 year	0.34	0.34	NA	No	Krushi Vikas Va Gramin Prashikshan Sanstha	CSR00001360
118	HRDP	Rural Development Projects (x)	Yes	Haryana	Rewari	1 year	0.58	0.58	NA	No	End Poverty	CSR00000314
119	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Hingoli	1 year	0.65	0.65	NA	No	BAIF Institute for Sustainable Livelihoods and Development	CSR00000259
120	HRDP	Rural Development Projects (x)	Yes	Tamil Nadu	Virudhunagar	1 year	0.58	0.58	NA	No	National Agro Foundation	NA
121	HRDP	Rural Development Projects (x)	Yes	Himachal Pradesh	Hamirpur	1 year	0.49	0.49	NA	No	Himmotthan Society	CSR00000081
122	HRDP	Rural Development Projects (x)	Yes	Karnataka	Koppal	1 year	0.65	0.65	NA	No	BAIF Institute for Sustainable Livelihoods and Development	CSR00000259
123	HRDP	Rural Development Projects (x)	Yes	Andhra Pradesh	Anantapur	1 year	0.71	0.71	NA	No	Foundation For Ecological Security	CSR00000637
124	HRDP	Rural Development Projects (x)	Yes	Uttar Pradesh	Lalitpur	1 year	1.17	1.17	NA	No	Centre for Advance Research and Development	CSR00000339
125	HRDP	Rural Development Projects (x)	Yes	Madhya Pradesh	Rajgarh	1 year	1.26	1.26	NA	No	Arpan Seva Sansthan	CSR00000826
126	HRDP	Rural Development Projects (x)	Yes	Gujarat	Kheda	1 year	0.28	0.28	NA	No	Foundation for Ecological Security	CSR00000637
127	HRDP	Rural Development Projects (x)	Yes	Uttar Pradesh	Pratapgarh	1 year	0.93	0.93	NA	No	Peoples Action for National Integration	CSR00000125
128	HRDP	Rural Development Projects (x)	Yes	Chhattisgarh	Balod	3 years	0.53	0.53	NA	No	Vrutti	CSR00000538
129	HRDP	Rural Development Projects (x)	Yes	Bihar	Sitamarhi	1 year	0.68	0.68	NA	No	Oxfam India	CSR00000839
130	HRDP	Rural Development Projects (x)	Yes	Rajasthan	Dholpur	1 year	0.31	0.31	NA	No	Manjari Foundation	CSR00000074
131	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Palghar	1 year	0.77	0.77	NA	No	All India Institute Of Local Self Government	CSR00000373
132	HRDP	Rural Development Projects (x)	Yes	Rajasthan	Baran	1 year	0.31	0.31	NA	No	Self Reliant Initiatives through Joint Action (SRIJAN)	CSR00001911
	Total						181.86	181.86				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
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 (₹ crore)	Mode of Implementation -Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1	Social Awareness	Promoting Education (ii)	Yes	PAN India	Multiple Districts	4.73	Yes	NA	NA
2	Swachha Banking	Promoting Education (ii)	Yes	PAN India	Multiple Districts	5.64	Yes	NA	NA
3	Disha	Promoting Education (ii)	Yes	Chhattisgarh, Madhya Pradesh, Maharashtra & Rajasthan	Mahasamund, Korba, Raigarh, Mungeli, Bilaspur, Chhindwara, Vidisha, Betul, Mandla, Khargone, Sheopur, Khandwa, Pune, Nagpur, Bhandara, Sangli, Parbhani, Raigad, Nashik, Wardha, Dholpur, Chittogarh, Churu	3.05	No	Magic Bus India Foundation	CSR00001330
4	Scholarship for the girl child	Promoting Education (ii) / Gender Equality (iii)	Yes	Maharashtra	Mumbai	0.25	No	Sri Satya Sai Trust	NA
5	Educational Crisis Scholarship Support (ECSS)	Promoting Education (ii)	Yes	PAN India	Multiple Districts	2.40	No	Buddy4Study Foundation	CSR00000121
6	Fellowship program	Promoting Education (ii)	Yes	Uttar Pradesh	Hardoi, Lakhimpur, Barabanki, Rae Bareili, Azamgarh, Chandauli, Ghazipur, Jaunpur, Mau, Varanasi, Lucknow, Sitapur, Unnao	0.20	No	Milaan Foundation	NA
7	Special Education Centre	Promoting Education (ii)	Yes	Karnataka	Kodagu	0.25	No	Kodagu Vidhyalaya	NA
8	School Upgradation	Promoting Education (ii)	Yes	Maharashtra	Mumbai	1.00	No	Bombay Scottish Orphanage Society	NA
9	Learning Improvement	Promoting Education (ii)	Yes	Rajasthan	Jaipur	0.14	No	Jagriti	CSR00003327
10	SMART – Education	Promoting Education (ii)	Yes	Tamil Nadu	Madurai	0.15	No	Society of St. Mary's	NA
11	Digital Education	Promotion of Education (ii)	Yes	Bihar, Uttar Pradesh, Rajasthan, Jharkhand, Chhattisgarh	Patna, Banaras, Rajsamand, Bokaro, Giridih, Durg	9.88	No	CSC Academy	NA
12	Student Skill Development Program	Vocational Training and Livelihood Enhancement (ii)	Yes	Chhattisgarh	Bilaspur, Korba, Raipur	0.78	No	TISS	CSR00003475
13	Skill Training Program for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Uttarakhand	Roorkee Haridwar	1.63	No	Ambuja Cement Foundation	NA
14	Skill Training Program for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Karnataka	Bangalore	1.62	No	End Poverty	CSR00000314
15	Skill Training Program for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Bihar, Maharashtra, Rajasthan, Jharkhand, Karnataka	Muzzafarpur, Ranchi, Nagpur, Jaipur, Bidar	0.27	No	Head Held High Foundation	CSR00000919
16	Skill Training Program for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Odisha	Angul & Dhenkal	0.53	No	Access Development Services	NA
17	Skill Training Program for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Odisha	Bhubneshwar	0.76	No	Friends Union for Energizing Lives	CSR00000051
18	Skill Training Program for Youth	Vocational Training and Livelihood Enhancement (ii)	Yes	Punjab	Mansa, Bhatinda, Faridkot, Moga, Ferozpur, Barnala, Sangrur, Patiala	0.25	No	Institute of Livelihood Research & Training	NA
19	Incubator Support Program	Vocational Training and Livelihood Enhancement (ii)/ Contribution to incubators (ix)	Yes	Gujarat, Telangana, Delhi, Uttar Pradesh, Rajasthan, Karnataka, Uttarakhand, Tamil Nadu, Uttar Pradesh	Ahmedabad, Hyderabad, Delhi, Greater Noida (NCR), Jaipur, Bangalore, Kashipur, Chennai, Varanasi	4.90	No	GUSEC, T-Hub Foundation, IIT Delhi, BIMTECH, AIC Banasthali Vidyapith Foundation, C-Camp, IIM Kashipur, Villgro Innovations Foundation, IIT BHU	NA
20	Infrastructure for water accessibility	Ensuring Environment Sustainability – Maintaining quality of soil, air and water (ii)	Yes	Madhya Pradesh	Niwadi & Chattarpur	0.25	No	Aakar Charitable Trust	CSR00002999
21	COVID Relief	Preventive and Curative Healthcare (i) / Disaster Management (xii)/ PM National Fund (viii)	Yes	PAN India	Multiple District	70.00	No	PM Cares	NA
22	Community Kitchen	Preventive and Curative Healthcare (i)	Yes	Haryana	Karnal, Panchkula, Fatehabad, Nuh, Bhiwani, Sirsa, Tohan, Gharaunda, Rewari, Kurukshetra, Rohtak, Khaital, Hansi, Jagadhari, Panipat, Ambala, Gohana, Ateli, Jind, Narwana, Taraori, Samalkha, Hodal, Pataudi, Pehowa	0.60	Yes	Direct	NA
23	Innovation and Startup Support	Preventive and Curative Healthcare (i)	Yes	Punjab	Mohali	2.00	No	Punjab CSR Authority	NA
24	Support to cancer patients	Preventive and Curative Healthcare (i)	Yes	Punjab	Sangrur	3.00	No	Tata Memorial Centre	NA
25	COVID Relief	Preventive and Curative Healthcare (i) / Disaster Management (xii)	Yes	Maharashtra	Mumbai	0.20	No	Taj Public Service Welfare Trust	NA

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
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 (₹ crore)	Mode of Implementation -Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
26	COVID Relief	Preventive and Curative Healthcare (i) / Disaster Management (xii)	Yes	Maharashtra	Mumbai	0.05	No	Setu Charitable Trust	NA
27	COVID Relief	Preventive and Curative Healthcare (i) / Disaster Management (xii)	Yes	Maharashtra	Mumbai	0.75	No	National Health and Education Society	NA
28	Rehabilitation for Children with Disability	Preventive and Curative Healthcare (i)	Yes	Kerala	Thrissur	0.25	No	Solace	NA
29	Maternal Healthcare	Preventive and Curative Healthcare (i)	Yes	Rajasthan	Udaipur	0.04	No	Development Innovation Foundation	CSR00003335
30	COVID Relief	Preventive and Curative Healthcare (i) / Disaster Management (xii)	Yes	Uttar Pradesh	Lucknow	0.25	No	AHEAD	NA
31	COVID Relief	Preventive and Curative Healthcare (i) / Disaster Management (xii)	Yes	Maharashtra	Mumbai	4.00	No	Mumbai Police Foundation	NA
32	COVID Relief	Preventive and Curative Healthcare (i) / Disaster Management (xii)	Yes	Gujarat	Ahmedabad	0.99	No	Yuva Unstoppable	CSR00000473
33	COVID Relief	Preventive and Curative Healthcare (i) / Disaster Management (xii)	Yes	PAN India	Multiple Districts	24.73	Yes	Direct	NA
34	Solar ATMs	Ensuring Environmental Sustainability (iv)	Yes	Maharashtra, Uttar Pradesh, Bihar	Dhule, Mumbai, Jalgaon, Banka, Jamui, Bara Banki, Agra, Rai Barelli, Rohtas, Bhagalpur, Muzzafarpur,	0.06	Yes	Direct	NA
35	Solar Lamps	Ensuring Environmental Sustainability (iv)	Yes	Uttar Pradesh	Kanpur	0.04	No	Peoples Action for National Integration	CSR00000125
36	Tree Plantation	Ensuring Environmental Sustainability (iv)	Yes	Sikkim, Madhya Pradesh, Rajasthan, Uttarakhand, Uttar Pradesh, Odisha, Haryana, Punjab	East Sikkim, Harda, Bhilwara, Rajsamand, Pratapgarh, Alwar, Nanital , Jhansi , Puri , Fatehbad , Moga	7.02	Yes	Direct	NA
37	Payroll Giving – Employer Contribution	Eradicating Poverty (i)/ Promoting Education (ii)/ Gender Equality (iii)	Yes	PAN India	Multiple Districts	0.45	No	Give India	NA
38	Disaster Management and Rehabilitation	Disaster Management (xii)	Yes	West Bengal Uttarakhand	Multiple Districts	6.00	No	State Disaster Development Authority	NA
39	Support for Sports	Training to promote sports (viii)	Yes	PAN India	Multiple Districts	1.25	No	Foundation for Promotion of Sports and Games	NA
40	Dairy Support	Rural Development Projects (x)	Yes	Gujarat, Rajasthan	Anand, Aravalli, Banaskhanta, Bhilwara, Gandhinagar, Ghadkan, Jamnagar, Mahesana, Mehsana, Morbi, Patan, Rajkot, Sabarkantha, Surat, Surendranagar, Tapi, Valsad Jaipur, Ajmer	18.55	Yes	Direct	NA
41	Empowerment Officers	Rural Development Projects (x)	Yes	PAN India	Multiple Districts	10.06	Yes	Direct	NA
42	Financial Literacy	Rural Development Projects (x)	Yes	PAN India	Multiple Districts	233.31	Yes	Direct	NA
43	HRDP	Rural Development Projects (x)	Yes	Uttar Pradesh	Varanasi	1.75	No	Sahbhagi Shikshan Kendra	CSR00000486
44	HRDP	Rural Development Projects (x)	Yes	Uttar Pradesh	Fatehpur, Barabanki, Chandauli, Bhadohi	1.93	No	Shramik Bharti	CSR00000332
45	HRDP	Rural Development Projects (x)	Yes	Uttar Pradesh	Firozabad, Badaun, Bulandshar	1.78	No	Aroh Foundation	CSR00000044
46	HRDP	Rural Development Projects (x)	Yes	Uttar Pradesh	Faizabad, Gonda, Sitapur, Sultanpur	0.61	No	Participatory Action for Community Empowerment	CSR00000125
47	HRDP	Rural Development Projects (x)	Yes	Uttar Pradesh	Pratapgarh, Allahabad	1.21	No	Peoples Action for National Integration	CSR00000125
48	HRDP	Rural Development Projects (x)	Yes	Uttar Pradesh	Pilibhit	0.37	No	Participatory Action for Community Empowerment	CSR00000125
49	HRDP	Rural Development Projects (x)	Yes	Madhya Pradesh	Katni	0.43	No	Haritika	CSR00000516
50	HRDP	Rural Development Projects (x)	Yes	Meghalaya	Ri-Bhoi	0.42	No	Society for Action in Community Health	CSR00000283
51	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Pune	0.12	No	Krushi Vikas va Gramin Prashikshan Sanstha	CSR00001360
52	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Ahmednagar	0.07	No	Krushi Vikas va Gramin Prashikshan Sanstha	CSR00001360

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/ No)	(5) Location of the project		(6) Amount spent for the Project (₹ crore)	(7) Mode of Implementation -Direct (Yes/No)	(8) Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
53	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Nashik	1.23	No	Sanjeevani Institute for Empowerment & Development	CSR00000270
54	HRDP	Rural Development Projects (x)	Yes	Madhya Pradesh	Betul	0.18	No	BAIF Development Research Foundation	CSR00000308
55	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Nagpur	0.14	No	BAIF Development Research Foundation	CSR00000308
56	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Bhandara	0.25	No	BAIF Development Research Foundation	CSR00000308
57	HRDP	Rural Development Projects (x)	Yes	Maharashtra	Bhandara	0.15	No	BAIF Development Research Foundation	CSR00000308
58	HRDP	Rural Development Projects (x)	Yes	Bihar	Samastipur	0.70	No	Aga Khan Rural Support Programme India	CSR00004229
59	HRDP	Rural Development Projects (x)	Yes	Bihar	Muzaffarpur	0.82	No	Aga Khan Rural Support Programme India	CSR00004229
60	HRDP	Rural Development Projects (x)	Yes	Bihar	Darbhanga	1.62	No	Aga Khan Rural Support Programme India	CSR00004229
61	HRDP	Rural Development Projects (x)	Yes	Jharkhand	Paschim Singhbhum	1.72	No	Network for Enterprise Enhancement and Development Support (NEEDS)	CSR00002858
62	HRDP	Rural Development Projects (x)	Yes	Assam	Lakhimpur	1.09	No	Indo Global Social Service Society (IGSSS)	CSR00001677
63	HRDP	Rural Development Projects (x)	Yes	Assam	Darang	0.20	No	FXB India Suraksha	CSR00000076
64	HRDP	Rural Development Projects (x)	Yes	Meghalaya	Ri-Bhoi	0.47	No	Society for Action in Community Health	CSR00000283
65	HRDP	Rural Development Projects (x)	Yes	Punjab	Ludhiana, Moga	2.09	No	Society for Action in Community Health	CSR00000283
66	HRDP	Rural Development Projects (x)	Yes	Punjab	Firozpur, Amritsar	0.86	No	Shramik Bharti	CSR00000332
67	HRDP	Rural Development Projects (x)	Yes	Punjab	Amritsar Tarn Taran	0.81	No	Shramik Bharti	CSR00000332
68	HRDP	Rural Development Projects (x)	Yes	Punjab	Fazilka Muktasar	1.42	No	Centre for Advance Research and Development	CSR00000339
	Total					444.72			

(d) Amount spent in Administrative Overheads ₹ 7.84 crore

(e) Amount spent on Impact Assessment, if applicable ₹ 0.49 crore

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) ₹ 634.91 crore

(g) Excess amount for set-off, if any

Sl. No.	Particular	Amount (₹ crore)
(i)	Two percent of average net profit of the company as per section 135(5)	627.86
(ii)	Total amount spent for the financial year	634.91
(iii)	Excess amount spent for the financial year [(ii)-(i)]	7.05
(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)]	7.05

9 (a) Details of Unspent CSR amount for the preceding three financial years: NA

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting financial year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
	TOTAL						

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NA

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting financial year (in ₹)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the project - Completed / Ongoing
	TOTAL							

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 2020-21
(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 percent of the average net profit as per section 135(5):	NA

Sashidhar Jagdishan
(Managing Director & CEO)

Umesh Chandra Sarangi
(Chairman, CSR & ESG Committee)

Date: May 22, 2021

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 Bank pays servicing fees. Home loans purchased: ₹ 18,979.78 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, 2021

(₹ 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***
Parent:				
HDFC Bank Limited	97.10%	203,720.83	97.75%	31,116.53
Subsidiaries*:				
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.

Annexure 5 to the Directors' Report

Disclosures on Remuneration

1. Ratio of Remuneration of each director to the median employees' remuneration for the FY 2020-21

Name and Designation	Ratio
Shyamala Gopinath, erstwhile Part-Time Chairperson & Independent Director	16.15
Malay Patel, Independent Director	12.19
Umesh Chandra Sarangi, Independent Director	10.37
Sanjiv Sachar, Independent Director	13.05
Sandeep Parekh, Independent Director	11.98
M.D. Ranganath, Independent Director	13.69
Srikanth Nadhamuni, Non-Executive Director	13.48
Renu Karnad, Non-Executive Director	11.23
Sunita Maheshwari, Additional Independent Director	-
Atanu Chakraborty, Part-Time Non-Executive Chairman & Independent Director	-
Aditya Puri, erstwhile Managing Director	-
Sashidhar Jagdishan, Managing Director & CEO	139:1
Kaizad Bharucha, Executive Director	119:1

Note:

1. All employees of the Bank, including overseas employees, have been considered.
2. In case of Mr. Sashidhar Jagdishan and Mr. Kaizad Bharucha, we have considered fixed pay for the computation of ratios. Fixed pay includes - salary, allowances, retiral benefits as well as value of perquisites excluding ESOPs.
3. In case of independent and non-executive directors, sitting fees paid for attending Board and Committee meetings during FY 2020-21 and commission paid as permitted by relevant RBI guidelines has been considered, except in case of the erstwhile Chairperson Mrs. Shyamala Gopinath, who was not eligible for commission but was paid remuneration of ₹ 26,34,403 (i.e. ₹ 35,00,000 per annum) on proportionate basis, during FY 2020-21 as approved by the RBI. The commission paid out to the independent and non-executive directors, except Mrs. Gopinath, in FY 2020-21 pertains to FY 2019-20.
4. Mr. Aditya Puri ceased to be Managing Director of the Bank with effect from the close of business hours on October 26, 2020. Since Mr. Puri was the Managing Director for a part of the financial year, the ratio with reference to his salary has not been considered as part of the above disclosure.
5. Mrs. Shyamala Gopinath ceased to be a director of the Bank with effect from January 1, 2021.
6. Dr. (Ms.) Sunita Maheshwari was appointed as Additional Independent Director of the Bank with effect from March 30, 2021, subject to approval of shareholders.
7. Mr. Atanu Chakraborty was appointed as Part Time Non-Executive Chairperson and Independent Director of the Bank with effect from May 5, 2021, subject to approval of shareholders.

2. Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any, in the FY 2020-21

Designation	Percentage Increase
[A]Managing Director (erstwhile)	00.00
[A]Executive Director	00.00
[B]Group Head of the Bank (KMP)	6.66
Chief Financial Officer	22.19
Company Secretary	5.37

[A] Please note the annual increment percentage for the erstwhile Managing Director, Mr. Aditya Puri and the Executive Director, Mr. Kaizad Bharucha for the Financial Year 2020-21 is pending RBI approval.
[B] Mr. Sashidhar Jagdishan, the current Managing Director & CEO, held the title of Group Head of the Bank prior to his appointment as the Managing Director & CEO of the Bank with effect from October 27, 2020. The percentage increase mentioned is the increase he received in his previous role.

Non-executive/Independent Directors:

During FY 2020-21, sitting fees of ₹ 100,000 for attending each Board meeting and ₹ 50,000 for attending each Committee meeting were paid to non-executive / independent directors. The Board of Directors increased the sitting fees of certain 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. Further, the eligible non-executive directors (excluding Chairperson) were paid commission as permitted by the relevant RBI guidelines of ₹ 1,000,000 each. The commission paid out in FY 2020-21 pertains to FY 2019-20. There has been no change in the amount of commission from the previous FY 2019-20. The erstwhile Chairperson, Mrs. Shyamala Gopinath was paid remuneration of ₹ 26,34,403 (i.e. ₹ 35,00,000 per annum) on proportionate basis, during FY 2020-21, in addition to sitting fees, till her cessation from the Board of the Bank w.e.f close of business hours on January 1, 2021.

3. Percentage Increase in the median remuneration of employees in the FY 2020-21

The percentage increase in median remuneration of employees in the FY 2020-21 was 7.45 %. This includes front line sales and overseas staff.

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

As of March 31, 2021, the number of permanent employees on the rolls of the Bank was 1,20,093.

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.

[1]The average percentage increase for Key Managerial Personnel : 6.84 %
The average percentage increase for Non Managerial Staff : 8.71 %

The average percentage increase in the salaries is primarily on account of annual fixed pay increase and promotions.

[1]Increments for the erstwhile Managing Director, Mr. Aditya Puri and Executive Director, Mr. Kaizad Bharucha for the Financial Year 2020-21 are pending RBI approval.

6. Affirmation that the remuneration is as per the remuneration policy of the company: Yes

Annexure 6 to the Directors' Report

Statement under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2021

Sr. No.	Name of the Employee	Designation	Date of joining the Bank	Qualifications	Age (years)	Exp. (years)	Total (₹)	Last Employment
	Persons in service for the whole year and drawing emoluments more than ₹ 1,02,00,000/- per annum							
	Details of top ten employees in terms of remuneration drawn							
1	Sashidhar Jagdishan	Managing Director & CEO	05-Feb-96	B.Sc., ACA., M.A. (Economics)	56	32	4,77,81,909	Deutsche Bank
2	Kaizad Bharucha	Executive Director	04-Oct-95	B.Com	55	35	6,00,53,505	SBI Commercial & Intl. Bank Ltd.
3	Rahul Shukla	Group Head	01-Mar-18	MBA, BTech	52	29	3,80,19,694	Citibank
4	Bhavesh Zaveri	Group Head	13-Apr-98	M.Com., CAIIB	55	32	3,65,84,138	Barclays Bank
5	Arvind Vohra	Group Head	12-Sep-18	PG Diploma, B.E	49	26	3,50,75,756	Vodafone India Ltd
6	Ashish Parthasarthy	Group Head	01-Nov-94	B.E., PGDM	53	32	3,46,25,782	INDSEC Investments Ltd.
7	Rakesh Singh	Group Head	11-Apr-11	MBA, B.Sc	52	28	3,39,20,038	Roth Child
8	Khairnar Dnyanesh T.*	Senior Vice President-I	07-May-07	MMS, CA, B.Com	41	17	3,05,72,947	ICICI Bank
9	Vinay Razdan	Group Head	06-Sep-18	MBA	54	33	3,05,44,033	Vodafone Idea Ltd
10	Nirav Shah	Group Head	15-Jul-99	MMS, B.Com	49	26	3,02,80,449	Global Trust Bank
	Persons in service for the whole year and drawing emoluments more than ₹ 1,02,00,000/- per annum, other than above							
1	Abheek Barua	Executive Vice President	16-Feb-15	M.Sc	54	33	1,28,53,250	ICRIER
2	Abhishek Bhagat	Senior Vice President-II	28-Sep-16	MBA, B.Com	45	22	1,05,76,577	Chryseum Advisors LLP
3	Abhishek Deshmukh	Executive Vice President	09-Dec-19	MBA, B.Com	47	24	1,50,52,525	IndusInd Bank
4	Abhishek Rathi	Deputy Vice President	03-May-11	CA, B.Com	40	16	1,03,00,817	Axis Bank Ltd
5	Ahmed Abdulqawi Al Jneibi*	Senior Manager	18-Oct-17	BBA	38	8	1,26,65,377	TDIC
6	Ajay Kumar Kapoor	Senior Executive Vice President	09-Oct-95	M.Sc	57	35	1,72,16,493	Times Bank Ltd.
7	Ajay Pancholi	Senior Vice President-II	18-Feb-19	CA, B.Com	49	25	1,52,39,206	Edelweiss Financial Services Ltd
8	Ajit Cherian Kuruvilla	Senior Vice President-II	23-Aug-99	CA, Diploma, B.Com	53	28	1,32,65,376	Global Trust Bank
9	Akshat Lakhera	Senior Vice President-II	09-Sep-10	PGDM, B.Sc	44	20	2,14,43,258	BNP Paribas
10	Akshay Dixit	Senior Vice President-I	29-Sep-12	CFA, M.Com, CA, B.Com	41	21	1,07,73,295	Mape Advisory Group Pvt Ltd
11	Akul Juneja	Senior Vice President-I	14-Nov-18	CFA, PGDBA, B.Com	44	21	1,17,38,026	ICICI Bank
12	Alok Sharma*	Assistant Vice President	25-Jun-07	PGP, B.Com	45	14	1,07,02,428	Citigroup Global Services Ltd
13	Ameya Shekhar Shenoy	Senior Vice President-I	20-Mar-06	MBA, CA, B.Com	41	17	1,36,10,090	Tionale Enterprises Pvt Ltd
14	Amit Ashok Chellaramani*	Assistant Vice President	06-Aug-17	MBA , Bsc	41	19	1,02,54,214	Noor Bank
15	Amit Dayal	Senior Executive Vice President	19-Dec-94	B.Sc., DBM	54	30	2,21,43,473	SBI Commercial & Intl. Bank Ltd.
16	Amit Kumar Lakhanpal	Senior Vice President-II	23-May-05	PGDBM, M.Sc, B.Sc	49	25	1,02,32,531	ICICI Bank
17	Amit Phadke*	Deputy Vice President	09-Sep-08	MBA, M.Com, B.Com	49	23	1,03,73,155	ING Vysya Bank Ltd
18	Amit Prakash Kapadia	Deputy Vice President	06-Sep-06	PGDBM, M.Com, B.Com	42	16	1,10,54,058	Citibank
19	Amol Padhye	Senior Vice President-II	01-Jul-17	CA, B.Com	40	17	1,24,69,908	Ernst & Young LLP
20	Anand Dusane	Senior Executive Vice President	01-Jan-96	CAIIB, M.Com, B.Com	48	28	1,39,65,807	State Bank Of Travancore
21	Anand Mankodi	Executive Vice President	02-Apr-97	CA, B.Com	48	27	1,20,93,823	Dalal & Shah
22	Anand Sankararaman	Senior Executive Vice President	03-Mar-00	PGDBA, BE	47	26	1,21,86,193	P&O Nedlloyd (I) Pvt Ltd
23	Anil Bhavnani	Senior Executive Vice President	16-Jun-03	CS, B.Com	47	27	1,53,63,830	CitiCorp Finance (India) Ltd
24	Anil Onkarnath Tandon	Executive Vice President	14-Aug-03	B.Com	51	26	1,06,62,641	Hongkong & Shanghai Banking Corporation
25	Anita Iyer	Executive Vice President	18-May-17	MMS, B. Sc	56	34	1,22,99,961	Kotak Mahindra Bank
26	Anjani Rathor	Group Head	01-Feb-20	MBA, BTech	48	25	2,20,58,464	Bharti Airtel
27	Anuj Batra*	Senior Manager	19-Dec-12	MBA, BBA	37	12	1,24,52,036	ICICI Bank
28	Anupama Rajesh Munagekar	Senior Vice President-I	14-Feb-07	L.L.B, B.Com	53	29	1,67,97,293	Strategic Capital Corporation Pvt Ltd
29	Archana Shiroor	Executive Vice President	02-Apr-18	Master's Degree/ Diploma, BA	53	14	1,13,98,091	Barclays

Sr. No.	Name of the Employee	Designation	Date of joining the Bank	Qualifications	Age (years)	Exp. (years)	Total (₹)	Last Employment
30	Arun Mediratta	Executive Vice President	05-May-98	MBA, MA, BA	53	31	1,37,19,436	Punjab & Sind Bank
31	Arun Mohanty	Senior Executive Vice President	09-Nov-05	BA	62	39	2,18,87,615	Reserve Bank Of India
32	Arup Kumar Rakshit	Group Head	01-Aug-06	PGDM, B.E	52	29	2,49,65,110	ABN Amro Bank
33	Arvind Kapil	Group Head	18-Dec-98	MMS, B.E	49	27	2,83,80,069	GE Countrywide Consumer Financial Services Ltd.
34	Ashima Khanna Bhat	Group Head	07-Nov-94	B. Bus, MMS	50	28	2,61,40,135	A F Ferguson & Co
35	Ashish Agarwal	Senior Vice President-I	08-Aug-00	MBA, ICWA, B.Com	45	25	1,02,94,997	ICICI Bank
36	Ashish Bains	Senior Vice President-II	24-Mar-08	MBA, Diploma (3-yr Diploma), BBA	43	20	1,11,00,708	CRISIL Ltd
37	Ashtosh Raina	Senior Vice President-II	03-Sep-07	CAIIB, B.Sc.	53	30	1,92,90,804	State Bank Of India
38	Ashutosh Kumar	Senior Vice President-I	01-May-08	B.Sc	45	20	1,02,11,192	State Bank Of India
39	Augustine S. Quadros	Senior Executive Vice President	18-Sep-00	B.Sc., LL.B., Solicitor (Bom.), Solicitor (Eng & Wales)	58	36	1,17,22,783	Tata Housing Development Co. Ltd
40	B. P. Tikekar	Senior Executive Vice President	30-Aug-95	B.Com	58	38	1,43,95,726	New Ind Co-Op Bank Ltd
41	Bardan Sharma	Executive Vice President	23-Nov-11	Master's Degree/ Diploma, B.Com	46	21	1,10,72,851	Diageo India Pvt Ltd
42	Beena Shah	Vice President	26-May-15	MBA, B.Com	43	17	1,50,00,993	Kotak Mahindra Bank
43	Benjamin Frank	Group Head	05-Apr-04	MBA, B.Sc	56	35	2,21,82,526	IDBI Bank Ltd
44	Bharat Badhwar	Executive Vice President	28-Sep-02	BA	48	27	1,31,96,955	Bharti Telenet Ltd
45	Bhaskar C. Panda	Executive Vice President	21-Nov-97	BA	58	36	1,78,59,275	Times Bank Ltd.
46	Charmaine Pereira	Senior Vice President-II	01-Nov-94	DBM, BA	48	26	1,53,92,705	Fresher
47	Debajeet Das	Executive Vice President	06-Aug-96	MA	49	26	1,81,76,812	Texport syndicate
48	Debashis Senapati	Executive Vice President	01-Nov-96	MA, BA	59	36	1,17,73,787	Corporation Bank Ltd
49	Deepak Kumar Mohanty	Senior Executive Vice President	24-Dec-03	M.Sc, MBA, B.Sc	57	28	1,47,00,574	ICICI Bank
50	Deepak Narsinh Shinde	Executive Vice President	08-Feb-03	B.Com	54	33	1,38,34,952	Centurion Bank Ltd
51	Dhiren Desai	Executive Vice President	04-Apr-05	B.Com	52	30	1,10,33,594	CitiCorp Finance (India) Ltd
52	Dhruven Subodhchandra Shah*	Deputy Vice President	02-Jul-15	BE	47	20	1,55,21,533	First Gulf Bank
53	Dolreich D'Mello*	Deputy Vice President	09-Jan-97	B.Com	45	24	1,62,34,708	ANZ Grindlays Bank
54	Faisal Ikbal Sara	Senior Vice President-II	05-Dec-01	PGDBM, Diploma (3-yr Diploma), B.Com	48	28	1,28,25,044	American Express Bank Ltd
55	Faishal Khan*	Vice President	10-Aug-06	PGDBA, B.Com	40	19	1,48,42,521	Infomax Pvt Ltd
56	Gaurav Khandelwal	Senior Vice President-II	17-May-05	PG Diploma, BE	42	16	1,19,41,685	IDBI Bank Ltd
57	Gaurav Mehta	Vice President	31-Jul-06	CA, B.Com	39	16	1,02,06,963	Blue Star Infotech Ltd
58	Geethaa G	Executive Vice President	07-May-19	MBA, B.Com	52	28	1,28,72,520	Raheja Universal Pvt. Ltd.
59	Gourab Roy	Senior Executive Vice President	01-Mar-96	M.Com, B.Com	54	28	1,52,08,297	UTI Bank Ltd
60	Guneet Singh	Executive Vice President	26-Sep-19	MBA, B.Com	46	25	1,43,15,361	Validus Wealth
61	Harpuneet Singh	Executive Vice President	10-Apr-18	CA	47	22	2,07,54,272	Hongkong & Shanghai Banking Corporation
62	Harsh S Gupta*	Senior Vice President-II	04-Sep-00	PGDBA, B.Sc	45	23	2,89,90,192	ICICI Cap Ltd
63	Harvansh Lal Grover	Senior Vice President-I	02-Jul-19	CA, B.Com	38	14	1,07,95,844	Citibank
64	Iqbal Singh Guliani	Senior Vice President-II	05-Nov-01	B.Com	49	26	1,04,33,409	Deutsche Bank
65	Jagat Dave	Senior Vice President-II	02-May-18	MMS, ICWA, B.Com	53	28	1,47,23,979	Ambit Private Ltd
66	Jay Prakash Chandrashekar*	Vice President	05-Jul-04	MBA, B.Com	42	20	1,88,59,288	Global Trust Bank
67	Jay Sonawala	Executive Vice President	12-Aug-99	MMS, B.Com, HSC, I.C.S.E	44	22	1,81,91,930	Fresher
68	Jimmy Tata	Group Head	15-Dec-94	B.Com., M.F.M., CFA	54	33	2,91,78,757	Apple Industries Ltd.
69	Kapil Bansal	Senior Vice President-II	30-Sep-04	PGPM, B.Com	42	22	1,46,64,304	ICICI Bank
70	Kinjul Sharma*	Vice President	22-Sep-08	CFA, Master's Degree/Diploma, B.Com	39	16	1,80,68,792	Citifinancial
71	Lavesh K Sardana	Executive Vice President	31-Jul-00	PG Diploma, PGDBM, B.Com	46	25	1,52,49,211	GE Countrywide Consumer Financial Services Ltd.
72	Madhuri Desai	Executive Vice President	10-Oct-94	Diploma (3-yr Diploma), BA	50	31	1,08,47,158	Hongkong & Shanghai Banking Corporation
73	Madhusoodan Hegde	Senior Executive Vice President	11-Feb-97	CAIIB, B.Sc.	59	36	1,61,76,909	Times Bank Ltd.
74	Mandeep Singh*	Deputy Vice President	21-Mar-05	MBA, B.Com	40	18	1,09,07,547	The Lakshmi Vilas Bank Ltd
75	Manoj Khandelwal	Senior Vice President-II	22-Dec-00	CA, ICWA, B.Com	50	24	1,21,15,223	Transamerica Apple Distribution Finance Ltd.
76	Mathew Abraham	Senior Vice President-II	20-Feb-99	B.Com	52	31	1,07,70,420	Global Trust Bank

Sr. No.	Name of the Employee	Designation	Date of joining the Bank	Qualifications	Age (years)	Exp. (years)	Total (₹)	Last Employment
77	Mathew Varghese*	Deputy Vice President	15-Jul-10	MMS, BE	42	19	1,65,33,970	Citi Bank
78	Mayuresh Vasant Apte	Executive Vice President	06-Nov-00	MMS, B.TECH, C.H.S.E, C.B.S.E	51	28	1,87,21,653	Centurion Bank Ltd
79	Mohammad Ahmed Bilal*	Senior Manager	26-Nov-17	MBA, BBM	40	20	1,04,13,173	Dubai Islamic Bank
80	Mohammad Yunush Ahmed*	Assistant Vice President	12-Apr-08	CA, B.Com	44	13	1,07,98,518	M/s T R Chadha & Co.
81	Mohammed Mansoor Azher*	Deputy Vice President	10-Feb-03	MBA, B.Com	42	18	1,37,93,191	Fresher
82	Mohit Maini*	Assistant Vice President	29-Jan-11	MBA, B.Com	36	16	1,45,95,892	ICICI Bank
83	N. Srinivasan	Senior Executive Vice President	11-Nov-96	CA, CWA, CS., B.Com	53	31	1,50,98,034	Credential Finance
84	Naresh Chandiramani*	Vice President	01-Jul-10	B.Com	50	19	1,58,34,802	Citi Bank
85	Nasir Khan	Executive Vice President	14-Nov-11	MA, BA	51	25	1,10,87,999	BNY Mellon (India), Pune
86	Navneet Singh	Senior Vice President-II	16-Aug-18	MBA, BTech	49	28	1,41,31,676	Avendus Capital Private Limited
87	Neeraj Chawla	Senior Vice President-II	06-Jan-14	CA, B.Com	44	19	1,15,46,329	Citibank
88	Neville Rustom Patel	Senior Vice President-I	18-Jun-01	MMS, B.Com	45	21	1,08,04,128	Winmark Trading Pvt Ltd
89	Nidhie Grewal	Senior Vice President-I	05-Nov-18	PGDBM, BA	44	22	1,12,73,801	Edelweiss Financial Services
90	Nilkanth Rade	Senior Vice President-II	27-Jan-20	MBA, BTech	44	19	1,02,48,300	Yes Bank limited
91	Nishant Nangia*	Vice President	04-Apr-05	B.Com	39	18	1,72,48,003	Eserve International Ltd
92	Nitish Nagori	Senior Executive Vice President	01-Jun-10	PG Diploma, B.Sc	50	18	1,39,71,193	ICICI Bank
93	Pallava Rathore*	Senior Vice President-I	27-Jun-08	Doctorate (PhD), Master's Degree/ Diploma, Diploma (3-yr Diploma), B.Sc	45	20	1,78,29,999	IDBI Bank Ltd
94	Pankaj Bhatla	Senior Vice President-II	22-Oct-01	PG Diploma, B.Com	46	24	1,09,19,010	Blue Dart Express Ltd
95	Parag Rao	Group Head	15-Apr-02	MMS, B.E.	55	32	2,71,28,386	IBM Global Services
96	Payal Mandhyan*	Senior Vice President-I	18-Jan-05	PGDBM	42	18	2,72,75,530	India Bulls Securities Ltd.
97	Pinal K. Shah	Senior Vice President-II	01-Jun-98	CFA, MBA, BE	53	27	1,07,64,315	Interface Fianancial Services Ltd
98	Prashant Mehra	Senior Executive Vice President	28-Dec-98	MMS, PGDBM, BE	49	27	1,48,13,843	Maruti Countrywide Auto Financial Services Ltd
99	Prashant Patel	Executive Vice President	02-Mar-06	CA, B.Com	44	19	1,09,94,291	Citibank
100	Priyanka Bakshi	Senior Vice President-II	26-Mar-04	BA	42	21	1,19,68,491	CitiFinancial India Ltd
101	Rajeev Krishnankutty Wariar*	Senior Vice President-I	15-Apr-10	PGDBA, BE	45	22	2,26,37,667	Citi Bank
102	Rajeev Kumar	Executive Vice President	28-Apr-03	PG Diploma, B.Sc	49	27	1,16,95,440	CitiFinancial Retail Services India Ltd
103	Rajeev Sengupta	Senior Executive Vice President	21-Sep-07	PG (Gen Mgmt), BE	60	38	1,19,93,382	Hutchison Essar Ltd
104	Rajesh Sharma	Executive Vice President	15-Nov-00	CA, CS, B.Com	45	27	1,53,49,237	LCC Infotech Ltd
105	Rajesh Sharma	Senior Vice President-II	28-May-18	B.Sc	50	27	1,03,42,539	Orbis Financial Corporation Limited
106	Rajinder Babbar	Senior Executive Vice President	16-Jan-01	LLB, B.Sc, HSC, SSC	53	34	1,85,13,209	Centurion Bank Ltd
107	Ramesh Chandrasekaran	Executive Vice President	10-Apr-19	MBA	47	17	1,24,50,645	Standard Chartered Bank
108	Raveesh Kumar Bhatia	Group Head	03-May-10	PGDM, B.Com	55	30	1,87,07,788	Fore Consultants Pvt Ltd
109	Ravi Santhanam	Senior Executive Vice President	01-Mar-17	PG Diploma	51	28	2,04,02,076	Vodafone India Ltd
110	Ravi Shrivastav	Executive Vice President	07-Nov-02	CAIIB, MBA, B.Sc	51	26	1,06,51,860	State Bank of India
111	Ravi Ssn	Executive Vice President	26-Nov-10	B.Com	52	28	1,53,78,951	Deutsche Bank
112	Reji John*	Assistant Vice President	30-Aug-10	PG Diploma, MA, BA	39	17	1,87,87,796	LIS REgd
113	Resham A. Mahtani	Senior Vice President-II	01-May-01	PGPIM, PGDBM, BA	45	23	1,52,53,911	Mecklai Financial & Commercial Services Ltd.
114	Rheetu Karthik*	Vice President	15-Mar-05	MBA, MA, BA	49	20	1,23,01,833	MetLife India Pvt. Ltd.
115	Ritesh Sampat	Executive Vice President	03-Jan-12	CA, B.Com	44	21	2,27,67,447	Standard Chartered Bank
116	Rohit Pathrabe*	Deputy Vice President	16-Apr-07	BE	43	21	1,38,92,151	HSBC Bank ltd
117	Roli Jamthe*	Vice President	05-Apr-11	MBA, B.Sc, PG Diploma	43	20	2,81,13,560	Royal Bank Of Scotland
118	Ronald A Andrade*	Assistant Vice President	05-Jul-04	B.Com	40	20	1,02,29,551	Deutsche Bank
119	Roopesh H. Patil	Senior Vice President-I	28-Feb-00	MBA, B.Com	47	25	1,31,72,131	Dalal & Broacha Stock Broking Pvt Ltd
120	Sachin Sethi*	Vice President	28-Aug-17	MBA , Bsc	43	21	1,54,93,684	ICICI Bank, Bahrain
121	Sachin Talwar*	Deputy Vice President	15-Jan-20	MBA , BE	44	18	1,18,73,235	ADCB
122	Sameer Ratolikar	Executive Vice President	09-Jan-15	CISA, BE	49	28	1,35,08,737	Bank of India

Sr. No.	Name of the Employee	Designation	Date of joining the Bank	Qualifications	Age (years)	Exp. (years)	Total (₹)	Last Employment
123	Samrat Bose	Senior Vice President-II	17-May-02	Master's Degree/ Diploma, B.Com	44	21	1,79,88,533	Parasmoney Investments
124	Sandeep Kumar	Executive Vice President	09-Jul-02	MBA, BE	48	23	1,18,81,576	IDBI Bank Ltd
125	Sanjay D Souza	Senior Executive Vice President	01-Dec-99	MMS, BE	54	32	1,43,46,209	Nucleus Securities Ltd
126	Sanjay Desai	Senior Executive Vice President	17-Sep-96	B.Sc	54	31	1,15,54,917	IIT Corporate Service Ltd
127	Sanjay Kumar Singh	Senior Vice President-II	02-Jun-05	MBA, B.Sc	43	17	1,21,07,508	IDBI Bank Ltd
128	Sanjeev Kumar	Executive Vice President	15-Jan-96	MBA, B.Sc	51	29	1,10,49,816	ANZ Grindlays Bank
129	Sanjiv Bhuyan	Executive Vice President	30-Aug-04	PGDBM, BE	50	26	1,28,03,879	Global Trust Bank
130	Sanmoy Chakrabarti	Senior Executive Vice President	15-Jun-10	MS, B.Sc	45	22	1,61,81,023	Bank Danamon
131	Santanu Ghosh*	Assistant Vice President	30-Apr-12	PG Diploma, BE	34	9	1,17,09,580	Fresher
132	Santhosh Machangada Medappa	Executive Vice President	20-Nov-03	MBA, B.Sc	47	19	1,31,89,745	ICICI Home Finanace Co Ltd
133	Sarang Dani	Senior Vice President-II	28-Apr-00	B.Com	54	31	1,16,62,888	Cease Fire India Ltd
134	Sathyamurthy Sampath Kumar	Group Head	07-Aug-00	B.Com	48	31	2,38,04,394	Integrated Finance Co. Ltd.
135	Satish Chandra	Senior Vice President-II	16-Dec-04	B.Com	53	31	1,30,74,444	Global Trust Bank
136	Shakti Chauhan	Senior Vice President-II	18-Sep-18	Doctorate (PhD), Master's Degree/ Diploma, M.Com, B.Com	48	29	1,03,70,174	Reliance Retails Ltd
137	Shantanu Samarendra Chakrabarti	Senior Vice President-II	14-May-03	BE	50	27	1,11,32,967	ICICI Bank
138	Sharad Kourani*	Assistant Vice President	10-Aug-08	B.Com	42	25	1,99,15,066	HDFC Bank Ltd. (Off Role)
139	Sharad Rungta	Executive Vice President	02-Jun-12	CFA, CA, B.Com	43	20	2,21,24,435	Credit Suisse AG
140	Sharad Vijay Goenka	Senior Vice President-II	27-Jan-11	CA, B.Com	42	18	1,17,47,267	Hongkong & Shanghai Banking Corporation
141	Sheetal Kapadia*	Vice President	06-May-09	PG Diploma, B.Com	44	21	2,29,19,988	ICICI Bank
142	Shibani Chatterjee*	Deputy Vice President	03-Mar-15	CAMS, CAIIB, M.Com, B.Com	56	32	1,08,04,642	PNB, HK
143	Shriram Viswanathan Iyer	Executive Vice President	05-Mar-03	MBA, B.Com	48	24	1,07,48,117	Citicorp Maruti Finance Ltd
144	Sitanshu Mitra	Senior Executive Vice President	01-Sep-95	MBA, B.Sc	53	33	1,49,36,334	ABN Amro Bank
145	Smita Bhagat	Group Head	12-Jul-99	M.Com, MBA	55	33	2,26,62,430	PDCOR Ltd.
146	Srinivas Sishtla	Executive Vice President	02-May-19	MBA, BA	50	28	1,40,03,160	Citibank
147	Srinivasan Vaidyanathan	Group Head	01-Dec-18	MBA, FCA, FCMA, Lic ICSI, FAIA (UK), CMA (USA)	57	33	3,01,79,680	Citibank
148	Steven Noronha*	Vice President	19-Jul-11	B.Com	45	13	1,63,54,093	Al Maha Financial Services Ltd
149	Sudhir Sreekumaran*	Assistant Vice President	07-Jul-13	B.Com	44	18	1,11,84,578	Citi Bank
150	Sumant Rampal	Senior Executive Vice President	10-Aug-99	MBA, B.Com	45	24	1,67,73,202	Walchnad Capital Ltd.
151	Sumit Ghosh	Senior Vice President-II	11-Sep-19	MBA, BTech	46	23	1,22,00,060	Citibank
152	Sunali Rohra	Executive Vice President	14-Sep-18	M.Sc, B.Com	43	23	1,19,84,294	Facebook India Online Services Pvt Ltd.
153	Sundaresan M.	Senior Executive Vice President	02-May-02	BE (Mechanical), PSG, MBA	49	27	1,64,85,419	GE Countrywide Consumer Financial Services Ltd.
154	Sunil Kumar Jain	Senior Vice President-II	19-Aug-19	MBA, B.Com	41	18	1,30,45,331	Deutsche Bank
155	Sunjay Ashok Shanbhag*	Vice President	16-May-05	MBA, BE	40	16	1,58,54,531	Fresher
156	Suresh Babu Agadkar*	Assistant Vice President	08-Jan-11	MBA, B.Com	45	22	1,05,45,978	M/s Centrum Capital Ltd
157	Susanta Baishya	Senior Vice President-II	10-Dec-18	MBA, BTech	43	19	1,13,11,090	Citigroup
158	Tarun Sethi*	Deputy Vice President	01-Aug-16	PGDBM, BSc	44	21	1,14,63,531	Crane Bank Ltd
159	Umashankar Gopalan*	Vice President	13-Dec-12	B.Com	52	27	2,07,95,474	ICICI Bank
160	V. Chakrapani	Group Head	24-Nov-94	B.Com, CAIIB, ACS	57	37	2,62,04,476	Standard Chartered Bank
161	Varun Mehra*	Deputy Vice President	10-Nov-19	B.Com	40	19	1,06,67,976	Bank International Luxembourg
162	Vasudevan Venkatadri	Executive Vice President	26-Oct-06	MBA, B.Com	52	29	1,06,89,053	Al-Rajhi Banking & Investment Corporation
163	Veeraraghavan Narayanaswamy Iyer	Senior Vice President-I	08-Aug-05	MMS, BE	43	18	1,04,00,288	Hyundai Motor India Ltd
164	Veeresh Hiremath*	Deputy Vice President	28-Apr-08	PGDBM, BE	39	15	1,40,28,061	RAK Bank, Dubai
165	Venkatesh Krishnan	Executive Vice President	27-Sep-18	CA, B.Com	53	30	1,40,69,947	Hongkong & Shanghai Banking Corporation
166	Venkateswaran L	Executive Vice President	12-Nov-18	MBA, BTech	51	26	1,48,54,698	Citibank
167	Venkatraman Balan Iyer	Senior Executive Vice President	02-Sep-00	PG Diploma, B.Com	54	34	1,48,08,240	American Express Bank Ltd
168	Vidya Pradeep	Senior Vice President-II	10-May-02	PGDBM, B.Com	43	20	1,02,44,141	Paisa Power.Com Pvt Ltd

Sr. No.	Name of the Employee	Designation	Date of joining the Bank	Qualifications	Age (years)	Exp. (years)	Total (₹)	Last Employment
169	Vijapurapu Sundar	Executive Vice President	20-Feb-15	Master's Degree/ Diploma, B.Com	54	34	1,12,87,054	ICICI Bank
170	Vijay Kamath	Executive Vice President	18-Aug-98	MMS, BE	50	28	1,11,05,908	Countrywide Consumer Financial Services Ltd
171	Vijay Krishna Mulbagal	Senior Executive Vice President	02-Jan-07	PGPM, B.Sc, HSC, SSC	50	26	1,91,94,352	Diamond Management & Technology Consultants
172	Vikas Pandey	Executive Vice President	04-Mar-02	MBA, MTech, B.Sc	54	27	1,10,31,188	BPL Mobile Cellular Ltd
173	Vikram Rao*	Assistant Vice President	21-Nov-16	MBA, BE	41	16	1,08,07,870	RAK Bank, Dubai
174	Vineet Arora	Executive Vice President	11-Dec-00	CAIIB, CA, B.Com	53	32	1,27,13,965	Small Industries Devlopment
175	Vitthal Mangesh Kulkarni	Senior Vice President-II	22-Sep-07	M.Sc., BE	49	27	1,75,80,513	Barclays Capital
176	Vivek Capoor	Executive Vice President	25-Jun-98	CA, B.Com	51	27	1,10,11,534	UTI Securities Exchange Ltd
177	Vivek Nigam	Executive Vice President	03-Apr-17	MBA, BTech	52	30	1,90,84,144	ICICI Bank
178	Vivek Ramesh Vazirani	Senior Vice President-II	29-Mar-04	CA	40	19	1,06,72,906	Standard Chartered Bank
179	Zubeda Abdul Khetsi*	Deputy Vice President	04-Dec-16	B.Com	37	19	1,28,88,024	RAK Bank, Dubai
	Employed for part of the year							
1	Aditya Puri	Managing Director	12-Sep-94	B.Com, CA.	70	48	13,82,97,499	Citibank
2	Anantharaman Sivaramayyar	Senior Executive Vice President	27-Apr-20	CFA(USA),CA,B.Com	54	27	1,40,78,002	L&T Financial Holdings Ltd
3	Manikandan Janardhanan	Senior Vice President-II	28-May-20	MBA, B.Sc	42	20	89,02,125	Yes Bank limited
4	Mitul Shah	Senior Vice President-I	29-Jun-20	MBA, B.Com	41	17	79,04,337	Ernst & Young
5	Munish Mittal	Group Head	17-Aug-96	PGDM, B.Sc.	52	34	1,64,41,845	Bank of Punjab
6	Nagarajan Chandran	Executive Vice President	24-Dec-20	PG Diploma - DM, B.Sc	49	23	27,49,584	Bajaj Finserv
7	Neeraj Jha	Senior Vice President-II	23-Oct-06	PG Diploma,BA	54	24	87,78,713	Reliance Infocomm Ltd
8	Prateek Sharma	Executive Vice President	31-Aug-20	PGDM,DMM,B.Com	46	24	61,55,330	ICICI Bank Ltd
9	Rajesh B. Chavan	Executive Vice President	11-Oct-99	MBA	50	29	69,45,939	Parsn Technologies Pvt. Ltd.
10	Ramesh Lakshminarayanan	Group Head	16-Oct-20	MBA, B.Sc.	50	25	78,20,603	CRISIL Ltd.
11	Sandeep Sachdeva	Senior Vice President-II	26-Nov-15	BA	51	26	1,13,82,263	ICICI Bank Ltd

Notes :

1. Remuneration shown above includes basic salary, allowances, performance bonus, cash allowances in lieu of perquisites or taxable value of perquisites, if availed as computed as per Income-tax rules but excludes gratuity,PF settlement, super annuation settlement, perquisite on ESOP & super annuation perquisite.
2. All appointments are terminable by one / three month's notice as the case may be on either side.
3. The above list does not include employees sent on deputation whose salary is reimbursed by the other company.
4. *Employee in overseas location
5. None of the employees listed above hold 2% or more of the paid-up share capital of the Bank as at March 31, 2021
6. None of the employees listed above is a relative of any director of the Bank

Annexure 7 to the Directors' Report

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

To
The Members,
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 conducts and statutory compliances and expressing our opinion thereon.

Based on our verification of the Banks's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Bank and the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Bank has followed proper Board-processes and has required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Bank for the financial year ended on March 31, 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder for compliance in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, as applicable;

(v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as 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) Regulations, 2014;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not applicable as the Bank is not registered as Registrar to issue and Share Transfer Agent during the financial year under review;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the Bank has not delisted / proposed to delist its equity shares from any stock exchange during the financial year under review;

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not applicable as the Bank has not bought back / proposed to buy-back any of its securities during the financial year under review;

i) The Securities and Exchange Board of India (Bankers to an Issue) Regulations,1994;

j) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992;

k) The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019;

l) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 - Not applicable as the Bank has not issued or listed Non-Convertible and Redeemable Preference Shares during the financial year under review;

m) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

(vi) Other specific business/industry related laws applicable to the Bank - The Bank has complied with the provisions of the Banking Regulation Act, 1949, Master Circulars, Notifications and Guidelines and other directions pertaining to commercial banking issued by the Reserve Bank of India (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 of:

(a) the Secretarial Standards with regards to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India; and

(b) SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

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

2. Reserve Bank of India (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.

3. Reserve Bank of India (RBI) has vide its letter dated December 4, 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.

4. 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 a corporate entity 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 has challenged SEBI's order before SAT and the hearing in the matter is in progress.

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 was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and shorter notice with consent of all the Directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation of Directors at the meeting; and

(d) The minutes of the Board/Committee meetings have not identified any dissent by members of the Board/Committee; hence we have no reason to believe that the decisions by the Board/Committee were not approved by all the directors/members present.

We further report that there are adequate systems and processes in the Bank commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Bank has responded appropriately to notices received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period there were following specific events /actions having major bearing on Bank's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards etc.:

1. The Board of Directors of the Bank at their meeting held on June 20, 2020 and the Shareholders of the Bank at their 26th Annual General Meeting held July 18, 2020, have approved the 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 upto a total amount of ₹ 50,000 Crores.

2. The Bank has allotted 29,490,022 Equity Shares of Re. 1/- each under 'Employee Stock Option Schemes' of the Bank.

Place : Mumbai
Date : June 18, 2021

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 : F005559C000482851]

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

Our 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, the verification was done on the basis of electronic data provided to us by the Bank due to COVID-19 lockdown and on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.

5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

Place : Mumbai
Date : June 18, 2021

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 : F005559C000482851]

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, 2021, the Profit and Loss Account, Cash Flow Statement for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for Banking Companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2021 and its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 43 of Schedule 18 to the standalone financial statements, which describes the extent to which the COVID-19 pandemic will continue to impact the Bank's standalone financial statements will depend on ongoing and future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Identification of Non-performing advances (NPA) and provisioning on advances:
Total Loans and Advances (Net of Provision) as at March 31, 2021: ₹ 1,132,836 Crores
Provision for NPA as at March 31, 2021: ₹ 10,531 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 and asset classification ("IRAC") prescribe the prudential norms for identification and classification of non-performing assets ("NPA") and the minimum provision required for such assets. The Bank is required to have Board approved policy as per IRAC guidelines for NPA identification and provision. The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors. The provision on NPA 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 in 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 made an assessment of the impact on borrowers' account due to COVID-19 pandemic and in line with the COVID-19 Regulatory Package announced by the RBI in respect of moratorium and restructuring of advances as relief measures to the borrowers. Additionally, the Bank has considered the impact of judgement, on identification of NPA and provision thereof, which was vacated as per Honourable Supreme Court Order on March 23, 2021 and the RBI circular dated April 7, 2021 in that connection. Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a key audit matter.	Tested the design and operating effectiveness of key controls (including application controls) over approval, recording, monitoring and recovery of loans, monitoring overdue / stressed accounts, identification of NPA, provision for NPA and valuation of security and collateral. Testing of Application controls include testing of automated controls, reports and system reconciliations. Evaluated the governance process and review controls over calculations of provision of non-performing advances, basis of provisioning in accordance with the Board approved policy. Selected the borrowers based on quantitative and qualitative risk factors for their assessment of appropriate classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per extant IRAC norms and the Bank policy. Performed other substantive procedures included and not limited to the following: • Selected samples of performing loans and assessed independently as to whether those should be classified as NPA; • For samples selected reviewed the collateral valuation, financial statements and other qualitative information; • Considered the accounts reported by the Bank and other Banks as Special Mention Accounts ("SMA") in RBI's Central Repository of Information on Large Credits (CRILC) to identify stress; • For selected samples assessed independently accounts that can potentially be classified as NPA and Red Flagged Accounts; • Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA; • Examined the early warning reports generated by the Bank to identify stressed loan accounts; • Held specific discussions with the management of the Bank on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors; • Selected samples for standard accounts, default but standard accounts and overdue accounts and assessed compliance with RBI circular on COVID-19 Regulatory Package; • 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 • Selected samples of accounts which were not declared as NPA due to the interim order of Honourable Supreme Court and later on due to the vacation of the interim order and the RBI circular in that connection to ensure the asset classification of borrower accounts has been continued as per the extant RBI instructions / IRAC norms. Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.

Evaluation of litigations included in Contingent Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Taxes	₹ 1,268 Crores	₹ 1,292 Crores
Legal Cases	₹ 228 Crores	₹ 92 Crores

(Refer Schedule 12, Schedule 17(C)(18), Schedules 18(18)(d)(1) and (2))

Key Audit Matter	How our audit addressed the key audit matter
The Bank has material open tax litigations including matters under dispute which involve significant 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.	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 within the standalone financial statements in this regard.

Information Technology ("IT") Systems and Controls	
Key Audit Matter	**How our audit addressed the key audit matter**
The Bank has a complex IT architecture to support its day-to-day business operations. High volume of transactions is processed and recorded on single or multiple applications. The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.	Our Audit procedures with respect to this matter included: For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems. Obtained a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed and authorized. Also, entity level controls pertaining to policy and procedure and Business continuity plan assessment due impact of COVID-19 was also part of our audit procedure. In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our test. Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information in the Basel III - Pillar 3 disclosures and graphical representation of financial highlights (but does not include the financial statements and our auditor's reports thereon), which we obtained prior to the date of this auditor's report, and Annual Report, which is expected to be made available to us after that date.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Those Charged with Governance.

Responsibilities of Management and Those Charged with Governance for Standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act and 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2021 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. However, during the course of our audit we visited 98 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 purpose of our audit;

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

   c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act and relevant rules made thereunder to the extent they are not inconsistent with the accounting policies prescribed by the Reserve Bank of India;

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended;

      The Bank is a Banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply; and

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
      i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Schedule 12, Schedule 17(C)(18) and Schedules 18(18)(d)(1) and (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)(8) and 17(C)(18), Schedule 18(12) and Schedule 18(18)(d) to the standalone financial statements; and

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

UDIN: 21117812AAAADS7710

Mumbai
April 17, 2021

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, 2021]

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, 2021 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's 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 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, 2021, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

UDIN: 21117812AAAADS7710

Mumbai
April 17, 2021

Balance Sheet

As at March 31, 2021

₹ in '000

	Schedule	As at 31-Mar-21	As at 31-Mar-20
CAPITAL AND LIABILITIES			
Capital	1	5,512,776	5,483,286
Reserves and surplus	2	2,031,695,513	1,704,377,008
Deposits	3	13,350,602,208	11,475,022,947
Borrowings	4	1,354,873,236	1,446,285,372
Other liabilities and provisions	5	726,021,504	673,943,976
Total		17,468,705,237	**15,305,112,589**
ASSETS			
Cash and balances with Reserve Bank of India	6	973,407,363	722,051,210
Balances with banks and money at call and short notice	7	221,296,594	144,135,970
Investments	8	4,437,282,921	3,918,266,581
Advances	9	11,328,366,309	9,937,028,781
Fixed assets	10	49,093,169	44,319,155
Other assets	11	459,258,881	539,310,892
Total		17,468,705,237	**15,305,112,589**
Contingent liabilities	12	9,710,975,961	11,289,534,044
Bills for collection		447,481,440	515,849,020
Significant accounting policies and notes to the financial statements The schedules referred to above form an integral part of the Balance Sheet.	17 & 18		

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 17, 2021

For and on behalf of the Board

Umesh Chandra Sarangi
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Profit and Loss Account

For the year ended March 31, 2021

₹ in '000

	Schedule	Year ended 31-Mar-21	Year ended 31-Mar-20
I INCOME			
Interest earned	13	1,208,582,265	1,148,126,509
Other income	14	252,048,927	232,608,187
Total		1,460,631,192	**1,380,734,696**
II EXPENDITURE			
Interest expended	15	559,786,560	586,263,979
Operating expenses	16	327,226,301	306,975,289
Provisions and contingencies [Refer Schedule 18 (24)]		262,453,079	224,922,278
Total		1,149,465,940	**1,118,161,546**
III PROFIT			
Net profit for the year		311,165,252	262,573,150
Balance in the Profit and Loss account brought forward		574,924,020	492,233,022
Total		886,089,272	**754,806,172**
IV APPROPRIATIONS			
Transfer to Statutory Reserve		77,791,313	65,643,288
Dividend (including tax / cess thereon) pertaining to previous year paid during the year, net of dividend tax credits		-	48,933,585
Interim Dividend (including tax)		-	16,469,504
Transfer to General Reserve		31,116,525	26,257,315
Transfer to Capital Reserve		22,916,842	11,238,460
Transfer to / (from) Investment Reserve Account		616,645	-
Transfer to / (from) Investment Fluctuation Reserve		17,120,000	11,340,000
Balance carried over to Balance Sheet		736,527,947	574,924,020
Total		886,089,272	**754,806,172**
V EARNINGS PER EQUITY SHARE (Face value ₹ 1 per share)		₹	₹
Basic		56.58	48.01
Diluted		56.32	47.66
Significant accounting policies and notes to the financial statements The schedules referred to above form an integral part of the Profit and Loss Account.	17 & 18		

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 17, 2021

For and on behalf of the Board

Umesh Chandra Sarangi
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Cash Flow Statement

For the year ended March 31, 2021

₹ in '000

	Year ended 31-Mar-21	Year ended 31-Mar-20
Cash flow from / (used in) operating activities		
Profit before income tax	416,589,837	366,071,513
Adjustments for :		
Depreciation on fixed assets	13,024,133	11,958,533
(Profit) / loss on revaluation of investments	14,853,243	7,021,095
Amortisation of premium on held to maturity investments	7,654,693	5,014,137
(Profit) / loss on sale of fixed assets	(15,407)	83,208
Provision / charge for non performing assets	116,499,658	93,523,605
Provision for standard assets and contingencies	42,694,827	30,515,777
Dividend from subsidiaries	(4,830,434)	(4,237,182)
	606,470,550	**509,950,686**
Adjustments for :		
(Increase) / decrease in investments	(525,406,084)	(999,216,055)
(Increase) / decrease in advances	(1,509,246,390)	(1,836,404,567)
Increase / (decrease) in deposits	1,875,579,261	2,243,613,663
(Increase) / decrease in other assets	100,182,759	(71,801,285)
Increase / (decrease) in other liabilities and provisions	(6,756,511)	91,939,987
	540,823,585	**(61,917,571)**
Direct taxes paid (net of refunds)	(125,875,723)	(104,980,179)
Net cash flow from / (used in) operating activities	**414,947,862**	**(166,897,750)**
Cash flows from / (used in) investing activities		
Purchase of fixed assets	(16,173,763)	(15,468,752)
Proceeds from sale of fixed assets	141,637	182,351
Dividend from subsidiaries	4,830,434	4,237,182
Net cash flow used in investing activities	**(11,201,692)**	**(11,049,219)**
Cash flow (used in) / from financing activities		
Proceeds from issue of share capital, net of issue expenses	17,600,995	18,486,821
Redemption of Tier II capital bonds	(11,050,000)	-
Increase / (decrease) in other borrowings	(80,362,136)	275,434,134
Dividend paid during the year (including tax on dividend)	-	(65,403,089)
Net cash flow (used in) / from financing activities	**(73,811,141)**	**228,517,866**
Effect of exchange fluctuation on translation reserve	**(1,418,252)**	**2,139,891**
Net increase / (decrease) in cash and cash equivalents	**328,516,777**	**52,710,788**
Cash and cash equivalents as at April 1st	**866,187,180**	**813,476,392**
Cash and cash equivalents as at March 31st	**1,194,703,957**	**866,187,180**

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 17, 2021

For and on behalf of the Board

Umesh Chandra Sarangi
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Schedules to the Financial Statements

As at March 31, 2021

₹ in '000

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 1 - CAPITAL		
Authorised capital		
6,50,00,00,000 (31 March, 2020 : 6,50,00,00,000) Equity Shares of ₹ 1/- each	6,500,000	6,500,000
Issued, subscribed and paid-up capital		
5,51,27,76,482 (31 March, 2020 : 5,48,32,86,460) Equity Shares of ₹ 1/- each	5,512,776	5,483,286
Total	**5,512,776**	**5,483,286**
SCHEDULE 2 - RESERVES AND SURPLUS		
I Statutory reserve		
Opening balance	345,814,380	280,171,092
Additions during the year	77,791,313	65,643,288
Total	**423,605,693**	**345,814,380**
II General reserve		
Opening balance	136,491,358	110,234,043
Additions during the year	31,116,525	26,257,315
Total	**167,607,883**	**136,491,358**
III Balance in profit and loss account	**736,527,947**	**574,924,020**
IV Share premium		
Opening balance	587,555,328	569,105,180
Additions during the year	17,571,505	18,450,148
Total	**605,126,833**	**587,555,328**
V Amalgamation reserve		
Opening balance	10,635,564	10,635,564
Additions during the year	-	-
Total	**10,635,564**	**10,635,564**
VI Capital reserve		
Opening balance	26,647,724	15,409,264
Additions during the year	22,916,842	11,238,460
Total	**49,564,566**	**26,647,724**
VII Investment reserve		
Opening balance	-	-
Additions during the year	616,645	-
Total	**616,645**	**-**
VIII Investment fluctuation reserve		
Opening balance	19,070,000	7,730,000
Additions during the year	17,120,000	11,340,000
Total	**36,190,000**	**19,070,000**
IX Foreign currency translation account		
Opening balance	3,238,634	1,098,743
Additions / (deductions) during the year	(1,418,252)	2,139,891
Total	**1,820,382**	**3,238,634**
Total	**2,031,695,513**	**1,704,377,008**

₹ in '000

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 3 - DEPOSITS		
A I Demand deposits		
(i) From banks	38,701,928	36,285,672
(ii) From others	2,083,119,132	1,706,193,073
Total	**2,121,821,060**	**1,742,478,745**
II Savings bank deposits	4,035,000,577	3,103,771,353
III Term deposits		
(i) From banks	106,458,399	136,163,876
(ii) From others	7,087,322,172	6,492,608,973
Total	**7,193,780,571**	**6,628,772,849**
Total	**13,350,602,208**	**11,475,022,947**
B I Deposits of branches in India	13,291,717,787	11,426,592,411
II Deposits of branches outside India	58,884,421	48,430,536
Total	**13,350,602,208**	**11,475,022,947**

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 4 - BORROWINGS		
I Borrowings in India		
(i) Reserve Bank of India	90,200,000	17,260,000
(ii) Other banks	8,860,455	11,339,756
(iii) Other institutions and agencies	659,354,025	696,576,700
(iv) Upper and lower tier II capital and innovative perpetual debts	171,270,000	182,320,000
(v) Bonds and Debentures (excluding subordinated debt)	186,750,000	186,750,000
Total	**1,116,434,480**	**1,094,246,456**
II Borrowings outside India	238,438,756	352,038,916
Total	**1,354,873,236**	**1,446,285,372**

Secured borrowings included in I and II above: Nil (previous year: Nil) except borrowings of ₹ 44,625.92 crore (previous year: ₹ 52,524.20 crore) under repurchase transactions (including tri-party repo) and transactions under Liquidity Adjustment Facility and Marginal Standing Facility.

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I Bills payable	124,241,904	75,837,207
II Interest accrued	62,334,334	68,199,560
III Others *(including provisions)*	486,411,605	485,528,626
IV Contingent provisions against standard assets	53,033,661	44,378,583
Total	**726,021,504**	**673,943,976**

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I Cash in hand *(including foreign currency notes)*	106,925,639	92,076,984
II Balances with Reserve Bank of India:		
(a) In current accounts	594,421,724	377,974,226
(b) In other accounts	272,060,000	252,000,000
Total	**866,481,724**	**629,974,226**
Total	**973,407,363**	**722,051,210**

₹ in '000

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I In India		
(i) Balances with banks:		
(a) In current accounts	8,333,753	1,717,287
(b) In other deposit accounts	9,869	1,759,869
Total	**8,343,622**	**3,477,156**
(ii) Money at call and short notice:		
(a) With banks	-	-
(b) With other institutions	-	-
Total	**-**	**-**
Total	**8,343,622**	**3,477,156**
II Outside India		
(i) In current accounts	110,344,840	47,628,696
(ii) In deposit accounts	3,909,632	10,176,943
(iii) Money at call and short notice	98,698,500	82,853,175
Total	212,952,972	140,658,814
Total	**221,296,594**	**144,135,970**

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 8 - INVESTMENTS		
A Investments in India in		
(i) Government securities	3,511,410,385	3,230,399,049
(ii) Other approved securities	-	-
(iii) Shares	4,332,926	4,044,055
(iv) Debentures and bonds	617,897,218	264,503,537
(v) Subsidiaries / joint ventures	38,264,875	38,264,875
(vi) Others (Units, CDs, CPs, PTCs and security receipts)	241,696,270	359,227,260
Total	**4,413,601,674**	**3,896,438,776**
B Investments outside India in		
(i) Government securities (including Local Authorities)	5,936,075	8,409,391
(ii) Other investments		
(a) Shares	35,024	35,024
(b) Debentures and bonds	17,710,148	13,383,390
Total	**23,681,247**	**21,827,805**
Total	**4,437,282,921**	**3,918,266,581**

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 9 - ADVANCES		
A (i) Bills purchased and discounted	345,427,765	387,832,198
(ii) Cash credits, overdrafts and loans repayable on demand	2,559,778,239	2,340,489,951
(iii) Term loans	8,423,160,305	7,208,706,632
Total	**11,328,366,309**	**9,937,028,781**
B (i) Secured by tangible assets*	7,618,839,623	6,812,916,518
(ii) Covered by bank / government guarantees	393,758,390	201,580,178
(iii) Unsecured	3,315,768,296	2,922,532,085
Total	**11,328,366,309**	**9,937,028,781**
* Including advances against book debts		
C I Advances in India		
(i) Priority sector	2,574,675,399	2,541,995,300
(ii) Public sector	1,199,082,740	623,353,731
(iii) Banks	85,383,854	68,550,435
(iv) Others	7,153,125,825	6,419,015,531
Total	**11,012,267,818**	**9,652,914,997**

Schedules to the Financial Statements

As at March 31, 2021

₹ in '000

	As at 31-Mar-21	As at 31-Mar-20
C II Advances outside India		
(i) Due from banks	55,276,539	33,250,983
(ii) Due from others		
(a) Bills purchased and discounted	63,490	51,070
(b) Syndicated loans	8,347,907	12,531,145
(c) Others	252,410,555	238,280,586
Total	**316,098,491**	**284,113,784**
Total	**11,328,366,309**	**9,937,028,781**
(Advances are net of provisions)		
SCHEDULE 10 - FIXED ASSETS		
A Premises (including land)		
Gross block		
At cost on 31 March of the preceding year	18,636,852	17,984,742
Additions during the year	1,745,137	737,974
Deductions during the year	(98,150)	(85,864)
Total	20,283,839	18,636,852
Depreciation		
As at 31 March of the preceding year	6,341,803	5,786,797
Charge for the year	660,308	630,315
On deductions during the year	(93,276)	(75,309)
Total	**6,908,835**	**6,341,803**
Net block	**13,375,004**	**12,295,049**
B Other fixed assets *(including furniture and fixtures)*		
Gross block		
At cost on 31 March of the preceding year	111,296,870	100,927,994
Additions during the year	16,176,309	15,512,364
Deductions during the year	(2,757,617)	(5,143,488)
Total	**124,715,562**	**111,296,870**
Depreciation		
As at 31 March of the preceding year	79,272,764	72,825,896
Charge for the year	12,360,893	11,335,351
On deductions during the year	(2,636,260)	(4,888,483)
Total	**88,997,397**	**79,272,764**
Net block	**35,718,165**	**32,024,106**
C Assets on lease *(plant and machinery)*		
Gross block		
At cost on 31 March of the preceding year	4,546,923	4,546,923
Additions during the year	-	-
Total	**4,546,923**	**4,546,923**
Depreciation		
As at 31 March of the preceding year	4,104,467	4,104,467
Charge for the year	-	-
Total	**4,104,467**	**4,104,467**

₹ in '000

	As at 31-Mar-21	As at 31-Mar-20
Lease adjustment account		
As at 31 March of the preceding year	442,456	442,456
Charge for the year	-	-
Total	**442,456**	**442,456**
Unamortised cost of assets on lease	-	-
Total	**49,093,169**	**44,319,155**
SCHEDULE 11 - OTHER ASSETS		
I Interest accrued	118,762,922	103,041,783
II Advance tax / tax deducted at source (net of provisions)	36,071,347	25,983,290
III Stationery and stamps	434,856	430,930
IV Non banking assets acquired in satisfaction of claims	512,557	-
V Bond and share application money pending allotment	225,000	-
VI Security deposit for commercial and residential property	5,483,331	5,410,271
VII Others*	297,768,868	404,444,618
Total	**459,258,881**	**539,310,892**

*Includes deferred tax asset (net) of ₹ 4,937.76 crore (previous year: ₹ 3,835.45 crore) and deposits placed with NABARD / SIDBI / NHB on account of shortfall in lending to priority sector of ₹ 9,320.37 crore (previous year: ₹ 9,196.86 crore)

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 12 - CONTINGENT LIABILITIES		
I Claims against the bank not acknowledged as debts - taxation	12,677,596	12,919,109
II Claims against the bank not acknowledged as debts - others	2,275,100	915,938
III Liability on account of outstanding forward exchange contracts	4,964,726,675	6,079,194,921
IV Liability on account of outstanding derivative contracts	3,577,046,284	4,130,061,603
V Guarantees given on behalf of constituents - in India	751,195,338	590,864,399
- outside India	1,800,917	859,639
VI Acceptances, endorsements and other obligations	376,536,252	440,232,727
VII Other items for which the Bank is contingently liable	24,717,799	34,485,708
Total	**9,710,975,961**	**11,289,534,044**

	Year ended 31-Mar-21	Year ended 31-Mar-20
SCHEDULE 13 - INTEREST EARNED		
I Interest / discount on advances / bills	948,345,362	917,878,779
II Income from investments	232,142,691	206,333,232
III Interest on balance with RBI and other inter-bank funds	23,412,507	18,289,329
IV Others	4,681,705	5,625,169
Total	**1,208,582,265**	**1,148,126,509**
SCHEDULE 14 - OTHER INCOME		
I Commission, exchange and brokerage	161,693,202	163,336,852
II Profit / (loss) on sale of investments (net)	53,523,204	26,364,839
III Profit / (loss) on revaluation of investments (net)	(14,853,243)	(7,021,095)
IV Profit / (loss) on sale of building and other assets (net)	484,014	257,807
V Profit / (loss) on exchange / derivative transactions (net)	24,384,132	21,547,462
VI Income earned by way of dividends from subsidiaries / associates and / or joint ventures abroad / in India	4,830,434	4,237,182
VII Miscellaneous income	21,987,184	23,885,140
Total	**252,048,927**	**232,608,187**

₹ in '000

	Year ended 31-Mar-21	Year ended 31-Mar-20
SCHEDULE 15 - INTEREST EXPENDED		
I Interest on deposits	501,433,080	508,037,575
II Interest on RBI / inter-bank borrowings	58,225,908	78,033,042
III Other interest	127,572	193,362
Total	**559,786,560**	**586,263,979**
SCHEDULE 16 - OPERATING EXPENSES		
I Payments to and provisions for employees	103,647,937	95,256,682
II Rent, taxes and lighting	16,981,899	16,584,727
III Printing and stationery	4,291,454	4,466,320
IV Advertisement and publicity	954,746	979,091
V Depreciation on bank's property	13,024,133	11,958,533
VI Directors' fees / remuneration, allowances and expenses	51,433	37,041
VII Auditors' fees and expenses	46,273	37,823
VIII Law charges	1,366,427	1,587,423
IX Postage, telegram, telephone etc.	4,807,651	4,275,952
X Repairs and maintenance	16,162,822	12,675,704
XI Insurance	17,228,235	12,292,295
XII Other expenditure*	148,663,291	146,823,698
Total	**327,226,301**	**306,975,289**

*Includes professional fees, commission to sales agents, card and merchant acquiring expenses and system management fees.

SCHEDULE 17 - Significant accounting policies appended to and forming part of the financial statements for the year ended March 31, 2021

A BACKGROUND

HDFC Bank Limited ('HDFC Bank' or 'the Bank'), incorporated in Mumbai, India is a publicly held banking company engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013. The Bank has overseas branch operations in Bahrain, Hong Kong, Dubai and Offshore Banking Unit at International Financial Service Centre (IFSC), at GIFT City, Gandhinagar in Gujarat. The financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by branches of the Bank.

B BASIS OF PREPARATION

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time (RBI guidelines), Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, in so far as they apply to banks.

Use of estimates

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

C PRINCIPAL ACCOUNTING POLICIES

1 Investments

Classification:

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

Purchase and sale transactions in securities are recorded under settlement date of accounting, except in the case of equity shares where trade date accounting is followed.

Basis of classification:

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

Acquisition cost:

Brokerage, commission, etc. and broken period interest on debt instruments are recognised in the Profit and Loss Account and are not included in the cost of acquisition.

Disposal of investments:

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

Short sale:

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is categorised under HFT category and netted off from investments in the Balance Sheet. The short position is marked to market and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Profit / Loss on settlement of the short position is recognised in the Profit and Loss Account.

Valuation:

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

Traded investments are valued based on the trades / quotes on the recognised stock exchanges or prices published by Financial Benchmarks India Pvt Ltd. (FBIL) with Fixed Income Money Market and Derivatives Association (FIMMDA) as the calculating agent. 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. which are directly issued by the government of India is computed as per the prices published by FBIL with FIMMDA as the calculating agent. These prices are calculated by FIMMDA in accordance with the extant RBI guidelines.

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 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 as per the RBI guidelines.

Units of mutual funds are valued at the latest net asset value declared by the respective schemes of the mutual fund.

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

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

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, in accordance with the RBI guidelines. Such investments are transferred to the AFS category after the said period of three years and valued at NAV shown by the VCF in its financial statements. At least once a year, the 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 in the value, if any, compared to the acquisition cost, in any of the six groups, is charged to the Profit and Loss Account. The net appreciation, if any, in any of the six groups is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions. The book value of individual securities is not changed after the valuation of investments.

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

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

Repurchase and reverse repurchase transactions:
In accordance with the RBI guidelines, repurchase (Repo) and reverse repurchase (Reverse Repo) transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively.

Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

2 Advances

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

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

The specific provision levels for retail non-performing assets are also based on the nature of product and delinquency levels. Specific loan loss provisions in respect of non-performing advances are charged to the Profit and Loss Account and included under Provisions and Contingencies.

Non-performing advances are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognised in the Profit and Loss Account and included under other income.

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

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

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

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

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

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

In accordance with the RBI guidelines on the prudential framework for resolution of stressed assets and the resolution framework for COVID-19 related stress, the Bank in accordance with its Board approved policy, carried out one-time restructuring of 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 by the Bank. Sales / transfers that do not meet these criteria for surrender of control are accounted for as borrowings. In accordance with RBI guidelines, the Bank amortises any profit received for a securitisation or direct assignment transaction based on the method prescribed and any loss arising therefrom is recognised in the Profit and Loss Account at the time of sale.

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

In respect of stressed assets sold by the Bank 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, in accordance with RBI guidelines, 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 for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenor of the loans.

4 Priority Sector Lending Certificates (PSLCs)

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as miscellaneous income and the fee paid for purchase of the PSLCs is recorded as other expenditure in Profit and Loss Account. These are amortised over the period of the Certificate.

5 Fixed assets and depreciation

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

Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis. The management believes that the useful life of assets assessed by the Bank, pursuant to Part C of Schedule II to the Companies Act, 2013, taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use, fairly reflects its estimate of useful lives of the fixed assets. The estimated useful lives of key fixed assets are given below:

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

- Improvements to lease hold premises are charged off over the remaining primary period of lease.
- Software and system development expenditure is depreciated over a period of 5 years.
- Point of sales terminals are depreciated over a period of 4 years.
- For assets purchased and sold during the year, depreciation is provided on pro-rata basis by the Bank.
- Whenever there is a revision of the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.
- Profit on sale of immovable property net of taxes and transfer to statutory reserve, are transferred to capital reserve account.
- Assets (other than POS terminals) costing less than ₹ 5,000 individually, are fully depreciated in the year of purchase.

6 Impairment of assets

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

7 Translation of foreign currency items

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

Foreign currency monetary items of domestic and integral foreign operations are translated at the closing exchange rates notified by Foreign Exchange Dealers' Association of India (FEDAI) as at the Balance Sheet date and the resulting net 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.

8 Foreign exchange and derivative contracts

Foreign exchange spot and forward contracts outstanding as at the Balance Sheet date and held for trading, are revalued at the closing spot and forward rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities. The USD-INR rate for valuation of contracts having longer maturities i.e. greater than one year, is derived using the MIFOR and LIBOR curves. 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 present value basis, as directed by FEDAI. For this purpose, the forward profit or loss on the deals are discounted till the valuation date using the discounting yields. The resulting profit or loss on valuation is recognised in the Profit and Loss Account. Foreign exchange contracts are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value).

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

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

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

9 Revenue recognition

Interest income is recognised in the Profit and Loss Account on an accrual basis, except in the case of non-performing assets. Also in case of domestic advances, where interest is collected on rear end basis, such interest is accounted on receipt basis in accordance with the RBI communication.

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

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

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

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

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

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

10 Employee benefits

Employee Stock Option Scheme (ESOS):

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

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

Gratuity:

The Bank has an obligation towards gratuity, a defined benefit retirement plan covering all eligible employees. The plan benefit vests upon completion of five years of service and is in the form of lump sum 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 recognized 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.

Leave encashment:

The Bank has a policy of encashing unavailed leave for eLKB employees under Indian Banks' Association (IBA) structure. The Bank provides for leave encashment based on an independent actuarial valuation at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation.

Pension:

In respect of pension payable to certain eLKB employees under IBA structure, which is a defined benefit scheme, the Bank contributes 10% of basic salary to a pension trust set up by the Bank and administered by the Board of Trustees and an additional amount towards the liability shortfall based on an independent actuarial valuation as at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases and interest rates.

In respect of certain eLKB employees who had moved to a Cost to Company (CTC) 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.

New Pension Scheme (NPS):

In respect of employees who opt for contribution to the NPS, the Bank contributes certain percentage of the basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year incurred.

11 Debit and credit cards reward points

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

12 Bullion

The Bank imports bullion including precious metal bars on a consignment basis. The imports are typically on a back-to-back basis and are priced to the customer based on the price quoted by the supplier. The difference between the price recovered from customers and cost of bullion is accounted at the time of sale to the customers and reported as "Other Income".

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

13 Lease accounting

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

14 Income tax

Income tax expense comprises current tax provision (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961, the rules framed 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.

15 Earnings per share

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

16 Share issue expenses

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

17 Segment information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

18 Accounting for provisions, contingent liabilities and contingent assets

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

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

A disclosure of contingent liability is made when there is:

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

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

Onerous contracts

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

19 Cash and cash equivalents

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

20 Corporate social responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, is recognised in the Profit and Loss Account.

SCHEDULE 18 - Notes forming part of the financial statements for the year ended March 31, 2021

Amounts in notes forming part of the financial statements for the year ended March 31, 2021 are denominated in rupee crore to conform to extant RBI guidelines, except where stated otherwise.

1. Proposed dividend

The Reserve Bank of India (RBI), vide notification dated December 04, 2020, stated that in view of the ongoing stress and heightened uncertainty on account of COVID-19, banks should continue to conserve capital to support the economy and absorb losses. The notification also stated that in order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2020. The Bank did not declare final dividend for the financial year ended March 31, 2020.

Given that the current "second wave" has significantly increased the number of COVID-19 cases in India and uncertainty remains, the Board of Directors of the Bank, at its meeting held on April 17, 2021, has considered it prudent to currently not propose dividend for the financial year ended March 31, 2021. The Board shall reassess the position based on any further guidelines from the RBI in this regard.

2. Special Dividend

During the previous year ended March 31, 2020 the Bank had paid Special Interim Dividend of ₹ 5 per equity share of face value of ₹ 2 each (pre-split) for the financial year 2019-20, to commemorate 25 years of the Bank's operation, aggregating to ₹ 1,646.95 crore inclusive of tax on dividend.

3. Sub-division of Equity Shares

During the previous year ended March 31, 2020, the shareholders of the Bank at the 25th Annual General Meeting held on July 12, 2019 approved sub-division (split) of one equity share of the Bank from face value of ₹ 2/- each into two equity shares of face value of ₹ 1/- each. All shares and per share information in the financial statements reflect the effect of sub-division (split) retrospectively.

4. Capital adequacy

The Bank's capital to risk-weighted assets ratio ('Capital Adequacy Ratio') as at March 31, 2021 is calculated in accordance with the RBI guidelines on Basel III capital regulations ('Basel III'). The phasing-in of the minimum capital ratio requirement under Basel III is as follows:

(% of RWAs)

Minimum ratio of capital to risk-weighted assets	As at 31-Mar		
	2019	2020	2021
Common equity tier 1 (CET 1)	7.525	7.575	7.575
Tier I capital	9.025	9.075	9.075
Total capital	**11.025**	**11.075**	**11.075**

The above minimum CET 1, tier I and total capital ratio requirements include capital conservation buffer (CCB) and additional capital applicable to our Bank being Domestic-Systemically Important Bank (D-SIB).

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

(₹ crore)

Particulars	As at 31-Mar	
	2021	2020
Tier I capital	198,587.36	171,414.44
Of which CET 1 capital	190,602.36	163,414.44
Tier II capital	13,958.94	12,843.41
Total capital	**212,546.30**	**184,257.85**
Total risk weighted assets	**1,131,143.88**	**994,715.74**
Capital adequacy ratios under Basel III		
Tier I	17.56%	17.23%
Of which CET 1	16.85%	16.43%
Tier II	1.23%	1.29%
Total	**18.79%**	**18.52%**

During the year ended March 31, 2021 and March 31, 2020, the Bank has not raised Additional Tier I and Tier II capital.

As on March 31, 2021, the Bank's subordinated and perpetual debt capital instruments amounted to ₹ 9,127.00 crore (previous year : ₹ 10,232.00 crore) and ₹ 8,000.00 crore (previous year : ₹ 8,000.00 crore) respectively.

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

Capital infusion

During the year ended March 31, 2021, the Bank allotted 2,94,90,022 equity shares (previous year: 3,66,73,240 equity shares) aggregating to face value ₹ 2.95 crore (previous year: ₹ 3.67 crore) in respect of stock options exercised. Accordingly, the share capital increased by ₹ 2.95 crore (previous year: ₹ 3.67 crore) and the share premium increased by ₹ 1,757.15 crore (previous year: ₹ 1,845.01 crore).

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

Particulars	March 31, 2021	March 31, 2020
Opening balance	548.33	544.66
Addition pursuant to stock options exercised	2.95	3.67
Closing balance	551.28	548.33

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 ₹ 31,116.53 crore (previous year: ₹ 26,257.32 crore) and the weighted average number of equity shares outstanding during the year of 5,49,96,68,151 (previous year: 5,46,88,02,148).

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

Particulars	For the years ended	
	March 31, 2021	March 31, 2020
Nominal value per share (₹)	1.00	1.00
Basic earnings per share (₹)	56.58	48.01
Effect of potential equity shares (per share) (₹)	(0.26)	(0.35)
Diluted earnings per share (₹)	56.32	47.66

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, 2021	March 31, 2020
Weighted average number of equity shares used in computing basic earnings per equity share	5,49,96,68,151	5,46,88,02,148
Effect of potential equity shares outstanding	2,57,50,092	4,10,17,673
Weighted average number of equity shares used in computing diluted earnings per equity share	5,52,54,18,243	5,50,98,19,821

6. Reserves and Surplus

Statutory Reserve

The Bank has made an appropriation of ₹ 7,779.13 crore (previous year: ₹ 6,564.33 crore) out of profits for the year ended March 31, 2021 to the Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

Capital Reserve

During the year ended March 31, 2021, the Bank appropriated ₹ 2,291.68 crore (previous year: ₹ 1,123.85 crore), being the profit from sale of investments under HTM category and profit on sale of immovable properties, net of taxes and transfer to statutory reserve, from the Profit and Loss Account to the Capital Reserve.

General Reserve

The Bank has made an appropriation of ₹ 3,111.65 crore (previous year: ₹ 2,625.73 crore) out of profits for the year ended March 31, 2021 to the General Reserve.

Investment Fluctuation Reserve

In accordance with RBI guidelines, banks are required to create an Investment Fluctuation Reserve (IFR) equivalent to 2% of their HFT and AFS investment portfolios, within a period of three years starting fiscal 2019. Accordingly, during the year ended March 31, 2021, the Bank has made an appropriation of ₹ 1,712.00 crore (previous year: ₹ 1,134.00 crore), to the Investment Fluctuation Reserve from the Profit and Loss Account. The balance in the IFR as at March 31, 2021 was equivalent to 2% of the Bank's HFT and AFS investment portfolios.

Investment Reserve Account

During the year ended March 31, 2021, the Bank appropriated ₹ 61.66 crore (net) from Profit and Loss Account to Investment Reserve Account as per the RBI guidelines. During the previous year ended March 31, 2020, the net transfer between Investment Reserve Account and Profit and Loss Account was Nil, as per the RBI guidelines.

Draw down from reserves

The Bank has not undertaken any drawdown from reserves during the years ended March 31, 2021 and March 31, 2020.

7. Dividend on shares allotted pursuant to exercise of stock options

Shares allotted after the Balance Sheet date pursuant to any exercise of employee stock options but before book closure date are eligible for dividend, if any, declared by the Bank and approved at a General Body Meeting of the shareholders of the Bank.

8. Accounting for employee share based payments

The shareholders of the Bank approved the grant of equity share options under Plan "C" in June 2005, Plan "D" in June 2007, Plan "E" in June 2010, Plan "F" in June 2013 and Plan "G" in July 2016. Under the terms of each of these Plans, the Bank may issue to its employees and Whole Time Directors, Equity Stock Options ('ESOPs') each of which is convertible into one equity share. All the plans were framed in accordance with the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and as applicable at the time of the grant. The accounting for the stock options has been in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 to the extent applicable.

Plans C, D, E, F and G provide for the issuance of options at the recommendation of the Nomination and Remuneration Committee of the Board ('NRC') at the closing price on the working day immediately preceding the date when options are granted. This closing price is the closing price of the Bank's equity share on an Indian stock exchange with the highest trading volume as of the working day preceding the date of grant.

The vesting conditions applicable to the options are at the discretion of the NRC. These options are exercisable on vesting, for a period as set forth by the NRC at the time of the grant. The period in which the options may be exercised cannot exceed five years from date of expiry of vesting period. During the years ended March 31, 2021 and March 31, 2020, no modifications were made to the terms and conditions of ESOPs.

Activity in the options outstanding under the Employee Stock Option Plans

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

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2020:

Particulars	Number of options	Weighted average exercise price (₹)
Options outstanding, beginning of year	13,66,12,822	682.99
Granted during the year	4,77,73,600	1,220.13
Exercised during the year	3,66,73,240	504.10
Forfeited / Lapsed during the year	48,47,580	962.85
Options outstanding, end of year	14,28,65,602	899.03
Options exercisable	6,44,64,392	638.18

- 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

- The following table summarises the information about stock options outstanding as at March 31, 2020:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	340.00 to 417.75	4,85,100	0.34	344.05
Plan D	340.00	3,45,900	0.30	340.00
Plan E	340.00	17,05,500	0.30	340.00
Plan F	417.75 to 731.08	5,85,68,822	2.02	587.08
Plan G	882.85 to 1,229.00	8,17,60,280	3.45	1,139.82

Fair value methodology

The fair value of options used to compute the *proforma* net profit and earnings per equity share have been estimated on the dates of each grant using the binomial option-pricing model. The Bank estimates the volatility based on the historical prices of its equity shares. The Bank granted 5,74,66,600 options during the year ended March 31, 2021 (previous year: 4,77,73,600). The various assumptions considered in the pricing model for the ESOPs granted during the year ended March 31, 2021 are:

Particulars	March 31, 2021	March 31, 2020
Dividend yield	0.61%	0.61% to 0.85%
Expected volatility	20.13% to 28.93%	15.30% to 20.13%
Risk-free interest rate	4.63% to 5.75%	5.81% to 6.70%
Expected life of the options	1 to 6 years	1 to 6 years

Impact of the fair value method on the net profit and earnings per share (EPS)

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

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Net profit (as reported)	31,116.53	26,257.32
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	1,117.02	719.80
Net profit *(proforma)*	29,999.51	25,537.52
	(₹)	(₹)
Basic earnings per share (as reported)	56.58	48.01
Basic earnings per share *(proforma)*	54.55	46.70
Diluted earnings per share (as reported)	56.32	47.66
Diluted earnings per share *(proforma)*	54.29	46.35

9. Other liabilities

- The Bank held provisions towards standard assets amounting to ₹ 5,303.37 crore as at March 31, 2021 (previous year: ₹ 4,437.86 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 ₹ 5,861.17 crore as at March 31, 2021 (previous year: ₹ 2,995.80 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, 2021 include unrealised loss on foreign exchange and derivative contracts of ₹ 8,127.65 crore (previous year: ₹ 18,470.93 crore).

10. Unhedged foreign currency exposure

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

In accordance with RBI guidelines, as at March 31, 2021 the Bank holds standard asset provisions of ₹ 230.31 crore (previous year: ₹ 129.95 crore) and maintains capital (including CCB & D-SIB) of ₹ 918.77 crore (previous year: ₹ 574.13 crore) in respect of the unhedged foreign currency exposure of its customers.

11. Investments

- **Value of investments**

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Gross value of investments		
- In India	442,204.87	390,573.74
- Outside India	2,375.20	2,231.39
Provisions for depreciation on investments		
- In India	844.70	929.86
- Outside India	7.08	48.61
Net value of investments		
- In India	441,360.17	389,643.88
- Outside India	2,368.12	2,182.78

- **Movement in provisions held towards depreciation on investments:**

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Opening balance	978.47	274.68
Add: Provision made during the year (including provision on non-performing investments)	790.99	709.60
Less: Write-off, write back of excess provision during the year	917.68	5.81
Closing balance	851.78	978.47

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, 2021:

(₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2021
Securities sold under repo				
1. Government securities	1,747.44	35,747.72	11,871.55	13,939.92
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-
Securities purchased under reverse repo				
1. Government securities	3,840.10	135,217.76	61,602.21	24,948.85
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, 2020:

(₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2020
Securities sold under repo				
1. Government securities	-	26,368.04	1,357.92	1,747.44
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-
Securities purchased under reverse repo				
1. Government securities	-	89,162.10	27,524.91	22,389.54
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-

✓ Details of Tri-party repo / reverse repo deals (in amount of funds borrowed or lent terms) done during the year ended March 31, 2021:

(₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2021
Securities sold under tri-party repo				
1. Government securities	-	62,412.35	28,907.14	30,706.00
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-
Securities purchased under tri-party repo				
1. Government securities	-	1,000.00	2.74	-
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-

✓ Details of Tri-party repo / reverse repo deals (in amount of funds borrowed or lent terms) done during the year ended March 31, 2020:

(₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2020
Securities sold under tri-party repo				
1. Government securities	-	56,036.05	11,478.42	50,798.20
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-
Securities purchased under tri-party repo				
1. Government securities	-	7,700.00	319.25	-
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-

- **Non-SLR investment portfolio**

✓ Issuer-wise composition of non-SLR investments as at March 31, 2021:

(₹ crore)

Sr. No.	Issuer	Amount(1)	Extent of private placement#	Extent of "below investment grade" securities#	Extent of "unrated" securities# (2)	Extent of "unlisted" securities#(3)
1	Public sector undertakings	7,058.68	6,505.03	-	-	-
2	Financial institutions	3,490.82	1,200.00	-	-	-
3	Banks	3,642.71	255.40	-	-	-
4	Private corporate	50,843.98	36,117.38	1,013.00	15.86	2,655.51
5	Subsidiaries / Joint ventures(4)	3,826.49	3,826.49	-	-	-
6	Others	23,532.63	19,032.85	-	775.26	-
7	Provision held towards depreciation	(401.66)				
	Total	**91,993.65**	**66,937.15**	**1,013.00**	**791.12**	**2,655.51**

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

(1) Excludes investments in securities issued by foreign sovereign aggregating to ₹ 593.61 crore (net of provision held towards depreciation of ₹ 7.08 crore)

(2) Excludes investments in equity shares and units of equity oriented mutual funds and venture capital funds in line with extant RBI guidelines.

(3) Excludes investments in equity shares, units of equity oriented mutual funds and venture capital funds, pass through certificates, security receipts, commercial paper, certificate of deposits and convertible debentures in line with extant RBI guidelines.

(4) Investments in debt securities issued by subsidiaries / joint ventures have been classified under private corporate.

✓ Issuer-wise composition of non-SLR investments as at March 31, 2020:

(₹ crore)

Sr. No.	Issuer	Amount(1)	Extent of private placement#	Extent of "below investment grade" securities#	Extent of "unrated" securities# (2)	Extent of "unlisted" securities#(3)
1	Public sector undertakings	3,122.15	1,554.09	-	-	-
2	Financial institutions	6,263.47	3,282.00	-	-	-
3	Banks	4,482.97	944.33	-	-	-
4	Private corporate	27,708.92	23,189.75	1,960.83	15.42	1,695.91
5	Subsidiaries / Joint ventures(4)	3,826.49	3,826.49	-	-	-
6	Others	23,520.28	14,993.21	-	434.32	-
7	Provision held towards depreciation	(978.47)				
	Total	**67,945.81**	**47,789.87**	**1,960.83**	**449.74**	**1,695.91**

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

(1) Excludes investments in securities issued by foreign sovereign aggregating to ₹ 840.94 crore.

(2) Excludes investments in equity shares and units of equity oriented mutual funds and venture capital funds in line with extant RBI guidelines.

(3) Excludes investments in equity shares, units of equity oriented mutual funds and venture capital funds, pass through certificates, security receipts, commercial paper, certificate of deposits and convertible debentures in line with extant RBI guidelines.

(4) Investments in debt securities issued by subsidiaries / joint ventures have been classified under private corporate.

✓ Non-performing non-SLR investments:

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Opening balance	82.44	88.25
Additions during the year	-	-
Reductions during the year	-	5.81
Closing balance	82.44	82.44
Total provisions held	60.79	77.61

- **Details of investments category-wise**

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

(₹ crore)

Particulars	As at March 31, 2021				As at March 31, 2020			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Governmentsecurities	953.72	99,001.28	251,779.64	351,734.64	38,335.31	91,847.40	193,698.14	323,880.85
Other approved securities	-	-	-	-	-	-	-	-
Shares	-	436.80	-	436.80	-	407.91	-	407.91
Debentures and bonds	3,465.68	52,060.26	8,034.79	63,560.73	447.04	25,920.99	1,420.66	27,788.69
Subsidiary / Joint ventures	-	-	3,826.49	3,826.49	-	-	3,826.49	3,826.49
Others	4,158.91	19,998.53	12.19	24,169.63	8,517.08	27,395.44	10.20	35,922.72
Total	**8,578.31**	**171,496.87**	**263,653.11**	**443,728.29**	**47,299.43**	**145,571.74**	**198,955.49**	**391,826.66**

- **Securities kept as margin**

The details of securities that are kept as margin are as under:

(₹ crore)

Sr. No.	Particulars	Face value as at March 31, 2021	2020
I.	Securities kept as margin with Clearing Corporation of India towards:		
	a) Collateral and funds management - Securities segment	2,120.00	1,820.00
	b) Collateral and funds management - Tri-party Repo	62,361.84	57,899.98
	c) Default fund - Forex Forward segment	150.00	150.00
	d) Default fund - Forex Settlement segment	51.05	51.05
	e) Default fund - Rupee Derivatives (Guaranteed Settlement) segment	48.00	48.00
	f) Default fund - Securities segment	65.00	65.00
	g) Default fund - Tri-party repo segment	50.00	50.00
II.	Securities kept as margin with the RBI towards:		
	a) Real Time Gross Settlement (RTGS)	51,725.77	54,944.95
	b) Repo transactions	49,959.91	54,622.56
	c) Reverse repo transactions	24,948.85	22,389.54
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

- Other investments as at March 31, 2021 include investments in commercial paper aggregating to ₹ 977.86 crore (previous year: ₹ 10,929.00 crore) and nil certificate of deposits (previous year: ₹ 1,473.44 crore).

- During the year ended March 31, 2021, the aggregate book value of investments sold from, and transferred to / from HTM category was in excess of 5% of the book value of investments held in HTM category at the beginning of the year. The market value of investments (excluding book value of investments in subsidiaries aggregating to ₹ 3,826.49 crore and unquoted units of venture capital funds aggregating to ₹ 12.19 crore) under HTM category as on March 31, 2021 was ₹ 262,299.32 crore and was higher than the book value thereof as of that date. In accordance with the RBI guidelines, sale from, and transfer to / from, HTM category excludes:
  a. one-time transfer of securities permitted to be undertaken by banks at the beginning of the accounting year with approval of the Board of Directors;
  b. sale to the RBI under pre-announced open market operation auctions;
  c. repurchase of Government securities by Government of India from banks;
  d. additional shifting of securities explicitly permitted by the RBI from time to time;
  e. direct sales from HTM for bringing down SLR holdings in the HTM category; and
  f. repurchase of State Development Loans (SDLs) by the concerned state government.

12. Derivatives

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

Sr. No.	Particulars	March 31, 2021	March 31, 2020
i)	The total notional principal of swap agreements	317,188.20	364,130.26
ii)	Total losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	3,251.25	4,993.40
iii)	Collateral required by the Bank upon entering into swaps***	17.10	35.41
iv)	Concentration of credit risk arising from swaps (%)**	62.04%	60.90%
v)	Concentration of credit risk arising from swaps (Amount)**	2,017.07	3,041.17
vi)	The fair value of the swap book	(141.37)	(203.05)

* 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, 2021 and March 31, 2020.
*** Represents outstanding amount of net margin received from customers as at March 31, 2021 and March 31, 2020.

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
Total		**280,004.96**		

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
Total		**35,094.46**		

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
Total		**2,088.78**		

The nature and terms of Rupee IRS outstanding as at March 31, 2020 are set out below: (₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	1	25.00	INBMK	Floating receivable v/s fixed payable
Trading	3	1,100.00	INCMT	Floating receivable v/s fixed payable
Trading	2,985	134,283.88	OIS	Fixed receivable v/s floating payable
Trading	2,933	140,906.49	OIS	Floating receivable v/s fixed payable
Trading	518	28,568.50	MIFOR	Fixed receivable v/s floating payable
Trading	329	16,410.00	MIFOR	Floating receivable v/s fixed payable
Total		**321,293.87**		

The nature and terms of foreign currency IRS as on March 31, 2020 are set out below: (₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	84	12,786.71	USD LIBOR	Fixed receivable v/s floating payable
Trading	226	30,049.68	USD LIBOR	Floating receivable v/s fixed payable
Total		**42,836.39**		

There were no forward rate agreements outstanding as on March 31, 2020.

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

Sr. No.	Particulars	March 31, 2021	March 31, 2020
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 agreed rates of exchange on future date. These instruments are carried at fair value, determined based on either FEDAI rates or market quotations.

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

Currency options (including Exchange Traded Currency Option) give the buyer, on payment of a premium, the right but not an obligation, to buy or sell specified amounts of currency at agreed rates of exchange on or before a specified future date.

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

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

Constituents involved in derivative business

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

Derivative policy

The Bank has in place a Derivative Policy which covers various aspects that apply to the functioning of the derivative business. The derivative business is administered through various market risk limits such as position limits, tenor limits, sensitivity limits, 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 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 implemented a Board approved policy on Customer Suitability & Appropriateness, which forms part of the Derivative Policy, to ensure that derivative transactions entered into are appropriate and suitable to the customer's nature of business / operations. Before entering into a derivative deal with a customer, the Bank scores the customer on various risk parameters and based on the overall score level it determines the kind of product that best suits its risk appetite and the customer's requirements.

Classification of derivatives book

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

Hedging policy

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

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

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

The Bank enters into derivative transactions with counter parties based on their business ranking and financial position.

The Bank sets up appropriate limits upon evaluating the ability of the counterparty to honour its obligations in the event of crystallisation of the exposure. Appropriate credit covenants are stipulated where required, as trigger events to call for collaterals or terminate a transaction and contain the risk.

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

- **Quantitative disclosure on risk exposure in derivatives**

(₹ crore)

Sr. No.	Particulars	Currency derivatives		Interest rate derivatives	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
1	Derivatives (notional principal amount)				
	a) Hedging	-	-	-	-
	b) Trading	40,074.83	48,556.58	317,629.80	364,449.58
2	Marked to market positions				
	a) Asset (+)	922.74	1,469.15	3,253.93	4,994.01
	b) Liability (-)	(594.51)	(1,090.17)	(3,395.30)	(5,197.06)
3	Credit exposure	3,077.28	3,562.03	5,423.27	6,734.23
4	Likely impact of one percentage change in interest rate (100*PV01)**				
	a) On hedging derivatives	-	-	-	-
	b) On trading derivatives	32.08	45.10	187.97	70.94
5	Maximum of 100*PV01 observed during the year**				
	a) On hedging	-	-	-	-
	b) On trading	43.07	45.10	187.97	181.04
6	Minimum of 100*PV01 observed during the year**				
	a) On hedging	-	-	-	-
	b) On trading	18.83	32.39	0.34	44.41

**Amounts given are absolute values on a net basis, excluding currency options.

- ✓ As at March 31, 2021, the notional principal amount of outstanding foreign exchange contracts classified as trading amounted to ₹ 496,472.67 crore (previous year: ₹ 607,919.49 crore). There were no foreign exchange contracts classified as hedging outstanding as at March 31, 2021 (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 evaluates the credit exposure arising there from, in line with RBI guidelines. Credit exposure has been computed using the current exposure method which is the sum of:
  - (a) the current replacement cost (marked to market value including accruals) of the contract or zero whichever is higher; and
  - (b) the Potential Future Exposure (PFE) is a product of the notional principal amount of the contract and a factor that is based on the grid of credit conversion factors prescribed in RBI guidelines, which is applied on the basis of the residual maturity and the type of contract.

13. Asset quality

- **Movements in NPAs (funded)**

(₹ crore)

	March 31, 2021	March 31, 2020
(i) Net NPAs to net advances	0.40%	0.36%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	12,649.97	11,224.16
(b) Additions (fresh NPAs) during the year	16,040.01	17,563.13
(c) Reductions during the year:	13,603.98	16,137.32
- Upgradation*	1,601.63	3,604.60
- Recoveries (excluding recoveries made from upgraded accounts)	2,713.27	4,278.23
- Write-offs	9,289.08	8,254.49
(d) Closing balance	15,086.00	12,649.97
(iii) Movement of net NPAs		
(a) Opening balance	3,542.36	3,214.52
(b) Additions during the year	3,012.06	4,885.53
(c) Reductions during the year	1,999.60	4,557.69
(d) Closing balance	4,554.82	3,542.36
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	9,107.61	8,009.64
(b) Additions during the year	13,027.95	12,677.60
(c) Write-offs	9,289.08	8,254.49
(d) Write-back of excess provisions	2,315.30	3,325.14
(e) Closing balance	10,531.18	9,107.61

NPAs include all loans, investments and foreign exchange and derivatives that are classified as non-performing by the Bank.
*includes those accounts where all overdue have been paid.

- 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 has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

- **Technical or prudential write-offs**
  Technical or prudential write-offs refer to the amount of non-performing assets which are outstanding in the books of the branches, but have been written-off (fully or partially) at the head office level. The financial accounting systems of the Bank are integrated and there are no write-offs done by the Bank which remain outstanding in the books of the branches. Movement in the stock of technically or prudentially written-off accounts is given below:

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
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:

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Opening balance	1,451.28	1,451.28
Provisions made / reinstated during the year	-	-
Draw down made during the year	-	-
Closing balance	1,451.28	1,451.28

Floating provisions shall be utilised as per the Board approved policy for contingencies under extraordinary circumstances and for making specific provision for impaired accounts in accordance with the RBI guidelines / directives.

- **Divergence in the asset classification and provisioning**
  In terms of the RBI guidelines, banks are required to disclose the divergence in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever the additional provisioning assessed / additional gross NPAs identified by RBI exceeds the threshold specified by RBI. The 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 year ended March 31, 2020.

• **Disclosure on accounts subjected to restructuring for the year ended March 31, 2021:** (₹ crore, except numbers)

Sr. No.	Type of restructuring → Asset Classification → Details ↓		Under Corporate Debt Restructuring (CDR) Mechanism					Under Small & Medium Enterprises (SME) Debt Restructuring Mechanism					Others					Total				
			Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured accounts as at April 1, 2020*	No. of borrowers	-	-	4	-	4	-	-	-	-	-	3	6	2	1	12	3	6	6	1	16
		Amount outstanding	-	-	45.04	-	45.04	-	-	-	-	-	55.34	51.07	4.74	1.39	112.54	55.34	51.07	49.78	1.39	157.58
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	2.22	-	0.02	2.24	-	2.22	-	0.02	2.24
2	Fresh restructuring during the year #	No. of borrowers	-	-	-	-	-	-	-	-	-	-	3	729	1	-	733	3	729	1	-	733
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	92.42	27.34	0.22	-	119.98	92.42	27.34	0.22	-	119.98
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.06	-	-	0.06	-	0.06	-	-	0.06
3	Upgradation to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Advances not shown as restructured standard advances at the beginning of the next year^	No. of borrowers	-				-	-				-	-				-	-				-
		Amount outstanding	-				-	-				-	-				-	-				-
		Provision thereon	-				-	-				-	-				-	-				-
5	Down gradation of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(1)	+1 -1	1	-	-	(1)	-	1	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(0.60)	(5.58)	6.18	-	-	(0.60)	(5.58)	6.18	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(0.70)	0.70	-	-	-	(0.70)	0.70	-	-
6	Write-offs of restructured accounts during the year ##	No. of borrowers	-	-	3	-	3	-	-	-	-	-	1	5	1	1	8	1	5	4	1	11
		Amount outstanding	-	-	42.65	-	42.65	-	-	-	-	-	0.48	44.89	0.32	1.39	47.08	0.48	44.89	42.97	1.39	89.73
7	Restructured accounts as at March 31, 2021*	No. of borrowers	-	-	1	-	1	-	-	-	-	-	4	730	3	-	737	4	730	4	-	738
		Amount outstanding	-	-	2.39	-	2.39	-	-	-	-	-	146.68	27.94	10.82	-	185.44	146.68	27.94	13.21	-	187.83
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.84	-	-	0.84	-	0.84	-	-	0.84

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

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

\# includes ₹ 0.20 crore of additional sanction (2 account and Nil provision) to existing restructured account.

\## includes ₹ 31.92 crore (5 accounts and Nil provision) of reduction in existing restructured accounts by way of recovery / sale; and ₹ 15.15 crore (3 accounts and Nil provision) which are no longer required to be reported as restructured under others category.

• **Disclosure on accounts subjected to restructuring for the year ended March 31, 2020:** (₹ crore, except numbers)

Sr. No.	Type of restructuring → Asset Classification → Details ↓		Under Corporate Debt Restructuring (CDR) Mechanism					Under Small & Medium Enterprises (SME) Debt Restructuring Mechanism					Others					Total				
			Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured accounts as at April 1, 2019*	No. of borrowers	-	-	4	-	4	-	-	-	-	-	1	1	3	4	9	1	1	7	4	13
		Amount outstanding	-	-	56.67	-	56.67	-	-	-	-	-	52.37	1.79	182.69	15.96	252.81	52.37	1.79	239.36	15.96	309.48
		Provision thereon	-	-	2.90	-	2.90	-	-	-	-	-	-	-	0.50	0.91	1.41	-	-	3.40	0.91	4.31
2	Fresh restructuring during the year #	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	6	-	-	7	1	6	-	-	7
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	2.35	51.07	-	-	53.42	2.35	51.07	-	-	53.42
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	2.22	-	-	2.22	-	2.22	-	-	2.22
3	Upgradation to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	-	-1	-	1	-	-	-1	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	0.94	-	-	-0.94	-	0.94	-	-	-0.94	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Advances not shown as restructured standard advances at the beginning of the next year^	No. of borrowers	-				-	-				-	-				-	-				-
		Amount outstanding	-				-	-				-	-				-	-				-
		Provision thereon	-				-	-				-	-				-	-				-
5	Down gradation of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the year ##	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	1	1	2	4	-	1	1	2	4
		Amount outstanding	-	-	11.63	-	11.63	-	-	-	-	-	0.32	1.79	177.95	13.63	193.69	0.32	1.79	189.58	13.63	205.32
7	Restructured accounts as at March 31, 2020*	No. of borrowers	-	-	4	-	4	-	-	-	-	-	3	6	2	1	12	3	6	6	1	16
		Amount outstanding	-	-	45.04	-	45.04	-	-	-	-	-	55.34	51.07	4.74	1.39	112.54	55.34	51.07	49.78	1.39	157.58
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	2.22	-	0.02	2.24	-	2.22	-	0.02	2.24

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

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

\# includes ₹ 1.89 crore of additional sanction (1 account and Nil provision) to existing restructured account.

\## includes ₹ 27.77 crore (9 accounts and provision ₹ 2.52 crore) of reduction in existing restructured accounts by way of recovery / sale.

Schedules to the Financial Statements

For the year ended March 31, 2021

- 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, 2021		March 31, 2020	
No. of accounts restructured	Amount outstanding	No. of accounts restructured	Amount outstanding
2,82,589	3,391.35	27	48.11

- Details of resolution plan implemented under the Resolution Framework for COVID-19 related stress as per RBI circular dated August 06, 2020 are given below:

(₹ in crore except number of accounts)

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution
Personal Loans	2,87,487	5,456.00	-	-	545.60
Corporate persons	1,453	444.74	-	-	44.47
Of which, MSMEs	*64*	*27.08*	-	-	*2.71*
Others	47,080	607.63	-	-	60.76
Total	**3,36,020**	**6,508.37**	**-**	**-**	**650.83**

- Detail of Resolution Plan (RP) implemented under Prudential Framework for Resolution of Stressed Assets dated June 07, 2019:

(₹ crore)

Particulars	No. of borrowers	Amount Outstanding
March 31, 2021	-	-
March 31, 2020	1	53.31

- There is no account where the resolution period was extended under the COVID-19 Regulatory Package - Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets dated April 17, 2020 and May 23, 2020.

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

Particulars	March 31, 2021	March 31, 2020
Number of accounts	1,67,197	24,906
Aggregate value (net of provisions) of accounts sold to SC / RC*	3,164.66	472.99
Aggregate considerations	2,051.06	610.76
Additional consideration realised in respect of accounts transferred in earlier years	-	218.25
Aggregate gain / (loss) over net book value*	(1,113.60)	137.77
Provision made to meet shortfall in sale of NPA	-	-
Amount of unamortised provision debited to 'other reserve'	-	-

* 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 and aggregate gain / (loss) over net book value would have been ₹ 2,419.41 crore and ₹ (368.35) crore respectively.

- Details of book value of investment in security receipts (SRs) backed by NPAs / stressed assets:

(₹ crore)

Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	Total March 31, 2021
(i) Backed by NPAs sold by the Bank as underlying*	1,983.46	0.22	-	1,983.68
Provision held against (i)	-	-	-	-
(ii) Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	2.78	1.99	4.77
Provision held against (ii)	-	-	-	-
Total	1,983.46	3.00	1.99	1,988.45

* The Bank held contingent provision of ₹ 675.82 crore towards investment in security receipts backed by NPAs sold by the Bank as at March 31, 2021.

(₹ crore)

Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	Total March 31, 2020
(i) Backed by NPAs sold by the Bank as underlying*	432.36	0.19	-	432.55
Provision held against (i)	-	-	-	-
(ii) Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	0.43	3.15	1.99	5.57
Provision held against (ii)	-	-	-	-
Total	**432.79**	**3.34**	**1.99**	**438.12**

* The Bank held contingent provision of ₹ 185.64 crore towards investment in security receipts backed by NPAs sold by the Bank as at March 31, 2020.

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

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
(i) No of accounts sold	-	35,018
(ii) Aggregate outstanding	-	127.20
(iii) Aggregate consideration received	-	28.45

- During the years ended March 31, 2021 and March 31, 2020, no non-performing financial assets were purchased by the Bank.

- Securitised assets as per books of SPVs sponsored by the Bank:

  There are no SPVs sponsored by the Bank as at March 31, 2021 and as at March 31, 2020.

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, 2021	March 31, 2020
a) Direct exposure	**114,575.93**	**109,166.57**
(i) Residential mortgages*	71,673.56	66,415.79
(of which housing loans eligible for inclusion in priority sector advances)	(27,886.84)	(26,822.41)
(ii) Commercial real estate	42,587.09	42,293.93
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
(a) Residential	227.73	298.59
(b) Commercial real estate	63.72	118.45
(c) Others	23.83	39.81
b) Indirect exposure	**32,877.30**	**24,158.97**
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	32,877.30	24,158.97
Total exposure to real estate sector	**147,453.23**	**133,325.54**

* includes loans purchased under the direct loan assignment route.
Of the above, exposure to real estate developers as at March 31, 2021 is 0.2% (previous year: 0.5%) of total advances.

• Details of capital market exposure

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

Sr. No.	Particulars	March 31, 2021	March 31, 2020
(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	6,247.22	1,625.14
(ii)	Advances against shares, bonds, debentures or other securities or on clean basis to individuals for investment in shares (including IPO's / ESOP's), convertible bonds, convertible debentures and units of equity oriented mutual funds	143.97	172.30
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	5,156.29	5,145.02
(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	423.41	787.94
(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers	9,875.78	10,045.51
(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	4,154.34	1,220.47
(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)	12.49	10.55
	Total exposure to capital market	**26,013.50**	**19,006.93**

• Details of risk category wise country exposure

(₹ crore)

Risk Category	March 31, 2021		March 31, 2020	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	33,231.41	-	19,459.44	-
Low	12,744.74	-	10,448.08	-
Moderately low	2,031.36	-	190.19	-
Moderate	625.57	-	359.70	-
Moderately high	2.71	-	32.59	-
High	0.15	-	0.32	-
Very high	26.79	-	-	-
Total	**48,662.73**	-	**30,490.32**	-

• Details of factoring exposure

The factoring exposure of the Bank as at March 31, 2021 is ₹ 4,358.45 crore (previous year: ₹ 3,687.86 crore).

• 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 year ended March 31, 2021 and March 31, 2020 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, 2021 (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, 2021 was Nil (previous year: ₹ 4,543.53 crore).

• Concentration of deposits, advances, exposures and NPAs

a) Concentration of deposits

(₹ crore, except percentages)

Particulars	March 31, 2021	March 31, 2020
Total deposits of twenty largest depositors	54,551.06	45,454.28
Percentage of deposits of twenty largest depositors to total deposits of the Bank	4.1%	4.0%

b) Concentration of advances

(₹ crore, except percentages)

Particulars	March 31, 2021	March 31, 2020
Total advances to twenty largest borrowers	225,412.82	178,942.74
Percentage of advances of twenty largest borrowers to total advances of the Bank	12.9%	11.6%

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

c) Concentration of exposure

(₹ crore, except percentages)

Particulars	March 31, 2021	March 31, 2020
Total exposure to twenty largest borrowers / customers	252,112.93	194,311.35
Percentage of exposure of twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	13.7%	12.0%

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

d) Concentration of NPAs

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Total gross exposure to top four NPA accounts	1,404.00	1,271.99

e) Sector-wise advances

(₹ crore)

Sr. No.	Sector	March 31, 2021			March 31, 2020		
		Gross advances	Gross non-performing loans	% of gross non-performing loans to gross advances in that sector	Gross advances	Gross non-performing loans	% of gross non-performing loans to gross advances in that sector
A	Priority sector						
1	Agriculture and allied activities	92,904.27	3,409.52	3.67%	82,326.72	3,527.34	4.28%
2	Advances to industries eligible as priority sector lending	66,235.29	384.89	0.58%	43,310.54	399.22	0.92%
3	Services	69,688.06	1,347.39	1.93%	100,504.02	1,720.75	1.71%
4	Personal loans	32,616.87	337.72	1.04%	32,181.93	84.97	0.26%
	Sub-total (A)	261,444.49	5,479.52	2.10%	258,323.21	5,732.28	2.22%
B	Non Priority sector						
1	Agriculture and allied activities	20,471.66	621.82	3.04%	23,112.31	75.21	0.33%
2	Industry	301,734.39	2,306.12	0.76%	274,581.39	2,777.47	1.01%
3	Services	268,541.79	3,693.29	1.38%	190,097.21	2,307.48	1.21%
4	Personal loans	291,116.32	2,898.59	1.00%	256,612.68	1,666.94	0.65%
	Sub-total (B)	881,864.16	9,519.82	1.08%	744,403.59	6,827.10	0.92%
	Total (A) + (B)	1,143,308.65	14,999.34	1.31%	1,002,726.80	12,559.38	1.25%

- **Details of Priority Sector Lending Certificates (PSLCs)**

(₹ crore)

Type of PSLCs	For the year ended March 31, 2021		For the year ended March 31, 2020	
	PSLC bought during the year	PSLC sold during the year	PSLC bought during the year	PSLC sold during the year
Agriculture	3,030.00	-	10,341.50	-
Small and Marginal farmers	625.00	-	42,077.25	-
Micro Enterprises	18,830.00	-	5,666.50	3,000.00
General	61,842.50	2,000.00	6,433.00	13,750.00
Total	84,327.50	2,000.00	64,518.25	16,750.00

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:

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Cost		
As at March 31 of the previous year	3,236.57	2,902.29
Additions during the year	330.13	334.29
Deductions during the year	-	(0.01)
Total (a)	3,566.70	3,236.57
Depreciation		
As at March 31 of the previous year	2,473.76	2,098.76
Charge for the year	349.11	375.01
On deductions during the year	-	(0.01)
Total (b)	2,822.87	2,473.76
Net value (a-b)	743.83	762.81

16. Other assets

- Other assets include deferred tax asset (net) of ₹ 4,937.76 crore (previous year: ₹ 3,835.45 crore). The break-up of the same is as follows:

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Deferred tax asset arising out of:		
Loan loss and contingencies	4,441.48	3,339.07
Employee benefits	67.14	145.41
Depreciation	53.02	41.25
Others	376.12	309.72
Total (a)	4,937.76	3,835.45
Deferred tax liability (b)	-	-
Deferred tax asset (net) (a-b)	4,937.76	3,835.45

- Key items under “Others” in Other assets are as under:

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Deposit with NABARD / SIDBI / NHB - PSL shortfall	9,320.37	9,196.86
Unrealised gain on foreign exchange and derivative contracts*	8,472.31	19,006.28
Deferred tax assets	4,937.76	3,835.45
Accounts receivable	3,139.47	5,087.55
Deposits & amounts paid in advance	3,134.56	2,578.18
Advances for capital assets	766.70	736.63
Residual items	5.72	3.51
Total	29,776.89	40,444.46

*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.

17. Maturity pattern of key assets and liabilities

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

(₹ crore)

As at March 31, 2021	1 day	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Loans & advances	9,900.05	20,452.08	10,506.09	44,857.71	49,736.96	48,183.51	96,978.08	109,238.00	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	36,992.20	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**

As at March 31, 2020	1 day	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Loans & advances	12,722.61	18,099.10	9,557.66	39,190.53	43,819.13	43,795.02	92,951.14	105,649.35	413,729.18	101,036.33	113,152.83	993,702.88
Investments	77,686.21	72,070.41	7,769.36	17,119.26	27,089.49	16,297.62	18,004.39	23,003.06	76,309.73	9,106.89	47,370.24	391,826.66
Deposits	12,155.87	81,253.28	25,576.42	32,137.36	42,663.01	41,246.82	72,352.76	98,470.17	429,557.14	14,631.23	297,458.23	1,147,502.29
Borrowings	52.73	54,615.20	1,633.38	12,036.07	6,240.38	5,286.05	4,351.60	7,134.38	18,571.75	8,800.00	25,907.00	144,628.54
Foreign currency assets	9,357.92	8,717.05	3,364.26	9,485.24	5,983.83	4,854.08	6,637.88	7,413.61	3,795.55	1,007.66	76.72	60,693.80
Foreign currency liabilities	1,442.61	4,349.35	2,406.31	7,370.43	7,876.25	7,081.26	6,636.89	8,142.49	8,124.43	1,120.03	10,607.72	65,157.77

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

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Opening provision for reward points	734.15	603.09
Provision for reward points made during the year	375.21	517.94
Utilisation / write-back of provision for reward points	(470.57)	(386.88)
Closing provision for reward points	638.79	734.15

b) Provision for legal and other contingencies

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Opening provision	445.35	398.43
Movement during the year (net)	58.20	46.92
Closing provision	503.55	445.35

c) Provision pertaining to fraud accounts reported during the year

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
No. of frauds reported	5,232	7,580
Amount involved in fraud (₹ crore)	1,640.80	222.60
Amount involved in fraud net of recoveries / write-offs as at the end of the year (₹ crore)	1,321.08	168.88
Provisions held as at the end of the year (₹ crore)	1,321.08	168.88
Amount of unamortised provision debited from "other reserves" as at the end of the year (₹ crore)	-	-

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 are fully provided for.

d) Description of contingent liabilities

Sr. No.	Contingent liability*	Brief description
1	Claims against the Bank not acknowledged as debts - taxation	The Bank is a party to various taxation matters in respect of which appeals are pending. The Bank expects the outcome of the appeals to be favorable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and taxation laws.
2	Claims against the Bank not acknowledged as debts - others	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
3	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with inter-bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest / principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments such as foreign exchange contracts and derivatives provide a basis for comparison with instruments recognised on the Balance Sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms.

Sr. No.	Contingent liability*	Brief description
4	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the Bank's customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
5	Other items for which the Bank is contingently liable	These include: a) Credit enhancements in respect of securitised-out loans; b) Bills rediscounted by the Bank; c) Capital commitments; d) Underwriting commitments; e) Investment purchases pending settlement; f) Amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF).

*Also refer Schedule 12 - Contingent liabilities

19. Business ratios / information

Particulars	March 31, 2021	March 31, 2020
Interest income as a percentage to working funds[1]	7.64%	8.78%
Net interest income as a percentage to working funds	4.10%	4.29%
Non-interest income as a percentage to working funds	1.59%	1.78%
Operating profit[2] as a percentage to working funds	3.62%	3.73%
Return on assets (average)	1.97%	2.01%
Business[3] per employee (₹ in crore)	19.30	17.49
Profit per employee[4] (₹ in crore)	0.26	0.24
Gross non-performing assets to gross advances[5]	1.32%	1.26%
Gross non-performing advances to gross advances	1.31%	1.25%
Percentage of net non-performing assets[6] to net advances[7]	0.40%	0.36%
Provision coverage ratio[8]	69.81%	72.00%

Definitions of certain items in Business ratios / information:

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

20. Interest income

Interest income under the sub-head Income from Investments includes dividend on units of mutual funds and equity and preference shares received during the year ended March 31, 2021 amounting to ₹ 453.82 crore (previous year: ₹ 300.17 crore).

21. Earnings from standard assets securitised-out

During the years ended March 31, 2021 and March 31, 2020, there were no standard assets securitised-out by the Bank.

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

The Bank has provided credit and liquidity enhancements in the form of cash collaterals / guarantees / subordination of cash flows etc., to the senior Pass Through Certificates ('PTC's) as well as in loan assignment transactions. The RBI issued addendum guidelines on securitisation of standard assets vide its circular dated May 7, 2012. Accordingly, the Bank does not provide liquidity or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines. The total value of credit enhancement outstanding in the books as at March 31, 2021 was ₹ 221.72 crore (previous year: ₹ 221.26 crore) and outstanding servicing liability was ₹ 0.02 crore (previous year: ₹ 0.03 crore).

22. Other income

- **Commission, exchange and brokerage income**
  - ✓ Commission, exchange and brokerage income is net of correspondent bank charges.
  - ✓ Commission income for the year ended March 31, 2021 includes fees of ₹ 2,748.34 crore (previous year: ₹ 2,182.76 crore) in respect of life insurance business and ₹ 398.89 crore (previous year: ₹ 272.25 crore) is in respect of general insurance and health insurance business, of which ₹ 1,386.82 crore (previous year: ₹ 1,012.64 crore) is for displaying publicity materials at the Bank's branches / ATMs.
- **Miscellaneous income**
  Miscellaneous income includes recoveries from written-off accounts amounting to ₹ 2,148.42 crore (previous year: ₹ 2,253.45 crore).

23. Other expenditure

Other expenditure includes commission paid to sales agents amounting to ₹ 2,611.72 crore (previous year: ₹ 3,154.21 crore), exceeding 1% of the total income of the Bank.

24. Provisions and contingencies

The break-up of provisions and contingencies included in the Profit and Loss Account is given below:

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Provision for income tax		
- Current	11,644.77	9,833.15
- Deferred	(1,102.31)	516.69
Provision for NPAs[1]	11,450.19	9,083.32
Provision for diminution in value of non-performing investments	(16.82)	7.50
Provision for standard assets	866.63	795.97
Other provisions and contingencies[2]	3,402.85	2,255.60
Total	**26,245.31**	**22,492.23**

1. Includes loss on sale of NPAs / stressed assets
2. Includes provisions for tax, legal and other contingencies ₹ 3,401.29 crore (previous year: ₹ 2,252.38 crore), provisions / (write-back) for securitised-out assets ₹ (2.21) crore (previous year: ₹ 1.14 crore) and standard restructured assets ₹ 3.77 crore (previous year: ₹ 2.08 crore).

25. Employee benefits

Gratuity

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	725.87	617.95
Interest cost	45.94	39.22
Current service cost	100.50	88.12
Benefits paid	(38.21)	(47.46)
Actuarial (gain) / loss on obligation:		
Experience adjustment	26.48	(8.46)
Assumption change	(3.00)	36.50
Present value of obligation as at March 31	**857.58**	**725.87**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	514.93	501.71
Expected return on plan assets	40.89	35.58
Contributions	104.45	89.51
Benefits paid	(38.21)	(47.46)

Particulars	March 31, 2021	March 31, 2020
Actuarial gain / (loss) on plan assets:		
Experience adjustment	105.74	(64.41)
Assumption change	15.44	-
Fair value of plan assets as at March 31	**743.24**	**514.93**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	743.24	514.93
Present value of obligation as at March 31	(857.58)	(725.87)
Asset / (Liability) as at March 31	**(114.34)**	**(210.94)**
Expenses recognised in Profit and Loss Account		
Interest cost	45.94	39.22
Current service cost	100.50	88.12
Expected return on plan assets	(40.89)	(35.58)
Net actuarial (gain) / loss recognised in the year	(97.70)	92.44
Net cost	**7.85**	**184.20**
Actual return on plan assets	162.07	(28.83)
Estimated contribution for the next year	131.14	104.45
Assumptions		
Discount rate	6.50% per annum	6.60% per annum
Expected return on plan assets	6.50% per annum	7.00% 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, 2021	as at March 31, 2020
Government securities	27.90%	25.55%
Debenture and bonds	26.04%	30.31%
Equity shares	41.23%	41.03%
Others	4.83%	3.11%
Total	**100.00%**	**100.00%**

Experience adjustment

(₹ crore)

Particulars	Years ended March 31,				
	2021	2020	2019	2018	2017
Plan assets	743.24	514.93	501.71	416.40	355.57
Defined benefit obligation	857.58	725.87	617.96	542.97	488.00
Surplus / (deficit)	(114.34)	(210.94)	(116.25)	(126.57)	(132.43)
Experience adjustment gain / (loss) on plan assets	105.74	(64.41)	11.70	0.13	32.44
Experience adjustment (gain) / loss on plan liabilities	26.48	(8.46)	7.12	10.44	35.48

Pension

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	64.15	69.54
Interest cost	3.79	4.11
Current service cost	1.37	0.67
Benefits paid	(11.63)	(14.65)
Actuarial (gain) / loss on obligation:		
Experience adjustment	31.41	9.06
Assumption change	0.90	(4.58)
Present value of obligation as at March 31	**89.99**	**64.15**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	9.51	21.95
Expected return on plan assets	0.32	1.10
Contributions	2.30	0.83
Benefits paid	(11.63)	(14.65)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	(0.20)	0.28
Assumption change	0.03	-
Fair value of plan assets as at March 31	**0.33**	**9.51**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	0.33	9.51
Present value of obligation as at March 31	(89.99)	(64.15)
Asset / (Liability) as at March 31	**(89.66)**	**(54.64)**
Expenses recognised in Profit and Loss Account		
Interest cost	3.79	4.11
Current service cost	1.37	0.67
Expected return on plan assets	(0.32)	(1.10)
Net actuarial (gain) / loss recognised in the year	32.48	4.19
Net cost	**37.32**	**7.87**
Actual return on plan assets	0.15	1.39
Estimated contribution for the next year	13.09	7.72
Assumptions		
Discount rate	6.50% per annum	6.60% per annum
Expected return on plan assets	6.50% per annum	7.00% 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, 2021	as at March 31, 2020
Government securities	42.87%	20.81%
Debenture and bonds	35.11%	17.14%
Others	22.02%	62.05%
Total	**100.00%**	**100.00%**

Experience adjustment

(₹ crore)

Particulars	Years ended March 31,				
	2021	2020	2019	2018	2017
Plan assets	0.33	9.51	21.95	31.30	36.16
Defined benefit obligation	89.99	64.15	69.54	73.06	73.55
Surplus / (deficit)	(89.66)	(54.64)	(47.59)	(41.76)	(37.39)
Experience adjustment gain / (loss) on plan assets	(0.20)	0.28	0.48	0.59	0.39
Experience adjustment (gain) / loss on plan liabilities	31.41	9.06	3.32	3.95	4.65

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, 2021 (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, 2021	March 31, 2020
Discount rate (GOI security yield)	6.50% per annum	6.60% per annum
Expected guaranteed interest rate	8.50% per annum	8.50% per annum

The Bank does not have any unfunded defined benefit plan. The Bank contributed ₹ 370.13 crore (previous year: ₹ 326.22 crore) to the provident fund, ₹ 4.63 crore (previous year: ₹ 3.79 crore) to the National Pension Scheme and ₹ 75.64 crore (previous year: ₹ 75.41 crore) to the superannuation plan.

Leave encashment

The Bank has made provision for leave encashment for eLKB employees under Indian Banks' Association (IBA) structure of ₹ 13.60 crore (previous year: ₹ 11.24 crore). The Bank has discontinued the carryover of unutilised leave and accordingly, no provision for compensated absences is required to be held.

26. Disclosures on remuneration

Qualitative Disclosures

A. Information relating to the bodies that oversee remuneration

Name and composition

The Board of Directors of the Bank has constituted the Nomination and Remuneration Committee (hereinafter, the 'NRC') for overseeing and governing the compensation policies of the Bank. The NRC is comprised of four non-executive directors as of March 31, 2021. Further, two members of the NRC are also members of the Risk Policy and Monitoring Committee (hereinafter, the 'RPMC') of the Board.

As of March 31, 2021 the NRC is comprised of Mr. Umesh Chandra Sarangi, Mr. Sanjiv Sachar, Mr. Sandeep Parekh and Mr. M.D. Ranganath. Further, Mr. Sanjiv Sachar and Mr. M.D. Ranganath are also the members of the RPMC. Mr. Sanjiv Sachar is the chairperson of the NRC. Mrs Shyamala Gopinath, the erstwhile chairperson of the Bank was a member of the NRC until cessation of her tenure on the Board of Directors of the Bank on January 1, 2021. Mr. Umesh Chandra Sarangi was subsequently included as a member of the NRC in the financial year ended March 31, 2021.

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, Key Management Personnel and Whole Time Directors 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 RPMC 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 and Whole Time Directors of the Bank.

External Consultants

The Bank engaged with the following consultants during the year ended March 31, 2021:

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 1,19,858 as at March 31, 2021 (previous year: 1,16,726).

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. The key changes have been articulated at para G - *Key changes to the Remuneration Policy pursuant to the revised guidelines on remuneration issued by the RBI on November 4, 2019, below.*

II. Design and Structure of Remuneration

The design and structure of remuneration in accordance with the erstwhile RBI guidelines on remuneration, dated January 13, 2012, pertaining to the performance year 2019-2020 and the related payouts made in the financial year ended March 31, 2021 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, hard furnishing, company leased accommodation, club membership and such other benefits or allowances in lieu of such perquisites / benefits. Retirement benefits include contributions to provident fund, superannuation fund (for employees above certain job bands), national pension scheme and gratuity. The Whole Time Directors of the Bank are entitled to other post-retirement benefits such as car and medical facilities, in accordance with specified terms of their employment, subject to RBI approval. The Bank also provides pension to certain employees of the erstwhile Lord Krishna Bank (eLKB) under the Indian Banks' Association ('IBA') structure.

Determinants of Fixed Pay

The fixed pay is primarily determined by taking into account factors such as the job size, performance, experience, location, market competitiveness of pay and is designed to meet the following key objectives of:

(a) fair compensation given the role complexity and size;

(b) fair compensation given the individual's skill, competence, experience and market pay position;

(c) contribution to post retirement benefits; and

(d) compliance with all statutory obligations.

The quantum of fixed pay for the Group Heads 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

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.

Whole Time Directors

The bonus for Whole Time Directors does not exceed 70% of the fixed pay in a year, thereby ensuring that there is a balance between the fixed and variable pays. The variable pay for Whole Time Directors is approved by the NRC as well as the Board and is subject to the approval of the RBI. The variable pay component is paid out subject to the following conditions:

- Where the variable pay constitutes 50% or more of the fixed pay, a portion of the same is deferred as per the schedule mentioned in the table below:

Tranche	Portion of Variable Pay	Timelines
Tranche 1	60%	Payable in the financial year immediately following the performance year.
Tranche 2	13.33%	Payable effective April 1 of the second financial year following the reference performance year.
Tranche 3	13.33%	Payable effective April 1 of the third financial year following the reference performance year.
Tranche 4	13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

- In cases of deferment of variable pay, the Bank makes an assessment prior to the due date for payment of the deferred portion for any negative contribution. The criteria for negative contribution are decided basis pre-defined financial benchmarks. The Bank has in place appropriate methods for prevention of vesting of deferred variable pay or any part thereof, on account of negative contribution.

- The Bank has devised appropriate malus and claw back clauses as risk mitigants for any negative contributions of the Bank and / or relevant line of business in any year. Under the malus clause the incumbent foregoes the payout of the deferred variable pay in full or in part. Under the claw back clause the incumbent is obligated to return all the tranches of payout received of bonus amounts pertaining to the relevant performance year. The deferred bonus is paid out post review and approval by the NRC.

Employees other than Whole Time Directors

The Bank has formulated the following variable pay plans:

- **Annual bonus plan**

  The quantum of variable payout is a function of the performance of the Bank, performance of the business unit, performance of the individual employee, job band of the employee and the functional category. Basis these key determinants and due adjustment for risk alignment, a payout matrix for variable pay is developed. Market trends for specific businesses / functions along with inputs from compensation surveys may also be used in finalising the payout.

  Bonus pools are designed to meet specific business needs therefore resulting in differentiation in both the quantum and the method of payout across functions. Typically higher levels of responsibility receive a higher proportion of variable pay vis-à-vis fixed pay. The Bank ensures that the time horizon for risk is assessed and the deferment period, if any, for bonus is set accordingly. The following is taken into account while administering the annual bonus:

  ✓ In the event the proportion of variable pay exceeds 50% of fixed pay for employees in certain grades, the Bank has devised the following deferment schedule after taking into consideration the nature of risk, time horizon of risk, and the materiality of risk.

Tranche	Portion of Variable Pay	Timelines
Tranche 1	60%	Payable in the financial year immediately following the performance year.
Tranche 2	13.33%	Payable effective April 1 of the second financial year following the reference performance year.
Tranche 3	13.33%	Payable effective April 1 of the third financial year following the reference performance year.
Tranche 4	13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

- ✓ In cases of deferment of variable pay, the Bank makes an assessment prior to the due date for payment of the deferred portion for any negative contribution. The criteria for negative contribution are decided basis pre-defined financial benchmarks. The Bank has in place appropriate methods for prevention of vesting of deferred variable pay or any part thereof, on account of negative contribution. The Bank also has in place claw back arrangements in relation to amounts already paid in the eventuality of a negative contribution.

- **Performance-Linked Plans (PLPs)**
  PLPs are formulated for sales personnel who are given sales targets but have limited impact on risk since credit decisions are exercised independent of the sales function. All PLP payouts are based on a balanced scorecard framework which factors not just quantitative, but also qualitative measures, such as quality of business sourced, customer complaints etc., and are subject to achievement of individual targets enumerated in the respective scorecards of the employees. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks. Employees who are on the PLPs are excluded from the Annual Bonus Plan.

c) Guaranteed Bonus

Guaranteed bonuses 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 and certain employees in select strategic roles, a sign-on bonus, if any, is limited to the first year only and is only in the form of Employee Stock Options.

d) Employee Stock Option Plan ('ESOP's)

The Bank considers ESOPs as a vehicle to create a balance between short term rewards and long term sustainable value creation. ESOPs play a key role in the attraction and retention of key talent. The Bank grants equity share options to its Whole Time Directors and other employees above a certain grade. All plans for grant of options are framed in accordance with the SEBI guidelines, 1999 as amended from time to time and are approved by the shareholders of the Bank. These plans provide for the grant of options post approval by the NRC.

The NRC grants options after considering parameters such as the incumbent's grade and performance rating, and such other factors as may be deemed appropriate by the NRC. Equity share options granted to the Whole Time Directors are also subject to the approval of the NRC, the Board of Directors of the Bank and the RBI.

The Bank grants ESOPs to eligible employees. Such ESOPs vest over four tranches spread over a period of 48 months. The ESOPs granted subsequent to April 1, 2019 vest no faster than on a pro rata basis.

e) Severance Pay

The Bank does not grant severance pay other than accrued benefits (such as gratuity, pension) except in cases where it is mandated by any statute.

f) Hedging

The Bank does not provide any facility or fund or permit its Whole Time Directors and employees to insure or hedge their compensation structure to offset the risk alignment effects embedded in their compensation arrangement.

g) Statutory Bonus

Some employees are also paid statutory bonus as per the Payment of Bonus Act (1965) as amended from time to time.

III. Remuneration Processes

Fitment at the time of Hire

Pay scales at the Bank are set basis the job size, experience, location and the academic and professional credentials of the incumbent.

The compensation of new hires is in line with the existing pay ranges and consistent with the compensation levels of the existing employees of the Bank at similar profiles. The pay ranges are subject to change basis market trends and the Bank's talent management priorities. While the Bank believes in the internal equity and parity as a key determinant of pay, it does acknowledge the external competitive pressures of the talent market. Accordingly, there could be certain key profiles with critical competencies which may be hired at a premium and treated as an exception to the overall pay philosophy. Any deviation from the defined pay ranges is treated as a hiring exception requiring approval with appropriate justification.

Pay Increment / Pay Revision

The Bank strives to ensure external competitiveness as well as internal equity without diluting the overall focus on optimising cost. In order to enhance the Bank's external competitiveness, it participates in an annual salary survey of the banking sector to understand key market trends as well as get insights on relative market pay position compared to peers. The Bank endeavors to ensure that most employees progress to the median of the market in terms of fixed pay over time. This coupled with key internal data indicators like performance score, job family, experience, job grade and salary budget form the basis of decision making on revisions in fixed pay.

Increments in fixed pay for majority of the employee population are generally undertaken once every financial year. However, promotions, confirmations and change in job dimensions could also lead to a change in the fixed pay during other times of the financial year.

The Bank also makes salary corrections and adjustments during the financial year for competitive pay positioning of those employees who have a good performance track record. However, such pay revisions are done on an exception basis.

Risk, Control and Compliance Staff

The Bank has separated the Risk, Control and Compliance functions from the Business functions in order to create a strong culture of checks and balances and to eliminate any possible conflict of interest between revenue generation and risk management and control. Accordingly, the overall variable pay as well as the annual salary increment of the employees in the Risk, Control and Compliance functions is based on their performance, functional objectives and goals. The Bank ensures that the mix of fixed to variable compensation for these functions is weighted in favour of fixed compensation.

C. Description of the ways in which current and future risks are taken into account in the remuneration processes, 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) Annual bonus plan:
The Bank takes into consideration the fact that a portion of the Bank's profits are directly attributable to various types of risks the Bank is exposed to such as credit risk, market risk, operational risk and other quantifiable risks.

The framework developed by the Bank in order to arrive at the quantum of bonus pool is based on the performance of the Bank and profitability. The annual bonus is distributed based on business unit and individual performance 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 claw back clauses as a risk mitigant for any negative contributions of the Bank and / or relevant line of business in any year for Whole Time Directors and employees in certain grades. Under the malus clause the incumbent foregoes the vesting of the deferred variable pay in full or in part. Under the claw back clause the incumbent is obligated to return all the tranches of bonus payout pertaining to the reference performance year. The deferred bonus is paid out post review and approval by the NRC.

The bonus for Whole Time Directors is capped at 70% of the fixed pay in a year. The variable pay for Whole Time Directors is approved by the NRC as well as the Board of Directors of the Bank and is subject to the approval of the RBI.

The variable pay component for Whole time Directors and employees in certain grades is paid out subject to the following conditions:

Where the variable pay constitutes 50% or more of the fixed pay, a portion of the same would be deferred as per the schedule mentioned in the table below:

Tranche	Portion of Variable Pay	Timelines
Tranche 1	60%	Payable in the financial year immediately following the performance year.
Tranche 2	13.33%	Payable in the second financial year following the reference performance year.
Tranche 3	13.33%	Payable in the third financial year following the reference performance year.
Tranche 4	13.33%	Payable in the fourth financial year following the reference performance year.

(c) Long term incentives (employee stock options):
The Bank also grants employee stock options to employees in certain job bands. The grant is based on performance rating of the individual.

D. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration

The Bank has a 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.

Apart from the above the business units are also measured against certain key business objectives that are qualitative in nature.

The process by which levels of remuneration in the Bank are aligned to the performance of the Bank, business unit and individual employees is articulated below:

Fixed Pay
The Bank reviews the fixed pay portion of the compensation structure basis merit-based increments and market corrections. These are based on a combination of performance rating, job band and the functional category of the individual employee. For a given job band, the merit increment is directly related to the performance rating. The Bank strives to ensure that most employees progress to the median of the market in terms of fixed pay over time. All other things remaining equal, the correction percentage is directly related to the performance rating of the individual.

Variable Pay
Basis the performance of the business unit, individual performance and role, the Bank has formulated the following variable pay plans:

- **Annual Bonus Plan**
  The Bank's annual bonus is computed as a percentage of the gross salary for every job band. The bonus multiple is based on performance of the business unit (based on the parameters above), performance rating, job band and the functional category of the individual employee. The business performance level determines the multiplier for the bonus. All other things remaining equal, for a given job band, the bonus is directly related to the performance rating. Employees on the annual bonus plan are not part of the PLPs.

- **Performance-Linked Plans (PLPs)**
  The Bank has formulated PLPs for its sales personnel who are given sales targets basis a balanced scorecard methodology. All PLP payouts are subject to the achievement of individual targets enumerated in the respective scorecards of the employees and moderated by qualitative parameters. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks. All PLPs are based on a balanced scorecard framework.

E. Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance

A discussion of the Bank's policy on deferral and vesting of variable remuneration and criteria for adjusting deferred remuneration before vesting and after vesting is given below:

Whole Time Directors

The bonus for Whole Time Directors does not exceed 70% of the fixed pay in a year, thereby ensuring that there is a balance between the fixed and variable pay. The variable pay for Whole Time Directors is approved by the NRC as well as the Board and is subject to the approval of the RBI. The variable pay component is paid out subject to the following conditions:

- Where the variable pay constitutes 50% or more of the fixed pay, an appropriate portion thereof is deferred and vests as per the schedule mentioned in the table below:

Tranche	Portion of Variable Pay	Timelines
Tranche 1	60%	Payable in the financial year immediately following the performance year.
Tranche 2	13.33%	Payable in the second financial year following the reference performance year.
Tranche 3	13.33%	Payable in the third financial year following the reference performance year.
Tranche 4	13.33%	Payable in the fourth financial year following the reference performance year.

- In cases of deferment of variable pay, the Bank makes an assessment prior to the due date for payment of the deferred portion for any negative contribution. The criteria for negative contribution are decided basis pre-defined financial benchmarks. The Bank has in place appropriate methods for prevention of vesting of deferred variable pay or any part thereof, on account of negative contribution.

- The Bank has devised appropriate malus and claw back clauses as risk mitigants for any negative contributions of the Bank and / or relevant line of business in any year.
  - ✓ Malus clause
    Under the malus clause the incumbent foregoes the vesting of the deferred variable pay in full or in part. In the event there is a deterioration in specific performance criteria (such as criteria relating to profit or asset quality) that are laid down by the NRC, then the NRC would review the deterioration in the performance taking into consideration the macroeconomic environment as well as internal performance indicators and accordingly decide whether any part of the deferred tranche pertaining to the reference financial year merits a withdrawal. The deferred bonus is paid out post review and approval by the NRC.

  - ✓ Claw back clause
    Under the claw back clause the incumbent is obligated to return all the tranches of payout received of bonus amounts pertaining to the relevant performance year. In the event there is any act attributable to the concerned Whole Time Director / Managing Director resulting in an incident of willful and deliberate misinterpretation / misreporting of financial performance (inflating the financials) of the Bank, for a financial year, which comes to light in the subsequent three years, the incumbent is obligated to return all the tranches of bonus payout received pertaining to the relevant performance year.

    The specific criteria on the applicability of malus and claw back arrangements are reviewed by the NRC annually.

Employees other than Whole Time Directors

The Bank has formulated the following variable pay plans:

- **Annual bonus plan**
  The quantum of variable payout is a function of the performance of the Bank, performance of the individual employee, job band of the employee and the functional category. Basis these key determinants and due adjustment for risk alignment, a payout matrix for variable pay is developed. Market trends for specific businesses / functions along with inputs from compensation surveys may also be used in finalising the payout.

  Bonus pools are designed to meet specific business needs therefore resulting in differentiation in both the quantum and the method of payout across functions. Typically higher levels of responsibility receive a higher proportion of variable pay vis-à-vis fixed pay. The Bank ensures that the time horizon for risk is assessed and the deferment period, if any, for bonus is set accordingly. Employees on the annual bonus plan are not part of the PLPs.

  The following is taken into account while administering the annual bonus:

  - ✓ In the event the proportion of variable pay exceeds 50% of fixed pay, for employees in certain grades, the Bank has devised the following deferment schedule after taking into consideration the nature of risk, time horizon of risk, and the materiality of risk.

Tranche	Portion of Variable Pay	Timelines
Tranche 1	60%	Payable in the financial year immediately following the performance year.
Tranche 2	13.33%	Payable in the second financial year following the reference performance year.
Tranche 3	13.33%	Payable in the third financial year following the reference performance year.
Tranche 4	13.33%	Payable in the fourth financial year following the reference performance year.

  - ✓ In cases of deferment of variable pay, the Bank makes an assessment prior to the due date for payment of the deferred portion for any negative contribution. The criteria for negative contribution are decided basis pre-defined financial benchmarks. The Bank has in place appropriate methods for prevention of vesting of deferred variable pay or any part thereof, on account of negative contribution. The Bank also has in place claw back arrangements in relation to amounts already paid in the eventuality of a negative contribution.

- **Performance-Linked Plans (PLPs)**
  PLPs are formulated for sales personnel who are given sales targets but have limited impact on risk since credit decisions are exercised independent of the sales function. All PLP payouts are subject to the achievement of individual targets enumerated in the respective scorecards of the employees. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks.

F. Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilises and the rationale for using these different forms

The Bank recognises the importance of variable pay in reinforcing a pay for performance culture. Variable pay stimulates employees to stretch their abilities to exceed expectations.

- **Annual bonus plan**
  These are paid to reward performance for a given financial year. This covers all employees (excluding employees under PLPs). This is based on performance of the business unit, performance rating, job band and functional category of the individual. For higher job bands the proportion of variable pay to total compensation tends to be higher.

- **Performance-Linked Plans (PLPs)**
  These are paid to frontline sales staff for the achievement of specific sales targets but have limited impact on risk as credit decisions are exercised independent of the sales function. Further, it has been the endeavor of the Bank to ensure that the objectives set are based on the principles of a balanced scorecard that takes into account quantitative and qualitative measures rather than just the achievement of financial numbers. Further all PLPs have inherent risk adjustment mechanisms manifested in the form of deterrents. All PLP payouts are subject to the achievement of parameters, both qualitative and quantitative enumerated in the respective scorecards of the employees. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks.

- **Employee stock option plan**
  This is to reward for contribution of employees in creating a long term, sustainable earnings and enhancing shareholder value. Only employees in a certain job band and with a specific performance rating are eligible for stock options. Performance is the key criteria for granting stock options.

G. Key changes to the Remuneration Policy pursuant to the revised guidelines on remuneration issued by the RBI on November 4, 2019

The design and structure of the remuneration at the Bank is in line with RBI guidelines as amended from time to time. The pay-out of variable pay for the reference performance financial year ended March 31, 2020 were in accordance with the RBI guidelines dated January 13, 2012. The payout of variable pay for the reference performance financial year ended March 31, 2021 will be undertaken in the financial year commencing on April 1, 2021 and will be in accordance with the RBI guidelines dated November 4, 2019.

Given below are the key changes to the Remuneration Policy undertaken pursuant to the said revised guidelines on remuneration:

(a) Material Risk Takers

The revised guidelines on remuneration provide direction with respect to the definition of material risk takers and specify the composition, limits, deferral and vesting of variable pay for the material risk takers.

In accordance with the revised guidelines on remuneration, the Bank has identified material risk takers (MRTs) based on the standard qualitative and quantitative criteria as prescribed in the said guidelines.

Standard qualitative criteria: Under the standard qualitative criteria, MRTs are to be identified based on the role and decision making power of staff members having jointly or individually, the authority to commit significantly to risk exposures etc. Accordingly, the Bank's MRTs comprise its whole time directors, employees in the grades of Executive Vice President and above and select employees in the role of Business Heads and Treasury Desk Heads in grades Senior Vice President - II that fulfil the aforementioned qualitative criteria.

Under the standard quantitative criteria, the revised guidelines on remuneration permit banks to identify MRTs, inter alia, based on their total remuneration exceeding a threshold, the determination of which is to be done prudently by the respective banks. The Bank has fixed this threshold to be annual fixed pay of ₹ 0.80 crore.

Accordingly, all employees of the Bank who meet the aforementioned standard qualitative criteria and whose annual fixed pay equals or exceeds ₹ 0.80 crore are classified as MRTs with effect from April 1, 2020.

(b) Variable Pay

In accordance with the requirements of the revised guidelines on remuneration, the following is the Bank's policy on variable pay for its MRTs:

(i) Composition of variable pay

The variable pay will be in the form of share linked instruments (such as ESOPs) or a mix of cash and share linked instruments. As per the said revised guidelines on remuneration, effective April 1, 2020 the share-linked instruments will be considered as part of variable pay. The Bank will ensure that there is a proper balance between cash and share linked instruments in the 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 within the prescribed limits.

(ii) Limits on variable pay

A substantial portion of the compensation i.e. at least 50% will be in variable pay and paid on the basis of the performance of the individual, the business unit and the organization. This is in line with the principle that at higher levels of responsibility, the proportion of variable pay is higher. The total variable pay is limited to a maximum of 300% of the fixed pay (for the relative performance period). As aforementioned, the variable pay will be inclusive of cash as well as share linked instruments.

In case the variable pay is up to 200% of the fixed pay, a minimum of 50% of the variable pay, and in the case of variable pay being above 200%, a minimum of 67% thereof, shall be via non-cash instruments.

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 its MRTs, the Bank has in place deferral arrangements for the variable pay. A minimum of 60% of total variable pay will be under deferral arrangements. If the cash component is a part of the variable pay, at least 50% of the cash bonus will be deferred. In cases where cash component of the bonus is under ₹ 0.25 crore, the deferral arrangements would not be necessary.

The deferral period is a minimum of three years and 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 approved by the NRC and the Board.

(iv) Vesting of variable pay

The deferred portion of the remuneration vests at the end of deferral period and is spread over the course of the deferral period. The first vesting occurs at the end of 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 not less than a year in order to ensure appropriate assessment of risk.

(c) Malus / Clawback Arrangement

Further, the malus and clawback conditions were reviewed by the NRC and the Board in light of the revised guidelines on remuneration. The following are the revised malus and clawback conditions governing all variable pay payouts for MRTs defined under the revised guidelines on remuneration applicable for variable pay and long term incentives (LTIs) pertaining to the performance year ended on March 31, 2021.

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 (variable pay / LTI)

Clawback Arrangement: The provision of Clawback arrangement would entail return of payout of reward (variable pay / LTI) made in the previous years attributable to a given reference year wherein the incident has occurred.

The occurrence of any / some / all of the following conditions (illustrative) shall trigger a review by the NRC for the application of the malus or the clawback arrangement:

i. Substantial financial deterioration in profitability or risk parameters
ii. Reckless, negligent or willful actions or exhibited inappropriate values and behavior
iii. Fraud that requires a financial restatement
iv. Reputational harm
v. Exposing the bank to substantial risk
vi. Additional NRC defined conditions

As per the RBI guidelines on compensation, wherever the assessed divergence in a 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 bonus amounts and LTIs. The time horizon for the application of malus / clawback clause is four years from the date of reward.

The NRC shall review the act of misconduct / incident to ascertain the degree of accountability attributable to a Whole Time Director / Material Risk Taker prior to applying the malus or clawback arrangement.

The criteria for malus / clawback arrangement shall be reviewed by the NRC annually.

(d) Employee stock options

The ESOPs that would be granted to MRTs in the financial year commencing on April 1, 2021, in respect of the reference performance financial year ended on March 31, 2021, shall be reckoned as part of their variable pay in accordance with the revised guidelines on remuneration.

Quantitative disclosures

The quantitative disclosures for the financial year ended March 31, 2021 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, 2021	March 31, 2020
(a)	Number of meetings held by the NRC during the financial year and remuneration paid to its members	Number of meetings: 28 Remuneration paid: ₹ 0.57 crore	Number of meetings: 9 Remuneration paid: ₹ 0.17 crore
(b) (i)	Number of employees having received a variable remuneration award during the financial year	76 employees	32 employees
(b) (ii)	Number and total amount of sign-on awards made during the financial year	No stock options granted as sign-on awards during the year ended March 31, 2021.	1,90,000 stock options granted as sign-on awards during the year ended March 31, 2020.
(b) (iii)	Number and total amount of guaranteed bonuses awarded during the financial year	None	None
(b) (iv)	Details of severance pay, in addition to accrued benefits, if any	None	None
(c) (i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 3.91 crore.	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 5.92 crore.
(c) (ii)	Total amount of deferred remuneration paid out in the financial year	₹ 2.68 crore	₹ 2.64 crore
(d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	₹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.	₹ 67.48 crore (Fixed*) ₹ 18.89 crore (variable pay pertaining to financial year ended March 31, 2019, in relation to employees where there was no deferment of pay). The approval of the RBI on the variable pay of the Bank's Whole Time Directors for the years ended March 31, 2018 and 2019 has since been received. ₹ 9.00 crore (variable pay pertaining to financial year ended March 31, 2018, in relation to employees where there was a deferment of pay), of which ₹ 5.40 crore was non-deferred variable pay and ₹ 3.60 crore was deferred variable pay. ₹ 9.42 crore (variable pay pertaining to financial year ended March 31, 2019 in relation to employees where there was a deferment of pay), of which ₹ 6.36 crore was non-deferred variable pay and ₹ 3.06 crore was deferred variable pay. Number of stock options granted during the financial year: 59,58,200 The approval of the RBI in relation to grant of stock options to the Bank's Whole Time Directors for the year ended March 31, 2020 is awaited. The approval of the RBI in relation to grant of stock options to the Bank's Whole Time Directors for the year ended March 31, 2019 has since been received.
(e) (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 3.91 crore.	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 5.92 crore.
(e) (ii)	Total amount of reductions during the financial year due to ex-post explicit adjustments	Nil	Nil
(e) (iii)	Total amount of reductions during the financial year due to ex-post implicit adjustments	Nil	Nil
(f)	Number of MRTs (Material Risk Takers) identified	78	35
(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	The mean pay for the Bank as a whole is ₹ 0.07 crore as of March 31, 2021. 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. 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.	The mean pay for the Bank as a whole is ₹ 0.07 crore as of March 31, 2020. The ratio of the fixed pay of the managing director to the mean pay of the Bank as a whole is 182:1 as of March 31, 2020. The ratio of the fixed pay of the other whole time director to the mean pay of the Bank as a whole is 82:1 as of March 31, 2020.

* Excludes gratuity benefits, since the same is computed at Bank level.

27. Segment reporting

Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by RBI. The Bank operates in the following segments:

a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending, gains or losses on investment operations and on account of trading in foreign exchange and derivative contracts.

b) Retail banking

The retail banking segment serves retail customers through the Bank's branch network and other channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof.

Revenues of the retail banking segment are derived from interest earned on retail loans, interest earned from other segments for surplus funds placed with those segments, subvention received from dealers and manufacturers, fees from services rendered, foreign exchange earnings on retail products etc. Expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

c) Wholesale banking

The wholesale banking segment provides loans, non-fund facilities and transaction services to large corporates, emerging corporates, public sector units, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers, interest / fees earned on the cash float arising from transaction services, earnings from trade services and other non-fund facilities and also earnings from foreign exchange and derivative transactions on behalf of customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

d) Other banking business

This segment includes income from parabanking activities such as credit cards, debit cards, third party product distribution, primary dealership business and the associated costs.

e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes capital and reserves, debt classified as Tier I or Tier II capital and other unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue less interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Interest income is charged by a segment that provides funding to another segment, based on yields benchmarked to an internally approved yield curve or at a certain agreed transfer price rate. Transaction charges are levied by the retail banking segment to the wholesale banking segment for the use by its customers of the retail banking segment's branch network or other delivery channels. Segment capital employed represents the net assets in that segment.

Geographic segments

The geographic segments of the Bank are categorised as domestic operations and foreign operations. Domestic operations comprise branches in India and foreign operations comprise branches outside India.

Segment reporting for the year ended March 31, 2021 is given below:

Business segments:

(₹ crore)

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

Segment reporting for the year ended March 31, 2020 is given below:

Business segments:

(₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	26,558.44	107,999.94	61,134.45	19,033.41	214,726.24
2	Unallocated revenue					2.19
3	Less: Inter-segment revenue					76,654.96
4	Income from operations (1) + (2) - (3)					138,073.47
5	Segment results	3,462.77	12,942.46	14,121.09	7,784.63	38,310.95
6	Unallocated expenses					1,703.79
7	Income tax expense (including deferred tax)					10,349.84
8	Net profit (5) - (6) - (7)					26,257.32
9	Segment assets	457,240.91	484,270.74	520,567.01	60,500.57	1,522,579.23
10	Unallocated assets					7,932.03
11	Total assets (9) + (10)					1,530,511.26
12	Segment liabilities	102,012.09	907,258.10	317,628.87	5,032.43	1,331,931.49
13	Unallocated liabilities					27,593.74
14	Total liabilities (12) + (13)					1,359,525.23
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	355,228.82	(422,987.36)	202,938.14	55,468.14	190,647.74
16	Unallocated (10) - (13)					(19,661.71)
17	Total (15) + (16)					170,986.03
18	Capital expenditure	43.29	1,381.75	119.49	80.50	1,625.03
19	Depreciation	32.79	938.71	126.71	97.64	1,195.85
20	Provisions for non - performing assets / others*	7.50	6,632.33	3,756.44	1,725.92	12,122.19
21	Unallocated other provisions*					20.20

*Represents material non-cash charge other than depreciation and taxation.

Geographic segments:

(₹ crore)

Particulars	Domestic	International
Revenue	136,903.00	1,170.47
Assets	1,481,234.90	49,276.36
Capital expenditure	1,623.31	1.72

28. Liquidity coverage ratio

Quantitative information on Liquidity Coverage Ratio (LCR) for year ended March 31, 2021 is given below:

(₹ crore)

	Particulars	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)*
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
8	**Total Cash Outflows**		**393,558.84**		**361,062.26**		**361,353.82**		**341,692.11**
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
12	**Total Cash Inflows**	**144,355.51**	**111,251.53**	**126,146.31**	**95,367.80**	**138,587.38**	**106,296.22**	**132,290.11**	**97,954.71**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	**TOTAL HQLA**		387,444.92		383,674.38		388,794.58		340,377.99
14	**Total Net Cash Outflows**		282,307.31		265,694.46		255,057.60		243,737.40
15	**Liquidity Coverage Ratio(%)**		**137.24%**		**144.40%**		**152.43%**		**139.65%**

* The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the respective quarters.

Quantitative information on Liquidity Coverage Ratio (LCR) for year ended March 31, 2020 is given below:

(₹ crore)

	Particulars	Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019	
		Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*
1	Total High Quality Liquid Assets (HQLA)		**281,400.84**		**276,928.43**		**253,440.66**		**225,515.60**
2	Retail deposits and deposits from small business customers, of which:	**679,608.08**	**60,624.61**	**663,427.11**	**61,722.61**	**613,920.13**	**56,976.14**	**580,808.20**	**53,857.85**
(i)	*Stable deposits*	146,723.83	7,336.19	92,402.01	4,620.11	88,317.44	4,415.87	84,459.31	4,222.96
(ii)	*Less stable deposits*	532,884.25	53,288.42	571,025.10	57,102.50	525,602.69	52,560.27	496,348.89	49,634.89
3	Unsecured wholesale funding, of which:	**304,344.42**	**172,804.61**	**281,082.43**	**161,380.77**	**266,629.81**	**154,200.50**	**251,528.82**	**144,006.73**
(i)	*Operational deposits (all counterparties)*	42,366.96	10,444.47	34,686.67	8,597.58	31,496.13	7,800.30	34,903.88	8,651.04
(ii)	*Non-operational deposits (all counterparties)*	251,513.79	151,896.47	238,057.41	144,444.84	226,600.14	137,866.76	207,750.30	126,481.05
(iii)	*Unsecured debt*	10,463.67	10,463.67	8,338.35	8,338.35	8,533.54	8,533.44	8,874.64	8,874.64
4	Secured wholesale funding		**3,792.62**		**874.87**		**7,397.92**		**7,397.92**
5	Additional requirements, of which	**113,635.81**	**65,326.40**	**110,281.91**	**62,648.74**	**96,419.47**	**65,085.57**	**95,759.03**	**64,300.46**
(i)	*Outflows related to derivative exposures and other collateral requirement*	57,080.24	57,080.24	54,957.64	54,957.63	56,818.08	56,818.07	55,710.21	55,710.21
(ii)	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
(iii)	*Credit and liquidity facilities*	56,555.57	8,246.16	55,324.27	7,691.11	39,601.39	8,267.50	40,048.82	8,590.25
6	Other contractual funding obligation	19,175.58	19,175.58	13,698.21	13,698.21	17,492.56	17,492.57	17,106.30	17,106.30
7	Other contingent funding obligations	78,141.66	2,344.25	73,360.81	2,200.83	72,616.20	2,178.49	71,632.78	2,148.98
8	**Total Cash Outflows**		**324,068.07**		**302,526.03**		**303,331.19**		**288,818.24**
9	Secured lending (e.g. reverse repo)	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	66,199.09	35,402.81	64,887.50	34,429.38	68,415.09	37,644.26	64,170.94	34,634.66
11	Other cash inflows	83,565.18	75,800.89	76,947.14	69,971.85	80,699.85	73,867.50	80,255.71	74,079.86
12	**Total Cash Inflows**	**149,764.27**	**111,203.70**	**141,834.64**	**104,401.23**	**149,114.94**	**111,511.76**	**144,426.65**	**108,714.52**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	**TOTAL HQLA**		281,400.84		276,928.43		253,440.66		225,515.60
14	**Total Net Cash Outflows**		212,864.38		198,124.80		191,819.43		180,103.72
15	**Liquidity Coverage Ratio(%)**		**132.20%**		**139.77%**		**132.12%**		**125.21%**

* The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the respective quarters.

Qualitative disclosure on LCR

The Liquidity Coverage Ratio (LCR) is one of the Basel Committee's key reforms to develop a more resilient banking sector. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile of banks. It does this by ensuring that banks have an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately into cash to meet their liquidity needs for a 30 calendar day liquidity stress scenario. The LCR is expected to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy.

The Liquidity Risk Management of the Bank is governed by the Asset Liability Management (ALM) Policy approved by the Board. The Asset Liability Committee (ALCO) is a decision-making unit responsible for implementing the liquidity and interest rate risk management strategy of the Bank in line with its risk management objectives and ensures adherence to the risk tolerance / limits set by the Board. In order to determine cash outflows, the Bank segregates its deposits into various customer segments, viz Retail (which include deposits from individuals), Small Business Customers (those with deposits under ₹ 5 crore), and Wholesale (which would cover all residual deposits). Within Wholesale, deposits that are attributable to clearing, custody, and cash management services are classified as Operational Deposits. Other contractual funding, including a portion of other liabilities which are expected to run down in a 30 day time frame are included in the cash outflows. These classifications, based on extant regulatory guidelines, are part of the Bank's LCR framework, and are also submitted to the RBI.

The LCR is calculated by dividing a Bank's stock of HQLA by its total net cash outflows over a 30-day stress period. The guidelines for LCR were effective January 1, 2015, with the minimum requirement at 60% which would rise in equal annual steps to reach 100% on January 1, 2019. This graduated approach was designed to ensure that the LCR could be introduced without material disruption to the orderly strengthening of banking systems or the ongoing financing of economic activity. The present requirement, as on March 31, 2021 is 90% (As a measure to address the current pandemic situation, RBI had reduced the minimum LCR requirement from 100% to 80% which is to be gradually restored back in two phases, i.e., 90% by October 1, 2020 and 100% by April 1, 2021)

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, 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%
March 31, 2020	132.20%	100.00%
December 31, 2019	139.77%	100.00%
September 30, 2019	132.12%	100.00%
June 30, 2019	125.07%	100.00%

The average LCR for the quarter ended March 31, 2021 was at 137.24% as against 132.20% for the quarter ended March 31, 2020, and well above the present prescribed minimum requirement of 90%. The average HQLA for the quarter ended March 31, 2021 was ₹ 387,444.92 crore, as against was ₹ 281,400.84 crore for the quarter ended March 31, 2020. During the same period the composition of government securities and treasury bills in the HQLA was at 89.49% as compared to 91% in the previous year.

For the quarter ended March 31, 2021, derivative exposures (net of cash inflows) / collateral requirements and undrawn commitments constituted just about 0.25% and 2.45% 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, 2021 the top 20 depositors comprised of 4% of total deposits indicating a healthy and stable deposit profile.

29. Related party disclosures

As per AS-18, Related Party Disclosure, the Bank's related parties are disclosed below:

Promoter

Housing Development Finance Corporation Limited

Subsidiaries

HDFC Securities Limited

HDB Financial Services Limited

Welfare trust of the Bank

HDB Employees Welfare Trust

Key management personnel

Sashidhar Jagdishan, Managing Director & Chief Executive Officer (appointed with effect from October 27, 2020)

Kaizad Bharucha, Executive Director

Aditya Puri, Managing Director (retired from services of the Bank effective October 26, 2020)

Relatives of key management personnel

Nagsri Sashidhar, Jagdishan Chandrasekharan, Dhruv Sashidhar, Mythra Mahesh, Havovi Bharucha, Huzaan Bharucha, Danesh Bharucha, Daraius Bharucha.

Entity in which relative of key management personnel is interested

Nagsri - Creating Special Memories

The following ceased to be related party effective October 26, 2020:

Anita Puri, Amit Puri, Amrita Puri, Adishwar Puri, Aarti Sood, Salisbury Investments Private Limited, Akuri by Puri.

In accordance with paragraph 5 of AS-18, the Bank has not disclosed certain transactions with relatives and interested entities of key management personnel as they are in the nature of banker-customer relationship.

The significant transactions between the Bank and related parties for year ended March 31, 2021 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of all related party transactions in that category:

- Interest paid: HDB Financial Services Limited ₹ 12.78 crore (previous year: ₹ 11.06 crore); Housing Development Finance Corporation Limited ₹ 10.80 crore (previous year: ₹ 8.53 crore); Key management personnel ₹ 8.22 crore (previous year: ₹ 1.82 crore).
- Interest received: HDB Financial Services Limited ₹ 439.87 crore (previous year: ₹ 430.63 crore).
- Rendering of services: Housing Development Finance Corporation Limited ₹ 324.65 crore (previous year: ₹ 308.94 crore); HDFC Securities Limited ₹ 41.29 crore (previous year: ₹ 31.94 crore).
- Receiving of services: HDB Financial Services Limited ₹ 2,346.93 crore (previous year: ₹ 2,459.50 crore); Housing Development Finance Corporation Limited ₹ 589.87 crore (previous year: ₹ 586.66 crore).

Schedules to the Financial Statements
For the year ended March 31, 2021

- Dividend paid: Housing Development Finance Corporation Limited Nil (previous year: ₹ 864.62 crore).
- Dividend received: HDB Financial Services Limited Nil (previous year: ₹ 135.11 crore); HDFC Securities Limited ₹ 483.04 crore (previous year: ₹ 288.61 crore).

The Bank's related party balances and transactions for the year ended March 31, 2021 are summarised as follows:

(₹ crore)

Items / Related party	Promoter	Subsidiaries	Key management personnel	Total
Deposits taken	3,560.67 (3,560.67)	1,300.08 (2,231.42)	60.07 (717.55)	4,920.82 (6,509.64)
Deposits placed	0.32 (0.47)	10.62 (10.62)	- (0.76)	10.94 (11.85)
Advances given	- -	5,572.73 (6,032.37)	0.99 (2.32)	5,573.72 (6,034.69)
Fixed assets purchased from	-	-	-	-
Fixed assets sold to	-	-	-	-
Interest paid to	10.80	14.16	8.22	33.18
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	2,985.61
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 (138.77)	6.27 (10.96)	- -	145.04 (149.73)
Payable to	111.05 (199.27)	86.08 (171.13)	- -	197.13 (370.40)
Guarantees given	0.40 (0.41)	- -	- -	0.40 (0.41)
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 ₹ 3.24 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, 2021 is ₹ 7,757.49 crore (previous year: ₹ 12,009.95 crore). The contingent credit exposure pertaining to these contracts computed in line with the extant RBI guidelines on exposure norms was ₹ 166.45 crore (previous year: ₹ 136.86 crore).

During the year ended March 31, 2021, the Bank purchased debt securities from HDB Financial Services Limited ₹ 3,146.57 crore (previous year: ₹ 2,004.60 crore) issued by it.

During the year ended March 31, 2021, the Bank made investment of ₹ 473.06 crore (previous year: ₹ 1,982.47 crore) in pass through certificates in respect of assets securitised out by HDB Financial Services Limited.

During the year ended March 31, 2021, the Bank paid rent of ₹ 0.38 crore (previous year: ₹ 0.66 crore) to party related to the Bank's key management personnel in relation to residential accommodation. As at March 31, 2021, the security deposit outstanding was Nil (previous year: ₹ 3.50 crore).

The deposit outstanding from HDB Employees Welfare Trust as at March 31, 2021 was ₹ 51.02 crore (previous year: ₹ 39.37 crore). The Bank also paid interest on deposit from HDB Employees Welfare Trust aggregating to ₹ 3.13 crore (previous year: ₹ 3.14 crore).

The Bank's related party balances and transactions for the year ended March 31, 2020 are summarised as follows:

(₹ crore)

Items / Related party	Promoter	Subsidiaries	Key management personnel	Total
Deposits taken	3,679.07 (7,717.90)	1,423.41 (1,423.41)	18.54 (22.51)	5,121.02 (9,163.82)
Deposits placed	0.47 (0.47)	10.62 (10.62)	0.76 (0.76)	11.85 (11.85)
Advances given	- -	5,181.82 (5,477.27)	2.55 (2.87)	5,184.37 (5,480.14)
Fixed assets purchased from	-	-	-	-
Fixed assets sold to	-	-	-	-
Interest paid to	8.53	11.88	1.82	22.23
Interest received from	-	431.26	0.09	431.35
Income from services rendered to	308.94	62.91	#	371.85
Expenses for receiving services from	586.66	2,470.47	0.31	3,057.44
Equity investments	- -	3,826.49 (3,826.49)	- -	3,826.49 (3,826.49)
Other Investments	- -	650.00 (1,101.22)	- -	650.00 (1,101.22)
Dividend paid to	864.62	-	10.40	875.02
Dividend received from	-	423.72	-	423.72
Receivable from	44.48 (55.33)	14.34 (14.34)	- -	58.82 (69.67)
Payable to	100.28 (100.28)	147.26 (206.74)	- -	247.54 (307.02)
Guarantees given	0.39 (0.40)	- -	- -	0.39 (0.40)
Remuneration paid	-	-	27.56	27.56
Loans purchased from	24,127.25	-	-	24,127.25

# Denotes amount less than ₹ 1 lakh.
- Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.
- Remuneration paid excludes value of employee stock options exercised during the year.
- Bonus and retiral benefits for key managerial personnel are accrued as a part of an overall pool and are not allocated against the key managerial personnel. These will be paid based on approval from RBI. As of March 31, 2020, approved unpaid deferred bonus in respect of earlier years was ₹ 5.92 crore.

30. Intra-Group exposure
Intra-Group exposures in accordance with RBI guidelines are as follows:

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Total amount of intra-group exposures	11,659.17	8,542.59
Total amount of top 20 intra-group exposures	11,659.17	8,542.59
Percentage of intra-group exposures to total exposure of the Bank on borrowers / customers	0.63%	0.53%
Details of breach of limits on intra-group exposures and regulatory action thereon, if any	Nil	Nil

Schedules to the Financial Statements

For the year ended March 31, 2021

31. Leases

Operating leases primarily comprise office premises, staff residences and Automated Teller Machines ('ATM's), which are renewable at the option of the Bank. The details of maturity profile of future operating lease payments are given below:

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Not later than one year	1,163.33	1,115.49
Later than one year and not later than five years	3,943.95	3,646.15
Later than five years	5,207.95	4,756.70
Total	**10,315.23**	**9,518.34**
The total of minimum lease payments recognised in the Profit and Loss Account for the year	1,390.04	1,345.43
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	56.94	64.23
Sub-lease amounts recognised in the Profit and Loss Account for the year	9.92	9.60
Contingent (usage based) lease payments recognised in the Profit and Loss Account for the year	324.07	270.14

The Bank has sub-leased certain of its properties taken on lease.

The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

32. Transfers to Depositor Education and Awareness Fund (DEAF)

The details of amount transferred during the respective year to DEAF are as under:

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Opening balance of amounts transferred to DEAF	617.69	496.60
Add: Amounts transferred to DEAF during the year	169.93	131.64
Less: Amounts reimbursed by DEAF towards claims	(3.63)	(10.55)
Closing balance of amounts transferred to DEAF	783.99	617.69

33. Penalties levied by the RBI

During the year ended March 31, 2021, RBI has 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.

During the previous year ended March 31, 2020, RBI had imposed a penalty of ₹ 1 crore for non-compliance with various directions issued by RBI on Know Your Customer (KYC) / Anti-Money Laundering (AML) standards. Additionally, RBI had imposed a penalty of ₹ 1 crore on the Bank for failure to undertake on-going due diligence in case of 39 current accounts opened for bidding in Initial Public Offer (IPO).

34. Disclosure for 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, 2021	March 31, 2020
	Complaints received by the bank from its customers		
1	Number of complaints pending at beginning of the year	2,496	7,642
2	Number of complaints received during the year	3,25,786*	3,82,235
3	Number of complaints disposed during the year	3,23,269	3,87,381
3.1	Of which, number of complaints rejected by the bank	87,073	82,170
4	Number of complaints pending at the end of the year	5,013	2,496
	Maintainable complaints received by the bank from OBOs		
5	Number of maintainable complaints received by the bank from OBOs	25,777	9,154
5.1	Of 5, number of complaints resolved in favour of the bank by BOs	7,593	2,297
5.2	Of 5, number of complaints resolved through conciliation / mediation / advisories issued by BOs	18,184	6,857
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 BO Scheme 2006 and covered within the ambit of the Scheme.

* Total complaints include:

i) 1,05,221 complaints pertaining to failed remote onus ATM transactions (on other banks' ATMs).

ii) 10,503 complaints which were closed within next working day (As per the section 16.5 of the RBI's Master Circular on Customer Service in banks dated July 01, 2015, all complaints redressed within next working day need not be included in the statement of complaints).

iii) 1,34,675 complaints in the nature of queries and requests.

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	1,709	1,70,370	(24%)	2,478	-
Credit Cards	382	1,07,895	3%	707	-
Loans and advances	112	17,277	1%	239	-
Internet / Mobile / Electronic Banking	194	13,308	(15%)	1,403	-
Account opening / difficulty in operation of accounts	11	5,412	(20%)	46	-
Others	88	11,524	(20%)	140	-
Total	**2,496**	**3,25,786**	**(15%)**	**5,013**	**-**

Top five grounds of complaints received by the Bank from the customers for the year ended March 31, 2020:

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	5,457	2,23,707	(19%)	1,709	29
Credit Cards	740	1,04,506	80%	382	-
Loans and advances	269	17,063	(6%)	112	1
Internet / Mobile / Electronic Banking	637	15,740	(13%)	194	-
Account opening / difficulty in operation of accounts	71	6,780	(1%)	11	-
Others	468	14,439	(26%)	88	3
Total	**7,642**	**3,82,235**	**(4%)**	**2,496**	**33**

*All these cases were pending within the stipulated turnaround time (TAT) of the Bank.

Schedules to the Financial Statements

For the year ended March 31, 2021

35. Disclosure of Letters of Comfort (LoC) issued by the Bank

The Bank has not issued any Letter of Comfort during the years ended March 31, 2021 and March 31, 2020.

36. Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments during the years ended March 31, 2021 and March 31, 2020. The above is based on the information available with the Bank which has been relied upon by the auditors.

37. Overseas assets, NPAs and revenue

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Total Assets	43,586.89	43,257.00
Total NPAs	188.35	194.93
Total Revenue	931.97	1,170.47

38. Off-Balance Sheet SPVs

There are no Off-Balance Sheet SPVs sponsored by the Bank, which need to be consolidated as per accounting norms.

39. Credit default swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2021 (previous year: Nil).

40. Corporate social responsibility

Operating expenses include ₹ 634.90 crore (previous year: ₹ 535.31 crore) for the year ended March 31, 2021 towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013.

The Bank has spent 2.02% (previous year: 2.01%) of its average net profit for the last three financial years as part of its CSR for the year ended March 31, 2021. As a responsible bank, it has approached the mandatory requirements of CSR spends positively by laying a foundation on which it would build and scale future projects and partnerships. The Bank continues to evaluate strategic avenues for CSR expenditure in order to deliver maximum impact. In the years to come, the Bank will further strengthen its processes as per requirement.

The details of amount spent during the respective year towards CSR are as under: (₹ crore)

Sr. No	Particulars	March 31, 2021			March 31, 2020		
		Amount spent	Amount unpaid / provision	Total	Amount spent	Amount unpaid / provision	Total
(i)	Construction / acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	634.90	-	634.90	532.18	3.13	535.31

41. Investor education and protection fund

There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank during the years ended March 31, 2021 and March 31, 2020.

42. Disclosure on remuneration to Non-Executive Directors

Remuneration by way of sitting fees to the Non-Executive Directors for attending meetings of the Board and its committees during the year ended March 31, 2021 amounted to ₹ 3.73 crore (previous year: ₹ 1.98 crore).

Further, in accordance with RBI guidelines, profit related commission to all Non-Executive Directors other than the Chairperson for the year ended March 31, 2021 amounted to ₹ 0.70 crore (previous year: ₹ 0.90 crore).

43. COVID-19

Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations, the sale of third party products, the use of credit and debit cards by customers and the efficiency in collection efforts. This may lead to a rise in the number of customer defaults and consequently an increase in provisions thereagainst. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Bank's results will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

In accordance with the COVID-19 Regulatory Packages announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020, the Bank, in accordance with its board approved policy, offered a moratorium on the repayment of all instalments and / or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as standard, even if overdue, as on February 29, 2020. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period.

The disclosures as required by the RBI circular dated April 17, 2020 are given below:

(₹ crore)

Particulars	Amount
Respective amounts in SMA / overdue categories, where the moratorium / deferment was extended, in terms of paragraph 2 and 3 of the circular (as of February 29,2020) Term Loan Instalments: ₹ 11,805.09 crore Cash Credit / Overdraft: ₹ 4,063.48 crore	15,868.57
Respective amount where asset classification benefit is extended* Term Loan Instalments: ₹ 3,918.08 crore Cash Credit / Overdraft: ₹ 1,527.22 crore	5,445.30
Provisions made in terms of paragraph 5 of the circular	620.00
Provisions adjusted against slippages in terms of paragraph 6 of the circular	-
Residual provisions as of March 31, 2021 in terms of paragraph 6 of the circular	620.00

* as on March 31, 2021 in respect of such accounts.

44. 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 shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' would be finalised by the Indian Banks Association (IBA) in consultation with other industry participants / bodies and is awaited as on the date of approval of financial statements. The Bank has however estimated the said amount and recognised a charge of ₹ 470.00 crore in its Profit and Loss Account for the year ended March 31, 2021.

45. Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

Mumbai, April 17, 2021

For and on behalf of the Board

Umesh Chandra Sarangi
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Basel III - Pillar 3 Disclosures

As at March 31, 2021

The Reserve Bank of India (RBI) vide its circular under reference DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on 'Basel III Capital Regulations' ('Basel III circular') read together with the circular under reference DBR.No.BP.BC.80/21.06.201/2014-15 dated March 31, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards - Amendments' requires banks to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under the Basel III Framework. These disclosures are available on HDFC Bank's website under the 'Regulatory Disclosures' section. The link to this section is given below:

http://www.hdfcbank.com/aboutus/basel_disclosures/default.htm

The Regulatory Disclosures section contains the following disclosures:

- Qualitative and quantitative Pillar 3 disclosures:
  - Scope of application
  - Capital adequacy
  - Credit risk
  - Credit risk: Portfolios subject to the standardised approach
  - Credit risk mitigation: Disclosures for standardised approach
  - Securitisation exposures
  - Market risk in trading book
  - Operational risk
  - Asset Liability Management ('ALM') risk management
  - General disclosures for exposures related to counterparty credit risk
  - Equities: Disclosure for banking book positions
- Composition of capital and reconciliation requirements.
- Main features and full terms and conditions of regulatory capital instruments.
- Leverage ratio disclosures.
- Liquidity coverage ratio disclosure.

Independent Auditor's Report

To the Members of HDFC Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of HDFC Bank Limited (hereinafter referred to as the "Bank") and its subsidiaries (the Bank and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Profit and Loss Account, the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2021 and of their consolidated profit and their consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of Code of Ethics issued by Institute of Chartered Accountants of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 24 of Schedule 18 to the consolidated financial statements, which describes the extent to which the COVID-19 pandemic will continue to impact the Bank's consolidated financial statements will depend on ongoing and future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Identification of Non-Performing Advances (NPA) and provision on advances	
Key Audit Matter	**How our audit addressed the key audit matter**
The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of non-performing assets ("NPA") and the minimum provision required for such assets. The Bank is required to have Board approved policy as per IRAC guidelines for NPA identification and provision. The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors. The provision on NPA 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 in 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 made an assessment of the impact on borrowers' account due to COVID-19 pandemic and in line with the COVID-19 Regulatory Package announced by the RBI in respect of moratorium and restructuring of advances as relief measures to the borrowers. Additionally, the Bank has considered the impact of judgement, on identification of NPA and provision thereof, which was vacated as per Honourable Supreme Court Order on March 23, 2021 and the RBI circular dated April 7, 2021 in that connection. Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a key audit matter.	Tested the design and operating effectiveness of key controls (including application controls) over approval, recording, monitoring and recovery of loans, monitoring overdue / stressed accounts, identification of NPA, provision for NPA and valuation of security and collateral. Testing of Application controls include testing of automated controls, reports and system reconciliations. Evaluated the governance process and review controls over calculations of provision of non-performing advances, basis of provisioning approved in accordance with the Board approved policy. Selected the borrowers based on quantitative and qualitative risk factors for their assessment of appropriate classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per extant IRAC norms and Bank policy. Performed other substantive procedures included and not limited to the following: • Selected samples of performing loans and assessed independently as to whether those should be classified as NPA; • For samples selected reviewed the collateral valuation, financial statements and other qualitative information; • Considered the accounts reported by the Bank and other Banks as Special Mention Accounts ("SMA") in RBI's Central Repository of Information on Large Credits (CRILC) to identify stress; • For selected samples assessed independently accounts that can potentially be classified as NPA and Red Flagged Accounts; • Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA; • Examined the early warning reports generated by the Bank to identify stressed loan accounts; • Held specific discussions with the management of the Bank on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors; • Selected samples for standard accounts, default but standard accounts and overdue accounts and assessed compliance with RBI circular on COVID-19 Regulatory Package; • 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; • Selected samples of accounts which were not declared as NPA due to the interim order of Honourable Supreme Court and later on due to the vacation of the interim order and the RBI circular in connection with that to ensure the asset classification of borrower accounts has been continued as per the extant RBI instructions / IRAC norms. Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.

Evaluation of litigations included in contingent liabilities	
Key Audit Matter	**How our audit addressed the key audit matter**
The Bank has material open tax litigations including matters under dispute which involve significant 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.	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 within the standalone financial statements in this regard.

Information Technology ("IT") Systems and Controls	
Key Audit Matter	**How our audit addressed the key audit matter**
The Bank has a complex IT architecture to support its day-to-day business operations. High volume of transactions 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.	Our Audit procedures with respect to this matter included: For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems. Obtained a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to Backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed and authorized. Also, entity level controls pertaining to policy and procedure and Business continuity plan assessment due impact of COVID-19 was also part of our audit procedure. In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our test. Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information in the Basel III - Pillar 3 disclosures and graphical representation of financial highlights (but does not include the financial statements and our auditor's reports thereon), which we obtained prior to the date of this Auditor's Report, and Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Bank's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act and 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 Directors of the Bank, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional 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 the 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, 2021 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 ₹ 6,735,008 Lacs as at March 31, 2021, total revenues of ₹ 1,208,782 Lacs and net cash flows amounting to ₹ 333 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and the consideration of the report of the other auditors on separate financial statements as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

    b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c. The Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by RBI;

    e. On the basis of the written representations received from the directors of the Bank as on March 31, 2021 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

    f. With respect to the adequacy of internal financial controls with reference to the consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A";

    g. With respect to the matter to be included in the Auditor's Report under Section 197(16):
    In our opinion and according to the information and explanations given to us and based on the report of the statutory auditors of subsidiary companies which were not audited by us, the remuneration paid during the current year by the subsidiary companies to their directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us. Further, the Bank is a banking company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply to the Bank; and

    h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Schedule 12, Schedule 17(D)(17) and Schedule 18(13)(d)(1) and (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) and 17(D)(17) and Schedule 18(13)(d) to the consolidated financial statements in respect of such items as it relates to the Group; and

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

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

UDIN: 21117812AAAADU7699

Mumbai
April 17, 2021

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, 2021

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, 2021, we have audited the internal financial controls with reference to consolidated financial statements of HDFC Bank Limited (hereinafter referred to as "the Bank") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Bank, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Bank, its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Bank, its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A Bank's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Bank, its subsidiary companies, which are companies incorporated in India, have, in all material respects, 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, 2021, 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: 21117812AAAADU7699

Mumbai
April 17, 2021

Consolidated Balance Sheet

As at March 31, 2021

₹ in '000

	Schedule	As at 31-Mar-21	As at 31-Mar-20
CAPITAL AND LIABILITIES			
Capital	1	5,512,776	5,483,286
Reserves and surplus	2	2,092,589,110	1,758,103,766
Minority interest	2A	6,327,647	5,766,413
Deposits	3	13,337,208,758	11,462,071,336
Borrowings	4	1,776,967,487	1,868,343,231
Other liabilities and provisions	5	776,460,664	708,536,341
Total		**17,995,066,442**	**15,808,304,373**
ASSETS			
Cash and balances with Reserve Bank of India	6	973,703,555	722,110,033
Balances with banks and money at call and short notice	7	239,021,709	157,291,086
Investments	8	4,388,231,117	3,893,049,519
Advances	9	11,852,835,198	10,436,708,771
Fixed assets	10	50,995,631	46,268,558
Other assets	11	490,279,232	552,876,406
Total		**17,995,066,442**	**15,808,304,373**
Contingent liabilities	12	9,752,806,592	11,304,740,615
Bills for collection		447,481,440	515,849,020
Significant accounting policies and notes to the Consolidated financial statements The schedules referred to above form an integral part of the Consolidated Balance Sheet.	17 & 18		

As per our report of even date

For and on behalf of the Board

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Umesh Chandra Sarangi
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Swapnil Kale
Partner
Membership Number: 117812

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Mumbai, April 17, 2021

Santosh Haldankar
Company Secretary

Consolidated Profit and Loss Account

For the year ended March 31, 2021

₹ in '000

	Schedule	Year ended 31-Mar-21	Year ended 31-Mar-20
I. INCOME			
Interest earned	13	1,285,523,933	1,221,892,915
Other income	14	273,328,803	248,789,748
Total		**1,558,852,736**	**1,470,682,663**
II. EXPENDITURE			
Interest expended	15	592,475,799	621,374,216
Operating expenses	16	350,012,568	330,360,555
Provisions and contingencies [Refer Schedule 18 (15)]		297,796,688	245,985,239
Total		**1,240,285,055**	**1,197,720,010**
III. PROFIT			
Net profit for the year		318,567,681	272,962,653
Less : Minority interest		235,590	423,147
Consolidated profit for the year		318,332,091	272,539,506
Balance in the Profit and Loss Account brought forward		618,176,878	528,496,075
Total		**936,508,969**	**801,035,581**
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		78,796,978	67,717,167
Tax (including cess) on dividend		-	902,672
Dividend (including tax / cess thereon) pertaining to previous year paid during the year, net of dividend tax credits		-	48,933,585
Interim Dividend (including tax)		-	16,469,504
Transfer to General Reserve		31,116,525	26,257,315
Transfer to Capital Reserve		22,916,842	11,238,460
Transfer to / (from) Investment Reserve Account		616,645	-
Transfer to / (from) Investment Fluctuation Reserve		17,120,000	11,340,000
Balance carried over to Balance Sheet		785,941,979	618,176,878
Total		**936,508,969**	**801,035,581**
V. EARNINGS PER EQUITY SHARE (Face value ₹ 1 per share)		₹	₹
Basic		57.88	49.84
Diluted		57.61	49.46
Significant accounting policies and notes to the Consolidated financial statements The schedules referred to above form an integral part of the Consolidated Profit and Loss Account.	17 & 18		

As per our report of even date

For and on behalf of the Board

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Umesh Chandra Sarangi
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Swapnil Kale
Partner
Membership Number: 117812

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Mumbai, April 17, 2021

Santosh Haldankar
Company Secretary

Consolidated Cash Flow Statement

For the year ended March 31, 2021

₹ in '000

	Year ended 31-Mar-21	Year ended 31-Mar-20
Cash flows from / (used in) operating activities		
Consolidated profit before income tax	427,725,836	381,525,366
Adjustments for :		
Depreciation on fixed assets	13,850,062	12,767,714
(Profit) / loss on revaluation of investments	14,853,243	7,021,095
Amortisation of premium on held to maturity investments	7,654,693	5,014,137
(Profit) / loss on sale of fixed assets	2,859	81,865
Provision / charge for non performing assets	139,270,110	110,657,129
Provision for standard assets and contingencies	52,830,711	30,574,317
	656,187,514	547,641,623
Adjustments for :		
(Increase) / decrease in investments	(501,566,359)	(1,010,700,996)
(Increase) / decrease in advances	(1,556,810,724)	(1,855,003,617)
Increase / (decrease) in deposits	1,875,137,422	2,237,044,557
(Increase) / decrease in other assets	83,076,840	(72,497,457)
Increase / (decrease) in other liabilities and provisions	(1,045,600)	93,598,719
	554,979,093	(59,917,171)
Direct taxes paid (net of refunds)	(130,214,530)	(108,773,749)
Net cash flow from / (used in) operating activities	424,764,563	(168,690,920)
Cash flows from / (used in) investing activities		
Purchase of fixed assets	(16,961,460)	(16,358,706)
Proceeds from sale of fixed assets	152,809	189,462
Net cash flow used in investing activities	(16,808,651)	(16,169,244)
Cash flows (used in) / from financing activities		
Increase in minority interest	561,234	748,468
Proceeds from issue of share capital, net of issue expenses	17,600,995	18,486,821
Proceeds from issue of Tier I and Tier II capital bonds	3,565,000	7,435,000
Redemption of Tier II Capital Bonds	(11,050,000)	-
Increase / (decrease) in other borrowings	(83,890,744)	283,580,441
Dividend paid during the period (including tax on dividend)	-	(66,305,761)
Net cash flow (used in) / from financing activities	(73,213,515)	243,944,969
Effect of exchange fluctuation on translation reserve	(1,418,252)	2,139,891
Net increase / (decrease) in cash and cash equivalents	333,324,145	61,224,696
Cash and cash equivalents as at April 1st	879,401,119	818,176,423
Cash and cash equivalents as at March 31st	1,212,725,264	879,401,119

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 17, 2021

For and on behalf of the Board

Umesh Chandra Sarangi
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Schedules to the Consolidated Financial Statements

As at March 31, 2021

₹ in '000

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 1 - CAPITAL		
Authorised capital		
6,50,00,00,000 (31 March, 2020 : 6,50,00,00,000) Equity Shares of ₹ 1/- each	6,500,000	6,500,000
Issued, subscribed and paid-up capital		
5,51,27,76,482 (31 March, 2020 : 5,48,32,86,460) Equity Shares of ₹ 1/- each	5,512,776	5,483,286
Total	5,512,776	5,483,286
SCHEDULE 2 - RESERVES AND SURPLUS		
I Statutory reserve		
Opening balance	356,038,280	288,321,113
Additions during the year	78,796,978	67,717,167
Total	434,835,258	356,038,280
II General reserve		
Opening balance	136,741,358	110,484,043
Additions during the year	31,116,525	26,257,315
Total	167,857,883	136,741,358
III Balance in profit and loss account	785,941,979	618,176,878
IV Share premium		
Opening balance	587,555,328	569,105,180
Additions during the year	17,571,505	18,450,148
Total	605,126,833	587,555,328
V Amalgamation reserve		
Opening balance	10,635,564	10,635,564
Additions during the year	-	-
Total	10,635,564	10,635,564
VI Capital reserve		
Opening balance	26,647,724	15,409,264
Additions during the year	22,916,842	11,238,460
Total	49,564,566	26,647,724
VII Investment reserve		
Opening balance	-	-
Additions during the year	616,645	-
Total	616,645	-
VIII Investment fluctuation reserve		
Opening balance	19,070,000	7,730,000
Additions during the year	17,120,000	11,340,000
Total	36,190,000	19,070,000
IX Foreign currency translation account		
Opening balance	3,238,634	1,098,743
Additions / (deductions) during the year	(1,418,252)	2,139,891
Total	1,820,382	3,238,634
Total	2,092,589,110	1,758,103,766

Schedules to the Consolidated Financial Statements

As at March 31, 2021

₹ in '000

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 2 A - MINORITY INTEREST		
Minority interest at the date on which parent subsidiary relationship came into existence	276,029	276,029
Subsequent increase	6,051,618	5,490,384
Total	**6,327,647**	**5,766,413**
Includes reserves of Employee Welfare Trust of ₹ 150.12 crore (previous year ₹ 147.61 crore)		
SCHEDULE 3 - DEPOSITS		
A I Demand deposits		
(i) From banks	38,701,928	36,285,672
(ii) From others	2,072,060,514	1,695,304,394
Total	**2,110,762,442**	**1,731,590,066**
II Savings bank deposits	4,034,924,747	3,103,769,443
III Term deposits		
(i) From banks	106,458,399	136,163,876
(ii) From others	7,085,063,170	6,490,547,951
Total	**7,191,521,569**	**6,626,711,827**
Total	**13,337,208,758**	**11,462,071,336**
B I Deposits of branches in India	13,278,324,337	11,413,640,800
II Deposits of branches outside India	58,884,421	48,430,536
Total	**13,337,208,758**	**11,462,071,336**
SCHEDULE 4 - BORROWINGS		
I Borrowings in India		
(i) Reserve Bank of India	90,200,000	17,260,000
(ii) Other banks	115,042,682	138,040,829
(iii) Other institutions and agencies	693,515,600	749,824,337
(iv) Upper and lower tier II capital and innovative perpetual debts	211,270,000	218,755,000
(v) Bonds and Debentures (excluding subordinated debt)	389,752,149	392,424,149
Total	**1,499,780,431**	**1,516,304,315**
II Borrowings outside India	277,187,056	352,038,916
Total	**1,776,967,487**	**1,868,343,231**

Secured borrowings included in I & II above: ₹ 35,132.83 crore (previous year: ₹ 36,342.70 crore) except borrowings of ₹ 44,625.92 crore (previous year: ₹ 52,524.20 crore) under repurchase transactions (including tri-party repo) and transactions under Liquidity Adjustment Facility and Marginal Standing Facility

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I Bills payable	124,241,904	75,837,207
II Interest accrued	81,235,845	85,825,548
III Others (including provisions)	515,724,329	500,355,960
IV Contingent provisions against standard assets	55,258,586	46,517,626
Total	**776,460,664**	**708,536,341**
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I Cash in hand *(including foreign currency notes)*	107,221,831	92,135,807
II Balances with Reserve Bank of India:		
(a) In current accounts	594,421,724	377,974,226
(b) In other accounts	272,060,000	252,000,000
Total	**866,481,724**	**629,974,226**
Total	**973,703,555**	**722,110,033**

₹ in '000

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I In India		
(i) Balances with banks:		
(a) In current accounts	9,897,824	4,155,423
(b) In other deposit accounts	16,170,913	12,476,849
Total	**26,068,737**	**16,632,272**
(ii) Money at call and short notice:		
(a) With banks	-	-
(b) With other institutions	-	-
Total	**-**	**-**
Total	**26,068,737**	**16,632,272**
II Outside India		
(i) In current accounts	110,344,840	47,628,696
(ii) In deposit accounts	3,909,632	10,176,943
(iii) Money at call and short notice	98,698,500	82,853,175
Total	**212,952,972**	140,658,814
Total	**239,021,709**	**157,291,086**
SCHEDULE 8 - INVESTMENTS		
A Investments in India in		
(i) Government securities	3,520,158,606	3,230,399,049
(ii) Other approved securities	-	-
(iii) Shares	4,494,375	4,182,471
(iv) Debentures and bonds	586,747,218	258,011,937
(v) Others (Units, CDs, CPs, PTCs and security receipts)	253,149,671	378,628,257
Total	**4,364,549,870**	**3,871,221,714**
B Investments outside India in		
(i) Government securities (including Local Authorities)	5,936,075	8,409,391
(ii) Other investments		
(a) Shares	35,024	35,024
(b) Debentures and bonds	17,710,148	13,383,390
Total	**23,681,247**	**21,827,805**
Total	**4,388,231,117**	**3,893,049,519**
SCHEDULE 9 - ADVANCES		
A (i) Bills purchased and discounted	345,427,765	387,832,198
(ii) Cash credits, overdrafts and loans repayable on demand	2,559,778,239	2,340,489,951
(iii) Term loans	8,947,629,194	7,708,386,622
Total	**11,852,835,198**	**10,436,708,771**
B (i) Secured by tangible assets*	8,000,686,039	7,174,666,685
(ii) Covered by bank / government guarantees	393,758,390	201,580,178
(iii) Unsecured	3,458,390,769	3,060,461,908
Total	**11,852,835,198**	**10,436,708,771**

** Including advances against book debts*

Schedules to the Consolidated Financial Statements

As at March 31, 2021

₹ in '000

	As at 31-Mar-21	As at 31-Mar-20
C I Advances in India		
(i) Priority sector	2,586,111,539	2,582,817,659
(ii) Public sector	1,199,082,740	623,353,731
(iii) Banks	85,383,854	68,550,435
(iv) Others	7,666,158,574	6,877,873,162
Total	**11,536,736,707**	**10,152,594,987**
C II Advances outside India		
(i) Due from banks	55,276,539	33,250,983
(ii) Due from others		
(a) Bills purchased and discounted	63,490	51,070
(b) Syndicated loans	8,347,907	12,531,145
(c) Others	252,410,555	238,280,586
Total	**316,098,491**	**284,113,784**
Total	**11,852,835,198**	**10,436,708,771**
(Advances are net of provisions)		
SCHEDULE 10 - FIXED ASSETS		
A Premises *(including land)*		
Gross block		
At cost on 31 March of the preceding year	18,910,701	18,258,591
Additions during the year	1,745,137	737,974
Deductions during the year	(98,160)	(85,864)
Total	**20,557,678**	**18,910,701**
Depreciation		
As at 31 March of the preceding year	6,375,942	5,816,393
Charge for the year	664,821	634,858
On deductions during the year	(93,299)	(75,309)
Total	**6,947,464**	**6,375,942**
Net block	**13,610,214**	**12,534,759**
B Other fixed assets *(including furniture and fixtures)*		
Gross block		
At cost on 31 March of the preceding year	117,016,137	105,848,358
Additions during the year	16,985,088	16,378,259
Deductions during the year	(2,898,680)	(5,210,480)
Total	**131,102,545**	**117,016,137**
Depreciation		
As at 31 March of the preceding year	83,282,338	76,092,185
Charge for the year	13,182,661	12,139,660
On deductions during the year	(2,747,871)	(4,949,507)
Total	**93,717,128**	**83,282,338**
Net block	**37,385,417**	**33,733,799**
C Assets on lease *(plant and machinery)*		
Gross block		
At cost on 31 March of the preceding year	4,546,923	4,546,923
Additions during the year	-	-
Total	**4,546,923**	**4,546,923**
Depreciation		
As at 31 March of the preceding year	4,104,467	4,104,467
Charge for the year	-	-
Total	**4,104,467**	**4,104,467**

₹ in '000

	As at 31-Mar-21	As at 31-Mar-20
Lease adjustment account		
As at 31 March of the preceding year	442,456	442,456
Charge for the year	-	-
Total	**442,456**	**442,456**
Unamortised cost of assets on lease	-	-
Total	**50,995,631**	**46,268,558**
SCHEDULE 11 - OTHER ASSETS		
I Interest accrued	118,928,877	103,326,928
II Advance tax / tax deducted at source (net of provisions)	35,269,488	26,561,476
III Stationery and stamps	434,856	430,930
IV Non banking assets acquired in satisfaction of claims	512,557	-
V Bond and share application money pending allotment	225,000	-
VI Security deposit for commercial and residential property	5,687,949	5,626,425
VII Others*	329,220,505	416,930,647
Total	**490,279,232**	**552,876,406**

**Includes deferred tax asset (net) of ₹ 5,541.64 crore (previous year : ₹ 4,144.23 crore), goodwill of ₹ 148.79 crore (previous year : ₹ 148.79 crore) and deposits placed with NABARD / SIDBI / NHB on account of shortfall in lending to priority sector of ₹ 9,320.37 crore (previous year: ₹ 9,196.86 crore)*

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 12 - CONTINGENT LIABILITIES		
I Claims against the bank not acknowledged as debts - taxation	12,727,093	12,967,986
II Claims against the bank not acknowledged as debts - others	3,180,888	1,799,920
III Liability on account of outstanding forward exchange contracts	4,964,726,675	6,079,194,921
IV Liability on account of outstanding derivative contracts	3,615,794,584	4,152,761,103
V Guarantees given on behalf of constituents - in India	751,195,338	590,864,399
- outside India	1,800,917	859,639
VI Acceptances, endorsements and other obligations	376,536,252	440,232,727
VII Other items for which the Bank is contingently liable	26,844,845	26,059,920
Total	**9,752,806,592**	**11,304,740,615**

	Year ended 31-Mar-21	Year ended 31-Mar-20
SCHEDULE 13 - INTEREST EARNED		
I Interest / discount on advances / bills	1,022,991,272	990,796,325
II Income from investments	232,116,170	205,727,257
III Interest on balance with RBI and other inter-bank funds	24,143,004	18,687,664
IV Others	6,273,487	6,681,669
Total	**1,285,523,933**	**1,221,892,915**
SCHEDULE 14 - OTHER INCOME		
I Commission, exchange and brokerage	180,245,945	180,171,223
II Profit / (loss) on sale of investments (net)	53,890,062	27,034,829
III Profit / (loss) on revaluation of investments (net)	(14,853,243)	(7,021,095)
IV Profit / (loss) on sale of building and other assets (net)	465,748	259,150
V Profit / (loss) on exchange / derivative transactions (net)	24,384,132	21,547,462
VI Miscellaneous income	29,196,159	26,798,179
Total	**273,328,803**	**248,789,748**

Schedules to the Consolidated Financial Statements

As at March 31, 2021

₹ in '000

	Year ended 31-Mar-21	Year ended 31-Mar-20
SCHEDULE 15 - INTEREST EXPENDED		
I Interest on deposits	501,260,261	507,888,796
II Interest on RBI / inter-bank borrowings	90,644,278	113,068,058
III Other interest	571,260	417,362
Total	**592,475,799**	**621,374,216**
SCHEDULE 16 - OPERATING EXPENSES		
I Payments to and provisions for employees	136,766,690	129,201,282
II Rent, taxes and lighting	18,088,843	17,796,297
III Printing and stationery	4,448,276	4,484,020
IV Advertisement and publicity	1,022,511	1,004,391
V Depreciation on bank's property	13,850,062	12,767,714
VI Directors' fees / remuneration, allowances and expenses	56,833	39,741
VII Auditors' fees and expenses	46,273	37,823
VIII Law charges	1,547,957	1,587,423
IX Postage, telegram, telephone etc.	5,402,395	4,716,491
X Repairs and maintenance	16,491,092	12,934,396
XI Insurance	17,249,091	12,295,061
XII Other expenditure*	135,042,545	133,495,916
Total	**350,012,568**	**330,360,555**

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, 2021

A BACKGROUND

HDFC Bank Limited ('HDFC Bank' or 'the Bank'), incorporated in Mumbai, India is a publicly held banking company engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013. The Bank has overseas branch operations in Bahrain, Hong Kong, Dubai and Offshore Banking Unit at International Financial Service Centre (IFSC), at GIFT City, Gandhinagar in Gujarat. The financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by branches of the Bank.

HDB Financial Services Limited (HDBFSL) and HDFC Securities Limited (HSL) are subsidiaries of the Bank. HDBFSL is a non-deposit taking non-banking finance company. HSL is a financial services provider along with broking as a core product.

B PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries constituting the 'Group'.

The Bank consolidates its subsidiaries in accordance with Accounting Standard ('AS') 21, Consolidated Financial Statements, specified under Section 133 of the Companies Act, 2013, on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. Capital reserve / Goodwill on consolidation represent the difference between the Bank's share in the net worth of the subsidiary and the cost of acquisition at the time of making the investment in the subsidiary.

C BASIS OF PREPARATION

The consolidated financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time (RBI guidelines), Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, in so far as they apply to banks.

Use of estimates

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

Basis of consolidation

The consolidated financial statements present the accounts of HDFC Bank Limited with its following subsidiaries:

Name	Relation	Country of incorporation	Ownership interest**
HDFC Securities Limited	Subsidiary	India	96.34%
HDB Financial Services Limited	Subsidiary	India	95.11%
HDB Employee Welfare Trust	*	India	

The financial statements of HDBFSL and HSL have been prepared in accordance with notified Indian Accounting Standards ('Ind-AS') with effect from April 1, 2018. The financial statements used for consolidation are special purpose financial statements prepared in accordance with Generally Accepted Accounting Principles in India ('GAAP') specified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

* The accounts of HDB Employee Welfare Trust, a trust established for providing general welfare measures such as medical relief and educational assistance to the employees of the Bank and their dependents has been entirely consolidated.

** Denotes HDFC Bank's direct interest.

During the year ended March 31, 2021 the Bank's shareholding in HDB Financial Services Limited decreased from 95.3% to 95.1% on account of the stock options exercised by minority stakeholders.

During the year ended March 31, 2021 the Bank's shareholding in HDFC Securities Limited decreased from 96.6% to 96.3% on account of the stock options exercised by minority stakeholders.

The audited financial statements of the subsidiary companies, entity controlled by the Bank have been drawn up to the same reporting date as that of the Bank, i.e. March 31, 2021.

D PRINCIPAL ACCOUNTING POLICIES

1 Investments

HDFC Bank Limited

Classification:

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

Purchase and sale transactions in securities are recorded under settlement date of accounting, except in the case of equity shares where trade date accounting is followed.

Basis of classification:

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

Acquisition cost:

Brokerage, commission, etc. and broken period interest on debt instruments are recognised in the Profit and Loss Account and are not included in the cost of acquisition.

Disposal of investments:

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

Short sale:

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is categorised under HFT category and netted off from investments in the Balance Sheet. The short position is marked to market and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Profit / Loss on settlement of the short position is recognised in the Profit and Loss Account.

Valuation:

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

Traded investments are valued based on the trades / quotes on the recognised stock exchanges or prices published by Financial Benchmarks India Pvt Ltd. (FBIL) with Fixed Income Money Market and Derivatives Association (FIMMDA) as the calculating agent. 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. which are directly issued by the government of India, is computed as per the prices published by FBIL with FIMMDA as the calculating agent. These prices are calculated by FIMMDA in accordance with the extant RBI guidelines.

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 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 as per the RBI guidelines.

Units of mutual funds are valued at the latest net asset value declared by the respective schemes of the mutual fund.

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

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

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, in accordance with the RBI guidelines. Such investments are transferred to the AFS category after the said period of three years and valued at NAV shown by the VCF in its financial statements. At least once a year, the 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 in the value, if any, compared to the acquisition cost, in any of the six groups, is charged to the Profit and Loss Account. The net appreciation, if any, in any of the six groups is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions. The book value of individual securities is not changed after the valuation of investments.

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

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

Repurchase and reverse repurchase transactions:

In accordance with the RBI guidelines, repurchase (Repo) and reverse repurchase (Reverse Repo) transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively.

Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

HDFC Securities Limited

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

HDB Financial Services Limited

Investments expected to mature after twelve months are taken as long term / non-current investment and stated at cost. Provision is recognised only in case of diminution, which is other than temporary in nature. Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash. All other investments are recognised as short term / current investments and are valued at lower of cost and net realisable value.

2 Advances

HDFC Bank Limited

Classification:

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

Provisioning:

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

The specific provision levels for retail non-performing assets are also based on the nature of product and delinquency levels.

Specific loan loss provisions in respect of non-performing advances are charged to the Profit and Loss Account and included under Provisions and Contingencies.

Non-performing advances are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognised in the Profit and Loss Account and included under other income.

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

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

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

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

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

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

In accordance with the RBI guidelines on the prudential framework for resolution of stressed assets and the resolution framework for COVID-19 related stress, the Bank in accordance with its Board approved policy, carried out one-time restructuring of 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 by the Bank. Sales / transfers that do not meet these criteria for surrender of control are accounted for as borrowings. In accordance with RBI guidelines, the Bank amortises any profit received for a securitisation or direct assignment transaction based on the method prescribed and any loss arising therefrom is recognised in the Profit and Loss Account at the time of sale.

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

In respect of stressed assets sold by the Bank 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, in accordance with RBI guidelines, 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 for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenor of the loans.

HDB Financial Services Limited

- Prior to Issuance of RBI Circular dated August 21, 2012
  a) On receivables being assigned / 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. Priority Sector Lending Certificates (PSLCs)

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as miscellaneous income and the fee paid for purchase of the PSLCs is recorded as other expenditure in Profit and Loss Account. These are amortised over the period of the Certificate.

5 Fixed assets and depreciation

HDFC Bank Limited

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

Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis. The management believes that the useful life of assets assessed by the Bank, pursuant to Part C of Schedule II to the Companies Act, 2013, taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use, fairly reflects its estimate of useful lives of the fixed assets. The estimated useful lives of key fixed assets are given below:

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

Schedules to the Consolidated Financial Statements

For the year ended March 31, 2021

- Improvements to lease hold premises are charged off over the remaining primary period of lease.
- Software and system development expenditure is depreciated over a period of 5 years.
- Point of sales terminals are depreciated over a period of 4 years.
- For assets purchased and sold during the year, depreciation is provided on pro-rata basis by the Bank.
- Whenever there is a revision of the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.
- Profit on sale of immovable property net of taxes and transfer to statutory reserve, are transferred to capital reserve account.
- Assets (other than POS terminals) costing less than ₹ 5,000 individually are fully depreciated in the year of purchase.

HDFC Securities Limited

Tangible 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 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.

Impairment of assets

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

6 Translation of foreign currency items

HDFC Bank Limited

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

Foreign currency monetary items of domestic and integral foreign operations are translated at the closing exchange rates notified by Foreign Exchange Dealers' Association of India (FEDAI) as at the Balance Sheet date and the resulting net 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 recognized in the Profit and Loss Account. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognised in the Profit and Loss Account and related assets and liabilities are accordingly restated in the Balance Sheet.

7 Foreign exchange and derivative contracts

HDFC Bank Limited

Foreign exchange spot and forward contracts outstanding as at the Balance Sheet date and held for trading, are revalued at the closing spot and forward rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities.

The USD-INR rate for valuation of contracts having longer maturities i.e. greater than one year, is derived using the MIFOR and LIBOR curves. 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 present value basis, as directed by FEDAI. For this purpose the forward profit or loss on the deals are discounted till the valuation date using the discounting yields. The resulting profit or loss on valuation is recognised in the Profit and Loss Account. Foreign exchange contracts are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value).

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

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

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

HDB Financial Services Limited

Derivative contracts are designated as cash flow hedges, the hedging instrument is measured at fair value and any gain or loss that is determined to be an effective hedge is recognised within equity i.e., Cash flow Hedge Reserve. Amounts recognised in equity are transferred to the Statement of Profit and Loss in the same period as the cash flows of hedged items affect the Statement of Profit and Loss. When a derivative contract expires or is sold or if a hedge no longer meets the criteria for hedge accounting, any cumulative profit or loss in the Cash Flow Hedge Reserve is retained in equity until the hedged cash flow is recognised in the Statement of Profit and Loss. However, if hedged cash flows are no longer expected to occur, the profit or loss against the corresponding derivative contract, accumulated in the Cash Flow Hedge Reserve, is immediately released through the Statement of Profit and Loss. Changes in the fair values of derivative instruments that do not qualify for hedge accounting are recognised immediately in the Statement of Profit and Loss.

8 Revenue recognition

HDFC Bank Limited

- Interest income is recognised in the Profit and Loss Account on an accrual basis, except in the case of non-performing assets. Also in case of domestic advances, where interest is collected on rear end basis, such interest is accounted on receipt basis in accordance with the RBI communication.
- Interest income on investments in PTCs and loans bought out through the direct assignment route is recognised at their effective interest rate.
- Income on non-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant effective yield basis.
- Loan processing fee is recognised as income when due. Syndication / Arranger fee is recognised as income when a significant act / milestone is completed.
- Gain / loss on sell down of loans is recognised in line with the extant RBI guidelines.
- Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.
- Guarantee commission, commission on letter of credit, annual locker rent fees and annual fees for credit cards are recognised on a straight-line basis over the period of contract. Other fees and commission income are recognised when due, where the Bank is reasonably certain of ultimate collection.

HDFC Securities Limited

- Income from services rendered as a broker is recognised upon rendering of the services.
- Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract.
- Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant or as the case may be, issue of the insurance policy to the applicant.
- Commissions and fees recognised as aforesaid are exclusive of goods and service tax, securities transaction tax, stamp duties and other levies by SEBI and stock exchanges.
- Interest is earned on delayed payments from clients and amounts funded to them as well as term deposits with banks.
- Interest income is recognised on a time proportion basis taking into account the amount outstanding from customers or on the financial instrument and the rate applicable.
- Dividend income is recognised when the right to receive the dividend is established.

HDB Financial Services Limited

- Interest income is recognised in the Profit and Loss Account on an accrual basis. In case of Non Performing Assets (NPA), interest income is recognised upon realisation as per the RBI Guidelines. Interest accrued and not realised before the classification of the asset as an NPA is reversed and credited to the interest suspense account.
- Income from BPO services and other financial charges are recognised on an accrual basis, except in case of cheque bouncing charges, late payment charges, foreclosure charges and application money, which are accounted as and when received.
- Upfront / processing fees are recovered and recognised at the time of disbursement of loan.

9 Employee benefits

HDFC Bank Limited

Employee Stock Option Scheme (ESOS):

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

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

Gratuity:

The Bank has an obligation towards gratuity, a defined benefit retirement plan covering all eligible employees. The plan benefit vests upon completion of five years of service and is in the form of lump sum 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 recognized 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.

Leave encashment:
The Bank has a policy of encashing unavailed leave for eLKB employees under Indian Banks' Association (IBA) structure. The Bank provides for leave encashment based on an independent actuarial valuation at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation.

Pension:
In respect of pension payable to certain eLKB employees under IBA structure, which is a defined benefit scheme, the Bank contributes 10% of basic salary to a pension trust set up by the Bank and administered by the Board of Trustees and an additional amount towards the liability shortfall based on an independent actuarial valuation as at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases and interest rates.

In respect of certain eLKB employees who had moved to a Cost to Company (CTC) 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.

New Pension Scheme (NPS):
In respect of employees who opt for contribution to the NPS, the Bank contributes certain percentage of the basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year incurred.

HDFC Securities Limited

Short term
Short term employee benefits include salaries and performance incentives. A liability is recognised for the amount expected to be paid under short-term cash bonus or target based incentives if the Company has a present legal or informal obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. These costs are recognised as an expense in the Profit and Loss Account at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

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
Equity settled stock options granted under the Company's Employee Stock Option Schemes are accounted for as per the accounting treatment prescribed by the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The intrinsic value of the option being excess of fair value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Profit and Loss Account on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the unamortised portion.

HDB Financial Services Limited

Gratuity
The Company provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to fund administered by trustees and managed by insurance companies. The defined benefit plan are valued by an independent external actuary as at the Balance Sheet date using the projected unit credit method to determine the present value of defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognised in the Profit and Loss Account.

Provident fund
In accordance with the applicable law, all employees of the Company are entitled to receive benefits under the Provident Fund Act, 1952. The Company contributes an amount, on a monthly basis, at a determined rate to the Pension Scheme administered by the Regional Provident Fund Commissioner ('RPFC') and the Company has no liability for future provident fund benefits other than its annual contribution. Since it is a defined contribution plan, the contributions are accounted for on an accrual basis and recognized in the Profit and Loss Account.

Employee Stock Option Plan
The Company follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the 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.

Schedules to the Consolidated Financial Statements

For the year ended March 31, 2021

10 Debit and credit cards reward points

HDFC Bank Limited

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

11 Bullion

HDFC Bank Limited

The Bank imports bullion including precious metal bars on a consignment basis. The imports are typically on a back-to-back basis and are priced to the customer based on the price quoted by the supplier. The difference between the price recovered from customers and cost of bullion is accounted at the time of sale to the customers and reported as "Other Income".

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

12 Lease accounting

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

13 Income tax

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

Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the 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 from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

16 Segment information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

17 Accounting for provisions, contingent liabilities and contingent assets

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

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

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Group; or

- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

Onerous contracts

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

18 Cash and cash equivalents

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

19 Corporate social responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, is recognised in the Profit and Loss Account.

SCHEDULE 18 - Notes forming part of the consolidated financial statements for the year ended March 31, 2021

Amounts in notes forming part of the consolidated financial statements for the year ended March 31, 2021 are denominated in rupee crore to conform to extant RBI guidelines, except where stated otherwise.

1 Proposed dividend

The Reserve Bank of India (RBI), vide notification dated December 04, 2020, stated that in view of the ongoing stress and heightened uncertainty on account of COVID-19, banks should continue to conserve capital to support the economy and absorb losses. The notification also stated that in order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2020. The Bank did not declare final dividend for the financial year ended March 31, 2020.

Given that the current "second wave" has significantly increased the number of COVID-19 cases in India and uncertainty remains, the Board of Directors of the Bank, at its meeting held on April 17, 2021, has considered it prudent to currently not propose dividend for the financial year ended March 31, 2021. The Board shall reassess the position based on any further guidelines from the RBI in this regard.

2 Special dividend

During the previous year ended March 31, 2020, the Bank had paid Special Interim Dividend of ₹ 5 per equity share of face value of ₹ 2 each (pre-split) for the financial year 2019-20, to commemorate 25 years of the Bank's operation, aggregating to ₹ 1,646.95 crore inclusive of tax on dividend.

3 Sub-division of Equity Shares

During the previous year ended March 31, 2020, the shareholders of the Bank at the 25th Annual General Meeting held on July 12, 2019 approved sub-division (split) of one equity share of the Bank from face value of ₹ 2/- each into two equity shares of face value of ₹ 1/- each. All shares and per share information in the financial statements reflect the effect of sub-division (split) retrospectively.

4 Capital infusion

During the year ended March 31, 2021, the Bank allotted 2,94,90,022 equity shares (previous year: 3,66,73,240 equity shares) aggregating to face value ₹ 2.95 crore (previous year: ₹ 3.67 crore) in respect of stock options exercised. Accordingly, the share capital increased by ₹ 2.95 crore (previous year: ₹ 3.67 crore) and the share premium increased by ₹ 1,757.15 crore (previous year: ₹ 1,845.01 crore).

The details of the movement in the paid-up equity share capital of the Bank are given below:

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Opening balance	548.33	544.66
Addition pursuant to stock options exercised	2.95	3.67
Closing balance	551.28	548.33

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 ₹ 31,833.21 crore (previous year: ₹ 27,253.96 crore) and the weighted average number of equity shares outstanding during the year of 5,49,96,68,151 (previous year: 5,46,88,02,148).

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

Particulars	For the years ended	
	March 31, 2021	March 31, 2020
Nominal value per share (₹)	1.00	1.00
Basic earnings per share (₹)	57.88	49.84
Effect of potential equity shares (per share) (₹)	(0.27)	(0.38)
Diluted earnings per share (₹)	57.61	49.46

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, 2021	March 31, 2020
Weighted average number of equity shares used in computing basic earnings per equity share	5,49,96,68,151	5,46,88,02,148
Effect of potential equity shares outstanding	2,57,50,092	4,10,17,673
Weighted average number of equity shares used in computing diluted earnings per equity share	5,52,54,18,243	5,50,98,19,821

6 Reserves and Surplus

Statutory Reserve

The Bank and a subsidiary has made an appropriation of ₹ 7,879.70 crore (previous year: ₹ 6,771.72 crore) out of profits for the year ended March 31, 2021 to the Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

Capital Reserve

During the year ended March 31, 2021, the Bank appropriated ₹ 2,291.68 crore (previous year: ₹ 1,123.85 crore), being the profit from sale of investments under HTM category and profit on sale of immovable properties, net of taxes and transfer to statutory reserve, from the Profit and Loss Account to the Capital Reserve.

General Reserve

The Bank has made an appropriation of ₹ 3,111.65 crore (previous year: ₹ 2,625.73 crore) out of profits for the year ended March 31, 2021 to the General Reserve.

Investment Fluctuation Reserve

In accordance with RBI guidelines, banks are required to create an Investment Fluctuation Reserve (IFR) equivalent to 2% of their HFT and AFS investment portfolios, within a period of three years starting fiscal 2019. Accordingly, during the year ended March 31, 2021, the Bank has made an appropriation of ₹ 1,712.00 crore (previous year: ₹ 1,134.00 crore), to the Investment Fluctuation Reserve from the Profit and Loss Account. The balance in the IFR as at March 31, 2021 was equivalent to 2% of the Bank's HFT and AFS investment portfolios.

Investment Reserve Account

During the year ended March 31, 2021, the Bank appropriated ₹ 61.66 crore (net) from Profit and Loss Account to Investment Reserve Account as per the RBI guidelines. During the previous year ended March 31, 2020, the net transfer between Investment Reserve Account and Profit and Loss Account was Nil, as per the RBI guidelines.

Drawdown from reserves

The Bank has not undertaken any drawdown from reserves during the years ended March 31, 2021 and March 31, 2020.

7 Dividend on shares allotted pursuant to exercise of stock options

Shares allotted after the Balance Sheet date pursuant to any exercise of employee stock options but before book closure date are eligible for dividend, if any, declared by the Bank and approved at a General Body Meeting of the shareholders of the Bank.

8 Accounting for employee share based payments

HDFC Bank Limited

The shareholders of the Bank approved the grant of equity share options under Plan "C" in June 2005, Plan "D" in June 2007, Plan "E" in June 2010, Plan "F" in June 2013 and Plan "G" in July 2016. Under the terms of each of these Plans, the Bank may issue to its employees and Whole Time Directors, Equity Stock Options ('ESOPs') each of which is convertible into one equity share. All the plans were framed in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and as applicable at the time of the grant. The accounting for the stock options has been in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 to the extent applicable.

Plans C, D, E, F and G provide for the issuance of options at the recommendation of the Nomination and Remuneration Committee of the Board ('NRC') at the closing price on the working day immediately preceding the date when options are granted. This closing price is the closing price of the Bank's equity share on an Indian stock exchange with the highest trading volume as of the working day preceding the date of grant.

The vesting conditions applicable to the options are at the discretion of the NRC. These options are exercisable on vesting, for a period as set forth by the NRC at the time of the grant. The period in which the options may be exercised cannot exceed five years from date of expiry of vesting period. During the years ended March 31, 2021 and March 31, 2020, no modifications were made to the terms and conditions of ESOPs.

Activity in the options outstanding under the Employee Stock Option Plans

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

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2020:

Particulars	Number of options	Weighted average exercise price (₹)
Options outstanding, beginning of year	13,66,12,822	682.99
Granted during the year	4,77,73,600	1,220.13
Exercised during the year	3,66,73,240	504.10
Forfeited / Lapsed during the year	48,47,580	962.85
Options outstanding, end of year	14,28,65,602	899.03
Options exercisable	6,44,64,392	638.18

- 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

- The following table summarises the information about stock options outstanding as at March 31, 2020:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	340.00 to 417.75	4,85,100	0.34	344.05
Plan D	340.00	3,45,900	0.30	340.00
Plan E	340.00	17,05,500	0.30	340.00
Plan F	417.75 to 731.08	5,85,68,822	2.02	587.08
Plan G	882.85 to 1,229.00	8,17,60,280	3.45	1,139.82

Fair value methodology

The fair value of options used to compute the *proforma* net profit and earnings per equity share have been estimated on the dates of each grant using the binomial option-pricing model. The Bank estimates the volatility based on the historical prices of its equity shares. The Bank granted 5,74,66,600 options during the year ended March 31, 2021 (previous year: 4,77,73,600). The various assumptions considered in the pricing model for the ESOPs granted during the year ended March 31, 2021 are:

Particulars	March 31, 2021	March 31, 2020
Dividend yield	0.61%	0.61% to 0.85%
Expected volatility	20.13% to 28.93%	15.30% to 20.13%
Risk - free interest rate	4.63% to 5.75%	5.81% to 6.70%
Expected life of the options	1 to 6 years	1 to 6 years

Impact of the fair value method on the net profit and earnings per share (EPS)

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

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Net profit (as reported)	31,116.53	26,257.32
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	1,117.02	719.80
Net profit *(proforma)*	29,999.51	25,537.52
	(₹)	(₹)
Basic earnings per share (as reported)	56.58	48.01
Basic earnings per share *(proforma)*	54.55	46.70
Diluted earnings per share (as reported)	56.32	47.66
Diluted earnings per share *(proforma)*	54.29	46.35

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"). The Company issued stock options in February 2017 at a price of ₹ 1,136 per share, in June 2019 at a price of ₹ 4,844 per share and later in December 2020 at a price of ₹ 5,458 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.

Employee Stock Option granted to HDFC Bank employees who are on secondment to the company for not included in this disclosure

Method used for accounting for shared based payment plan

The Company uses the Intrinsic Value method to account for the compensation cost of stock options to employees of the Company.

Activity in the options outstanding under the Employee Stock Options Plan

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

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2020:

Particulars	Company options	Weighted average exercise price (₹)
Options outstanding, beginning of the year	1,33,650	1,136
Granted during the year	94,500	4,844
Exercised during the year	1,16,150	1,136
Forfeited / Lapsed during the year	2,000	4,844
Options outstanding, end of the year	1,10,000	4,254
Options exercisable	17,500	1,136

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

The following table summarises the information about stock options outstanding as at March 31, 2020:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
Company Options	1,136 - 4,844	1,10,000	4.85	4,254

Fair value methodology

The fair value of options used to compute *proforma* net profit and earnings per equity share have been estimated on dates of each grant using the Black and Scholes model. The shares of the Company are not listed on any stock exchange. Accordingly, the Company has considered the volatility of its stock price as an average of the historical volatility of similar listed enterprises for the purpose of calculating the fair value to reduce any company specific variations. The various assumptions considered in the pricing model for the stock options granted by the Company.

Particulars	March 31, 2021
Dividend yield	2.28%
Expected volatility	45.00%
Risk-free interest rate	4.47% to 5.64%
Expected life of the options	3 to 6 years

Impact of the fair value method on the net profit and earning per share

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

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Net Profit (as reported)	720.52	423.37
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based employee compensation expense determined under fair value based method *(proforma)*	18.07	15.35
Net Profit *(proforma)*	702.45	408.02
	(₹)	(₹)
Basic earnings per share (as reported)	457.62	270.96
Basic earnings per share *(proforma)*	446.15	261.14
Diluted earnings per share (as reported)	457.37	269.29
Diluted earnings per share *(proforma)*	446.13	261.07

HDB Financial Services Limited

In accordance with resolution approved by the shareholders, the Company has reserved shares, for issue to employees through ESOS Scheme. On the approval of Nomination and Remuneration Committee (NRC), each ESOS scheme is issued. The NRC has approved stock option schemes ESOS-10 on October 13, 2017, ESOS-11 on January 15, 2019, ESOS-12 on October 05, 2020 and ESOS-13 on January 14, 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 for ESOS-10, ESOS-11, ESOS-12 and ESOS-13.

Method used for accounting for shared based payment plan

The Company uses the intrinsic value method to account for the compensation cost of stock options to employees of the Company.

Activity in the options outstanding under the Employee Stock Option Plans

- 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

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2020:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	42,30,300	209.36
Granted during the year	-	-
Exercised during the year	18,79,350	178.22
Forfeited / Lapsed during the year	1,99,370	197.95
Options outstanding, end of year	21,51,580	237.62

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 (₹)
ESOS- 10	213.00	48,150	3.59	213.00
ESOS- 11	274.00	3,94,000	4.58	274.00
ESOS- 12	300.00	15,58,900	5.07	300.00
ESOS- 13	348.00	11,75,600	5.94	348.00

The following table summarises the information about stock options outstanding as at March 31, 2020:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
ESOS- 10	213.00	12,83,200	4.54	213.00
ESOS- 11	274.00	8,68,380	4.94	274.00

Fair value methodology

The fair value of options used to compute *proforma* net profit and earnings per equity share have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company has considered the volatility of its stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Company are:

Particulars	March 31, 2021
Dividend yield	0.52%
Expected volatility	54.92%
Risk-free interest rate	5.03%
Expected life of the option	4.10 Years

Impact of the fair value method on the net profit and earning per share

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

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Net Profit (as reported)	502.83	1,036.94
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	13.55	11.19
Net Profit *(proforma)*	489.28	1,025.75
	(₹)	(₹)
Basic earnings per share (as reported)	6.38	13.19
Basic earnings per share *(proforma)*	6.21	13.05
Diluted earnings per share (as reported)	6.38	13.18
Diluted earnings per share *(proforma)*	6.21	13.03

Group

Impact of the fair value method on the net profit and earning per share of the Group

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

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Net Profit (as reported)	31,833.21	27,253.96
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	1,148.64	746.34
Net Profit *(proforma)*	30,684.57	26,507.62
	(₹)	(₹)
Basic earnings per share (as reported)	57.88	49.84
Basic earnings per share *(proforma)*	55.79	48.47
Diluted earnings per share (as reported)	57.61	49.46
Diluted earnings per share *(proforma)*	55.53	48.11

9 Other liabilities

The Bank has presented gross unrealised gain on foreign exchange and derivative contracts under other assets and gross unrealised loss on foreign exchange and derivative contracts under other liabilities. Accordingly, other liabilities as at March 31, 2021 include unrealised loss on foreign exchange and derivative contracts of ₹ 8,127.65 crore (previous year: ₹ 18,470.93 crore).

10 Investments

HDFC Bank Limited

The details of securities that are kept as margin are as under:

(₹ crore)

Sr. No.	Particulars	Face value as at March 31, 2021	2020
I.	Securities kept as margin with Clearing Corporation of India towards:		
	a) Collateral and funds management - Securities segment	2,120.00	1,820.00
	b) Collateral and funds management - Tri-party Repo	62,361.84	57,899.98
	c) Default fund - Forex Forward segment	150.00	150.00
	d) Default fund - Forex Settlement segment	51.05	51.05
	e) Default fund - Rupee Derivatives (Guaranteed Settlement) segment	48.00	48.00
	f) Default fund - Securities segment	65.00	65.00
	g) Default fund - Tri-party repo segment	50.00	50.00
II.	Securities kept as margin with the RBI towards:		
	a) Real Time Gross Settlement (RTGS)	51,725.77	54,944.95
	b) Repo transactions	49,959.91	54,622.56
	c) Reverse repo transactions	24,948.85	22,389.54
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, 2021	2020
I.	Mutual funds marked as lien with stock exchange for margin requirement	200.00	-

HDB Financial Services Limited

The Company has not placed any securities as margin during the year (previous year: Nil).

11 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, 2021	March 31, 2020
Cost		
As at March 31 of the previous year	3,329.61	2,980.47
Additions during the year	344.20	349.15
Deductions during the year	-	(0.01)
Total (a)	3,673.81	3,329.61
Depreciation		
As at March 31 of the previous year	2,542.30	2,153.87
Charge for the year	363.32	388.44
On deductions during the year	-	(0.01)
Total (b)	2,905.62	2,542.30
Net value (a-b)	768.19	787.31

12 Other assets

Other assets include deferred tax asset (net) of ₹ 5,541.64 crore (previous year: ₹ 4,144.23 crore). The break-up of the same is as follows:

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Deferred tax asset arising out of:		
Loan loss and contingencies	5,008.70	3,618.95
Employee benefits	79.15	154.80
Depreciation	72.96	57.78
Others	380.83	312.70
Total (a)	5,541.64	4,144.23
Deferred tax liability (b)	-	-
Deferred tax asset (net) (a-b)	5,541.64	4,144.23

- 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, 2021 include unrealised gain on foreign exchange and derivative contracts of ₹ 8,472.31 crore (previous year: ₹ 19,006.28 crore).

13 Provisions and contingent liabilities

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

a) Provision for credit card and debit card reward points

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Opening provision for reward points	734.15	603.09
Provision for reward points made during the year	375.21	517.94
Utilisation / write-back of provision for reward points	(470.57)	(386.88)
Closing provision for reward points	638.79	734.15

b) Provision for legal and other contingencies

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Opening provision	445.35	398.43
Movement during the year (net)	58.20	46.92
Closing provision	503.55	445.35

c) Provision pertaining to fraud accounts reported during the year

Particulars	March 31, 2021	March 31, 2020
No. of frauds reported	5,232	7,580
Amount involved in fraud (₹ crore)	1,640.80	222.60
Amount involved in fraud net of recoveries / write-offs as at the end of the year (₹ crore)	1,321.08	168.88
Provisions held as at the end of the year (₹ crore)	1,321.08	168.88
Amount of unamortised provision debited from “other reserves” as at the end of the year (₹ crore)	-	-

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 are fully provided for.

d) Description of contingent liabilities

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

*Also refer Schedule 12 - Contingent liabilities

14 Commission, exchange and brokerage income

Commission, exchange and brokerage income is net of correspondent bank charges.

15 Provisions and contingencies

The break-up of 'Provisions and Contingencies' included in the Profit and Loss Account is given below:

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Provision for income tax - Current	12,336.79	10,422.14
- Deferred	(1,397.41)	476.45
Provision for NPAs[1]	13,574.54	10,635.01
Provision for diminution in value of non-performing investments	(17.32)	7.50
Provision for standard assets	875.22	800.58
Other provisions and contingencies[2]	4,407.85	2,256.84
Total	**29,779.67**	**24,598.52**

1. Includes loss on sale of NPAs / stressed assets
2. Includes provisions for tax, legal and other contingencies ₹ 4,406.30 crore (previous year: ₹ 2,253.62 crore), provisions / (write back) for securitised-out assets ₹ (2.21) crore (previous year: ₹ 1.14 crore) and standard restructured assets ₹ 3.77 crore (previous year: ₹ 2.08 crore).

16 Employee benefits

Gratuity

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	851.66	702.86
Interest cost	52.16	45.10
Current service cost	114.56	102.92
Benefits paid	(49.15)	(58.81)
Actuarial (gain) / loss on obligation:		
Experience adjustment	41.30	16.69
Assumption change	6.69	42.90
Present value of obligation as at March 31	**1,017.22**	**851.66**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	577.97	547.75
Expected return on plan assets	44.05	38.78
Contributions	138.48	109.67
Benefits paid	(49.15)	(58.81)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	107.65	(59.42)
Assumption change	15.44	-
Fair value of plan assets as at March 31	**834.44**	**577.97**

Particulars	March 31, 2021	March 31, 2020
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	834.44	577.97
Present value of obligation as at March 31	(1,017.22)	(851.66)
Asset / (Liability) as at March 31	**(182.78)**	**(273.69)**
Expenses recognised in Profit and Loss Account		
Interest cost	52.16	45.10
Current service cost	114.56	102.92
Expected return on plan assets	(44.05)	(38.78)
Net actuarial (gain) / loss recognised in the year	(75.10)	119.00
Net cost	**47.57**	**228.24**
Actual return on plan assets	167.14	(20.64)
Estimated contribution for the next year	163.64	181.17
Assumptions (HDFC Bank Limited)		
Discount rate	6.50% per annum	6.60% per annum
Expected return on plan assets	6.50% per annum	7.00% per annum
Salary escalation rate	7.00% per annum	7.00% per annum
Assumptions (HDFC Securities Limited)		
Discount rate	6.20% per annum	5.95% per annum
Expected return on plan assets	6.20% per annum	5.95% per annum
Salary escalation rate	7.86% per annum	7.33% per annum
Assumptions (HDB Financial Services Limited)		
Discount rate	3.86% per annum	4.87% per annum
Expected return on plan assets	3.86% per annum	4.87% per annum
Salary escalation rate	5.00% - 9.00% per annum	7.00% - 8.00% per annum

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

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

Category of plan assets as at March 31, 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%
Total	**100.00%**	**100.00%**	**100.00%**

Category of plan assets as at March 31, 2020	HDFC Bank Limited	HDFC Securities Limited	HDB Financial Services Limited
Government securities	25.55%	38.00%	41.88%
Debenture and bonds	30.31%	9.00%	52.83%
Equity shares	41.03%	50.00%	-
Others	3.11%	3.00%	5.29%
Total	**100.00%**	**100.00%**	**100.00%**

Experience adjustment

(₹ crore)

Particulars	Years ended March 31,				
	2021	2020	2019	2018	2017
Plan assets	834.44	577.97	547.75	457.35	390.23
Defined benefit obligation	1,017.22	851.66	702.86	614.06	548.50
Surplus / (deficit)	(182.78)	(273.69)	(155.11)	(156.71)	(158.27)
Experience adjustment gain / (loss) on plan assets	107.65	(59.42)	12.04	(2.35)	31.19
Experience adjustment (gain) / loss on plan liabilities	41.30	16.69	10.46	13.69	39.69

Pension (HDFC Bank Limited)

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	64.15	69.54
Interest cost	3.79	4.11
Current service cost	1.37	0.67
Benefits paid	(11.63)	(14.65)
Actuarial (gain) / loss on obligation:		
Experience adjustment	31.41	9.06
Assumption change	0.90	(4.58)
Present value of obligation as at March 31	**89.99**	**64.15**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	9.51	21.95
Expected return on plan assets	0.32	1.10
Contributions	2.30	0.83
Benefits paid	(11.63)	(14.65)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	(0.20)	0.28
Assumption change	0.03	-
Fair value of plan assets as at March 31	**0.33**	**9.51**

Particulars	March 31, 2021	March 31, 2020
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	0.33	9.51
Present value of obligation as at March 31	(89.99)	(64.15)
Asset / (Liability) as at March 31	**(89.66)**	**(54.64)**
Expenses recognised in Profit and Loss Account		
Interest cost	3.79	4.11
Current service cost	1.37	0.67
Expected return on plan assets	(0.32)	(1.10)
Net actuarial (gain) / loss recognised in the year	32.48	4.19
Net cost	**37.32**	**7.87**
Actual return on plan assets	0.15	1.39
Estimated contribution for the next year	13.09	7.72
Assumptions		
Discount rate	6.50% per annum	6.60% per annum
Expected return on plan assets	6.50% per annum	7.00% 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, 2021	% of fair value to total plan assets as at March 31, 2020
Government securities	42.87%	20.81%
Debenture and bonds	35.11%	17.14%
Others	22.02%	62.05%
Total	**100.00%**	**100.00%**

Experience adjustment

(₹ crore)

Particulars	Years ended March 31,				
	2021	2020	2019	2018	2017
Plan assets	0.33	9.51	21.95	31.30	36.16
Defined benefit obligation	89.99	64.15	69.54	73.06	73.55
Surplus / (deficit)	(89.66)	(54.64)	(47.59)	(41.76)	(37.39)
Experience adjustment gain / (loss) on plan assets	(0.20)	0.28	0.48	0.59	0.39
Experience adjustment (gain) / loss on plan liabilities	31.41	9.06	3.32	3.95	4.65

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, 2021 (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, 2021	March 31, 2020
Discount rate (GOI security yield)	6.50% per annum	6.60% per annum
Expected guaranteed interest rate	8.50% per annum	8.50% per annum

The Group does not have any unfunded defined benefit plan. The Group contributed ₹ 542.78 crore (previous year: ₹ 490.14 crore) to the provident fund and ₹ 4.96 crore (previous year: ₹ 3.79 crore) to the National Pension Scheme. The Bank contributed ₹ 75.64 crore (previous year: ₹ 75.41 crore) to the superannuation plan.

Leave encashment

HDFC Bank Limited

The Bank has made provision for leave encashment for eLKB employees under Indian Banks' Association (IBA) structure of ₹ 13.60 crore (previous year: ₹ 11.24 crore). The Bank has discontinued the carryover of unutilised leave and accordingly, no provision for compensated absences is required to be held.

HDFC Securities Limited

The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the entity is given below:

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Privileged leave	6.16	5.57
Sick leave	1.00	0.78
Total actuarial liability	**7.16**	**6.35**
Assumptions		
Discount rate	6.20% per annum	5.95% per annum
Salary escalation rate	7.86% per annum	7.33% per annum

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

17 Segment reporting

Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by RBI. The Group operates in the following segments:

(a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending, gains or losses on investment operations and on account of trading in foreign exchange and derivative contracts.

(b) Retail banking

The retail banking segment of the Bank serves retail customers through the Bank's branch network and other channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof.

Revenues of the retail banking segment are derived from interest earned on retail loans, interest earned from other segments for surplus funds placed with those segments, subvention received from dealers and manufacturers, fees from services rendered, foreign exchange earnings on retail products etc. Expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

(c) Wholesale banking

The wholesale banking segment provides loans, non-fund facilities and transaction services to large corporates, emerging corporates, public sector units, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers, interest / fees earned on the cash float arising from transaction services, earnings from trade services and other non-fund facilities and also earnings from foreign exchange and derivative transactions on behalf of customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

(d) Other banking business

This segment includes income from parabanking activities such as credit cards, debit cards, third party product distribution, primary dealership business and the associated costs. This segment also includes Bank's subsidiaries.

(e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes capital and reserves, debt classified as Tier I or Tier II capital and other unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue less interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Interest income is charged by a segment that provides funding to another segment, based on yields benchmarked to an internally approved yield curve or at a certain agreed transfer price rate. Transaction charges are levied by the retail banking segment to the wholesale banking segment for the use by its customers of the retail banking segment's branch network or other delivery channels. Segment capital employed represents the net assets in that segment.

Geographic segments

The geographic segments of the Bank are categorised as domestic operations and foreign operations. Domestic operations comprise branches in India and foreign operations comprise branches outside India.

Segment reporting for the year ended March 31, 2021 is given below:

Business segments:

(₹ crore)

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
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:

(₹ crore)

Particulars	Domestic	International
Revenue	154,953.30	931.97
Assets	1,755,919.75	43,586.89
Capital expenditure	1,872.61	0.41

Segment reporting for the year ended March 31, 2020 is given below:

Business segments:

(₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	26,558.44	107,999.94	61,134.45	28,028.21	223,721.04
2	Unallocated revenue					2.19
3	Less: Inter-segment revenue					76,654.96
4	Income from operations (1) + (2) - (3)					147,068.27
5	Segment results	3,462.77	12,942.46	14,121.09	9,372.33	39,898.65
6	Unallocated expenses					1,703.79
7	Income tax expense (including deferred tax)					10,898.59
8	Net profit (5) - (6) - (7)					27,296.27
9	Segment assets	457,240.91	484,270.74	520,567.01	110,819.75	1,572,898.41
10	Unallocated assets					7,932.03
11	Total assets (9) + (10)					1,580,830.44
12	Segment liabilities	102,012.09	907,258.10	317,628.87	49,402.29	1,376,301.35
13	Unallocated liabilities					27,593.74
14	Total liabilities (12) + (13)					1,403,895.09
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	355,228.82	(422,987.36)	202,938.14	61,417.46	196,597.06
16	Unallocated (10) - (13)					(19,661.71)
17	Total (15) + (16)					176,935.35
18	Capital expenditure	43.29	1,381.75	119.49	167.09	1,711.62
19	Depreciation	32.79	938.71	126.71	178.56	1,276.77
20	Provisions for non - performing assets / others*	7.50	6,632.33	3,756.44	3,283.47	13,679.74
21	Unallocated other provisions*					20.20

*Represents material non-cash charge other than depreciation and taxation.

Geographic segments:

(₹ crore)

Particulars	Domestic	International
Revenue	145,897.80	1,170.47
Assets	1,531,554.08	49,276.36
Capital expenditure	1,709.90	1.72

18 Related party disclosures

As per AS-18, Related Party Disclosure, the Group's related parties are disclosed below:

Promoter

Housing Development Finance Corporation Limited

Key management personnel

Sashidhar Jagdishan, Managing Director & Chief Executive Officer (appointed with effect from October 27, 2020)

Kaizad Bharucha, Executive Director

Aditya Puri, Managing Director (retired from services of the Bank effective October 26, 2020)

Relatives of key management personnel

Nagsri Sashidhar, Jagdishan Chandrasekharan, Dhruv Sashidhar, Mythra Mahesh, Havovi Bharucha, Huzaan Bharucha, Danesh Bharucha, Daraius Bharucha.

Entity in which relative of key management personnel is interested

Nagsri - Creating Special Memories

The following ceased to be related party effective October 26, 2020:

Anita Puri, Amit Puri, Amrita Puri, Adishwar Puri, Aarti Sood, Salisbury Investments Private Limited, Akuri by Puri.

In accordance with paragraph 5 of AS-18, the Bank has not disclosed certain transactions with relatives and interested entities of key management personnel as they are in the nature of banker-customer relationship.

A specific related party transaction is disclosed as a significant related party 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, 2021 are summarised as follows:

(₹ crore)

Items / Related party	Promoter	Key management personnel	Total
Deposits taken	3,560.67	60.07	3,620.74
	(3,560.67)	(717.55)	(4,278.22)
Deposits placed	0.32	-	0.32
	(0.47)	(0.76)	(1.23)
Advances given	-	0.99	0.99
	-	(2.32)	(2.32)
Fixed assets purchased from	-	-	-
Fixed assets sold to	-	-	-
Interest paid to	10.80	8.22	19.02
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	590.01

Items / Related party	Promoter	Key management personnel	Total
Equity investments	-	-	-
	-	-	-
Other Investments	-	-	-
	-	-	-
Dividend paid to	-	-	-
Dividend received from	-	-	-
Receivable from	138.77	-	138.77
	(138.77)	-	(138.77)
Payable to	111.05	-	111.05
	(199.27)	-	(199.27)
Guarantees given	0.40	-	0.40
	(0.41)	-	(0.41)
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 ₹ 3.24 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, 2021 is ₹ 7,757.49 crore (previous year: ₹ 12,009.95 crore). The contingent credit exposure pertaining to these contracts computed in line with the extant RBI guidelines on exposure norms was ₹ 166.45 crore (previous year: ₹ 136.86 crore).

During the year ended March 31, 2021, the Bank paid rent of ₹ 0.38 crore (previous year: ₹ 0.66 crore) to party related to the Bank's key management personnel in relation to residential accommodation. As at March 31, 2021, the security deposit outstanding was Nil (previous year: ₹ 3.50 crore).

The Group's related party balances and transactions for the year ended March 31, 2020 are summarised as follows:

(₹ crore)

Items / Related party	Promoter	Key management personnel	Total
Deposits taken	3,679.07	18.54	3,697.61
	(7,717.90)	(22.51)	(7,740.41)
Deposits placed	0.47	0.76	1.23
	(0.47)	(0.76)	(1.23)
Advances given	-	2.55	2.55
	-	(2.87)	(2.87)

Items / Related party	Promoter	Key management personnel	Total
Fixed assets purchased from	-	-	-
Fixed assets sold to	-	-	-
Interest paid to	8.53	1.82	10.35
Interest received from	-	0.09	0.09
Income from services rendered to	308.94	#	308.94
Expenses for receiving services from	586.66	0.31	586.97
Equity investments	-	-	-
	-	-	-
Other Investments	-	-	-
	-	-	-
Dividend paid to	864.62	10.40	875.02
Dividend received from	-	-	-
Receivable from	44.48	-	44.48
	(55.33)	-	(55.33)
Payable to	100.28	-	100.28
	(100.28)	-	(100.28)
Guarantees given	0.39	-	0.39
	(0.40)	-	(0.40)
Remuneration paid	-	27.56	27.56
Loans purchased from	24,127.25	-	24,127.25

# Denotes amount less than ₹ 1 lakh

- Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.
- Remuneration paid excludes value of employee stock options exercised during the year.
- Bonus and retiral benefits for key managerial personnel are accrued as a part of an overall pool and are not allocated against the key managerial personnel. These will be paid based on approval from RBI. As of March 31, 2020, approved unpaid deferred bonus in respect of earlier years was ₹ 5.92 crore.

19 Additional information pursuant to Schedule III of the Companies Act, 2013

Additional information to consolidated accounts at March 31, 2021 (Pursuant to Schedule III of the Companies Act, 2013)

(₹ 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***
Parent:				
HDFC Bank Limited	97.10%	203,720.83	97.75%	31,116.53
Subsidiaries*:				
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.

Additional information to consolidated accounts at March 31, 2020 (Pursuant to Schedule III of the Companies Act, 2013)

(₹ crore)

Name of entity	Net assets as of March 31, 2020		Profit or (loss) for the year ended March 31, 2020	
	As % of consolidated net assets**	Amount***	As % of consolidated profit or loss	Amount***
Parent:				
HDFC Bank Limited	96.95%	170,986.02	96.34%	26,257.32
Subsidiaries*:				
1. HDFC Securities Limited	0.71%	1,245.50	1.55%	423.37
2. HDB Financial Services Limited	4.64%	8,179.26	3.80%	1,036.94
Minority Interest in all subsidiaries	0.33%	576.64	0.16%	42.31

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

20 Leases

Operating leases primarily comprise office premises, staff residences and Automated Teller Machines ('ATM's), which are renewable at the option of the Group. The details of maturity profile of future operating lease payments are given below:

(₹ crore)

Particulars	March 31, 2021	March 31, 2020
Not later than one year	1,229.52	1,182.83
Later than one year and not later than five years	4,145.21	3,878.65
Later than five years	5,279.17	4,854.12
Total	**10,653.90**	**9,915.60**

Particulars	March 31, 2021	March 31, 2020
The total of minimum lease payments recognised in the Profit and Loss Account for the year	1,466.00	1,420.48
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	57.18	64.65
Sub-lease amounts recognised in the Profit and Loss Account for the year	10.04	9.73
Contingent (usage based) lease payments recognised in the Profit and Loss Account for the year	324.07	270.14

The Bank has sub-leased certain of its properties taken on lease.

The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

21 Penalties levied by the RBI

During the year ended March 31, 2021, RBI has 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.

During the previous year ended March 31, 2020, RBI had imposed a penalty of ₹ 1 crore for non-compliance with various directions issued by RBI on Know Your Customer (KYC) / Anti-Money Laundering (AML) standards. Additionally, RBI had imposed a penalty of ₹ 1 crore on the Bank for failure to undertake on-going due diligence in case of 39 current accounts opened for bidding in Initial Public Offer (IPO).

22 Small and micro industries

HDFC Bank Limited

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments during the years ended March 31, 2021 and March 31, 2020. 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, 2021 was ₹ 0.28 crore (previous year: ₹ 0.13 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, 2021 was ₹ 0.01 crore (previous year: Nil). The above is based on the information available with the Company which has been relied upon by the auditors.

23 Corporate social responsibility

Operating expenses include ₹ 676.59 crore (previous year: ₹ 572.62 crore) for the year ended March 31, 2021 towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013.

The details of amount spent by the Group during the respective years towards CSR are as under:

(₹ crore)

Sr. No.	Particulars	March 31, 2021			March 31, 2020		
		Amount spent	Amount unpaid / provision	Total	Amount spent	Amount unpaid / provision	Total
(i)	Construction / acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	669.27	7.32	676.59	566.02	6.60	572.62

24 COVID-19

HDFC Bank Limited

Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations, the sale of third party products, the use of credit and debit cards by customers and the efficiency in collection efforts. This may lead to a rise in the number of customer defaults and consequently an increase in provisions thereagainst. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Bank's results will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

In accordance with the COVID-19 Regulatory Packages announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020, the Bank, in accordance with its board approved policy, offered a moratorium on the repayment of all instalments and / or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as standard, even if overdue, as on February 29, 2020. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period.

The disclosures as required by the RBI circular dated April 17, 2020 are given below:

(₹ crore)

Particulars	Amount
Respective amounts in SMA / overdue categories, where the moratorium / deferment was extended, in terms of paragraph 2 and 3 of the circular (as of February 29,2020) Term Loan Instalments: ₹ 11,805.09 crore Cash Credit / Overdraft: ₹ 4,063.48 crore	15,868.57
Respective amount where asset classification benefit is extended* Term Loan Instalments: ₹ 3,918.08 crore Cash Credit / Overdraft: ₹ 1,527.22 crore	5,445.30
Provisions made in terms of paragraph 5 of the circular	620.00
Provisions adjusted against slippages in terms of paragraph 6 of the circular	-
Residual provisions as of March 31, 2021 in terms of paragraph 6 of the circular	620.00

* as on March 31, 2021 in respect of such accounts.

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, 2021, based on facts and circumstances existing as of that date, the Company does not anticipate any material uncertainties which affects its liquidity position and also ability to continue as a going concern.

HDB Financial Services Limited

The Company had recognized provision on loans for which moratorium was granted in accordance with the COVID-19 Regulatory Package announced by the Reserve Bank of India vide notifications dated March 27, 2020, April 17, 2020 and May 23, 2020. The provision amount is reviewed regularly and get reversed when these loans are considered as NPA wherein the amount is transferred to NPA provision.

Further, the Company holds provisions as at March 31, 2021 against the potential impact of COVID-19 based on the information available at this point in time. The extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. The impact of the global health pandemic may be different from that estimated at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.

25 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 shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' would be finalised by the Indian Banks Association (IBA) in consultation with other industry participants / bodies and is awaited as on the date of approval of financial statements. The Group has however estimated the said amount and recognised a charge of ₹ 490.00 crore in its Profit and Loss Account for the year ended March 31, 2021.

26 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.

27 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

Mumbai, April 17, 2021

For and on behalf of the Board

Umesh Chandra Sarangi
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Statement Pursuant to section 129

of the Companies Act, 2013

Form AOC - 1: Pursuant to the first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014 and Companies (Accounts) Amendment Rules, 2016

Statement containing salient features of the financial statements of subsidiaries, associate companies and joint ventures

Part A: Subsidiaries

(₹ crore)

Sr. No.	Name of the subsidiary	HDFC Securities Limited	HDB Financial Services Limited
1.	The date since when subsidiary was acquired	September 28, 2005	August 31, 2007
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting period of the subsidiary is the same as that of the holding company i.e. April 1, 2020 to March 31, 2021	Reporting period of the subsidiary is the same as that of the holding company i.e. April 1, 2020 to March 31, 2021
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	15.77	789.19
5.	Reserves & surplus	1,461.63	7,932.77
6.	Total assets	4,710.13	62,639.97
7.	Total liabilities	3,232.73	53,918.01
8.	Investments	224.18	1,709.32
9.	Turnover	1,391.46	10,696.36
10.	Profit before taxation	959.74	652.06
11.	Provision for taxation	239.22	149.22
12.	Profit after taxation	720.52	502.83
13.	Proposed dividend *	500.98	-
14.	Extent of shareholding (in percentage)	96.34%	95.11%

* Includes interim dividend on equity shares paid during the year. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the subsidiaries have not appropriated their proposed dividend (including tax) from Profit and Loss Account for the year ended March 31, 2021.

Notes:

1. There are no subsidiaries that are yet to commence operations.
2. No subsidiaries were liquidated or sold during the year.

Part B: Associate Companies and Joint Ventures

Not Applicable

For and on behalf of the Board

Umesh Chandra Sarangi
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Mumbai, April 17, 2021

Santosh Haldankar
Company Secretary

Certificate on Corporate Governance

To

The Members of HDFC Bank Limited ("the Bank")

We have examined the compliance of conditions of corporate governance by HDFC Bank Limited ("the Bank") for the year ended March 31, 2021, 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 ('the 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 the 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:F005578C000482021

Place: Mumbai
Date: June 18, 2021

Certificate under SEBI Listing Regulations

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the 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 authorized representatives for the purpose of issuance of the Certificate, in accordance with Regulation 34 (3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 (LODR), as amended vide notification no SEBI/LAD/NRO/GN/2018/10 dated May 9, 2018 issued by SEBI.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the 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, 2021 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 such other statutory authority.

S. No.	Name of the Director	DIN	Date of Appointment in the Company*
1.	Mr. Aditya Puri[1]	00062650	October 12, 2004
2.	Mrs. Renu Sud Karnad	00008064	March 3, 2020
3.	Mr. Sanjiv Sachar	02013812	July 21, 2018
4.	Mr. Umesh Chandra Sarangi	02040436	March 1, 2016
5.	Mrs. Shyamala Gopinath[2]	02362921	January 2, 2015
6.	Mr. Kaizad Bharucha	02490648	December 24, 2013
7.	Mr. Srikanth Nadhamuni	02551389	September 20, 2016
8.	Mr. Sandeep Pravin Parekh	03268043	January 19, 2019
9.	Mr. Malay Yogendra Patel	06876386	March 31, 2015
10.	Mr. Dwarakanath Ranganath Mavinakere	07565125	January 31, 2019
11.	Mr. Sashidhar Jagdishan[3]	08614396	October 27, 2020
12.	Dr. (Ms.) Sunita Maheshwari[4]	01641411	March 30, 2021

* Date of appointment is taken from MCA.
[1] Ceased to be the Director of the Bank with effect from October 26, 2020.
[2] Ceased to be the Director of the Bank with effect from January 1, 2021.
[3] Appointed as an Additional Director of the Bank, and thereafter appointed by the shareholders as the Managing Director and Chief Executive Officer with effect from October 27, 2020.
[4] Appointed as an Additional Director of the Bank with effect from March 30, 2021.

Note:
Mr. Atanu Chakraborty was appointed as the Part-Time Non-Executive Chairman & Additional Independent Director of the Bank with effect from May 5, 2021.

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]

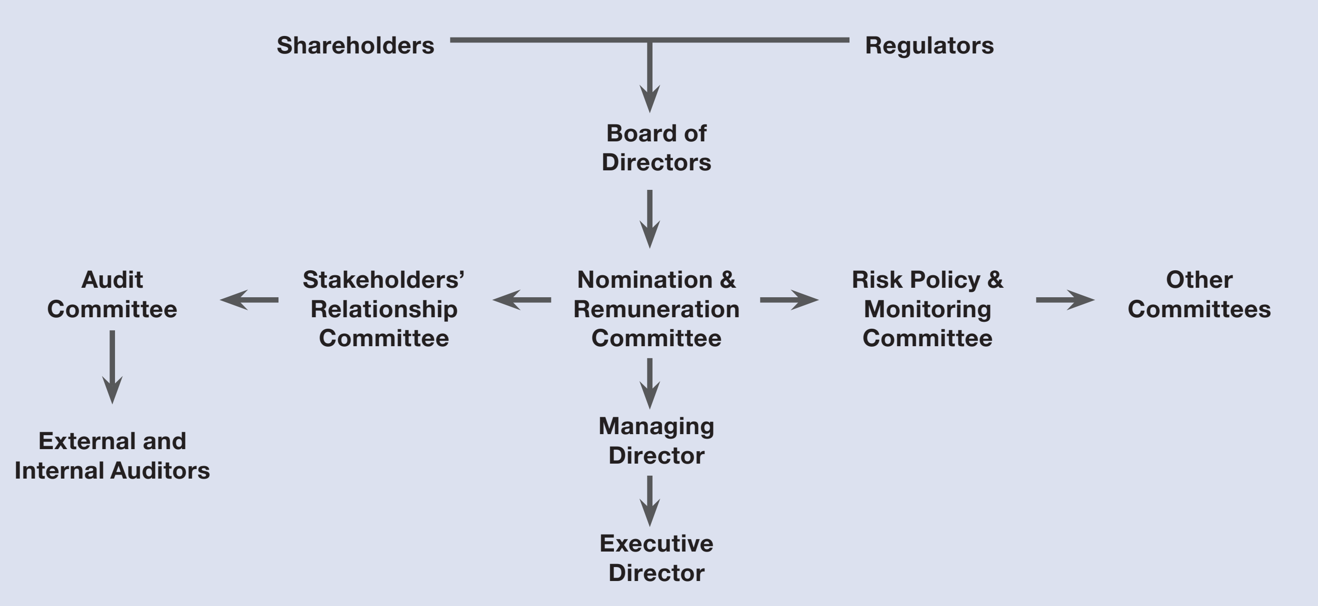
Avinash Bagul
Partner
FCS No.: 5578 CP No.: 19862
UDIN:F005578C000482054

Place: Mumbai
Date: June 18, 2021

Corporate Governance

[Report on Corporate Governance pursuant to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 {"the SEBI Listing Regulations"} and forming a part of the report of the Board of Directors]

Corporate Governance Framework



- The Board of Directors of the Bank are the ultimate custodians of governance.
- The Board of Directors are accountable to various stakeholders such as shareholders and regulatory authorities including Reserve Bank of India, Securities and Exchange Board of India, Ministry of Corporate Affairs, etc.
- The Board of Directors has constituted various committees under it, each with defined roles and responsibilities such as Audit Committee, Stakeholders' Relationship Committee, Nomination & Remuneration Committee, Risk Policy & Monitoring Committee, and other committees.
- The Statutory Auditors have a reporting responsibility to the Audit Committee.
- The Managing Director & 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.

Board of Directors

The composition of the Board of Directors of the Bank ("Board") is governed by the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949, the SEBI Listing Regulations and 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	Mr. Sashidhar Jagdishan (Managing Director & Chief Executive Officer), Mr. Kaizad Bharucha
2	Non-Executive Directors	Mr. Srikanth Nadhamuni, Mrs. Renu Karnad (Nominee of Housing Development Finance Corporation Limited, promoter of the Bank)
3	Independent Directors	Mr. Atanu Chakraborty (Part-time Non-Executive Chairman & Additional Independent Director), Mr. Sanjiv Sachar, Mr. Umesh Chandra Sarangi, Mr. Sandeep Parekh, Mr. Malay Patel, Mr. M. D. Ranganath, Dr. (Ms.) Sunita Maheshwari (Additional Independent Director)

Mr. Aditya Puri ceased to be the Managing Director of the Bank with effect from the close of business hours on October 26, 2020, upon reaching 70 years of age, in accordance with the tenure approved by the Reserve Bank of India.

Mrs. Shyamala Gopinath ceased to be the Part-time Non-Executive Chairperson & Independent Director of the Bank with effect from the close of business hours on January 1, 2021, in accordance with the tenure approved by the Reserve Bank of India.

Mr. Sashidhar Jagdishan was appointed as the Managing Director & Chief Executive Officer of the Bank with effect from October 27, 2020, and the appointment was approved by the shareholders of the Bank through Postal Ballot on December 1, 2020.

Dr. (Ms.) Sunita Maheshwari was appointed as an Additional Independent Director of the Bank with effect from March 30, 2021, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Bank.

Mr. Atanu Chakraborty was appointed as the Part-time Non-Executive Chairman & Additional Independent Director of the Bank with effect from May 5, 2021, pursuant to the approval granted by the Reserve Bank of India, and subject to the approval of the shareholders at the ensuing Annual General Meeting of the Bank.

Pursuant to the SEBI Listing Regulations, none of the Directors on the Board is a member of more than ten (10) committees and chairperson of more than five (5) committees across all public companies in which he / she is a director. All the directors have made necessary disclosures regarding committee positions occupied by them in other companies.

None of the directors are related to each other.

Details of directorships, memberships and chairpersonships of the committees of other companies for the current directors of the Bank are as follows:

Name of Director	Directorships on the Board of other companies*	Memberships of committees of other companies *
Mr. Atanu Chakraborty	-	-
Mrs. Renu Karnad	11 (1)	6 (3)
Mr. Sanjiv Sachar	1	-
Mr. Umesh Chandra Sarangi	1	-
Mr. Kaizad Bharucha	-	-
Mr. Srikanth Nadhamuni	6 (1)	-
Mr. Sandeep Parekh	1	-
Mr. Malay Patel	2	1
Mr. M. D. Ranganath	-	-
Dr. (Ms.) Sunita Maheshwari	6	-
Mr. Sashidhar Jagdishan	-	-

* The figures in brackets indicate chairpersonships.

Note: For the purpose of considering the limit of the directorships and limits of committees on which the directors are members / chairpersons, all public limited companies (whether listed or not), private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 have been included. Further, chairpersonships / memberships of only the Audit Committee and the Stakeholders' Relationship Committee in these companies have been considered.

Profile of Board of Directors

The profile of the Directors of the Bank as on the date of this report are as under:

Mr. Atanu Chakraborty

Mr. Atanu Chakraborty, aged 61 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 (Dept. of Economic Affairs) 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 (DIPAM) 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 also the CEO/MD of the GSPC group of companies as well as Gujarat State Fertilizers and Chemicals Ltd. 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 not a director in any other listed or public limited company.

Mr. Chakraborty does not hold any shares in the Bank as on the date of his appointment.

Mr. Sashidhar Jagdishan

Mr. Sashidhar Jagdishan (Sashi), aged 56 years, has an overall experience of 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 15,95,288 equity shares in the Bank as on March 31, 2021.

Mr. Kaizad Bharucha

Mr. Kaizad Bharucha, aged 56 years, holds a Bachelor of Commerce degree from University of Mumbai. He has been associated with the Bank since 1995. In his current position as Executive Director, he is responsible for Wholesale Banking covering areas of Corporate Banking, PSUs, Capital & Commodities Markets, Financial Institutions, Custody, Mutual Funds, Global Capability Centre & Financial Sponsors coverage, and Banks coverage.

In his previous position as Group Head - Credit & Market Risk, he was responsible for the Risk Management activities in the Bank viz., Credit Risk, Market Risk, Debt Management, Risk Intelligence and Control functions.

Mr. Bharucha has been a career banker with over three decades of banking experience. Prior to joining the Bank, he worked in SBI Commercial and International Bank in various areas including Trade Finance and Corporate Banking.

He has represented HDFC Bank as a member of the working group constituted by the Reserve Bank of India to examine the role of Credit Information Bureau and on the sub-committee with regard to adoption of the Basel II guidelines.

Mr. Bharucha is not a director in any other company.

Mr. Bharucha, along with his relatives, holds 18,62,195 equity shares in the Bank as on March 31, 2021.

Mr. Malay Patel

Mr. Malay Patel, aged 44 years, is a Major in Engineering (Mechanical) from Rutgers University, Livingston, NJ, USA, and an A.A.B.A. in business from Bergen County College, Fairlawn, NJ, USA. He is a director on the Board of Eewa Engineering Company Private Limited, a company in the plastics / packaging industry with exports to more than 50 countries. He has been involved in varied roles such as export / import, procurement, sales and marketing, etc. in Eewa Engineering Company Private Limited.

Mr. Malay Patel has special knowledge and practical experience in matters relating to small scale industries in terms of Section 10-A (2 a) of the Banking Regulation Act, 1949.

Mr. Patel is not a director in any other listed company.

Mr. Patel is also on the Board of the following public limited companies:

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, 2021.

Mr. Umesh Chandra Sarangi

Mr. Umesh Chandra Sarangi, aged 69 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 been appointed as a Director having 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, 2021.

Mr. Srikanth Nadhamuni

Mr. Srikanth Nadhamuni, aged 57 years, holds a Bachelor's degree in Electronics and Communications from National Institute of Engineering and a Master's degree in Electrical Engineering from Louisiana State University. Mr. Nadhamuni is a technologist and an entrepreneur with 30 years of experience in the areas of CPU design, Healthcare, e-Governance, National ID, Biometrics, Financial Technology and Banking sectors.

Mr. Nadhamuni is presently the Chairman of Novopay Solutions Private Limited, a company involved in the area of mobile payments and is the CEO of Khosla Labs Private Limited, a start-up incubator. He has also been a co-founder of e-Governments Foundation with Mr. Nandan Nilekani which work on the objectives to improve governance in Indian cities and creation of Municipal ERP suite which improves service delivery of cities. Mr. Nadhamuni has extensive experience in Information Technology, particularly in the banking and financial services industry.

Mr. Nadhamuni was the Chief Technology Officer of Aadhaar (UID Authority of India) during 2009-2012 where he participated in design and development of the world's largest biometric based ID system. He was instrumental in development of Aadhaar technology, several banking and financial protocols including MicroATM, Aadhaar Enabled Payment System (AEPS) and Aadhaar Payment Bridge (APB).

Mr. Nadhamuni spent 14 years in the Silicon Valley (California, US) working for several global companies such as Sun Microsystems (CPU design), Intel Corporation (CPU design), Silicon Graphics (Interactive TV) and WebMD (Internet Healthcare).

Mr. Nadhamuni has been appointed as a Director having expertise in the field of Information Technology.

Mr. Nadhamuni is not a director in any other listed or public limited company.

Mr. Nadhamuni does not hold any shares in the Bank as on March 31, 2021.

Mr. Sanjiv Sachar

Mr. Sanjiv Sachar, aged 63 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 on the Board of the following public companies:

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, 2021.

Mr. Sandeep Parekh

Mr. Sandeep Parekh, aged 49 years, holds an LL.M. (Securities and Financial Regulations) degree from Georgetown University and an LL.B. degree from Delhi University. He is the managing partner of Finsec Law Advisors, a financial sector law firm based in Mumbai.

He was an Executive Director at the Securities & Exchange Board of India during 2006-08, heading the Enforcement and Legal Affairs departments. He is a faculty at the Indian Institute of Management, Ahmedabad. He has worked for law firms in Delhi, Mumbai and Washington, D.C. Mr. Parekh focuses on securities regulations, investment regulations, private equity, corporate governance and financial regulations. He is admitted to practice law in New York. 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, 2021.

Mr. M.D. Ranganath

Mr. M.D. Ranganath, aged 59 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 28 years of experience in the Global IT services and financial services industry. He was Chief Financial Officer of Infosys Limited, a globally listed IT services company, till November, 2018. During his tenure of 18 years at Infosys, he was an integral part of the growth and transformation of Infosys into a globally respected IT services company and effectively played leadership roles in a wide spectrum of areas- Strategy, Finance, Merger & Acquisition (M&A), Consulting, Risk Management, and Corporate planning- culminating in the role of Chief Financial Officer and worked closely with the Board of Infosys and its committees in formulating and executing its strategic priorities. Prior to Infosys, he worked at ICICI Limited for 8 years and executed responsibilities in credit, treasury, equity portfolio management and corporate planning.

In the years 2017 and 2018, Mr. Ranganath was the recipient of the Best CFO Asia award in the technology sector, by Institutional Investor publication, based on poll of buy-side and sell-side investor community.

Mr. Ranganath is not a director in any other company.

Mr. Ranganath does not hold any shares in the Bank as on March 31, 2021.

Mrs. Renu Karnad

Mrs. Renu Karnad, aged 68 years, is the Managing Director of Housing Development Finance Corporation Limited since 2010. She is a Post Graduate in Economics from the University of Delhi and holds a degree in Law from the University of Mumbai. She is also a Parvin Fellow-Woodrow Wilson School of Public and International Affairs, Princeton University, USA. Mrs. Karnad brings with her rich experience and knowledge of the mortgage sector, having been associated with real estate and mortgage industry in India for over 40 years. Over the years, she has been the recipient of numerous awards and accolades, such as the 'Outstanding Woman Business Leader' award granted by CBNC-TV18 India Business Leader Awards 2012, induction in the Hall of Fame, Fortune India magazine's most powerful women from 2011 to 2019, 'Top Ten Powerful Women to watch out for in Asia' by Wall Street Journal Asia in 2006, etc.

She has been a Non-Executive Director on the Board of the Bank in the past.

Mrs. Karnad is on the Board of the following public companies:

Listed Public Limited Companies	Other Public Limited Companies
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 (Chairperson)	
Unitech Limited (Nominee Director)	
ABB India Limited (Independent Director)	

Mrs. Karnad, along with her relatives, holds 5,95,320 equity shares in the Bank as on March 31, 2021.

Dr. (Ms.) Sunita Maheshwari

Dr. (Ms.) Sunita Maheshwari, aged 55 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 30 years of experience, she has lived and worked in the US and India. In addition to being a clinician, Dr. (Ms.) 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 neighborhood 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. (Ms.) 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. (Ms.) Maheshwari is on the Board of the following public companies:

Listed Public Limited Companies	Other Public Limited Companies
Glaxosmithkline Pharmaceuticals Limited (Independent Director)	-

Dr. (Ms.) Maheshwari does not hold any shares in the Bank as on March 31, 2021.

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 / 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 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 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. During the COVID-19 pandemic and given the enabling regulations made by the Ministry of Corporate Affairs and Securities & Exchange Board of India, the directors were given the facility of attending meetings through video-conferencing and they were able to participate in the Board/ Committee meetings seamlessly through the video-conference facility.

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 Data Privacy, amendments and salient provisions of the SEBI Listing Regulations and other applicable regulations / laws, Macro Economic updates and monetary policy implications, Parivartan (CSR Initiatives), Impact of Covid-19 on regulatory models, fraud risk assessment, rewards strategy, etc. Directors are also encouraged to attend relevant programs and seminars conducted by reputed external organizations.

During the financial year under review, seventeen (17) Board Meetings were held. The meetings were held on April 18, 2020, June 20, 2020, July 17, 2020, July 28, 2020, August 17, 2020, September 10, 2020, October 8, 2020, October 17, 2020, November 25, 2020, December 14, 2020, December 28, 2020, January 1, 2021, January 16, 2021, February 3, 2021, February 25, 2021, March 5, 2021, and March 26, 2021.

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 18, 2020)
Independent Directors		
Mrs. Shyamala Gopinath[1]	12	Present
Mr. Malay Patel	17	Present
Mr. Umesh Chandra Sarangi	17	Present
Mr. Sandeep Parekh	17	Present
Mr. M.D. Ranganath	17	Present
Mr. Sanjiv Sachar	17	Present
Non-executive Directors		
Mr. Srikanth Nadhamuni	17	Present
Mrs. Renu Karnad	17	Present
Executive Directors		
Mr. Aditya Puri[2]	7	Present
Mr. Kaizad Bharucha	16	Present
Mr. Sashidhar Jagdishan[3]	9	NA

[1] Mrs. Shyamala Gopinath ceased to be Part-Time Non-Executive Chairperson and Independent Director of the Bank with effect from close of business hours on January 1, 2021.
[2] Mr. Aditya Puri ceased to be the Managing Director of the Bank with effect from close of business hours on October 26, 2020.
[3] Mr. Sashidhar Jagdishan was appointed as Managing Director and Chief Executive Officer of the Bank with effect from October 27, 2020.

REMUNERATION OF DIRECTORS

Managing Director and other Executive Directors:

The details of the remuneration paid to Mr. Aditya Puri, (erstwhile) Managing Director, Mr. Sashidhar Jagdishan, Managing Director & Chief Executive Officer, and Mr. Kaizad Bharucha, Executive Director, during the financial year 2020-21 are as under:

(Amount in ₹)

Particulars	Mr. Aditya Puri*	Mr. Kaizad Bharucha	Mr. Sashidhar Jagdishan#
Basic	37,198,231	22,720,320	13,623,680
Allowances and Perquisites[a]	73,803,035	25,014,032	22,788,967
Provident Fund	4,463,790	2,726,436	1,634,840
Superannuation	5,579,738	3,408,048	1,988,242
Performance Bonus[b]	17,252,705	6,184,669	7,746,180
Number of stock options granted (Number of ESOPs)	-	-	260,000

* Mr. Aditya Puri ceased to be the Managing Director of the Bank at the end of business hours on October 26, 2020.

Mr. Sashidhar Jagdishan was appointed as Managing Director and Chief Executive Officer of the Bank with effect from October 27, 2020.

Notes:

1. Mr. Aditya Puri retired from the services of the Bank at the end of business hours on October 26, 2020. The remuneration reported above is the remuneration paid till the date of his superannuation.
2. For Mr. Sashidhar Jagdishan, the remuneration is his annual remuneration that includes his remuneration as Group Head of the Bank for the period April 1, 2020 till October 26, 2020 and his remuneration as Managing Director and Chief Executive Officer of the Bank effective October 27, 2020 till March 31, 2021.
3. The Annual Increments for the erstwhile Managing Director, Mr. Aditya Puri and the Executive Director, Mr. Kaizad Bharucha are pending RBI approval.

a Mr. Aditya Puri was paid an ex-gratia payment of ₹ 3,50,00,000 (Gross) on retirement as part of his post- retirement benefits. This was approved by the Reserve Bank of India and the same has been included in Allowances and Perquisites.

b The performance bonus reported above includes the deferred tranches belonging to previous years paid in the financial Year 2020- 21.

For the erstwhile Managing Director, Mr. Aditya Puri the following are the deferred tranches:

A) Tranche 1: ₹ 68,83,979 for the Performance Year 2018-19

B) Tranche 2: ₹ 57,36,649 for the Performance Year 2017-18

C) Tranche 3: ₹ 46,32,077 for the Performance Year 2016-17

Total Payout (A) + (B) + (C) = ₹ 17,252,705

For the Executive Director Mr. Kaizad Bharucha the following are the deferred tranches:

A) Tranche 1: ₹ 33,08,079 for the Performance Year 2018-19

B) Tranche 2: ₹ 28,76,590 for the Performance Year 2017-18

Total Payout (A) + (B) = ₹ 6,184,669

The performance bonus for Mr. Aditya Puri for the performance year 2019-20 was ₹ 43,369,066 basis approval from the Reserve Bank of India dated April 29, 2021.

The performance bonus for Mr. Kaizad Bharucha for the performance year 2019-20 was ₹ 20,840,895 basis approval from the Reserve Bank of India dated April 29, 2021. The performance bonus paid to Mr. Sashidhar Jagdishan during the FY 2020-21 pertains to the performance year 2019-20 for his erstwhile role of Group Head of the Bank prior to his appointment as Managing Director and Chief Executive Officer.

Employee Stock Options:

Mr. Aditya Puri was granted a total quantum of 4,06,140 employee stock options for the performance year 2019-20 basis approval from the Reserve Bank of India dated April 29, 2021. Mr. Kaizad Bharucha was granted a total quantum of 1,53,300 employee stock options for the performance year 2019-20 basis approval from the Reserve Bank of India dated April 29, 2021.

Mr. Sashidhar Jagdishan took over as Managing Director and Chief Executive Officer from October 27, 2020. The quantum of grant reported for him pertains to the grant received in his erstwhile role of Group Head of the Bank during the financial year 2020-21 prior to his appointment as Managing Director and Chief Executive Officer.

The employee stock options granted have not been issued at discount and the same have been granted at the closing market price prevailing on the day prior to the date of grant on the National Stock Exchange of India Ltd. The vesting schedule for the stock options is - 25% of options after expiry of twelve months from date of grant, 25% options after expiry of twenty-four months from the date of grant, 25% of options after expiry of thirty-six months from the date of grant and the balance 25% options after expiry of forty-eight months from date of grant, subject to approval of RBI. The options so vested are to be exercised within 2 years from the respective dates of vesting.

The criteria for evaluation of performance of Whole-Time Directors include Business Performance, Stakeholder Relationship, Audit and Compliance, Digital Transformation and Organization Excellence.

The notice period for each of them, as specified in their respective terms of appointments, is three months.

Pursuant to the Banking Regulation Act, 1949, the appointment and tenure of Whole-Time Directors is subject to the approval of RBI.

The Bank provides for gratuity in the form of lump-sum payment on retirement or on death while in employment or on termination of employment of an amount equivalent to 15 (fifteen) days basic salary payable for each completed year of service.

The Bank makes annual contributions to funds administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The Bank accounts for the liability for future gratuity benefits based on an independent external actuarial valuation carried out annually.

Perquisites (evaluated as per Income Tax Rules, 1962 wherever applicable and at actual cost to the Bank otherwise) such as the benefit of the Bank's furnished accommodation, gas, electricity, water and furnishings, club fees, personal accident insurance, use of car and telephone at residence, medical reimbursement, leave and leave travel concession and other benefits like provident fund, superannuation and gratuity are provided in accordance with the rules of the Bank in this regard.

No sitting fees were paid to Mr. Puri, Mr. Bharucha and Mr. Jagdishan for attending meetings of the Board and / or its Committees.

DETAILS OF REMUNERATION / SITTING FEES PAID TO NON-EXECUTIVE DIRECTORS

All the non-executive directors including the independent directors and the Chairperson receive remuneration by way of sitting fees for each meeting of the Board and its various Committees. No stock options are granted to any of the non-executive directors.

During the year, Mrs. Shyamala Gopinath was paid remuneration of ₹ 26,34,403, (i.e. ₹ 35,00,000 per annum) on proportionate basis for the period from April 1, 2020 to January 1, 2021 as she ceased to be the Part-Time Chairperson and Independent Director of the Bank with effect from the close of business hours on January 1, 2021. The remuneration of the Chairperson has been approved by the Reserve Bank of India. Pursuant to the provisions of Companies Act, 2013, the Directors are paid sitting fees of ₹ 50,000 and ₹ 100,000 per meeting for attending Committee & Board meetings respectively. The Board of Directors increased the sitting fees of certain 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.

Pursuant to RBI guidelines dated June 1, 2015 on Compensation to Non-Executive Directors of Private Sector Banks and read with the relevant shareholders' resolution in this regard, non-executive directors, including the independent directors, other than the Chairperson, also receive profit related commission as per the limits prescribed in the RBI guidelines. Pursuant to these guidelines and shareholders' resolution passed at the 22nd Annual General Meeting of the Bank held on July 21, 2016, the non-executive directors were paid profit related commission of ₹ 1,000,000 each during the financial year 2020-21 pertaining to financial year 2019-20. This is in addition to the sitting fees paid to them for attending Committee & Board meetings.

The details of sitting fees and commission paid to non-executive directors during the financial year 2020-21 is as under:

(Amount in ₹)

Name of the Director	Sitting Fees	Commission #
Mrs. Shyamala Gopinath[1]	4,050,000	-
Mr. Keki Mistry[2]	-	1,000,000
Mr. Malay Patel	4,700,000	1,000,000
Mr. Umesh Chandra Sarangi	3,850,000	1,000,000
Mr. Srikanth Nadhamuni	5,300,000	1,000,000
Mr. Sanjiv Sachar	5,100,000	1,000,000
Mr. Sandeep Parekh	4,600,000	1,000,000
Mr. M.D. Ranganath	5,400,000	1,000,000
Mrs. Renu Karnad	4,250,000	1,000,000
Dr. (Ms.) Sunita Maheshwari[3]	-	-
Mr. Atanu Chakraborty[4]	-	-

Refers to commission for FY 2019-20, paid out in FY 2020-21

1 Mrs. Shyamala Gopinath ceased to be a director of the Bank with effect from January 1, 2021.

2 Mr. Keki Mistry ceased to be a director of the Bank with effect from January 18, 2020. Since he received the commission pertaining to FY 2019-20, paid out in FY 2020-21, above disclosure has been made.

3 Dr. (Ms.) Sunita Maheshwari was appointed as Additional Independent Director of the Bank with effect from March 30, 2021, subject to approval of shareholders.

4 Mr. Atanu Chakraborty was appointed as Part-Time Non-Executive Chairman and Additional Independent Director of the Bank with effect from May 5, 2021 pursuant to approval of Reserve Bank of India and subject to approval of shareholders.

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 2020-21.

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	**Malay Patel**	**Umesh Chandra Sarangi**	**Srikanth Nadhamuni**	**Sanjiv Sachar**	**Sandeep Parekh**	**M.D. Ranganath**	**Renu Karnad**	**Sunita Maheshwari**	**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.

● Member ○ Chairperson

Audit Committee

Brief Terms of Reference / Roles and Responsibilities:	a. Overseeing the Bank's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible; b. Recommending appointment and removal of external auditors and fixing of their fees; c. Reviewing with management the annual financial statements and auditor's report before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards, disclosure of related party transactions and other legal requirements relating to financial statements; d. Reviewing the adequacy of the Audit and Compliance functions, including their policies, procedures, techniques and other regulatory requirements; and e. Any other terms of reference as may be included from time to time in the Companies Act, 2013, SEBI Listing Regulations, 2015, including any amendments / re-enactments thereof from time to time. The 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. During the year, Mrs. Shyamala Gopinath ceased to be a member of the Committee pursuant to the cessation of her tenure as director of the Bank. Mr. Santosh Haldankar, Company Secretary of the Bank, acts as the Secretary of the Committee.
Meetings:	The Committee met fifteen (15) times during the year on April 7, 2020, April 13, 2020, April 17, 2020, April 18, 2020, June 19, 2020, July 17, 2020, July 22, 2020, July 30, 2020, August 21, 2020, October 9, 2020, October 16, 2020, December 4, 2020, January 15, 2021, February 3, 2021, and March 3, 2021.

Nomination & Remuneration Committee

Brief Terms of Reference / Roles and Responsibilities:	a. Scrutinizing the nominations of the directors with reference to their qualifications and experience, for identifying 'Fit and Proper' persons, assessing competency of the persons and reviewing compensation levels of the Bank's employees vis-à-vis other banks and the banking industry in general. The NRC has formulated a Policy for Appointment and Fit and Proper Criteria of Directors, which inter-alia provides for criteria to assess the competency of the persons nominated, which includes: • academic qualifications, • previous experience, • track record, and • integrity of the candidates. For assessing the integrity and suitability, features like criminal records, financial position, civil actions undertaken to pursue personal debts, refusal of admission to and expulsion from professional bodies, sanctions applied by regulators or similar bodies and previous questionable business practices are considered. b. The Committee also formulates criteria for evaluation of performance of individual directors including independent directors, the Board of Directors and its Committees. The criteria for evaluation of performance of directors (including independent directors) include personal attributes such as attendance at meetings, communication skills, leadership skills and adaptability and professional attributes such as understanding of the Bank's core business and strategic objectives, industry knowledge, independent judgment, adherence to the Bank's Code of Conduct, Ethics and Values etc. c. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
Composition:	Mr. Sanjiv Sachar (Chairman), Mr. Sandeep Parekh, Mr. M.D. Ranganath, Mr. Umesh Chandra Sarangi and Mr. Atanu Chakraborty. During the year, Mrs. Shyamala Gopinath ceased to be a member of the Committee pursuant to the cessation of her tenure as director of the Bank while Mr. Sarangi (with effect from November 25, 2020) and Mr. Chakraborty (with effect from June 9, 2021) were inducted as members on the Committee. All the members of the Committee are independent directors.
Meetings:	The Committee met twenty-eight (28) times during the year on April 17, 2020, May 8, 2020, May 29, 2020, June 15, 2020, June 17, 2020, July 7, 2020, July 17, 2020, July 27, 2020, September 10, 2020, October 16, 2020, October 21, 2020, October 31, 2020, November 10, 2020, November 24, 2020, December 8, 2020, December 17, 2020, December 28, 2020, January 11, 2021, January 25, 2021, February 15, 2021, February 24, 2021, March 17, 2021, March 19, 2021, March 22, 2021, March 24, 2021, March 25, 2021, March 26, 2021, and March 30, 2021.

Stakeholders' Relationship Committee

Brief Terms of Reference / Roles and Responsibilities:	The Committee approves and monitors transfer, transmission, splitting and consolidation of shares and considers requests for dematerialization of shares. Allotment of shares to the employees on exercise of stock options granted under the various Employees Stock Option Schemes which are made in terms of the powers delegated by the Board in this regard, are placed before the Committee for ratification. The Committee also monitors redressal of grievances from shareholders relating to transfer of shares, non-receipt of Annual Report, dividends, etc. The Committee shall oversee the various aspects of interests of all stakeholders including shareholders and other security holders. The powers to approve share transfers and dematerialization requests have been delegated to executives of the Bank to avoid delays that may arise due to non-availability of the members of the Committee. Mr. Santosh Haldankar, Company Secretary of the Bank is the Compliance Officer responsible for expediting the share transfer formalities. As on March 31, 2021, no instruments of transfer were pending for transfer. The details of the transfers are reported to the Committee from time to time. During the year ended March 31, 2021, the Bank received 26 complaints from the shareholders. The Bank had attended to all the complaints, and no complaints were pending or remained unsolved to the satisfaction of the shareholders as on March 31, 2021. Besides, 2308 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) 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.
Composition:	Mr. Umesh Chandra Sarangi (Chairman), Mr. Malay Patel, Mr. Sandeep Parekh, and Mrs. Renu Karnad. During the year, Mr. Aditya Puri ceased to be a member of the Committee pursuant to the cessation of his tenure as director of the Bank and Mrs. Karnad was inducted as a member of the Committee (with effect from June 3, 2020).
Meetings:	The Committee met three (3) times during the year on July 16, 2020, October 15, 2020, and January 14, 2021.

Risk Policy & Monitoring Committee

Brief Terms of Reference / Roles and Responsibilities:	The Risk Policy & Monitoring Committee (RPMC) has been formed as per the guidelines of Reserve Bank of India on Asset Liability Management / Risk Management Systems. The RPMC is a Board level committee, which supports the Board by supervising the implementation of the risk strategy. It guides the development of policies, procedures and systems for managing risk. It ensures that these are adequate and appropriate to changing business conditions, the structure and needs of the Bank and the risk appetite of the Bank. The RPMC monitors the compliance of risk parameters/aggregate exposures with the appetite set by the Board. It ensures that frameworks are established for assessing and managing various risks faced by the Bank, systems are developed to relate risk to the Bank's capital level and methods are in place for monitoring compliance with internal risk management policies and processes. The Committee ensures that the Bank has a suitable framework for Risk Management and oversees the implementation of the risk management policy. Further, the functions of the Committee also include review of the enterprise-wide risk frameworks viz. Risk Appetite framework (RAF), Internal Capital Adequacy Assessment Process (ICAAP), stress testing framework, etc. The Committee also reviews the cyber security framework in the Bank from time to time. Further, as per RBI guidelines, the Chief Risk Officer of the Bank regularly interacts with the members of the Committee without the presence of management at the meetings of the Committee.
Composition:	Mr. Srikanth Nadhamuni (Chairman), Mr. M.D. Ranganath, Mrs. Renu Karnad, Mr. Sashidhar Jagdishan, Mr. Sanjiv Sachar, and Mr. Atanu Chakraborty. During the year, Mr. Aditya Puri and Mrs. Shyamala Gopinath ceased to be members of the Committee pursuant to the cessation of their tenure as directors of the Bank while Mrs. Karnad (with effect from June 3, 2020), Mr. Sachar (with effect from November 25, 2020) , Mr. Jagdishan (with effect from November 25, 2020), and Mr. Chakraborty (with effect from June 9, 2021) were inducted as members of the Committee.
Meetings:	The Committee met five (5) times during the year on May 28, 2020, July 16, 2020, October 15, 2020, January 14, 2021, and March 5, 2021.

Credit Approval Committee

Brief Terms of Reference / Roles and Responsibilities:	The Committee considers proposals for approval, renewal, or modification of various types of funded and non-funded credit facilities to the customers of the Bank within such authority as delegated to it by the Board from time to time. This facilitates quick response to the needs of the customers and timely disbursement of loans.
Composition:	Mr. Malay Patel, Mr. Kaizad Bharucha, Mr. Srikanth Nadhamuni, and Mrs. Renu Karnad. During the year, Mr. Aditya Puri ceased to be a member of the Committee pursuant to the cessation of his tenure as director of the Bank and Mrs. Karnad was inducted as member on the Committee (with effect from November 25, 2020).
Meetings:	The Committee met thirty-seven (37) times during the year April 16, 2020, May 5, 2020, May 8, 2020, May 12, 2020, May 27, 2020, May 29, 2020, June 2, 2020, June 5, 2020, June 9, 2020, June 12, 2020, June 19, 2020, June 29, 2020, July 23, 2020, July 31, 2020, August 5, 2020, August 24, 2020, August 31, 2020, September 3, 2020, September 16, 2020, September 23, 2020, September 26, 2020, October 14, 2020, October 23, 2020, October 31, 2020, November 26, 2020, November 27, 2020, December 19, 2020, December 22, 2020, December 23, 2020, December 28, 2020, January 22, 2021, February 15, 2021, February 20, 2021, February 24, 2021, March 8, 2021, March 17, 2021, and March 23, 2021.

Premises Committee

Brief Terms of Reference / Roles and Responsibilities:	The Committee approves purchases and leasing of land parcel for proposed buildings & premises for the use of Bank's branches, back offices, ATMs, residential training centre(s), currency chests, guest house etc., (including relocation and renewals) and of residential premises for Bank employees in accordance with the guidelines laid down by the Board from time to time.
Composition:	Mr. Malay Patel, Mrs. Renu Karnad, and Mr. Sandeep Parekh. During the year, Mr. Aditya Puri ceased to be a member of the Committee pursuant to the cessation of his tenure as director of the Bank while Mrs. Karnad (with effect from June 2, 2020) and Mr. Parekh (with effect from January 1, 2021) were inducted as members on the Committee.
Meetings:	The Committee met three (3) times during the year on July 16, 2020, October 15, 2020, and January 14, 2021.

Fraud Monitoring Committee

Brief Terms of Reference / Roles and Responsibilities:	Pursuant to the directions of the RBI, the Bank has constituted a Fraud Monitoring Committee, exclusively dedicated to the monitoring and following up of cases of fraud involving amounts of ₹ 1 crore and above. The objectives of this Committee are the effective detection of frauds and immediate reporting of the frauds and actions taken against the perpetrators of frauds with the concerned regulatory and enforcement agencies. The terms of reference of the Committee are as under: a. Identify the systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same; b. Identify the reasons for delay in detection, if any and report to top management of the Bank and RBI; c. Monitor progress of Central Bureau of Investigation / Police Investigation and recovery position; d. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time; e. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls; and f. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.
Composition:	Mr. Malay Patel, Mr. Umesh Chandra Sarangi, Mr. Sandeep Parekh, Mr. Sanjiv Sachar, and Mr. Sashidhar Jagdishan. During the year, Mr. Aditya Puri and Mrs. Shyamala Gopinath ceased to be members of the Committee pursuant to the cessation of their respective tenures as directors of the Bank while Mr. Sachar and Mr. Jagdishan were inducted as members on the Committee (with effect from November 25, 2020).
Meetings:	The Committee met three (3) times during the year on July 16, 2020, October 15, 2020, and January 14, 2021.

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.
Composition:	Mr. Malay Patel, Mr. Srikanth Nadhamuni, Mr. Sandeep Parekh, and Mr. Sashidhar Jagdishan. During the year, Mr. Aditya Puri and Mrs. Shyamala Gopinath ceased to be members of the Committee pursuant to the cessation of their tenure as directors of the Bank while Mr. Jagdishan was inducted as a member on the Committee (with effect from November 25, 2020).
Meetings:	The Committee met three (3) times during the year on July 16, 2020, October 15, 2020, and January 14, 2021.

Corporate Social Responsibility & ESG Committee

Brief Terms of Reference / Roles and Responsibilities:	The Corporate Social Responsibility & ESG ("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. At its meeting held on April 17, 2021, the Board of Directors of the Bank has re-named the "Corporate Social Responsibility (CSR) Committee" as the "Corporate Social Responsibility & ESG (CSR & ESG) Committee", and the Committee has the following terms of reference: • To formulate the Bank's CSR Strategy, Policy and Goals • To monitor the Bank's CSR policy and performance • To review the CSR projects / initiatives from time to time • To ensure legal and regulatory compliance from a CSR viewpoint • To ensure reporting and communication to the Bank's stakeholders on the Bank's CSR • To monitor the Bank's ESG Framework, strategy, goals and disclosures
Composition:	Mr. Umesh Chandra Sarangi (Chairman), Mr. Sanjiv Sachar, Mr. Malay Patel, Mrs. Renu Karnad, Mr. Kaizad Bharucha and Dr. (Ms.) Sunita Maheshwari. During the year, Mr. Aditya Puri ceased to be a member of the Committee pursuant to the cessation of his tenure as a director of the Bank while Mrs. Karnad, Mr. Bharucha (with effect from November 25, 2020) and Dr. Maheshwari (with effect from June 9, 2021) were inducted as members on the Committee.
Meetings:	The Committee met three (3) times during the year on July 16, 2020, October 15, 2020, and January 14, 2021.

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. Umesh Chandra Sarangi, Mr. Sandeep Parekh, Mr. Sanjiv Sachar, Mr. M. D. Ranganath, and Mr. Sashidhar Jagdishan. During the year, Mr. Aditya Puri and Mrs. Shyamala Gopinath ceased to be members of the Committee pursuant to the cessation of their tenure as directors of the Bank while Mr. Ranganath (with effect from November 25, 2020) and Mr. Jagdishan (with effect from January 1, 2021) were inducted as members on the Committee.
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. Umesh Chandra Sarangi, Mr. Sandeep Parekh, Mr. Sanjiv Sachar, Mr. M. D. Ranganath, and Mr. Sashidhar Jagdishan. During the year, Mr. Aditya Puri and Mrs. Shyamala Gopinath ceased to be members of the Committee pursuant to the cessation of their tenure as directors of the Bank while Mr. Ranganath (with effect from November 25, 2020) and Mr. Jagdishan (with effect from January 1, 2021) were inducted as members on the Committee.
Meetings:	No meetings of the Committee were held during the year.

Digital Transaction Monitoring Committee

Brief Terms of Reference / Roles and Responsibilities:	In order to promote digital transactions of the Bank and to provide directions in terms of strategy and action plans including monitoring the progress of achievement in the digital transactions space, the Bank has constituted the Digital Transaction Monitoring Committee. The terms of reference to the Committee, inter-alia include the following: a. Framing of the Bank-level strategy and action plans for achieving the target of digital transactions in an organized manner, as may be set by the Government, regulatory authorities, Indian Banks' Association, etc. from time to time. b. Monitoring the progress of achievement in digital transactions in line with the Bank's strategy and action plans. c. To review and explore new opportunities for increasing the digital transactions of the Bank from time to time and give the necessary directions in implementing and improving high level of digitalization in Bank. d. Reviewing the Digital Banking strategy of the Bank as and when required thereby providing direction on focus areas. e. Reviewing the progress made on the initiatives relating to Digital Banking covering performance initiatives as determined by the Board of Directors and Government of India from time to time. f. To review the customer services rendered on digital platform from time to time. g. Any other terms of reference as may be specified by the Government, regulatory authorities, Indian Banks' Association, etc. from time to time.
Composition:	Mr. Srikanth Nadhamuni (Chairman), Mr. Sandeep Parekh, Mr. Malay Patel, and Mr. M.D. Ranganath. During the year, Mr. Aditya Puri ceased to be a member of the Committee pursuant to the cessation of his tenure as director of the Bank and Mr. Parekh was inducted as a member on the Committee (with effect from November 25, 2020).
Meetings:	The Committee met three (3) times during the year on July 17, 2020, October 16, 2020, and January 15, 2021.

IT Strategy Committee

Brief Terms of Reference / Roles and Responsibilities:	The Bank has in place an IT Strategy Committee to look into various technology related aspects. The functions of the Committee are to formulate IT strategy and related policy documents, ensure that IT strategy is aligned with business strategy, review IT risks, etc. The terms of reference of the Committee are: • Approving IT strategy and related policy documents and reviewing the same from time to time. • Ensuring that the management has put an effective strategic planning process in place. • Approving the Bank's IT strategy and budget to ensure it aligns with the business needs. • Approving re-allocation of resources within IT to facilitate meeting priorities and business needs. • Reviewing and approving IT implementation plans.
Composition:	This committee consists of an external IT consultant in addition to the Board members viz. Mr. M.D. Ranganath (Chairman), Mr. Srikanth Nadhamuni, Mr. Sashidhar Jagdishan, and Mr. Atanu Chakraborty. During the year, Mrs. Shyamala Gopinath ceased to be a member of the Committee pursuant to the cessation of her tenure as director of the Bank, while Mr. Atanu Chakraborty and Mr. Sashidhar Jagdishan were inducted as members of the Committee with effect from June 9, 2021.
Meetings:	The Committee met five (5) times during the year on July 14, 2020, October 9, 2020, January 7, 2021, February 12, 2021, and March 26, 2021.

Meeting of the Independent Directors:

The Independent Directors of the Bank held four (4) meetings on June 20, 2020, July 3, 2020, November 6, 2020, and November 8, 2020. All Independent Directors as on the date of the respective meetings were present.

ATTENDANCE AT THE COMMITTEE MEETINGS HELD DURING FINANCIAL YEAR 2020-21

Audit Committee
[Total fifteen meetings held]

Name	No. of meetings attended
Mrs. Shyamala Gopinath[1]	12
Mr. Sanjiv Sachar	15
Mr. M.D. Ranganath	15
Mr. Umesh Chandra Sarangi	15

Credit Approval Committee
[Total thirty-seven meetings held]

Name	No. of meetings attended
Mr. Aditya Puri[2]	1
Mr. Malay Patel	37
Mr. Kaizad Bharucha	37
Mr. Srikanth Nadhamuni	37
Mrs. Renu Karnad[6]	13

Stakeholders' Relationship Committee
[Total three meetings held]

Name	No. of meetings attended
Mr. Umesh Chandra Sarangi	3
Mr. Malay Patel	3
Mr. Aditya Puri[2]	2
Mr. Sandeep Parekh	3
Mrs. Renu Karnad	3

Customer Service Committee
[Total three meetings held]

Name	No. of meetings attended
Mrs. Shyamala Gopinath[1]	2
Mr. Aditya Puri[2]	2
Mr. Sandeep Parekh	3
Mr. Malay Patel	3
Mr. Srikanth Nadhamuni	3
Mr. Sashidhar Jagdishan[3]	1

Nomination and Remuneration Committee
[Total twenty-eight meetings held]

Name	No. of meetings attended
Mr. Sanjiv Sachar	28
Mrs. Shyamala Gopinath[1]	17
Mr. Sandeep Parekh	28
Mr. M. D. Ranganath	28
Mr. Umesh Chandra Sarangi[8]	14

Premises Committee
[Total three meetings held]

Name	No. of meetings attended
Mr. Malay Patel	3
Mr. Aditya Puri[2]	2
Mrs. Renu Karnad	3
Mr. Sandeep Parekh[4]	1

Fraud Monitoring Committee
[Total three meetings held]

Name	No. of meetings attended
Mrs. Shyamala Gopinath[1]	2
Mr. Aditya Puri[2]	2
Mr. Sandeep Parekh	3
Mr. Malay Patel	3
Mr. Umesh Chandra Sarangi	3
Mr. Sashidhar Jagdishan[3]	1
Mr. Sanjiv Sachar[5]	1

Risk Policy & Monitoring Committee
[Total five meetings held]

Name	No. of meetings attended
Mr. Srikanth Nadhamuni	5
Mrs. Shyamala Gopinath[1]	3
Mr. Aditya Puri[2]	3
Mr. M.D Ranganath	5
Mr. Sashidhar Jagdishan[3]	2
Mr. Sanjiv Sachar[5]	2
Mrs. Renu Karnad[6]	4

Corporate Social Responsibility Committee
[Total three meetings held]

Name	No. of meetings ttended
Mr. Umesh Chandra Sarangi	3
Mr. Aditya Puri[2]	2
Mr. Sanjiv Sachar	3
Mr. Malay Patel	3
Mrs. Renu Karnad	3
Mr. Kaizad Bharucha[7]	1

Digital Transactions Monitoring Committee
[Total three meetings held]

Name	No. of meetings attended
Mr. Srikanth Nadhamuni	3
Mr. Malay Patel	3
Mr. Aditya Puri[2]	2
Mr. M. D. Ranganath	3
Mr. Sandeep Parekh[4]	1

1 Mrs. Shyamala Gopinath ceased to be a director of the Bank with effect from January 1, 2021.

2 Mr. Aditya Puri ceased to be a director of the Bank with effect from October 26, 2020.

3 Mr. Sashidhar Jagdishan was inducted on the Committees with effect from November 25, 2020.

4 Mr. Sandeep Parekh was inducted on the Digital Transactions Monitoring Committee with effect from November 25, 2020, and the Premises Committee with effect from January 1, 2021.

5 Mr. Sanjiv Sachar was inducted on the Risk Policy & Monitoring Committee with effect from November 25, 2020, and the Fraud Monitoring Committee with effect from January 1, 2021.

6 Mrs. Renu Karnad was inducted on the Risk Policy & Monitoring Committee with effect from June 3, 2020, and the Credit Approval Committee with effect from November 25, 2020.

7 Mr. Kaizad Bharucha was inducted on the Committee with effect from November 25, 2020.

8 Mr. Umesh Chandra Sarangi was inducted on the Committee with effect from November 25, 2020.

OWNERSHIP RIGHTS

Certain rights that a shareholder in a company enjoys:

- To carry out transmission / transposition and deletion of name on the share certificates(s) and receive the duly endorsed share certificates within the period prescribed in the SEBI Listing Regulations.
- To receive notice of general meetings, annual report, the balance sheet and profit and loss account and the auditor's report.
- To attend and speak in person, at general meetings.
- To appoint proxy to attend and vote at the general meetings. In case the member is a body corporate, to appoint a representative to attend and vote at the general meetings of the company on its behalf.
- Proxy can vote on a poll. In case of vote on poll, the number of votes of a shareholder is proportionate to the number of equity shares held by him. In case of the 27th 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 27th Annual General Meeting of the Bank.
- In terms of Section 12 of the Banking Regulation Act, 1949 as amended with effect from January 18, 2013 vide the Banking Laws Amendment Act, 2012, no person holding shares in a banking company shall, in respect of any shares held by him, exercise voting rights on poll in excess of ten (10) per cent of the total voting rights of all the shareholders of the banking company, provided that RBI may increase, in a phased manner, such ceiling on voting rights from ten (10) percent to twenty-six (26) per cent. The notification dated July 21, 2016 issued by RBI and notified in the Gazette of India dated September 17, 2016 states that the current level of ceiling on voting rights is at twenty-six (26) per cent.
- To requisition an extraordinary general meeting of the company by shareholders who collectively hold not less than 1/10th of the total paid-up capital of the company.
- To move amendments to resolutions proposed at general meetings.
- To receive dividend and other corporate benefits like rights, bonus shares, etc. as and when declared / announced.
- To inspect various registers of the company, 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 BODY MEETINGS

Following are the details of general body meetings for the previous three financial years:

Sr. No.	Particulars of meeting	Venue	Day, Date & Time	Number of Special Resolutions passed, if any	Nature of Special Resolutions
1	24th Annual General Meeting	Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai - 400020	Friday, June 29, 2018 at 2:30 p.m.	1 (One)	Issue of Perpetual Debt Instruments (part of Additional Tier I capital), Tier II Capital Bonds and Long Term Bonds (financing of infrastructure and affordable housing) on a private placement basis.*
2	25th 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.*
3	26th 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.*

*The Registrar and Share Transfer Agent of the Bank, for all such issues, was Datamatics Business Solutions Limited (formerly known as Datamatics Financial Services Limited)

POSTAL BALLOT

Details of resolutions passed through Postal Ballot:

The Bank sent Postal Ballot notice dated October 17, 2020 to the members seeking their approval through Postal Ballot for passing the following Ordinary resolutions:

Resolution No. 1: Appointment of Mr. Sashidhar Jagdishan (DIN: 08614396) as a Director of the Bank

Resolution No. 2: Appointment of Mr. Sashidhar Jagdishan (DIN: 08614396) as the Managing Director & Chief Executive Officer of the Bank, for a period of three (3) years, with effect from October 27, 2020, on the terms and conditions relating to the said appointment, including remuneration, as approved by the RBI.

The Bank had appointed B.N. & Associates, Practising Company Secretaries as the scrutinizer for conducting the Postal Ballot process. Accordingly, the postal Ballot was conducted by the scrutinizer and a report was submitted to the Chairperson. The results of the voting conducted through Postal Ballot are as under:

There were a total of 1,411,294 shareholders of the Bank as on the record date i.e. October 30, 2020, out of which 3,212 members comprising of 3,687,564,824 equity shares representing 66.98 % of the share capital participated in the e-voting process. The breakup of Valid and Invalid votes is as mentioned below:

RESOLUTION NO. 1

Particulars	Number of votes	Number of shares	% to valid votes
Invalid e-voting	10	6,736,940	0.18
Valid e-voting considered	3,202	36,808,227,884	99.82

RESOLUTION NO. 2

Particulars	Number of votes	Number of shares	% to valid votes
Invalid e-voting	18	46,266,559	1.25
Valid e-voting considered	3,194	3,641,298,265	98.75

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.

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 including promoters, directors, the management, subsidiaries or relatives of the Directors, which could lead to a potential conflict of interest between the Bank and these parties. Transactions with related parties were placed before the Audit Committee for approval. There were no material transactions with related parties, which were not in the normal course of business, nor were there any material transactions, which were not at an arm's length basis. Details of related party transactions entered into during the year ended March 31, 2021 are given in, Note No. 29 in Schedule 18, forming part of 'Notes to Accounts'.

The Bank has put in place a policy to deal with related party transactions and the same has been uploaded on the Bank's web-site at https://www.hdfcbank.com/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, can be exposed to the commodity price risks of its customers in its capacity as lender/ banker. Currently, the Bank has open exposure in Precious Metals i.e, Gold / Silver and such open exposures in Gold / Silver are primarily on account of positions created from short term deposits under the Gold Monetisation Scheme (GMS) raised from Customers and trading positions in Gold / Silver. These positions are managed similar to other foreign exchange exposures using spot, outright forwards and swap transactions in Gold and monitored as part of the trading portfolio within the stipulated trading risk limits viz. Net overnight open position limit, Intraday open position limit, Value-at-Risk limit, Stop Loss Trigger Level etc. that are defined in the Treasury Limits Package. In addition, Bank is authorized by Reserve Bank of India to import gold and silver and the exposure arising out of import of gold and silver on consignment basis is covered on back to back basis. The spot, forward and swap contracts, outstanding as on the Balance Sheet date and held for trading, are revalued at the closing spot and forward rates respectively as notified by FEDAI (Foreign Exchange Dealers' Association of India) and at interpolated rates for contracts of interim maturities. The USD/INR rate for valuation of contracts having longer maturities i.e. greater than one (1) year is implied from INR-MIFOR and USD-LIBOR swap curves. For other pairs, where the rates / tenors are not published by FEDAI, the spot and forward points are obtained from 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, 2021.

Total open exposure of the Bank to commodities i.e. Gold (in ₹) as on March 31, 2021: Nil

Note: As part of trading position in Gold, the Treasury Gold Desk has open position in Gold of 482.78 ounce, which is equivalent to ₹ 59,510,985.34 as on March 31, 2021, and was within the NOOP limit prescribed for XAU.

Accounting Treatment

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time (RBI guidelines), Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, in so far as they apply to banks.

Credit Ratings

The details of all credit ratings obtained by the Bank for all debt instruments are furnished in the Directors' Report which may be referred to.

Whistle Blower Policy / Vigil Mechanism

The details of establishment of whistle blower policy / vigil mechanism are furnished in the Directors' Report which may be referred to. None of the Bank's personnel have been denied access to the Audit Committee.

Remuneration and Selection criteria for Directors

All non-executive directors receive remuneration by way of sitting fees for each meeting of the Board and its various committees. No stock options are granted to any of the non-executive directors.

In addition, pursuant to RBI guidelines dated June 1, 2015 on Compensation to Non-Executive Directors of Private Sector Banks and read with the relevant shareholders' resolution in this regard, non-executive directors, other than the Chairperson, also received profit related commission till FY 2020-21 as per the limits prescribed in the RBI guidelines. Kindly refer to the other relevant details as furnished in the Directors' Report.

Further, in terms of RBI circular on Corporate Governance in Banks – Appointment of Directors and Constitution of Committees of the Board dated April 26, 2021, starting from FY 2021-22, banks may provide for payment of compensation to Non-Executive Directors in the form of a fixed remuneration commensurate with an individual director's responsibilities and demands on time and which are considered sufficient to attract qualified competent individuals. However, such fixed remuneration for a Non-Executive Director, other than the Chair of the Board, shall not exceed ₹ 2,000,000 per annum as per the said RBI circular.

Appointment / Resignation of Director

During the year, Mr. Aditya Puri ceased to be the Managing Director of the Bank with effect from the close of business hours on October 26, 2020, upon reaching 70 years of age, in accordance with the tenure approved by the Reserve Bank of India, while Mrs. Shyamala Gopinath ceased to be the Part Time Chairperson & Independent Director of the Bank with effect from the close of business hours on January 1, 2021, in accordance with the tenure approved by the Reserve Bank of India.

Further, Mr. Sashidhar Jagdishan was appointed as the Managing Director & Chief Executive Officer of the Bank with effect from October 27, 2020, and the appointment was approved by the shareholders of the Bank through Postal Ballot on December 1, 2020, while Dr. (Ms.) Sunita Maheshwari was appointed as an Additional Independent Director of the Bank with effect from March 30, 2021, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Bank. Mr. Atanu Chakraborty was also appointed as the Part Time Non-Executive Chairman & Independent Director of the Bank with effect from May 5, 2021, pursuant to the approval granted by the Reserve Bank of India, and subject to the approval of the shareholders at the ensuing Annual General Meeting of the Bank.

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:

The 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.

FY 2020-21:

During the financial year 2020 - 21, the Reserve Bank of India and other regulatory / statutory authorities have imposed the following penalties / strictures / prohibitions / restrictions on the Bank:

A. Penalties:

1. 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.

2. SEBI issued final order on January 21, 2021, levying a penalty of ₹ 100 lacs on the Bank, in the matter of invocation of securities pledged by a corporate entity 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 has challenged SEBI's order before SAT and the hearing in the matter is in progress.

B. Restrictions imposed:

Reserve Bank of India (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.

FY 2019-20:

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

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

FY 2018-19:

During the FY 2018-19, RBI has, vide its order dated February 4, 2019, imposed a monetary penalty of ₹ 2 million on the Bank for non-compliance with various directions issued by RBI on Know Your Customer (KYC)/ Anti-Money Laundering (AML) standards, more specifically those contained in their circulars dated November 29, 2004 and May 22, 2008. The Bank has since implemented corrective action to strengthen its internal control mechanisms so as to ensure that such incidents do not recur.

Further, during the FY 2017-18, pursuant to the media reports, SEBI has issued directions to the Bank ("SEBI Directions") in relation to leakage of unpublished price sensitive information ("UPSI") pertaining to the financial results of the Bank for the quarter ended December 31, 2015 and the quarter ended June 30, 2017 in various private WhatsApp groups ahead of Bank's official announcement to the relevant stock exchanges.

SEBI had directed the Bank to observe the following: (i) to strengthen its processes / systems / controls forthwith to ensure that such instances of leakage of unpublished price sensitive information do not recur in future, (ii) to submit a report on: (a)the present systems and controls and how the present systems and controls have been strengthened, (b) details of persons who are responsible for monitoring such systems, and (c) the periodicity of monitoring. Further, SEBI had directed the Bank to conduct an internal inquiry into the leakage of UPSI relating to its financial figures including Non-Performing Assets (NPAs) results and take appropriate action against those responsible for the same, in accordance with the applicable law. The scope of such inquiry included determination of the possible role of following persons in relation to the aforesaid leakage of UPSI: (i) persons / members of committees involved in generation of the original data for the purpose of determination of key figures pertaining to financial figures including gross NPAs, (ii) persons involved in the consolidation of the figures for the financial results, (iii) persons involved in the preparation of board notes and presentations, (iv) persons involved in dissemination of information relating to financial results in the public domain, and (v) any other persons who had access to the information. SEBI had directed the Bank to complete the inquiry within a period of three (3) months from the date of the SEBI Directions and thereafter, file a report with SEBI in this regard within a further period of seven (7) days.

The Bank had submitted the requisite information and reports to SEBI in compliance with the SEBI Directions and within the timelines prescribed therein. SEBI has since asked for information / clarifications from the Bank on the said matter from time to time, which have been furnished by the Bank. On August 31, 2020, SEBI has passed an Adjudication Order in the matter of circulation of UPSI through Whatsapp messages with respect to the Bank, against one Mr. Renish Hareshbhai Bhuva. Pursuant to the Order, the Adjudicating Officer has levied a monetary penalty of ₹ 1,500,000 (Rupees Fifteen Lakh only) on Mr. Renish Hareshbhai Bhuva for violation of the Regulation 12A(e) of the SEBI Act, 1992 and Regulation 3 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 relating to communication of UPSI. The Bank is not and was never associated / related/ connected, directly or indirectly, with Mr. Renish Hareshbhai Bhuva, except in his capacity as a customer of the Bank.

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
1	Sashidhar Jagdishan	Managing Director & Chief Executive Officer	Economics of Money, Banking and Finance, Accountancy
2	Kaizad Bharucha	Executive Director	Banking Business, Credit & Risk Management
3	Srikanth Nadhamuni	Non-Executive Director	Information technology
4	Renu Karnad	Non-Executive Director	Risk Management, Housing & Real Estate, Financial, Accounting & Audit, Information Technology, Cyber Security, Consumer Behaviour, Sales & Marketing, Legal and Strategy Management
5	Sanjiv Sachar	Independent Director	Human Resource Management and Finance
6	Malay Patel	Independent Director	Small Scale Industries
7	Umesh Chandra Sarangi	Independent Director	Agriculture and Rural Economy
8	Sandeep Parekh	Independent Director	Law (with focus on securities market and financial regulations)
9	M.D. Ranganath	Independent Director	Finance, Information Technology and Risk Management
10	Dr. (Ms.) Sunita Maheshwari	Additional Independent Director	Medicine, healthcare, entrepreneurship, general administration, small scale industries
11	Mr. Atanu Chakraborty	Part-time Non-Executive Chairman and Additional Independent Director	Finance, Economy, Public Policy, Administration and Infrastructure

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 2020-21 pertaining to the Sexual Harassment of Women at Workplace are as under:

Number of complaints received during the year 2020-21	47
Number of complaints disposed during the year 2020-21	35
Number of cases pending as on March 31, 2021	12

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	Requirements pertaining to 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 Non-Executive Chairperson of the Bank and reimburses all the expenses incurred in performance of his duties. Pursuant to Section 10-A (2)(a) of the Banking Regulation Act, 1949, none of the directors, other than the Chairperson and/or whole-time directors, is permitted to hold office continuously for a period exceeding eight (8) years.

All the independent directors of the Bank possess requisite qualifications and experience which enable them to contribute effectively to the Bank. The Board confirms that in its opinion, the independent directors fulfill conditions specified in these regulations and are independent of the management.

b) Shareholder's Rights

The Bank publishes its results on its website at www.hdfcbank.com which is accessible to the public at large. The same are also available on the websites of the Stock Exchanges on which the Bank's shares are listed.

A half-yearly declaration of financial performance including summary of the significant events is presently not being sent separately to each household of shareholders. The Bank's results for each quarter are published in an English newspaper having a wide circulation and in a Marathi newspaper having a wide circulation in Maharashtra. Hence, half-yearly results are not sent to the shareholders individually.

c) Audit Qualifications

During the period under review, there is no audit qualification in the Bank's financial statements. The Bank continues to adopt best practices to ensure regime of unqualified financial statements.

d) Separate posts of Chairperson and Managing Director/ CEO

Mr. Atanu Chakraborty is the Part-time Non-Executive Chairman 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.

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, 2021

Sr. No.	Name of the Shareholder	No. of Shares held	% to share capital
1	JP Morgan Chase Bank, Na	1028115525	18.67
2	Housing Development Finance Corporation Limited	864615834	15.70
3	HDFC Investments Limited	300000000	5.45
4	Europacific Growth Fund	162841489	2.96
5	Life Insurance Corporation of India	152251004	2.76
6	SBI-ETF Nifty 50	149964629	2.72

* One (1) American Depository Share (ADS) represents three (3) underlying equity shares of the Bank.

DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2021

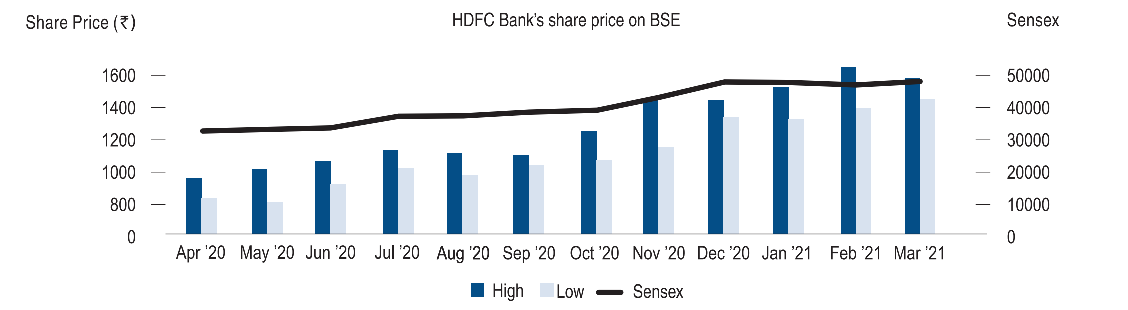
Share Range From	Share Range To	No. of Shares	% To Capital	No. of Holders	% To No. of Holders
1	2500	182865228	3.32	1415893	98.11
2501	5000	52759920	0.96	14366	0.99
5001	10000	41959786	0.76	5929	0.41
10001	15000	21008433	0.38	1704	0.12
15001	20000	16115032	0.29	919	0.06
20001	25000	12319241	0.22	547	0.04
25001	50000	43913940	0.80	1227	0.08
50001	100000	56534139	1.03	797	0.06
100001	99999999999	5085300763	92.24	1811	0.13
TOTAL :-		**5512776482**	**100**	**1443193**	**100**

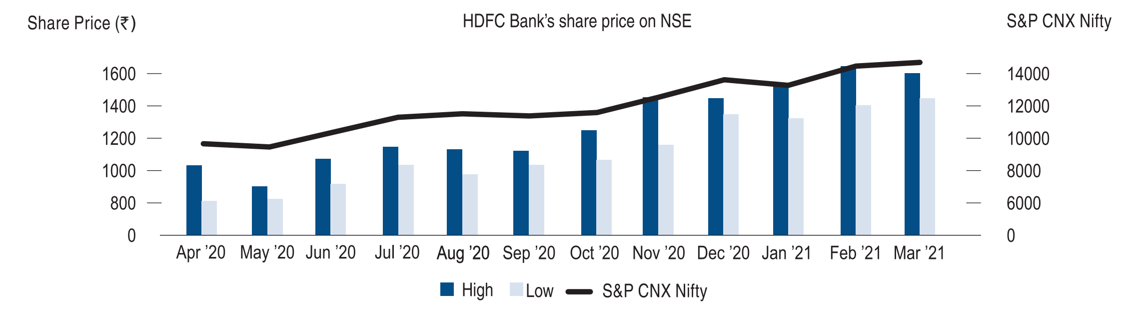
1,418,572 Folios comprising of 5,499,692,561 equity shares forming 99.76 % of the share capital are in demat form.
24,621 Folios comprising of 13,083,921 equity shares forming 0.24 % of the share capital are in physical form.
Note: Other than the stock options granted to the employees of the Bank which will result in an addition to the equity capital of the Bank on the exercise of the stock options and subsequent allotment of equity shares, the Bank has no outstanding warrants or other convertible instruments as on March 31, 2021 which could have an impact on the equity capital of the Bank.

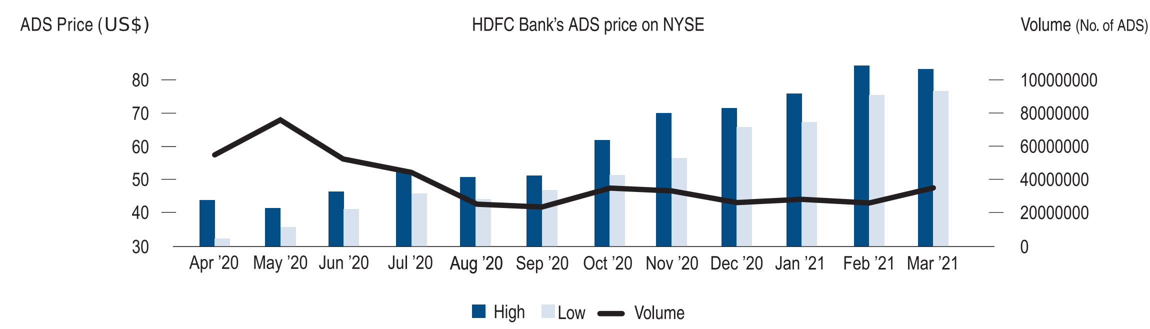
SHARE PRICE / CHART

The monthly high and low quotation of Bank's equity shares traded on BSE Ltd (BSE) and the National Stock Exchange of India Ltd (NSE) during FY 2020-21 and its performance vis-à-vis BSE SENSEX and S&P CNX NIFTY respectively is as under:

BSE Ltd				The National Stock Exchange of India Ltd				New York Stock Exchange			
MONTH	HIGH	LOW	SENSEX Closing	MONTH	HIGH	LOW	NIFTY closing	MONTH	HIGHEST (US$)	LOWEST (US$)	MONTHLY VOLUME
Apr-20	1018.90	810.00	33717.62	Apr-20	1019.00	810.00	9859.90	Apr-20	44.92	33.86	58633700
May-20	964.00	826.00	32424.10	May-20	960.00	826.10	9580.30	May-20	42.32	35.65	77681900
Jun-20	1082.00	928.00	34915.80	Jun-20	1082.60	928.00	10302.10	Jun-20	47.65	40.61	54286500
Jul-20	1157.85	1020.60	37606.89	Jul-20	1157.95	1020.05	11073.45	Jul-20	52.15	45.62	44653400
Aug-20	1148.00	994.00	38628.29	Aug-20	1148.80	993.00	11387.50	Aug-20	51.27	45.40	29339400
Sep-20	1145.75	1025.15	38067.93	Sep-20	1145.95	1025.00	11247.55	Sep-20	51.92	46.62	23269700
Oct-20	1250.50	1085.00	39614.07	Oct-20	1251.00	1090.10	11642.4	Oct-20	60.38	51.00	33756800
Nov-20	1464.00	1177.25	44149.72	Nov-20	1464.40	1177.50	12968.95	Nov-20	70.00	57.92	31368100
Dec-20	1448.85	1345.45	47751.33	Dec-20	1449.00	1345.00	13981.75	Dec-20	72.44	65.85	26228700
Jan-21	1511.00	1342.00	46285.77	Jan-21	1511.65	1342.00	13634.6	Jan-21	76.12	68.79	29843100
Feb-21	1650.00	1400.00	49099.99	Feb-21	1641.00	1401.00	14529.15	Feb-21	84.70	75.75	27153800
Mar-21	1595.70	1450.10	49509.15	Mar-21	1600.00	1450.25	14690.7	Mar-21	84.00	76.74	32650000

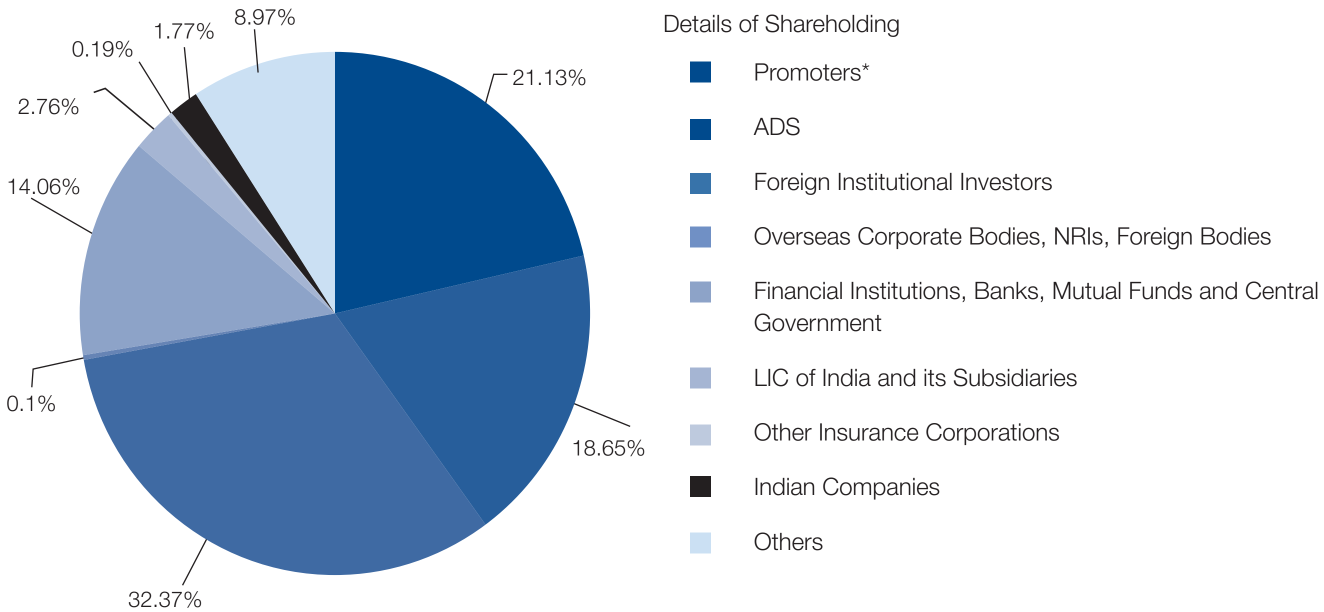






CATEGORIES OF SHAREHOLDERS AS AT MARCH 31, 2021	No of shares	% to Capital
Promoters (*)	1,164,625,834	21.13
ADS (#)	1,028,115,525	18.65
Foreign Institutional Investors	1,784,337,350	32.37
Overseas Corporate Bodies, Foreign Bodies, Foreign National and Non Resident Indians	6,052,113	0.1
Financial Institutions, Banks, Mutual Funds and Central Government	7,75,042,865	14.06
Life Insurance Corporation and its subsidiaries	152,251,004	2.76
Other Insurance Corporations	10,227,623	0.19
Indian Companies	97,588,497	1.77
Others	494,535,671	8.97
TOTAL	**5,512,776,482**	**100.00**

Categories of shareholders as at March 31, 2021



(*) None of the equity shares held by the Promoters are under pledge.

(#) JP Morgan Chase Bank is the Depository for the ADS (1,028,115,525 underlying equity shares)

MONTHLY VOLUMES OF THE BANK'S SHARES TRADED ON NSE AND BSE

Month	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
NSE	397746508	383200346	467992271	352788760	292233700	208520488	255630984	256002266	224469430	203209754	199359334	180153837
BSE	16827174	19576107	18633917	15615887	12671378	7964655	10715104	9850360	8821398	7724431	8602204	7216172

FINANCIAL CALENDAR [April 1, 2020 to March 31, 2021]	
Board Meeting for consideration of accounts	April 17, 2021
Dispatch of Annual Reports by electronic mode	around June 22, 2021
Date, Time and Venue of the 27th AGM	AGM will be held on July 17, 2021 at 2.30 pm, through video conferencing
Record date for purpose of determining eligibility of dividend	June 30, 2021
Dividend declaration date	July 17, 2021
Expected date of payment of dividend	August 2, 2021 onwards (both physical and electronic mode)
Board Meeting for considering unaudited results for first three quarters of FY 2020-21	Within 25 days from the end of each quarter

CODE OF CONDUCT

The Bank has framed and adopted a Code of Conduct, which is approved by the Board. The Code is applicable to all directors and senior management personnel of the Bank. This Code has been posted on the Bank's website at https://www.hdfcbank.com/personal/about-us/corporategovernance/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.

LISTING

Listing on Indian Stock Exchanges:

The equity shares of the Bank are listed at the following Stock Exchanges and the annual fees for 2020-21 have been paid:

Sr. No.	NAME AND ADDRESS OF THE STOCK EXCHANGE	STOCK CODE
1.	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 023.	500180
2.	The National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East), Mumbai 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 & Address of the International Stock Exchange	Name & Address of Depository
1	The American Depository Shares (ADS) (CUSIP No. 40415F101)	The New York Stock Exchange (Ticker - HDB) 11, Wall Street, New York, NY 10005	J.P. Morgan Chase Bank, N.A. J.P. Morgan Depositary Receipts, 383 Madison Ave, Floor 11, New York, NY, 10179

The Depository for ADS and GDR is represented in India by: JP Morgan Chase Bank N.A., India Sub Custody, JP Morgan Chase Bank NA, 6th Floor, Paradigm "B" Wing, Behind Toyota Showroom, Mindspace, Malad (West), Mumbai - 400 064.

Note: Annual listing fees of The New York Stock Exchange has been duly paid.

SHARE TRANSFER PROCESS AND SYSTEM

The Bank's shares which are in compulsory dematerialized (Demat) list are transferable through the depository system. Requests for transmission / transposition or for deletion of name in case of physical share certificates are processed by the Registrar and Share Transfer Agents, Datamatics Business Solutions Limited (formerly known as Datamatics Financial Services Limited) and are approved by the Stakeholders' Relationship Committee of the Bank or authorized officials of the Bank. The service requests of such nature are generally processed within a period of fifteen (15) days from the date of receipt of the relevant documents by Datamatics Business Solutions Limited.

Please note that as per the amended SEBI Listing Regulations, with effect from April 1, 2019, any requests for transfer of securities shall not be processed unless the securities are held in dematerialized form.

FEES FOR STATUTORY AUDITORS

For the details of total fees for all services paid by the Bank and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/ network entity of which the Statutory Auditor is a part, kindly refer to the Directors' Report.

MEANS OF COMMUNICATION

The quarterly and half-yearly unaudited / audited financial results are normally published in the newspapers, viz., the Business Standard in English and Mumbai Sakal / Navshakti in Marathi (regional language). The results are also displayed on the Bank's website at www.hdfcbank.com.

The shareholders can visit the Bank's website for financial information, shareholding information, dividend policy, key shareholders' agreements, if any, Memorandum and Articles of Association of the Bank, etc. The website also gives a link to www.sec.gov where the investors can view statutory filings of the Bank with the Securities and Exchange Commission, USA.

The information relating to the Bank's financial results and shareholding pattern are displayed on the websites of the Stock Exchanges on which the Bank's shares are listed.

Other information such as official news/press releases, stock exchange disclosures and presentations made to investors and analysts, etc. are regularly displayed on the Bank's website.

CODE FOR PREVENTION OF INSIDER TRADING

The Bank has adopted a share dealing code for the prevention of insider trading in the shares of the Bank as well as in other listed and proposed to be listed companies. The share dealing code, inter-alia, prohibits dealing in securities of the Bank by insiders while in possession of unpublished price sensitive information.

DEBENTURE TRUSTEES

The SEBI Listing Regulations require companies, which have listed their debt securities, to disclose the names of their debenture trustees with contact details in their Annual Report. The following are the debenture trustees for the privately placed bonds of the Bank:

1. IDBI Trusteeship Services Ltd, Asian Building, Ground Floor, 17 R Kamani Marg, Ballard Estate, Mumbai 400001. Tel: 022-40807000

2. Axis Trustee Services Limited, The Ruby, 2nd Floor, SW, 29, Senapati Bapat Marg, Dadar West, Mumbai- 400 028. Tel: 022-62260054 / 50

3. Vistra ITCL (India) Limited (Formerly known as IL&FS Trust Company Limited), The IL&FS Financial Centre, Plot C-22/G Block, 7th Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400051. Tel: 022-26593535.

SHAREHOLDERS' HELPDESK

Share transfers, dividend payments and all other investor related activities are attended to and processed at the office of Registrar and Transfer Agents.

For lodgment of transfer deeds and any other documents or for any grievances / complaints, shareholders / investors may contact at the following address:

Mr. Sunny Abraham / Ms. Manisha Parkar / Mr. Tukaram Thore
Datamatics Business Solutions Ltd (formerly known as Datamatics Financial Services Ltd)

Plot No. B 5, Part B Crosslane, |
MIDC, Marol, Andheri (East),
Mumbai 400 093
Tel : +91-022 - 66712213-14
Fax : +91-022 - 66712011
E-mail : hdinvestors@datamaticsbpm.com
Timings : 10:00 a. m. to 4:30 p. m.
(Monday to Friday except public holidays)

For the convenience of investors, transfers up to 500 shares and complaints from investors are accepted at the Bank's Office at 2nd Floor, Zenith House, Keshavrao Khadye Marg, opposite Race Course Gate no. 5 & 6, Mahalaxmi (West), Mumbai 400034.

Shareholders' Helpdesk Timings : 10:30 a.m. to 3:30 p.m.
Between Monday to Friday (except on Bank holidays)
Telephone : +91-022-3976 0000
Email : shareholder.grievances@hdfcbank.com

For IEPF Related matters : Mr. Santosh Haldankar (Nodal Officer), Mr. Dhanjit Thaivalappil & Mr. Sushant Date (Deputy Nodal Officers):
Tel: +91-022-3976 0000
Email: shareholder.grievances@hdfcbank.com

Queries relating to the Bank's operational and financial performance may be addressed to:
shareholder.grievances@hdfcbank.com

Name of the Compliance Officer of the Bank: Mr. Santosh Haldankar, Senior Vice President-Legal & Company Secretary
Telephone: +91-022-3976 0000

BANKING CUSTOMER HELPDESK

In the event of any queries / complaints, banking customers can directly approach the Branch Manager or can call / write to the Bank using the following contact details:

Call at: Our customer care (Phone Banking) numbers.

Location wise list of customer care numbers are available at: **https://www.hdfcbank.com/personal/need-help/customer-care**

Write to:
HDFC Bank Ltd.,
New Building, "A" Wing, 2nd Floor,
26-A Narayan Property, Chandivali Farm Road,
Off Saki Vihar Road, Chandivali,
Andheri (East), Mumbai - 400 072.
Email: support@hdfcbank.com

Contact us online:
Fill up the "Complaint Form" available at the following website link: https://leads.hdfcbank.com/applications/webforms/apply/HDFC_CustomerCenter/Customer_Center.aspx

For grievances other than shareholder grievances please send your communication to the following email addresses:

1) Depository Services: dphelp@hdfcbank.com
2) Retail Banking / ATM / Debit Cards / Mutual Fund: support@hdfcbank.com
3) Loans, Advances / Advance against shares: loansupport@hdfcbank.com
4) Credit Cards: customerservices.cards@hdfcbank.com

PLANT LOCATIONS

Being in the banking business, the Bank does not have plants. However, the Bank has 5,608 branches in 2,902 cities / towns as on March 31, 2021. The locations of the branches are also displayed on the Bank's website.

COMPLIANCE CERTIFICATE OF THE AUDITORS

M/s. BNP & Associates, Company Secretaries, have certified that the Bank has complied with the conditions of Corporate Governance as stipulated in the listing requirements of the Indian Stock Exchanges where the Bank's securities are listed. The same is annexed to the Annual Report.

The said Certificate will be sent to the Stock Exchanges along with the Annual Report of the Bank.

On behalf of the Board of Directors

Sashidhar Jagdishan	**Umesh Chandra Sarangi**
Managing Director and CEO	Independent Director

June 18, 2021

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 18, 2021

Shareholder Information

A) DIVIDENDS

Receipt of Dividends through Electronic mode

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have directed that listed companies shall mandatorily make all payments to investors including dividend to shareholders, by using any RBI approved electronic mode of payment viz., Electronic Clearing System (ECS), LECS (Local ECS), RECS (Regional ECS), NECS (National ECS), Direct Credit, RTGS, NEFT etc.

In order to receive the dividend without loss of time (as and when declared by the Bank), all the eligible shareholders holding shares in demat mode are requested to update with their respective Depository Participants, their correct core banking account number, including 9 digit MICR Code and 11 digit IFSC Code, E-Mail ID and Mobile No(s). This will facilitate the remittance of the dividend amount as directed by SEBI directly in the Bank Account electronically. Updation of E-Mail IDs and Mobile No(s) will enable sending communication relating to credit of dividend, unencashed dividend etc.

Shareholders holding shares in physical form may communicate details relating to their core banking account, viz., core banking account number, including 9 digit MICR Code and 11 digit IFSC Code, E- Mail ID and Mobile No(s) to the Registrar and Share Transfer Agents viz., Datamatics Business Solutions Limited (formerly, Datamatics Financial Services Limited,) having address at Plot No. B 5, Part B Crosslane, MIDC, Marol, Andheri (E), Mumbai-400 093, by quoting the reference folio number and attaching a photocopy of the Cheque leaf of their active core banking account and also a self-attested copy of their PAN card and a self-attested copy of any one of the documents mentioned hereafter: utility payment bills (not more than three months old) / bank pass book / passport / driving license to validate their present address.

Various modes for making payment of dividend under electronic mode:

In case, the shareholder has updated core banking account details (including 9 digit MICR Code and 11 digit IFSC code) for the purpose of payment of dividend (as and when declared by the Bank), then the Bank shall make the payment of dividend to such shareholder under any one of the following modes:

1. National Automated Clearing House (NACH)
2. National Electronic Fund Transfer (NEFT)
3. Direct credit in case the shareholders have an active Bank account with HDFC Bank Limited.

In case dividend paid by electronic mode is returned or rejected by the corresponding bank due to any reason then the Bank will issue a dividend warrant and print the bank account details available in its records on the said dividend warrant to avoid fraudulent encashment of the warrants. The dividend warrant will be dispatched by the Registrars at the registered address of the shareholder.

Transfer of 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, Government of India (MCA). The MCA has also notified the applicability of Section 124(6) along with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 with effect from September 7, 2016 and Notification dated February 28, 2017 issued in this regard (Collectively the “IEPF Rules”). As per said IEPF Rules, companies are required to transfer the equity shares to IEPF Authority where seven years as provided under Section 124(5) of the Companies Act, 2013 have been completed and upon completion of 3 months from the date of the notification as stated hereinabove.

In compliance with the aforesaid provision on November 30, 2017, your Bank has transferred 5,524,448 equity shares to the Investor Education and Protection Fund Authority, Ministry of Corporate Affairs account (IEPF) bearing demat account no 12047200 13676780 which is opened with SBI CAP Securities Ltd as Depository Participant under the Central Depository Services Limited (CDSL). As required under the said provisions all subsequent corporate benefits that may accrue in relation to the above shares will also be credited to the said IEPF Authority. Bank has further transferred 828,846 and 710,122 equity shares to IEPF account on April 12, 2019 and August 30, 2019 respectively. During the year ended March 31, 2021 Bank has further transferred 144,206 equity shares to IEPF account on August 25, 2020. The IEPF Authority, till March 31, 2021, transferred 392,821 equity shares against the claims received by them from the shareholders. (Share figures reported are of the face value of ₹ 1.00 each).

As per the terms of Section 124(6) of the Companies Act, 2013 and the Rule 7 of the IEPF Rules, the shareholders whose corresponding equity shares of the face value of ₹ 1.00 each stand transferred to IEPF account can claim those shares from IEPF Authority by making an online application in Form IEPF 5 which is available at http://www.iepf.gov.in.

Guidelines to file your claim

- For claiming the shares and dividend from the IEPF Authority, shareholders can make an online web based application through MCA portal. Shareholders need to register themselves on MCA portal by creating Login ID credentials. After successful login into MCA portal, shareholders have to click on MCA services tab and choose IEPF- 5 option under “Investor Services” and follow the due process for filing the form.

- Printout of the duly filled Form IEPF - 5 with claimant and joint holders’ (if any) signature and along with the acknowledgment issued after uploading the form will have to be submitted together with an indemnity bond in original, cancelled Cheque leaf of active bank account (details of which mentioned by the claimant at the time of uploading the web based form), and other documents as mentioned in the Form IEPF-5 to Nodal Officer (IEPF) of the Bank in an envelope marked “Claim for refund from IEPF Authority”. Certain information about the Bank which will have to be submitted are as under:

(a) Corporate Identification Number (CIN) of Company: L65920MH1994PLC080618
(b) Name of the Company: HDFC Bank Limited
(c) Address of registered office of the company: HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai 400013
(d) Email ID of the company: shareholder.grievances@hdfcbank.com

Unclaimed Dividends

As per the applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“IEPF Rules”), the Bank is statutorily required to transfer to the Investor Education & Protection Fund (IEPF) all dividends remaining unclaimed for a period of seven (7) years from the date they became due for payment. Dividends for and up to the financial year ended March 31, 2013 have already been transferred to the IEPF and the dividend for the financial year ended March 31, 2014 will be transferred to IEPF around September 30, 2021. The details of unclaimed dividends for the financial year ended 2014 onwards and the last date for claiming such dividends are given below:

Dividend for the year ended	Date of Declaration of dividend	Last date for claiming dividend
March 31, 2014	June 25, 2014	June 24, 2021
March 31, 2015	July 21, 2015	July 20, 2022
March 31, 2016	July 21, 2016	July 20, 2023
March 31, 2017	July 24, 2017	July 23, 2024
March 31, 2018	June 29, 2018	June 28, 2025
March 31, 2019	July 12, 2019	July 11, 2026
Special Interim Dividend 2019-2020	July 20, 2019	July 19, 2026

B) SHARES LYING IN UNCLAIMED SUSPENSE ACCOUNT

Particulars	Records / No of shareholders	Equity Shares (Face value of ₹ 1.00 each)
Opening Balance as on April 1, 2020	4,070	1,718,878
Less: Claims received and shares transferred *	61	49,000
Less: Shares transferred to IEPF account	0	0
Closing Balance as on March 31, 2021 **	4,009	1,669,878

* Number of shareholders who approached the Bank for the transfer of shares from the suspense account.
** Voting rights on these shares shall remain frozen till the rightful owners of such shares claim these shares

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 assessees other than firms and companies) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are met. Blank Form 15G and 15H can be downloaded from the link given at the end of this communication. Please note that all fields mentioned in the Form are mandatory and the Bank may reject the forms submitted, if it does 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 by June 30, 2021. If, as required under the law, any PAN is found to have not been linked with Aadhaar by June 30, 2021 then such a 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 per formats attached) as listed below:

  i. Insurance companies: Declaration (refer format) 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 (refer format) by Mutual Fund shareholder eligible for exemption u/s 10(23D) of the Income- tax Act, 1961 along with self-attested copy of registration documents and PAN card;

  iii. Alternative Investment Fund (AIF) established in India: Declaration (refer format) 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 SEBI regulations, along with Copy of self-attested registration documents and PAN card.

  iv. New Pension System Trust: Declaration (refer format) along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.

  v. Other shareholders – Declaration (refer format) along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.

  vi. Shareholders who have provided a valid certificate issued u/s. 197 of the Act for lower / nil rate of deduction or an exemption certificate issued by the income tax authorities along with Declaration (refer format).

- **For non-resident shareholders (including Foreign Portfolio Investors)**

  Tax is required to be withheld in accordance with the provisions of Section 195 and section 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 (refer format);

  iv. Self-declaration (refer format) 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.

  The self-declarations referred to in point nos. (iii) to (iv) can be downloaded from the link given at the end of this communication

  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 requirement of the Act read with applicable DTAA. 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% u/s 194 of the Act is subject to provisions of section 206AB of Act (effective from July 1, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB, tax is required to be deducted at 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%.

  Where sections 206AA and 206AB are applicable simultaneously i.e. the specified person has not submitted the PAN as well as not filed returns; the tax shall be deducted at the higher of the two rates prescribed in these two sections.

  The term 'specified person' is defined in sub section (3) of section 206AB of the Act who satisfies the following conditions:

  ▪ A person who has not filed the income tax return for two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the Act has expired; and

  ▪ The aggregate of TDS and TCS in his case is ₹50,000 or more in each of these two previous years.

  The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

  We request you to inform us well in advance and before cut-off date if you are covered under the definition of 'specified person' as provided in section 206AB of the IT 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 206AB in your case.

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.

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 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 (refer format) with Bank in the manner prescribed by the 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 PAN, email address and other details

Shareholders holding shares in dematerialized mode, are requested to update their records such as tax residential status, permanent account number (PAN), registered email addresses, mobile numbers and other details with their relevant depositories through their depository participants. Shareholders holding shares in physical mode are requested to furnish details to the Bank's registrar and share transfer agent Datamatics Business Solutions Limited. The Bank is obligated to deduct tax at source (TDS) based on the records available with RTA and no request will be entertained for revision of TDS return.

Kindly note that the aforementioned documents should be uploaded before June 30, 2021 with Datamatics Business Solutions Limited, the Registrar and Transfer Agent of the Bank at https://tdsforms.datamaticsbpm.com/. You can also visit their web site at https://www.datamaticsbpm.com/ under tab – Service -> Registrar Transfer Agent -> RTA quick links -> Submission of Tax Exemption Forms to download and submit the duly filled and signed documents as applicable.

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, duly signed by you, along with a cancelled cheque leaf with your name and bank account details and a copy of your PAN card duly self-attested. 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.

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